Aston Martin Holdings (UK) Limited

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2014

Registered Number : 06067176

Aston Martin Holdings (UK) Limited

Annual report for the year ended 31 December 2014

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Directors and advisors

Directors

Najeeb Al-Humaidhi
Adnan A Al-Musallam
Rezam M Al-Roumi
Roberto Maestroni
Umberto Magnetti
Carlo Pasquale Campanini-Bonomi
Dante Razzano
Mahmoud Samy Mohamed Ali El Sayed
Amr Ali Abdallah Abou El Seoud
Dr Andrew Palmer (Chief Executive Officer)

Secretary and registered office

Michael Marecki
Aston Martin Holdings (UK) Limited
Banbury Road
Gaydon
Warwick
England
CV35 0DB

Registered auditor

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Primary bankers

Deutsche Bank AG
Winchester House
1 Great Winchester Street
London
EC2N 2DB

HSBC Bank plc
8 Canada Square
London
E14 5HQ

Lloyds TSB Bank plc
10 Gresham Street
London
EC2V 7AE

Standard Chartered Bank plc
1 Basinghall Avenue
London
EC2V 5DD

Comerica Bank
1717 Main Street
Dallas
Texas 75201
United States of America

Strategic report
for the year ended 31 December 2014

Principal activities

The principal activities of the Group are the manufacture of luxury high-performance sports cars, the sale of parts and the servicing of sports cars, all under the brand name of Aston Martin. The Group sells these vehicles through a dealer network.

Results and financial position

The results for the Group show a pre-tax loss of £71.8m (2013 : £25.4m), revenue of £468.4m (2013 : £519.2m) and net assets of £352.8m (2013 : £416.0m).

Business review and future outlook

The Aston Martin brand is among the most widely recognised luxury sports car brands in the world with a 102-year history of automotive excellence and the highest standards of styling and design. The Group's sports cars are positioned in the expanding high luxury sports segment (HLS) of the global automotive market.

In 2014 the Group's revenue decreased by 9.8%, following decreases in sales volumes (particularly in China) and product and market mix. However, the UK and North American regions were robust.

In March 2014 Aston Martin Holdings (UK) Limited, the indirect parent Company of Aston Martin Lagonda Limited, secured additional funding through the issue of US Dollars 165m (£99.6m) Senior Subordinated Payment-in-Kind (PIK) notes due for repayment in July 2018. This funding was transferred to Aston Martin Lagonda Limited and has been principally used to continue the largest investment in future models during the Group's 102-year history.

In July 2014 Aston Martin Lagonda Limited (an indirect subsidiary of Aston Martin Holdings (UK) Limited) signed an electric/electronic (E/E) component supply agreement with Daimler AG. This important agreement is the third stage in the technical partnership with Daimler AG and follows an umbrella agreement and engine supply agreement. This resulted in further shares being issued to Daimler AG in September 2014 giving them a non-voting shareholding of approximately 5% in Aston Martin Holdings (UK) Limited.

In October 2014, Dr Andrew Palmer joined the Company as Chief Executive Officer. Andy's wealth of experience on the global automotive stage will be instrumental in taking the Company forward through its most significant and ambitious period of investment to date.

The Group is focussed on the replacement of the current product portfolio with new competitive products focussed on a diverse global customer base.

In April 2015, David Richards agreed to transfer 32,571 ordinary shares in Aston Martin Holdings (UK) Limited to the following shareholders: 19,671 ordinary shares to Prestige Motor Holdings S.A.; 9,700 ordinary shares to Tejara Capital Limited; and 3,200 ordinary shares to Adeem Automotive Manufacturing Company Limited.

On 23 April 2015, the company accepted binding subscriptions for £200 million of preference shares. The first tranche of £100 million was received on 27 April 2015 and the second tranche of £100 million may be drawn at any time in the following 12 months. These subscriptions also included warrants for a pro rata allocation of P shares (non voting ordinary shares) corresponding to 4% of the current fully diluted share capital of the company.

Principal risks and uncertainties

The global economy showed signs of recovery in 2014. Certain regions, such as continental Europe are recovering at a slower rate than the other regions. The recovery of GT, Sport and Super segments and the growth of the luxury car market in 2015 presents a solid base for our next generation of sports cars.

The automotive industry is subject to safety environmental and other legislative requirements. The Group is obliged to comply with any new legislative requirements whenever and wherever they are issued.

Key Performance Indicators

The board monitors progress on the overall Group strategy and the individual strategic elements by reference to a number of KPIs.
The principal KPIs are shown below.

Performance during the period is set out in the table below:

	2014	2013	**Definition, method of calculation and analysis**
Revenue (%)	**(9.8)**	12.6	Year on year revenue growth expressed as a percentage. A decrease in sales volumes and product and market mix have contributed to the decrease in revenue of (9.8)%.
Gross margin (%)	**33.1**	32.2	Gross margin is the ratio of gross profit to revenue expressed as a percentage. Gross margin percentage is comparable with the prior year and in line with the directors' expectations.
Return on capital employed (%)	**(3.7)**	5.0	Underlying group operating (loss) / profit expressed as a percentage of the average of the capital employed at the start and end of the year. Reduced revenue as described above and increased depreciation and amortisation charges have contributed to the reduced return on capital employed.
Number of dealerships	**154**	148	Open dealerships in the global network at 31 December. The Group continues to seek new dealer appointments, particularly in emerging markets.

By order of the board

Michael F Marecki

M Marecki
Company Secretary
Date: 28 April 2015

Directors' report
for the year ended 31 December 2014

The directors present their annual report and Group financial statements for the year ended 31 December 2014.
The following matters that were previously included in the Directors' report are now included in the Strategic report on page 2; Principal activities, Results and financial position, Business review and future outlook (including future developments), Principal risks and uncertainties and Key Performance Indicators.

Directors

The current directors are:

Najeeb Al-Humaidhi
Adnan A Al-Musallam
Rezam M Al-Roumi
Roberto Maestroni
Umberto Magnetti
Carlo Pasquale Campanini-Bonomi
Dante Razzano
Mahmoud Samy Mohamed Ali El Sayed
Amr Ali Abdallah Abou El Seoud
Dr Andrew Palmer (Chief Executive Officer)

The following changes have occurred during the year or since the year end. Dr Andrew Palmer was appointed a director on 22 October 2014.

All of the directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Dividends

The directors recommend that no dividend be paid in respect of 2014 (2013 : £Nil).

Research and development and product strategy

The continuous investment in and development of the Aston Martin brand has produced a range of highly desirable products based on the lightweight, highly adaptable aluminium structure. In 2014 the Group launched the V12 Vantage S Roadster. The Vanquish and Rapide S received a powertrain upgrade with a new 8-Speed Touchtronic III automatic gear box delivering improvements in power, 0-60 mph performance, fuel economy and CO_2 emissions. The Group has delivered a total CO_2 reduction for cars sold to European Union customers of 33% since 2000 and will continue to invest in new technologies to deliver efficient performance. The Group is increasing its investment in research and development which alongside the strategic technical partnership with Daimler AG will ensure that it can continue to develop competitive world class sports cars.

Equal opportunities and employment of disabled people

The Group has a well-established policy on equal opportunities and the employment of disabled people which, through the application of fair employment practices, is intended to ensure that individuals are treated equitably and consistently regardless of age, race, creed, colour, gender, marital or parental status, sexual orientation, religious beliefs and nationality.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group is continued and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Employee communication

During the year ended 31 December 2014, there were regular meetings between management and employee representatives at all locations to review local issues and performance.

Directors' report
for the year ended 31 December 2014 (Continued)

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and market risk. The Group has in place a risk management programme that is described below.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and arises principally from the Group's receivables.

The Group sells vehicles through a dedicated dealer network. Dealers outside of North America are required to pay for vehicles in advance of despatch or receipt or use the wholesale financing scheme (see Liquidity risk below). Dealers within North America are allowed 10 day credit terms from the date of invoice or may use the wholesale financing scheme. All vehicle sales on the wholesale financing scheme are covered by credit risk insurance. In exceptional circumstances, after thorough consideration of the credit history of an individual dealer, the Group may sell vehicles to the dealer outside of the credit risk insurance policy or on deferred payment terms. Parts sales, which represent a smaller element of total revenue, are made to dealers on 30 day credit terms. Service receivables are due for payment on collection of the vehicle.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group uses a wholesale financing scheme to finance certain vehicle sales on despatch of the vehicle. The utilisation of this £100m facility at 31 December 2014 is £90.0m (2013 : £69.3m). This facility is dependent on the availability of credit insurance to the dealer network which is restricted due to market conditions. The wholesale finance facility and the credit insurance supporting the facility have both been renewed for a further two years to August 2016. In June 2011, the Group issued £304m of 9.25% Senior Secured Notes repayable in July 2018. The Group has access to a £30m revolving credit facility until 2016 which was undrawn at 31 December 2014 and 31 December 2013.
The Group also has facilities to finance certain of its inventories and the order pipeline between Aston Martin Lagonda Limited and Aston Martin Lagonda (China) Automobile Distribution Co., Ltd. The total size of these facilities at 31 December 2014 is £23.1m (31 December 2013 : £29.0m). The utilisation of these facilities at 31 December 2014 is £19.8m (31 December 2013 : £ 13.9m).

At 31 December 2014 the Group had cash and cash equivalents of £89.3m (2013 : £74.7m).

In March 2014, the Group issued Senior Subordinated PIK notes with a value of 165m US dollars (£ : 99.6m) due for repayment in July 2018.
The directors are of the opinion that the Group will have sufficient cash resources to meet the interest payments on the Senior Secured Notes and all other interest payments in the foreseeable future.

On 23 April 2015, the company accepted binding subscriptions for £200 million of preference shares. The first tranche of £100 million was received on 27 April 2015 and the second tranche of £100 million may be drawn at any time in the following 12 months. These subscriptions also included warrants for a pro rata allocation of P shares (non voting ordinary shares) corresponding to 4% of the current fully diluted share capital of the company.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices and interest rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Exchange rate risk

The Group may from time-to-time use derivative financial instruments to manage exchange rate risk where it has significant exposure in a foreign currency.
Further details can be found in note 19 to the accounts.

Price risk

The Group is exposed to commodity price risks such as metal prices as a result of its operations. The Group has entered into fixed price arrangements with a number of its suppliers to mitigate this risk. The need for agreements is reviewed on a case by case basis. The directors will revisit the appropriateness of this policy should the Group's operations change.

Interest rate cash flow risk

The Group uses a wholesale financing scheme to fund certain vehicle receivables and also places surplus cash funds on deposit. These arrangements attract interest at a rate that varies depending on LIBOR.

The Group issued £304m of 9.25% Senior Secured Notes repayable in July 2018. Attached to the Senior Secured Notes is a £30m Revolving Credit Facility which was undrawn at both 31 December 2014 and 31 December 2013. The interest rate charged on the Revolving Credit facility is calculated based on LIBOR.

In the year ended 31 December 2014 the Group has entered into a number of arrangements to finance Group inventory and the order pipeline between Aston Martin Lagonda Limited and Aston Martin Lagonda (China) Automobile Distribution Co., Ltd. Total borrowings on these facilities at 31 December 2014 were £19.8m (2013 : £13.9m). The interest rate charged on each of these facilities is determined when the borrowings are made. The borrowings are made for periods not in excess of six months. The interest rates charged on the inventory financing are based on LIBOR. The interest rate charged on the order pipeline financing is based on rates set by the Chinese central bank.

Directors' report
for the year ended 31 December 2014 (Continued)

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare both the Group and the parent Company financial statements in accordance with IFRSs as adopted by the EU 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 Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and to enable them to ensure that its financial statements comply with the Companies Act 2006.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic report on page 2.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

Michael Marecki

Michael Marecki
Company Secretary

Date: 28 April 2015

Independent auditor's report to the members of Aston Martin Holdings (UK) Limited

We have audited the financial statements of Aston Martin Holdings (UK) Limited for the year ended 31 December 2014 set out on pages 7 to 40. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.
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 the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2014 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

J Leech

John Leech (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 28 April 2015

Consolidated statement of comprehensive income
for the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Revenue	4	**468,355**	519,189
Cost of sales		**(313,476)**	(352,040)
Gross profit		**154,879**	167,149
Selling and distribution expenses		**(33,439)**	(34,087)
Administrative and other expenses		**(139,833)**	(131,939)
Share of result in associates	14	**32**	362
Operating (loss) / profit	5	**(18,361)**	1,485
Analysed as :			
Gain on the disposal of an associated company	6,14	**1,706**	-
Concept vehicle development costs	6	**(5,977)**	(5,200)
Impairment of computer hardware and software assets	6	**-**	(3,481)
Professional fees relating to capital increase	6	**-**	(6,663)
Underlying operating (loss) / profit *		**(14,090)**	16,829
Operating (loss) / profit		**(18,361)**	1,485
Finance income	8	**2,548**	7,230
Finance expense	9	**(56,018)**	(34,097)
Net financing expense		**(53,470)**	(26,867)
Loss before tax		**(71,831)**	(25,382)
Income tax credit	10	**7,079**	8,727
Loss for the year		**(64,752)**	(16,655)
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Remeasurement of defined benefit (liability) / asset	22	**(15,011)**	3,831
Related income tax	10	**3,255**	(891)
		(11,756)	2,940
Items that are or may be reclassified to profit or loss			
Foreign exchange translation differences		**(336)**	(180)
Other comprehensive income for the period, net of income tax		**(12,092)**	2,760
Total comprehensive income for the period		**(76,844)**	(13,895)
Loss attributable to:			
Owners of the group		**(64,916)**	(16,655)
Non-controlling interests		**164**	-
		(64,752)	(16,655)
Total comprehensive (expense) / income for the period attributable to:			
Owners of the group		**(77,008)**	(13,895)
Non-controlling interests		**164**	-
		(76,844)	(13,895)

* underlying operating (loss) / profit represents operating (loss) / profit excluding non-recurring items.

Notes on pages 12 to 40 form an integral part of the financial statements.

Consolidated statement of changes in equity

Group	Share Capital	Share Premium	Capital Reserve and non-controlling interest	Translation Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2014	**3**	**358,296**	**92,964**	**164**	**(35,404)**	**416,023**
Total comprehensive income for the period						
Loss	-	-	-	-	**(64,916)**	**(64,916)**
Other comprehensive income						
Foreign currency translation differences	-	-	-	(336)	-	(336)
Remeasurement of defined benefit (liability) / asset (note 22)	-	-	-	-	(15,011)	(15,011)
Income tax on other comprehensive income (note 10)	-	-	-	-	3,255	3,255
Total other comprehensive income	-	-	-	**(336)**	**(11,756)**	**(12,092)**
Total comprehensive income for the period	-	-	-	(336)	(76,672)	(77,008)
Transactions with owners, recorded directly in equity						
Capital increase	-	**8,167**	-	-	-	**8,167**
Total transactions with owners	-	**8,167**	-	-	-	**8,167**
Acquisition of subsidiary with non-controlling interests (notes 3 and 14)	-	-	**5,619**	-		**5,619**
At 31 December 2014	**3**	**366,463**	**98,583**	(172)	(112,076)	**352,801**

In April 2014 a further 76,180 ordinary shares were issued to Prestige Motor Holdings S.A, which is controlled by Investindustrial V L.P., for a consideration of £3,750,000.

In September 2014 a further 33,650 shares with a par value of £0.001p per share were issued to Daimler AG for a consideration of £4,417,000.

Included in Capital Reserve and Non-controlling interests is £1,100,000 of additional capital reserve and £4,355,000 of Non-controlling interest relating to the acquisition of an additional 10% of the share capital of AMWS Limited, the parent company of Aston Martin Works Limited. See notes 3 and 14 for further details.

Group	Share Capital	Share Premium	Capital Reserve and non-controlling interest	Translation Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2013	**2**	**191,512**	**92,964**	**344**	**(21,689)**	**263,133**
Total comprehensive income for the period						
Loss	-	-	-	-	**(16,655)**	**(16,655)**
Other comprehensive income						
Foreign currency translation differences	-	-	-	(180)	-	(180)
Remeasurement of defined benefit (liability) / asset (note 22)	-	-	-	-	3,831	3,831
Income tax on other comprehensive income (note 10)	-	-	-	-	(891)	(891)
Total other comprehensive income	-	-	-	**(180)**	**2,940**	**2,760**
Total comprehensive income for the period	-	-	-	**(180)**	**(13,715)**	**(13,895)**
Transactions with owners, recorded directly in equity						
Capital increase	**1**	**166,784**	-	-	-	**166,785**
Total transactions with owners	**1**	**166,784**	-	-	-	**166,785**
At 31 December 2013	**3**	**358,296**	92,964	**164**	(35,404)	**416,023**

On 30 April 2013 the company issued 1,142,696 shares with a par value of £0.001p per share for a consideration of £150,000,000 to Prestige Motor Holdings S.A.

On 18 December 2013 the company issued 127,871 shares with a par value of £0.001p per share for a consideration of £16,785,000 to Daimler AG.

Company statement of changes in equity

Company	Share Capital £'000	Share Premium £'000	Capital Reserve £'000	Translation Reserve £'000	Retained Earnings £'000	Total Equity £'000
At 1 January 2014	3	358,296	92,964	-	(519)	450,744
Total comprehensive income for the period						
Loss	-	-	-	-	(17,197)	(17,197)
Total comprehensive expense for the period	-	-	-	-	(17,197)	(17,197)
Transactions with owners, recorded directly in equity						
Capital increase	-	8,167	-	-	-	8,167
Total transactions with owners	-	8,167	-	-	-	8,167
At 31 December 2014	3	366,463	92,964	-	(17,716)	441,714

In April 2014 a further 76,180 ordinary shares were issued to Prestige Motor Holdings S.A., which is controlled by Investindustrial V L.P., for a consideration of £3,750,000.
In September 2014 a further 33,650 D shares with a par value of £0.001p were issued to Daimler AG for a consideration of £4,417,000.

Company	Share Capital £'000	Share Premium £'000	Capital Reserve £'000	Translation Reserve £'000	Retained Earnings £'000	Total Equity £'000
At 1 January 2013	2	191,512	92,964	-	6,889	291,367
Total comprehensive income for the period						
Loss	-	-	-	-	(7,408)	(7,408)
Total comprehensive expense for the period	-	-	-	-	(7,408)	(7,408)
Transactions with owners, recorded directly in equity						
Capital increase	1	166,784	-	-	-	166,785
						-
Total transactions with owners	1	166,784	-	-	-	166,785
At 31 December 2013	3	358,296	92,964	-	(519)	450,744

On 30 April 2013 the company issued 1,142,696 shares with a par value of £0.001p per share for a consideration of £150,000,000 to Prestige Motor Holdings S.A.

On 18 December 2013 the company issued 127,871 shares with a par value of £0.001p per share for a consideration of £16,785,000 to Daimler AG.

Statements of financial position
at 31 December 2014

	Notes	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Non-current assets					
Intangible assets	11	625,805	570,942	-	-
Property, plant and equipment	13	174,379	180,809	-	-
Investment in associates	14	-	1,962	-	-
Investments in subsidiary undertakings	14	-	-	667,982	667,982
Other financial assets	19	-	1,542	-	-
Deferred tax asset	10	44,024	23,016	-	-
Employee benefits	22	-	1,886	-	-
		844,208	780,157	667,982	667,982
Current assets					
Inventories	15	98,427	69,965	-	-
Trade and other receivables	16	51,538	40,350	95,223	17,209
Other financial assets	19	527	3,108	-	-
Cash and cash equivalents	17	89,250	74,653	1	1
		239,742	188,076	95,224	17,210
Total assets		1,083,950	968,233	763,206	685,192
Current liabilities					
Borrowings	19	19,808	13,854	-	-
Trade and other payables	18	160,048	130,566	207,297	234,448
Income tax payable		1,208	936	-	-
Other financial liabilities	19	3,088	253	-	-
Provisions	21	9,171	7,678	-	-
		193,323	153,287	207,297	234,448
Non-current liabilities					
Borrowings	19	412,598	296,765	114,195	-
Other financial liabilities	19	2,819	45	-	-
Employee benefits	22	12,404	-	-	-
Provisions	21	8,111	9,297	-	-
Deferred tax liabilities	10	101,894	92,816	-	-
		537,826	398,923	114,195	-
Total liabilities		731,149	552,210	321,492	234,448
Net assets		352,801	416,023	441,714	450,744
Capital and reserves					
Share capital	23	3	3	3	3
Share premium	24	366,463	358,296	366,463	358,296
Capital reserve	24	94,064	92,964	92,964	92,964
Translation reserve	24	(172)	164	-	-
Retained earnings		(112,076)	(35,404)	(17,716)	(519)
Equity attributable to owners of the group		348,282	416,023	441,714	450,744
Non-controlling interests	3,14	4,519	-	-	-
Total shareholders' equity		352,801	416,023	441,714	450,744

Notes on pages 12 to 40 form an integral part of the financial statements.

The financial statements on pages 7 to 40 were approved by the board of directors on 28 April 2015 and were signed on its behalf by:

Dr Andrew Palmer
Director

Company Number: 06067176

Consolidated statement of cash flows
for the year ended 31 December 2014

	Notes	Group 2014 £'000	Group 2013 £'000
Operating activities			
Loss for the year		(64,752)	(16,655)
Adjustments to reconcile loss for the year to net cash inflow from operating activities			
Tax on continuing operations	10	(7,079)	(8,727)
Share of result of associates	14	(32)	(362)
Net finance costs		56,612	25,586
Other non cash movements		(137)	(273)
Losses on sale of property, plant and equipment	5	67	69
Gain on the sale of an associated company		(1,706)	-
Depreciation and impairment of property, plant and equipment	5,13	28,316	27,547
Amortisation and impairment of intangible assets	5,11	51,964	43,796
Difference between pension contributions paid and amounts recognised in income statement		(721)	(1,038)
(Increase) / decrease in inventories		(21,842)	3,424
Increase in trade and other receivables		(8,146)	(6,799)
Increase / (decrease) in trade and other payables		26,709	(45,026)
Movement in provisions		89	832
Cash generated from operations		59,342	22,374
Income taxes paid		(1,472)	(1,106)
Net cash inflow from operating activities		57,870	21,268
Cash flows from investing activities			
Interest received	8	2,037	1,950
Proceeds on the disposal of property, plant and equipment		18	14
Payments to acquire property, plant and equipment	13	(20,852)	(13,123)
Payments to acquire intangible assets	11	(105,631)	(92,157)
Acquisition of AMWS Limited	14	1,300	-
Net cash used in investing activities		(123,128)	(103,316)
Cash flows from financing activities			
Interest paid		(31,938)	(32,258)
Proceeds from equity share issue	23,24	8,167	166,785
Movement in borrowings	19	5,348	(27,366)
New Borrowings	19,25	99,620	-
Transaction fees on new borrowings	25	(585)	-
Net cash inflow from financing activities		80,612	107,161
Net increase in cash and cash equivalents		15,354	25,113
Cash and cash equivalents at the beginning of the year		74,653	50,413
Effect of exchange rates on cash and cash equivalents		(757)	(873)
Cash and cash equivalents at the end of the year	25	89,250	74,653

Notes on pages 12 to 40 form an integral part of the financial statements.

Notes to the financial statements for the year ended 31 December 2014

1 Basis of accounting

Aston Martin Holdings (UK) Limited (the "Company") is a Company incorporated in England and Wales and domiciled in the UK.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent Company financial statements present information about the Company as a separate entity and not about its Group.

Both the parent Company financial statements and the Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). On publishing the parent Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

The financial statements have been prepared under the historical cost convention except for certain financial instruments which are carried at fair value.

The Group financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The Group meets its day-to-day working capital requirements and medium term funding requirements through a mixture of Senior Secured Notes, a revolving credit facility, inventory financing facilities and a wholesale vehicle financing facility.

The Group issued £304,000,000 of 9.25% Senior Secured Notes repayable in 2018 and has access to a £30,000,000 revolving credit facility until 2016 which was undrawn at 31 December 2014 and 31 December 2013. The Senior Secured Notes and revolving credit facility include certain covenant tests.

In March 2014, the Company issued Senior Subordinated PIK notes with a value of 165,000,000 US dollars (£ : 99,620,000) due for repayment in July 2018.

On 23 April 2015, the company accepted binding subscriptions for £200 million of preference shares. The first tranche of £100 million was received on 27 April 2015 and the second tranche of £100 million may be drawn at any time in the following 12 months. These subscriptions also included warrants for a pro rata allocation of P shares (non voting ordinary shares) corresponding to 4% of the current fully diluted share capital of the company.

The Directors have prepared trading and cash flow forecasts for the period to 2020 from the date of approval of these financial statements. These forecasts show that the Group has sufficient financial resources to meet its obligations as they fall due and meet all covenant tests for the period of at least 12 months from the date that these financial statements were approved.

The forecasts make assumptions in respect of future trading conditions and in particular, the launch of future models. The nature of the Group's business is such that there can be variation in the timing of cash flows around the development and launch of new models and the availability of funds provided through the vehicle wholesale finance facility as the availability of credit insurance and sales volumes vary, in total and seasonally. The forecasts take into account the aforementioned factors to an extent which the Directors consider to represent their best estimate of future events, based on the information that is available to them at the time of approval of these financial statements.

The Directors have also prepared a downside forecast which incorporates certain adverse sensitivities which while not expected still represent a reasonably possible scenario. In this forecast the Group still has sufficient financial resources to meet its obligations as they fall due and meets all covenant tests for the period of at least 12 months from the date these financial statements are approved.

Accordingly, after considering the forecasts, appropriate sensitivities, current trading and available facilities, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore the Directors continue to adopt the going concern basis in preparing the financial statements.

2 Accounting policies

Basis of consolidation

Subsidiaries

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. The financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting year as the parent Company and are based on consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them, are eliminated.

Investments in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 per cent of the voting power of another entity. Associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Government grants

Government grants are recognised in the income statement so as to match them with the related expenses that they are intended to compensate.

Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency of the operation by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss, except for differences on monetary assets and liabilities that form part of the Group's net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in other comprehensive income.

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the reporting date. Income and expenses are translated at average exchange rates for the period. The resulting exchange differences are taken directly to other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Notes to the financial statements for the year ended 31 December 2014 (Continued)

2 Accounting policies (Continued)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration receivable, deducting wholesale and any anticipated retail discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised.

Sale of vehicles
Revenue from the sale of vehicles is recognised when the significant risks and rewards of ownership of the vehicles have passed to the buyer, which is normally considered to be at the point of despatch to the dealer, distributor or any other party for whom the Group acts as agent when the vehicles are adopted by the dealer, distributor or other party. Where the dealer is Aston Martin Works Limited or Aston Martin Italy S.r.l, both indirect subsidiaries of Aston Martin Holdings (UK) Limited, revenue is recognised at the point of sale to a customer or other buyer outside of the Group. When despatch is deferred at the formal request of the buyer, revenue is recognised when the vehicle is ready for despatch and a written request to hold the vehicle until a specified delivery date has been received. Vehicles are sold with a warranty. Revenue relating to this warranty service is recognised on despatch of the vehicle.

Sales of parts
Revenue from the sale of parts is generally recognised upon despatch to the dealer or any other party for whom the Group acts as agent. Where the dealer is Aston Martin Works Limited or Aston Martin Italy S.r.l, both indirect subsidiaries of Aston Martin Holdings (UK) Limited, revenue is recognised at the point of despatch to a buyer outside of the Group.

Servicing and restoration of vehicles and bodyshop sales
Income from servicing and restoration of vehicles and bodyshop sales is recognised as the services are completed.

Finance income

Finance income comprises interest receivable on funds invested calculated using the effective interest rate method, net interest income on the net defined benefit (liability) asset and gains on financial instruments that are recognised in profit or loss.

Finance expense

Finance expense comprises interest payable on borrowings calculated using the effective interest rate method, net interest expense on the net defined benefit (liability) asset, losses on financial instruments that are recognised in profit or loss and net losses on financial liabilities measured at amortised cost. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Current/non-current classification

Current assets include assets held primarily for trading purposes, cash and cash equivalents, and assets expected to be realised in, or intended for sale or consumption in, the course of the Group's operating cycle. Current assets also include assets classified as held for sale. All other assets are classified as non-current assets.
Current liabilities include liabilities held primarily for trading purposes, liabilities expected to be settled in the course of the Group's operating cycle and those liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

Goodwill

After initial recognition, goodwill is stated at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment, at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to the related cash-generating units monitored by management, usually at business segment level or statutory company level as the case may be. The only cash generating unit of the Group is that of the Aston Martin Lagonda Group Limited business. Where the recoverable amount of the cash-generating unit is less than its carrying amount, including goodwill, an impairment loss is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

Purchased intellectual property

Purchased intellectual property that is not integral to an item of property, plant and equipment is recognised separately as an intangible asset. It is stated at cost less accumulated depreciation.

Brands

An acquired brand is only recognised in the statement of financial position as an intangible asset where it is supported by a registered trademark, is established in the market place, brand earnings are separately identifiable, the brand could be sold separately from the rest of the business and where the brand achieves earnings in excess of those achieved by unbranded products. The value of an acquired brand is determined by allocating the purchase price consideration of an acquired business between the underlying fair values of the tangible assets, goodwill, brands and other intangible assets acquired, using an income approach, the multi-period excess earnings methodology.

Notes to the financial statements for the year ended 31 December 2014 (Continued)

2 Accounting policies (Continued)

Intangible assets (Continued)

Development costs

Expenditure on internally developed intangible assets, excluding development costs, is taken to profit or loss in the year in which it is incurred. Expenditure relating to clearly defined and identifiable development projects is recognised as an intangible asset only after all the following criteria are met:

- the project's technical feasibility and commercial viability can be demonstrated;
- the availability of adequate technical and financial resources and an intention to complete the project have been confirmed; and
- the correlation between development costs and future revenues has been established.

Technology

Patented and unpatented technology acquired in business combinations is valued using the cost approach. The value is determined using the substitution principle by adjusting the actual costs incurred by the loss due to obsolescence at the date of acquisition of Aston Martin Lagonda Group Limited. The obsolete element is determined by reference to the proportion of the product life cycle that had expired at the acquisition date.
Technology acquired from third parties is included at fair value.

Dealer network

The Group sells its vehicles exclusively through a network of franchised dealers. To the extent that the Group benefits from the network as its only means of distribution, the dealer network has been valued based on costs incurred by the Group.

Beneficial lease

Rent free lease options have been valued on the basis of the net present value of the market rental cashflows.

Amortisation

Following initial recognition, the historic cost model is applied, with intangible assets being carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation of these capitalised costs begins on the date production commences. Intangible assets with a finite life have no residual value and are amortised on a straight line basis over their expected useful lives with charges included in profit or loss, as follows:

	Years
Purchased intellectual property	5
Brands	Indefinite life
Development costs	Over the life of the model
Technology	10
Dealer network	20
Beneficial lease	10

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Borrowing costs directly attributable to assets under construction are capitalised.

Depreciation is provided on all property, plant and equipment, other than land, on a straight-line basis to its residual value over its expected useful life as follows:

	Years
Freehold buildings	30
Plant, machinery, fixtures, fittings and tooling	3 to 30
Motor vehicles	5 to 9

Tooling is amortised over the life of the project.

Following a review of the useful lives of the computer software and hardware assets during the year ended 31 December 2013, all assets greater than 3 years old and 4 years old respectively were deemed to have no future useful life and have been fully impaired and the future depreciation rates adjusted to reflect the revised useful lives. Computer software and hardware assets are contained within plant, machinery, fixtures, fittings and tooling.

Assets in the course of construction are included in their respective category, but are not depreciated until completion of the construction.
No depreciation is provided on freehold land.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in profit or loss in the period of derecognition.

Investments in subsidiaries and associates

In its separate financial statements the Company recognises its investments in subsidiaries at cost. Income is recognised from these investments only in relation to distributions received from post-acquisition profits. Distributions received in excess of post-acquisition profits are deducted from the cost of investment.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates.

2 Accounting policies (Continued)

Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses on continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For goodwill and brands that have an infinite life and capitalised development costs not yet available for use, the recoverable amount is estimated annually or more frequently when there is an indication that the asset is impaired.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately.

Impairment losses recognised on goodwill cannot be reversed.

Inventories

Inventories are stated at the lower of cost and net realisable value. For service and restoration projects, net realisable value is the price at which the project can be invoiced in the normal course of business after allowing for the costs of realisation. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

- Raw materials, service parts and spare parts – purchase cost on a first-in, first-out basis;
- Work in progress and finished vehicles – cost of direct materials and labour plus attributable overheads based on a normalised level of activity, excluding borrowing costs.

Provisions are made, on a specific basis, for obsolete, slow moving and defective stocks and if the cost of the service or restoration project cannot be fully recovered.

Leases

Payments made under operating leases are recognised in the statement of comprehensive income on a straight line basis over the term of the lease. Predetermined rental increases included in the lease are recognised on a straight-line basis. Benefits received as an incentive to sign a lease, whatever form they may take, are credited to profit or loss on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Where consignment and deposit monies have been received from customers or dealers, these are included in trade and other payables and released to profit or loss on completion of the sale. The financial liability on deposits is derecognised when the entity does not have any obligation with respect to these deposits.

Derivative financial instruments

Derivative financial assets and liabilities are recognised on the statement of financial position at fair value when the Group becomes a party to the contractual provisions of the instrument. The Group uses derivative instruments to manage its exposure to foreign exchange risk arising from operating and financing activities. Movements in the fair value of foreign exchange derivatives are recognised in finance income or expense and realised gains and losses in cost of sales in the statement of comprehensive income, with movements in the fair value of interest rate derivatives taken through finance income or finance expense, as appropriate. A financial asset or liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Financial assets and liabilities

Financial assets are cash or a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or liabilities with another entity under conditions that are potentially favourable to the entity. In addition, contracts that result in another entity delivering a variable number of its own equity instruments are financial assets.

Trade and other receivables

Trade and other receivables are carried at the lower of their original invoiced value and recoverable amount. Provision is made when there is objective evidence that the Group will not be able to recover balances in full. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of the estimated future cash flows. Receivables are not discounted as the time value of money is not considered to be material.

Derivative financial assets

A derivative financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A derivative financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Trade and other payables

Trade and other payables are recognised and carried at their original invoiced value. Payables are not discounted to take into account the time value of money, as the effect is immaterial.

Notes to the financial statements for the year ended 31 December 2014 (Continued)

2 Accounting policies (Continued)

Financial assets and liabilities (Continued)

Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

Pensions

The Group operates a defined contribution pension plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

The Group operates a defined benefit pension plan, which is contracted out of the state scheme. The Group's net obligation in respect of defined benefit plans is calculated for the plan by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit asset or liability, which comprise actuarial gains and losses, the interest on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit asset or liability, taking into account any changes in the net defined asset or liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service cost or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are met.

Warranty provision

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, typically on despatch of a vehicle. Expected future cash flows are not discounted to present value as the effect is not material.

The Group provides for the estimated liability for all products under warranty. The provision is estimated based on past experience of the level of warranty claims received.

Income taxes

Tax on the profit or loss for the period represents the sum of the tax currently payable and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the reporting date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the reporting date.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Dividends and distributions relating to equity instruments are debited direct to equity.

Notes to the financial statements for the year ended 31 December 2014 (Continued)

2 Accounting policies (Continued)

Critical accounting assumptions and key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates.

In the process of applying the Group's accounting policies, which are described in this note, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

- the point of capitalisation and amortisation of development costs; and
- the useful lives of tangible and intangible assets

The key sources of estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are as follows:

- the measurement and impairment of indefinite life intangible assets (including goodwill);
- the measurement of warranty liabilities; and
- the measurement of defined benefit pension assets and obligations.

The measurement of intangible assets other than goodwill on a business combination involves estimation of future cash flows and the selection of a suitable discount rate. The Group determines whether indefinite life intangible assets are impaired on an annual basis and this requires an estimation of the value in use of the cash generating units to which the intangible assets are allocated. This involves estimation of future cash flows and choosing a suitable discount rate (see note 12).

The measurement of warranty liabilities has been estimated on past experience of the actual level of warranty claims received. Management establishes these estimates based on historical information on the nature, frequency and average cost of the warranty claims.

Measurement of defined benefit pension obligations requires estimation of future changes in salaries and inflation, as well as mortality rates, the expected return on assets and suitable discount rates (see note 22).

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2014.

- International Financial Reporting Standard (IFRS) 10 'Consolidated financial statements'
- International Financial Reporting Standard (IFRS) 11 'Joint arrangements'
- International Financial Reporting Standard (IFRS) 12 'Disclosure of interests in other entities'.

The adoption of the above standards has had no significant impact on profit or net assets.

The following new standards are not yet effective but have been endorsed by the European Union and could be relevant to the Group.

There are no new standards endorsed by the European Union that have been deemed significant to the Group.

Other relevant standards not yet endorsed by the European Union that will have a significant impact on the Group

IFRS 9 Financial Instruments : First chapters of a new standard on accounting for financial instruments which will replace IAS 39 *Financial Instruments: Recognition and Measurement.* Effective for periods after 1 January 2018.
IFRS 15 Revenue from Contracts with Customers : The standard introduces a new revenue recognition model that recognises revenue either at a point in time or over time. Effective for periods after 1 January 2017.

Notes to the financial statements for the year ended 31 December 2014 (Continued)

3 Acquisition of subsidiary

Acquisitions in the current period

On 30 April 2014 Aston Martin Holdings (UK) Limited, of which Aston Martin Lagonda Limited is an indirect subsidiary, exercised an option to acquire an additional 10% of the share capital of AMWS Limited, the parent company of Aston Martin Works Limited, increasing its interest in the ordinary share capital of the company from 40% to 50%. Aston Martin Works Limited's principal activities are the servicing, restoration and sale of luxury high-performance motor cars under the brand name of Aston Martin. In the 4 months to 30 April 2014 the subsidiary contributed net profit of £32,000 to the consolidated net profit for the year.

Effect of acquisition
The acquisition had the following effect on the Group's assets and liabilities.

	Recognised values on acquisition £ '000
Acquiree's net assets at the acquisition date:	
Property, plant and equipment	1,318
Intangible assets	751
Inventories	6,620
Trade and other receivables	2,947
Cash and cash equivalents	1,300
Trade and other payables	(4,226)
Net identifiable assets and liabilities	8,710
Consideration:	
Cash price paid	-
Fair value of 50% Investment	4,800
Fair value of 50% Non-controlling interest	4,355
Total consideration	9,155
Goodwill on acquisition	445

Notes to the financial statements for the year ended 31 December 2014 (Continued)

4 Revenue

Group

	2014 £'000	2013 £'000
Analysis by category		
Sale of vehicles	418,182	485,177
Sale of parts	42,072	33,366
Servicing of vehicles	8,101	646
	468,355	519,189

5 Operating (loss) / profit

Group

The Group operating (loss) / profit is stated after charging / (crediting):

	2014 £'000	2013 £'000
Depreciation of property, plant and equipment (note 13)	28,316	27,547
Amortisation of intangible assets (note 11)	51,964	43,796
Provision for the impairment of trade receivables (note 16)	84	-
Loss on sale of property, plant and equipment	67	69
Net foreign currency differences	(2,215)	4,442
Cost of inventories recognised as an expense	249,290	242,038
Write-down of inventories to net realisable value	61	748
Operating lease payments		
- Land and buildings	2,580	2,565
- Plant and machinery	1,055	668
Auditor's remuneration:		
- Audit of these financial statements	15	12
- Audit of financial statements of subsidiaries pursuant to legislation	118	101
- Other services relating to taxation	595	518
- All other services	99	145
Government grants *	(4,487)	(3,379)
Research and development expenditure recognised as an expense	10,100	7,775

Research and development expenditure is further analysed as follows:

	2014 £'000	2013 £'000
Total research and development expenditure	106,193	78,922
Capitalised research and development expenditure	(96,093)	(71,147)
Research and development expenditure recognised as an expense	10,100	7,775

* The Group has received grants from the United Kingdom government to support incremental development activities which safeguard and increase employment within the Group in designated areas of the United Kingdom.

6 Non-recurring items

		2014 £'000	2013 £'000
Non-recurring operating income and (expenses):			
Gain on the disposal of an associated company	(a)	1,706	-
Concept vehicle development costs	(b)	(5,977)	(5,200)
Impairment of computer hardware and software assets	(c)	-	(3,481)
Professional fees relating to capital increase	(d)	-	(6,663)
Non-recurring items before tax		(4,271)	(15,344)
Tax on non-recurring items		-	-
Non-recurring items after tax		(4,271)	(15,344)

(a) On 30 April 2014 the Group exercised an option to acquire an additional 10% of the share capital of AMWS Limited, the parent company of Aston Martin Works Limited, for a consideration of £100, increasing its interest in the ordinary share capital of the company from 40% to 50%. Aston Martin Works Limited's principal activities are the servicing, restoration and sale of luxury high-performance motor cars under the brand name of Aston Martin. Previously, Aston Martin Works Limited was accounted for as an associated company using the equity method of accounting, but following the increase in the shareholding to 50% it became a subsidiary and has been fully consolidated from 1 May 2014. In accordance with IFRS 3, for accounting purposes this transaction has been treated as a disposal of a 40% interest and the acquisition of a new 50% interest giving rise to a gain on the disposal of the associated company of £1,706,000, which has been treated as a non-recurring item and recorded in administrative and other expenses in the condensed consolidated statement of comprehensive income. From 1 May 2014 the condensed consolidated statement of comprehensive income includes all revenues and costs of Aston Martin Works Limited whilst the condensed consolidated statement of financial position shows all assets and liabilities.

(b) During the year ended 31 December 2014, the Group incurred significant one-off costs in relation to concept vehicles, as it continues its largest investment in future models during its 102-year history. During the year ended 31 December 2013, following a review and decision not to proceed with the future development of a previous concept vehicle, the costs incurred were written off.

(c) Following a review of the useful lives of the computer software and hardware assets, all assets greater than 3 years old and 4 years old respectively were deemed to have no future useful life and have been fully impaired and the future depreciation rates adjusted to reflect the revised useful lives.

(d) In April 2013 new equity was issued to Prestige Motor Holdings S.A., which is controlled by Investindustrial V L.P. Professional fees relating to this transaction are shown above.

There is no tax effect on the non-recurring items in either year.

Notes to the financial statements for the year ended 31 December 2014 (Continued)

7 Staff costs and directors' emoluments
Group

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
(a) Staff costs		
Wages and salaries	62,473	56,436
Social security costs	5,858	5,498
Expenses related to post-employment defined benefit plan	8,709	8,005
Contributions to defined contribution plans	1,183	343
	78,223	70,282

During the year the Company had no employees or staff costs (2013 : none).

The average monthly number of employees during the years ended 31 December 2014 and 31 December 2013 were:

By activity	2014	2013
Production	666	605
Selling and distribution	200	191
Administration	512	443
	1,378	1,239

(b) Directors' emoluments and transactions

	2014 £'000	2013 £'000
Directors' emoluments	1,094	535

None of the directors received any amounts under long term incentive plans or were members of a Group pension scheme in either year.

Highest paid director:

Aggregate emoluments	194	399

Compensation of key management personnel (including directors)

	2014 £'000	2013 £'000
Short-term employee benefits	4,004	5,011
Post-employment benefits	445	499
	4,449	5,510

Compensation for loss of office payments included above amounted to £13,338 (2013 : £198,152).

All of the directors benefited from qualifying third party indemnity provisions.

Notes to the financial statements for the year ended 31 December 2014 (Continued)

8 Finance income
Group

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Bank deposit and other interest income	2,037	1,950
Net interest income on the net defined benefit (liability) / asset	287	60
Net gain on financial instruments recognised at fair value through profit or loss	224	5,220
Total finance income	2,548	7,230

9 Finance expense
Group

	2014 £'000	2013 £'000
Bank loans and overdrafts	42,159	34,097
Net loss on financial instruments recognised at fair value through profit or loss	7,101	-
Net foreign exchange loss	6,758	-
Total finance expense	56,018	34,097

10 Tax expense on continuing operations
Group

	2014 £'000	2013 £'000
Current tax expense		
UK corporation tax on profits	(43)	94
Overseas tax	(1,620)	(2,049)
Prior period movement	67	91
Total current income tax	(1,596)	(1,864)
Deferred tax expense		
Origination and reversal of temporary differences	8,292	611
Effect of change in tax laws	-	10,786
Prior period movement	383	(711)
Total deferred tax	8,675	10,686
Share of associate's tax	-	(95)
Total tax credit	7,079	8,727

Tax relating to items charged in other comprehensive income
Deferred tax

	2014	2013
Actuarial (losses) / gains on defined benefit pension plan	3,255	(891)
Adjustment to pension scheme assets in accordance with paragraph 64 of IAS19	-	-
Tax (credit) / charge on items recognised in other comprehensive income	3,255	(891)

(b) Reconciliation of the total tax charge

The tax credit (2013 : credit) in the consolidated statement of comprehensive income for the year is lower than (2013 : higher than) the standard rate of corporation tax in the UK of 21.5% (2013 : 23.25%). The differences are reconciled below:

		2014 £'000		2013 £'000
Loss from operations before taxation		(71,831)		(25,382)
Loss on operations before taxation multiplied by standard rate of corporation tax in the UK of 21.5% (2013 : 23.25%)	21.5%	(15,444)	23.25%	(5,901)
Difference to current tax credit due to effects of:				
Unrecognised tax losses		6,638		6,172
Additional tax credit for research and development		(8)		(642)
Expenses not deductible for tax purposes		1,165		1,386
Adjustments in respect of prior periods		(450)		620
Effect of change in tax laws		-		(10,786)
Other		1,020		424
Total tax credit		(7,079)		(8,727)

Notes to the financial statements for the year ended 31 December 2014 (Continued)

10 Tax expense on continuing operations (Continued)

(c) Factors affecting future tax charges

A reduction in the UK corporation rate from 23% to 21% (effective from 1 April 2014) and a further reduction to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This has reduced the Company's current tax charge in the year ended 31 December 2014 and will reduce the Company's current tax charge in the year ended 31 December 2015.

The deferred tax liability at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

(d) Deferred tax

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2014 £'000	Assets 2013 £'000	Liabilities 2014 £'000	Liabilities 2013 £'000
Property, plant and equipment	(27,102)	(20,414)	-	-
Intangible assets	-	-	101,894	91,597
Employee benefits	(2,481)	-	-	377
Provisions	(2,910)	-	-	842
Losses	(11,531)	(2,602)	-	-
Tax (assets) / liabilities	(44,024)	(23,016)	101,894	92,816
Set off of tax liabilities / (assets)	44,024	23,016	(44,024)	(23,016)
Net tax (assets) / liabilities	-	-	57,870	69,800

Movement in deferred tax in 2014

	1 January 2014 £'000	Recognised in income £'000	Recognised in equity £'000	31 December 2014 £'000
Property, plant and equipment	(20,414)	(6,688)	-	(27,102)
Intangible assets	91,597	10,297	-	101,894
Employee benefits	377	397	(3,255)	(2,481)
Provisions	842	(3,752)	-	(2,910)
Losses	(2,602)	(8,929)	-	(11,531)
	69,800	(8,675)	(3,255)	57,870

Movement in deferred tax in 2013

	1 January 2013 £'000	Recognised in income £'000	Recognised in equity £'000	31 December 2013 £'000
Property, plant and equipment	(16,464)	(3,950)	-	(20,414)
Intangible assets	97,875	(6,278)	-	91,597
Employee benefits	(686)	172	891	377
Provisions	(1,130)	1,972	-	842
Losses	-	(2,602)	-	(2,602)
	79,595	(10,686)	891	69,800

Deferred tax assets have not been recognised in respect of the following items:

	2014 £'000	2013 £'000
Tax losses	23,181	17,095

Deferred tax assets have not been recognised where it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

A deferred tax asset has been recognised in respect of losses in trading companies where future trading profits are foreseen.

Notes to the financial statements for the year ended 31 December 2014 (Continued)

11 Intangible assets

Group

	Brands	Technology	Dealer Network	Other	Goodwill	Total
Cost	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2013	242,600	80,100	15,400	234,621	84,131	656,852
Additions	-	16,785	-	75,372	-	92,157
Balance at 31 December 2013	242,600	96,885	15,400	309,993	84,131	749,009
Balance at 1 January 2014	242,600	96,885	15,400	309,993	84,131	749,009
Additions	-	4,417	-	101,214	445	106,076
Transfer in (note 14)	-	-	-	-	860	860
Balance at 31 December 2014	242,600	101,302	15,400	411,207	85,436	855,945
Amortisation						
Balance at 1 January 2013	-	44,723	4,299	85,249	-	134,271
Amortisation for the year	-	8,010	770	35,016	-	43,796
Balance at 31 December 2013	-	52,733	5,069	120,265	-	178,067
Balance at 1 January 2014	-	52,733	5,069	120,265	-	178,067
Amortisation for the year	-	8,010	770	43,093	91	51,964
Transfer in (note 14)	-	-	-	-	109	109
Balance at 31 December 2014	-	60,743	5,839	163,358	200	230,140
Carrying Amounts						
At 1 January 2013	242,600	35,377	11,101	149,372	84,131	522,581
At 31 December 2013	242,600	44,152	10,331	189,728	84,131	570,942
At 1 January 2014	242,600	44,152	10,331	189,728	84,131	570,942
At 31 December 2014	242,600	40,559	9,561	247,849	85,236	625,805

The Brand identified above and valued through the acquisition of Aston Martin Lagonda Group Limited has been identified as having an indefinite life due to the long history and wide recognition of the brand which has meant it has not been possible to identify its future lifetime.

Other intangible assets of £247,849,000 (2013 : £189,728,000) include £237,700,000 (2013 : £177,716,000) relating to capitalised development costs, £2,762,000 relating to Chinese distribution rights (2013 : £3,989,000) and £7,026,000 relating to software development (2013 : £7,511,000).

Goodwill of £84,131,000 (2013 : £84,131,000) arose on the acquisition of Aston Martin Lagonda Group Limited by Aston Martin Holdings (UK) Limited (via Aston Martin Investments Limited) in 2007. The addition of £445,000 in the year ended 31 December 2014 arose on the acquisition of AMWS Limited, the parent company of Aston Martin Works Limited (see note 14 for further details). The transfer in at a net book value of £751,000 relates to the acquisition of Aston Martin Works Limited (see note 14). Amortisation in the year ended 31 December 2014 relates to amortisation of the Goodwill on acquisition of AMWS Limited (£59,000) and amortisation of the Goodwill within Aston Martin Works Limited of (£32,000).

There are no intangible assets in the Company.

12 Impairment testing of goodwill and other intangible fixed assets with indefinite useful lives
Group

Goodwill and brands acquired through business combinations have been allocated for impairment testing purposes to one cash generating unit - the Aston Martin Lagonda Group Limited business. This represents the lowest level within the Group at which goodwill and brands are monitored for internal purposes.

The Group tests the carrying value of goodwill and brands at the cash-generating unit level for impairment annually or more frequently if there are indications that goodwill or brands might be impaired. At the year-end reporting date, a review was undertaken on a value-in-use basis, assessing whether the carrying values of goodwill and brands were supported by the net present value of future cash flows derived from those assets.

Key assumptions used in value in use calculations

The calculation of value in use for the cash-generating unit is most sensitive to the following assumptions:

Cash flows were projected based on actual operating results and the six year business plan. Beyond this, cash flows were extrapolated using a constant growth rate of 2% per annum. Key assumptions such as revenue, gross margin and fixed costs within the forecasts are based on past experience and current business strategy.

Discount rates are calculated using a weighted average cost of capital approach. They reflect the individual nature and specific risks relating to the business and the market in which it operates. The pre-tax discount rate used was 12.0%. An exchange rate of $1.56/£ has been used in the forecast.

Sensitivity analysis

- the pre-tax discount rate would need to increase to 14.5% in order for the assets to become impaired
- the rate of growth of 2% per annum beyond the six year plan would need to be a decline of 3.1% in order for the assets to become impaired

Notes to the financial statements for the year ended 31 December 2014 (Continued)

13 Property, plant and equipment
Group

	Freehold land and buildings £'000	Plant, machinery, fixtures, fittings and tooling £'000	Motor vehicles £'000	Total £'000
Cost				
Balance at 1 January 2013	62,962	277,793	840	**341,595**
Additions	74	13,049	-	**13,123**
Disposals	-	(70)	(23)	**(93)**
Effect of movements in exchange rates	82	(8)	2	**76**
Balance at 31 December 2013	63,118	290,764	819	**354,701**
Balance at 1 January 2014	63,118	290,764	819	**354,701**
Additions	5,158	15,618	76	**20,852**
Transfer (note 14)	88	1,395	-	**1,483**
Disposals	-	(435)	-	**(435)**
Effect of movements in exchange rates	(219)	(49)	(7)	**(275)**
Balance at 31 December 2014	68,145	307,293	888	**376,326**
Depreciation				
Balance at 1 January 2013	11,527	134,793	52	**146,372**
Charge for the year	2,153	25,374	20	**27,547**
Disposals	-	-	(10)	**(10)**
Effect of movements in exchange rates	11	(29)	1	**(17)**
Balance at 31 December 2013	13,691	160,138	63	**173,892**
Balance at 1 January 2014	13,691	160,138	63	**173,892**
Charge for the year	2,231	26,069	16	**28,316**
Transfer (note 14)	2	163	-	**165**
Disposals	-	(350)	-	**(350)**
Effect of movements in exchange rates	(45)	(26)	(5)	**(76)**
Balance at 31 December 2014	15,879	185,994	74	**201,947**
Carrying amounts				
At 1 January 2013	51,435	143,000	788	**195,223**
At 31 December 2013	49,427	130,626	756	**180,809**
At 1 January 2014	49,427	130,626	756	**180,809**
At 31 December 2014	52,266	121,299	814	**174,379**

As detailed in Note 19, property, plant and equipment above provides security for a fixed and floating charge in favour of the holders of the 9.25% Senior Secured Notes.

Assets in the course of construction at a cost of £13,171,000 (2013 : £74,000) are included within land and buildings. Assets in the course of construction at a cost of £15,115,000 (2013 : £1,548,000) are included within plant and machinery.

Capital expenditure contracts to the value of £26,135,000 have been placed but not provided for as at 31 December 2014 (2013 : £6,064,000).

There was no property, plant and equipment in the Company (2013 : £Nil).

Notes to the financial statements for the year ended 31 December 2014 (Continued)

14 Investments

Investments in subsidiary undertakings
Company

Subsidiary undertakings	Holding	Proportion of voting rights and shares held	Nature of Business
Aston Martin Capital Limited * ◊	Ordinary	100%	Financing company holding the Senior Secured Notes
Aston Martin Investments Limited *	Ordinary	100%	Holding Company
Aston Martin Lagonda Group Limited **	Ordinary	100%	Holding Company
Aston Martin Lagonda of North America Incorporated ** ^	Ordinary	100%	Luxury sports car distributor
Lagonda Properties Limited **	Ordinary	100%	Dormant Company
Aston Martin Lagonda Pension Trustees Limited **	Ordinary	100%	Trustee of the Aston Martin Lagonda Limited Pension Scheme
Aston Martin Lagonda Limited **	Ordinary	100%	Manufacture and sale of luxury sports cars and the sale of parts
Aston Martin Lagonda of Europe GmbH ** >	Ordinary	100%	Provision of engineering and sales and marketing services
AML Overseas Services Limited **	Ordinary	100%	Provision of management services to Aston Martin Lagonda Limited
Aston Martin Italy S.r.l ** <	Ordinary	100%	Sale and servicing of luxury sports cars and the sale of parts
AML Italy S.r.l **<	Ordinary	100%	Dormant Company
Aston Martin Lagonda (China) Automobile Distribution Co., Ltd ** √	Ordinary	100%	Luxury sports car distributor
AM Nurburgring Racing Limited **	Ordinary	100%	Dormant Company
AMWS Limited ** ◊	Ordinary	50%	Holding Company
Aston Martin Works Limited **	Ordinary	50%	Sale, servicing and restoration of Aston Martin cars

All subsidiaries are incorporated in England and Wales unless otherwise stated.
◊ incorporated in Jersey
^ incorporated in the United States of America
> incorporated in Germany
< incorporated in Italy
√ incorporated in the People's Republic of China
* Held directly by Aston Martin Holdings (UK) Limited
** Held indirectly by Aston Martin Holdings (UK) Limited

	Shares in subsidiary undertakings £'000
Cost and carrying value	
1 January 2014	667,982
Additions	-
31 December 2014	667,982

On 30 April 2014 the Group exercised an option to acquire an additional 10% of the share capital of AMWS Limited, the parent company of Aston Martin Works Limited, for a consideration of £100, increasing its interest in the ordinary share capital of the company from 40% to 50%. Previously, Aston Martin Works Limited was accounted for as an associated company using the equity method of accounting, but following the increase in the shareholding to 50% it became a subsidiary and has been fully consolidated from 1 May 2014. From 1 May 2014 the condensed consolidated statement of comprehensive income includes all revenues and costs of Aston Martin Works Limited whilst the condensed consolidated statement of financial position shows all assets and liabilities.

Notes to the financial statements for the year ended 31 December 2014 (Continued)

14 Investments (Continued)

Investments in associates

	Investment in associated undertakings £'000
Cost and carrying value	
At 1 January 2014	1,962
Share of result	32
Disposal of 40% interest in AMWS Limited (see Investments in subsidiary undertakings - page 18)	(1,994)
31 December 2014	-

The Company's 40% share of the post-acquisition result of AMWS Limited up to the date of disposal and immediate re-acquisition as a subsidiary on 30 April 2014 is detailed below:

	Period to 30 April 2014 £ '000	Year ended 31 December 2013 £ '000
Turnover	2,783	9,097
Profit before tax	32	362
Taxation	-	(95)
Profit after tax	32	267
Fixed assets	-	816
Current assets	-	3,884
Liabilities due within one year	-	(1,233)

15 Inventories

Group

	2014 £'000	2013 £'000
Service parts, spares and production stock	31,758	30,251
Work in progress	12,465	10,836
Finished cars and parts for resale	54,204	28,878
	98,427	69,965

Finished cars and parts for resale includes Group owned service vehicles at a net realisable value of £14,867,000 (31 December 2013 : £16,593,000). These are vehicles used by employees of the Group and are not retained by the Group for periods in excess of one year.

There were no inventories in the Company (2013 : £Nil).

Notes to the financial statements for the year ended 31 December 2014 (Continued)

16 Trade and other receivables
Group and Company

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Amounts included in current assets				
Trade receivables	28,247	26,846	-	-
Owed by Group undertakings (see note 28)	-	-	94,968	16,774
Owed by related parties (see note 28)	-	940	-	-
Other receivables including taxation	17,513	10,599	-	-
Prepayments	5,778	1,965	255	435
	51,538	40,350	95,223	17,209

Trade receivables and other receivables are non-interest bearing and generally have terms between 10 and 30 days, with amounts financed through the trade finance facility with Standard Chartered Bank plc) (see below) having terms between 30 and 60 days. Due to their short maturities, the fair value of trade and other receivables approximates to their book value.

The majority of the Group's receivables are derived from sales to franchised dealers who are appointed by the Group. The receivables are supported by credit risk insurance and the credit limit for each franchised dealer is set by the Insurance company in consultation with the Group. Credit risk is discussed further in note 19.

All financed vehicle sales are made directly to third-party Aston Martin franchised dealers, and a large proportion are financed through a £100,000,000 trade finance facility with Standard Chartered Bank plc with an associated credit insurance policy.

The Group has entered into a financing agreement with Standard Chartered Bank plc, whereby Standard Chartered Bank plc advance to the Group the sales value of vehicles which have been despatched upon receipt of transportation documentation. Substantially all of the risks of the associated receivables reside with Standard Chartered Bank plc, and therefore the financing arrangement is treated as off-balance sheet. The utilisation of the facility at 31 December 2014 is £89,988,000 (2013 : £69,318,000).

The carrying amount of trade and other receivables (excluding prepayments) are denominated in the following currencies:

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Sterling	22,306	15,770	94,968	16,774
Chinese Renminbi	9,778	1,319	-	-
Euro	5,792	6,179	-	-
US Dollar	7,490	12,766	-	-
Other	394	2,351	-	-
	45,760	38,385	94,968	16,774

Provision for impairment of receivables

Trade receivables with a value of £331,000 were impaired in the Group at 31 December 2014 (31 December 2013 : £356,000). Management review trade receivables on an individual account basis and make provision where recoverability is doubtful.

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
At 1 January	356	3,977	-	-
Charge for the year	84	-	-	-
Utilised	(50)	(3,902)	-	-
Transfer in on the acquisition of AMWS Limited (note 14)	3	-	-	-
Effect of movements in exchange rates	(62)	281	-	-
At 31 December	331	356	-	-

As at 31 December 2014, trade receivables of £6,268,000 were overdue but not impaired (31 December 2013 : £8,314,000).
The ageing analysis of these trade receivables is as follows:

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Up to 3 months overdue	2,649	5,596	-	-
3 to 6 months overdue	114	329	-	-
Over 6 months overdue	3,505	2,389	-	-
Total	6,268	8,314	-	-

There were no impairments in the Company in either year.

Notes to the financial statements for the year ended 31 December 2014 (Continued)

17 Cash and cash equivalents
Group and Company

	Group 2014 £'000	Group 2013 £'000	**Company 2014 £'000**	Company 2013 £'000
Cash at bank and in hand	**89,250**	74,653	**1**	1

Cash at bank earns interest at floating rates based on daily bank deposit rates. The book value of cash and cash equivalents approximates to their fair value.

Cash is held in the following currencies; those held in currencies other than Sterling have been converted into Sterling at year end exchange rates:

	Group 2014 £'000	Group 2013 £'000	**Company 2014 £'000**	Company 2013 £'000
Sterling	**15,619**	28,911	**1**	1
Chinese Renminbi	**28,298**	24,064	-	-
US Dollar	**27,642**	9,547	-	-
Other	**17,691**	12,131	-	-
	89,250	74,653	1	1

18 Trade and other payables

Current trade and other payables - Group and Company

	Group 2014 £'000	Group 2013 £'000	**Company 2014 £'000**	Company 2013 £'000
Trade payables	**61,004**	50,248	-	-
Due to Group undertakings (see note 28)	-	-	**206,317**	234,433
Due to related parties (see note 28)	**269**	1,953	-	-
Accruals and other payables	**98,775**	78,365	**980**	15
	160,048	130,566	**207,297**	234,448

Trade payables are non-interest bearing and it is the Group's policy to pay within the stated terms which vary from 14 to 60 days.
Trade and other payables are held at amortised cost and their amortised cash flows are expected to mature within 12 months of the year end.

Notes to the financial statements for the year ended 31 December 2014 (Continued)

19 Financial Instruments

Group and Company

The Group's principal financial instruments comprise Senior Secured Notes, Senior Subordinated PIK notes, a Revolving Credit Facility, inventory financing facilities, cash and forward currency contracts. The Group also has trade payables and trade receivables, which arise directly from its operations. These short term assets and liabilities are included in the currency risk disclosure.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, currency risk and liquidity risk as shown below. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risk and adherence to limits.

The Board of Directors oversees how management monitor compliance with the Group risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

The Group sells vehicles through a dedicated dealer network. Dealers outside of North America are required to pay for vehicles in advance of their despatch or use the wholesale financing scheme (see Liquidity risk). Dealers within North America are allowed 10 day credit terms from the date of invoice or can use the wholesale financing scheme. All vehicle sales on the wholesale financing scheme are covered by credit risk insurance. In exceptional circumstances, after thorough consideration of the credit history of an individual dealer, the Group may sell vehicles to the dealer outside of the credit risk insurance policy or on deferred payment terms. Parts sales, which represent a smaller element of total revenue, are made to dealers on 30 day credit terms. Service receivables are due for payment on collection of the vehicle.

Interest rate risk
The Group uses a wholesale financing scheme to fund certain vehicle receivables and also places surplus cash funds on deposit. These arrangements attract interest at a rate that varies depending on LIBOR.

The Group has entered into a number of arrangements to finance Group inventory and the order pipeline between Aston Martin Lagonda Limited and Aston Martin Lagonda (China) Automobile Distribution Co., Ltd. Total borrowings on these facilities at 31 December 2014 were £19.8m (2013 : £13.9m). The interest rate charged on each of these facilities is determined when the borrowings are made. The borrowings are made for periods not in excess of six months. The interest rates charged on the inventory financing are based on LIBOR. The interest rates charged on the order pipeline financing are the rates charged by the Chinese banks.

Borrowings
The following table analyses borrowings:

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Current				
Bank loans and overdrafts	19,808	13,854	-	-
Non current				
Senior Secured Notes	298,403	296,765	-	-
Senior Subordinated PIK Notes	114,195	-	114,195	-
Total non current borrowings	412,598	296,765	114,195	-
Total borrowings	432,406	310,619	114,195	-

In June 2011, the Group issued £304,000,000 of 9.25% Senior Secured Notes repayable in July 2018. The Senior Secured Notes are quoted on the Luxembourg Stock Exchange. The interest rate payable on the Senior Secured Notes is fixed at 9.25% per annum until the repayment date.
As described in accounting policies, borrowings are initially recognised at fair value less attributable transaction costs. Subject to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis.

The Senior Secured Notes above are secured by fixed and floating charges over certain assets of the Group.

Attached to the Senior Secured Notes is a £30,000,000 Revolving Credit Facility which was undrawn at 31 December 2014 and 31 December 2013. The Group has entered into a number of arrangements to finance Group inventory and the order pipeline between Aston Martin Lagonda Limited and Aston Martin Lagonda (China) Automobile Distribution Co., Ltd. Total borrowings on these facilities at 31 December 2014 were £19,808,000 (year ended 31 December 2013 : £13,854,000).

In March 2014 the Group issued $165,000,000 (£99,620,000) of Senior Subordinated PIK Notes which are repayable in July 2018. The interest rate payable on the Senior Secured PIK notes is 10.25% per annum. Interest is charged semi-annually in arrears, on January 15th and July 15th of each year, with a shorter interest period up to 15 July 2014. Interest charged increases the principal amount of the Senior Subordinated PIK Notes and is payable on repayment of the Senior Subordinated PIK Notes in July 2018.

Borrowing costs of £585,000 (2013 : £ Nil) have been capitalised during the year ended 31 December 2014.

Notes to the financial statements for the year ended 31 December 2014 (Continued)

19 Financial Instruments (Continued)

Interest rate risks - sensitivity

In June 2011 the Group issued £304,000,000 of 9.25% Senior Secured Notes repayable in July 2018. As the Senior Secured Notes attract a fixed rate of interest there is no interest rate risk attached to them. Attached to the Senior Secured Notes is a £30,000,000 Revolving Credit Facility which was undrawn at 31 December 2014 and 31 December 2013.

The Group has entered into a number of arrangements to finance Group inventory and the order pipeline between Aston Martin Lagonda Limited and Aston Martin Lagonda (China) Automobile Distribution Co., Ltd. Total borrowings on these facilities at 31 December 2014 were £19,808,000 (2013 : £13,854,000). The interest rate charged on each of these facilities is determined when the borrowings are made. The borrowings are made for periods not in excess of six months.

In March 2014 the Group issued $165,000,000 (£99,620,000) of Senior Subordinated PIK Notes which are repayable in July 2018. The interest rate payable on the Senior Secured PIK notes is fixed at 10.25% per annum.

The £304,000,000 9.25% Senior Secured Notes are at a fixed interest rate of 9.25% per annum. The Senior Subordinated PIK notes are at a fixed interest rate of 10.25% per annum. Any interest rate payable on the Revolving Credit Facility is determined at the time of drawing the facility. Therefore, the Group has no sensitivity to an increase in interest rates based on the borrowings at either year end.

Foreign currency risk management

In addition to the functional currency (Sterling), the Group buys and sells in other currencies. The Group manages the movement of funds via individual bank accounts relating to each currency, thereby reducing its exposure to exchange rate fluctuations. The Group may from time-to-time use derivative financial instruments to manage exchange rate risk where it has a significant exposure in a foreign currency. At both year ends the Group had derivative instruments in several currencies, in the form of forward exchange contracts.

Foreign currency exposure

The Group's sterling equivalents of financial assets and liabilities denominated in foreign currencies at 31 December 2014 and 31 December 2013 were:

	Euros £'000	**Chinese Renminbi £'000**	**US Dollars £'000**	**Other £'000**
At 31 December 2014				
Financial assets				
Trade and other receivables	5,792	9,778	7,490	394
Foreign exchange contracts	-	-	233	294
Cash balances	13,902	28,298	27,642	3,789
	19,694	**38,076**	**35,365**	**4,477**
Financial liabilities				
Trade and other payables	(16,728)	(14,371)	(4,982)	(1,112)
Foreign exchange contracts	-	-	(5,907)	-
	(16,728)	**(14,371)**	**(10,889)**	**(1,112)**
Net balance sheet exposure	**2,966**	**23,705**	**24,476**	**3,365**

	Euros £'000	Chinese Renminbi £'000	US Dollars £'000	Other £'000
At 31 December 2013				
Financial assets				
Trade and other receivables	6,179	1,319	12,766	2,351
Foreign exchange contracts	-	-	4,140	510
Cash balances	6,571	24,064	9,547	5,560
	12,750	25,383	26,453	8,421
Financial liabilities				
Trade and other payables	(20,370)	(7,009)	(4,815)	(1,603)
Foreign exchange contracts	-	-	-	(298)
	(20,370)	(7,009)	(4,815)	(1,901)
Net balance sheet exposure	(7,620)	18,374	21,638	6,520

The following significant exchange rates applied:

	Average Rate 2014	Average Rate 2013	**Reporting date spot rate 2014**	Reporting date spot rate 2013
Euro	**1.2360**	1.1947	**1.2886**	1.2020
Chinese Renminbi	**10.2373**	9.6945	**9.6736**	10.0268
US Dollar	**1.6637**	1.5700	**1.5593**	1.6563

Notes to the financial statements for the year ended 31 December 2014 (Continued)

19 Financial Instruments (Continued)

Currency risk - sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rates, with all other variables held constant, of the Group's profit after tax (due to changes in the fair value of monetary assets and liabilities).

	(Increase)/ decrease in USD rate	Effect on profit after tax 2014 £'000	Effect on profit after tax 2013 £'000
US Dollar	Five per cent	(4,356)	(4,803)

The Company trades almost entirely in Sterling and therefore has no other significant foreign currency risk.

Liquidity risk

The Group seeks to manage liquidity risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The Group uses a wholesale financing scheme to finance certain vehicle sales on despatch of the vehicle. At 31 December 2014, £89,988,000 (2013 : £69,318,000) had been received against sales invoices. The wholesale finance scheme and the credit insurance supporting the facility have both been renewed for a further two years to August 2016.

In June 2011 the Group issued £304,000,000 of 9.25% Senior Secured Notes repayable in July 2018. The Group also has access to a £30,000,000 revolving credit facility until 2016 which was undrawn at 31 December 2014 and 31 December 2013.

The Group also has facilities to finance certain of its inventories and the order pipeline between Aston Martin Lagonda Limited and Aston Martin Lagonda (China) Automobile Distribution Co., Ltd. The total size of these facilities at 31 December 2014 is £23,058,000 (2013 : £29,023,000). The utilisation of these facilities at 31 December 2014 is £19,808,000 (2013 : £13,854,000).

In March 2014, the Company issued Senior Subordinated PIK notes with a value of 165,000,000 US dollars (£ : 99,620,000) due for repayment in July 2018.

On 22 April 2015, the Company accepted binding subscriptions for £200 million of preference shares. The first tranche of £100 million was received on 27 April 2015 and the second tranche of £100 million may be drawn at any time in the following 12 months. These subscriptions also included warrants for a pro rata allocation of P shares (non voting ordinary shares) corresponding to 4% of the current fully diluted share capital of the company.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2014 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Contractual Cash Flows Total
	£'000	£'000	£'000	£'000	£'000	£'000
Non-derivative financial liabilities						
Bank loans and overdrafts	-	14,823	5,310	-	-	20,133
Senior Secured Notes	-	14,060	14,060	388,360	-	416,480
Senior Subordinated PIK Notes	-	-	-	161,879	-	161,879
Trade and other payables	269	159,779	-	-	-	160,048
Derivative financial liabilities						
Forward exchange contracts	-	701	2,387	2,819	-	5,907
	269	189,363	21,757	553,058	-	764,447

Included in the table above in respect of the Group are interest bearing loans and borrowings at a carrying value of £432,406,000.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2013 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Contractual Cash Flows Total
	£'000	£'000	£'000	£'000	£'000	£'000
Non-derivative financial liabilities						
Bank loans and overdrafts	-	8,952	5,126	-	-	14,078
Senior Secured Notes	-	14,060	14,060	416,480	-	444,600
Trade and other payables	1,953	128,613	-	-	-	130,566
Derivative financial liabilities						
Forward exchange contracts	-	65	188	45	-	298
	1,953	151,690	19,374	416,525	-	589,542

Included in the table above in respect of the Group are interest bearing loans and borrowings at a carrying value of £310,619,000.

Notes to the financial statements for the year ended 31 December 2014 (Continued)

19 Financial Instruments (Continued)

Liquidity risk (Continued)

The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2014 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Contractual Cash Flows Total
	£'000	£'000	£'000	£'000	£'000	£'000
Non-derivative financial liabilities						
Trade and other payables	206,317	980	-	-	-	207,297
	206,317	980	-	-	-	207,297

The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2013 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Contractual Cash Flows Total
	£'000	£'000	£'000	£'000	£'000	£'000
Non-derivative financial liabilities						
Trade and other payables	234,433	15	-	-	-	234,448
	234,433	15	-	-	-	234,448

Estimation of fair values

Forward currency contracts are carried at fair value. These are valued using pricing models and discounted cash flow techniques based on the assumptions provided by Standard Chartered Bank plc and Morgan Stanley & Co International plc.

The 9.25% Senior Secured Notes, which were issued in 2011, are valued at amortised cost. The fair value of the 9.25% Senior Secured Notes is determined by reference to the quoted price at 31 December. The 9.25% Senior Secured Notes are quoted on the Luxembourg Stock Exchange (Bourse de Luxembourg). On 31 December 2014, the fair value of the Senior Secured Notes was £291,080,000 (2013 : £329,949,000). At 31 December 2014 the effective interest rate on the Senior Secured Notes is 10.25 % (2013 : 10.25%).

For all other receivables and payables, the carrying amount is deemed to reflect the fair value.

Under IFRS 7, such assets and liabilities are classified by the way in which their fair value is calculated. The interest bearing loans and borrowings are considered to be level 1 liabilities. All remaining financial assets and liabilities are considered to be level 2 assets and liabilities. IFRS 7 defines level 2 assets and liabilities as "inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)".

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain the future development of the business. Given this, the objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The capital structure of the Group consists of debt which includes the borrowings disclosed in this note, cash and cash equivalents and equity attributable to equity holders of the parent, comprising share capital and reserves as disclosed in notes 23 and 24 and the consolidated statements of changes in equity. No changes were made in the objectives, policies or processes during either year.

Notes to the financial statements for the year ended 31 December 2014 (Continued)

20 Obligations under leases
Group

The Group has entered into commercial leases on certain properties and items of machinery. The leases have a duration of between 1 and 10 years.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2014	2013
	£'000	£'000
Not later than one year	**2,618**	1,562
After one year but not more than five years	**8,260**	5,713
More than five years	**2,571**	1,177
	13,449	8,452

None of the leases contain any contingent rents.
There were no obligations under leases in the Company (2013 : £Nil)

21 Provisions for liabilities and charges
Group

	Warranty 2014 £'000
At the beginning of the year	**16,975**
Additions	**10,789**
Utilisation	**(10,700)**
Effect of movements in exchange rates	**218**
At the end of the year	**17,282**
Analysed as:	
Current	**9,171**
Non-current	**8,111**
	17,282

The warranty provision represents costs provided for in respect of the Group's warranty scheme. A provision of £17,282,000 (2013 : £16,975,000) has been recognised for expected claims based on past experience of the level of actual warranty claims received, and is expected to be substantially utilised within the next three years.

There are no provisions for liabilities and charges in the Company.

Notes to the financial statements for the year ended 31 December 2014 (Continued)

22 Pension obligations
Group

Defined contribution scheme

The Group opened a defined contribution scheme in June 2011. The total expense relating to this scheme in the current year was £1,183,000 (2013 : £343,000). Outstanding contributions at the year end were £123,000 (2013: £99,000).

Defined benefit scheme

The Group operates a defined benefit pension scheme providing benefits based on final pensionable salary. The scheme was closed to new entrants on 31 May 2011. The benefits of the existing members are not affected by the closure of the scheme. A defined contribution scheme is available to new employees from this date. The scheme assets are invested with Standard Life Pension Limited, Legal & General Assurance, MFS International (UK) Limited, Eaton Vance Management (International) Limited, Morgan Stanley Investment Management Limited and Majedie Asset Management and the scheme is administered by Buck Consultants (Administration & Investment) Limited. The assets of the scheme are held separately from those of the Group.

The pension scheme operates under the regulatory framework of the Pensions Act 2004.

The Trustee has the primary responsibility for governance of the Scheme. Benefit payments are from Trustee-administered funds and scheme assets are held in a Trust which is governed by UK regulation. Responsibility for governance of the scheme lies mainly with the Trustee. The Trustee is comprised of representatives of the Group and members of the scheme.

The pension scheme exposes the Group to the following risks:

Asset volatility - the scheme's Statement of Investment Principles targets 55% return-enhancing assets and 45% risk-reducing assets. The Trustee monitors the appropriateness of the scheme's investment strategy, in consultation with the Group, on an on-going basis.

Inflation risk - the majority of benefits are linked to inflation and so increases in inflation will lead to higher liabilities (although in most cases there are caps in place which protect against extreme inflation).

Longevity - increases in life expectancy will increase the period over which benefits are expected to be payable, which increases the value placed on the scheme's liabilities.

There have been no scheme amendments, curtailments or settlements during either the year ended 31 December 2014 or 31 December 2013.

The projected unit method has been used to determine the liabilities.

The pension cost is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The latest actuarial valuation of the scheme had an effective date of 6 April 2011. The assumptions that make the most significant effect on the valuation are those relating to the rate of return on investments, the rate of increase in salaries and pensions and expected longevity. It was assumed that the pre retirement investment return would be 6.2% per annum and the post retirement return 4.9% and that salary increases would average 3.25% per annum for the next four calendar years starting on 1 January 2011 and 4.05% thereafter.

At the 6 April 2011 actuarial valuation, the actuarial value of the scheme assets was £114,306,000, sufficient to cover 109% of the benefits which had accrued to members, after allowing for the expected future increases in earnings.

Following the latest actuarial valuation of the scheme on 6 April 2011, contributions remained at 15.5% for the Group where the active member does not participate in the salary sacrifice scheme. For active members participating in the salary sacrifice scheme, employees make no contributions and the Group contribution is 22%.

The latest actuarial valuation on 6 April 2011 showed a surplus in the scheme of £9,645,000. This valuation was rolled forward to 6 April 2012. At this date the deficit in the scheme was £28,856,000 representing a funding level of 82%. On this basis the Group has agreed a recovery plan to fund this deficit over a period of 9 years from 6 April 2012.

Estimated Group contributions for the year ending 31 December 2015 are £9,093,000.

A full actuarial valuation was carried out at 6 April 2011 by a qualified independent actuary. This valuation has been updated by an independent qualified actuary to both 31 December 2013 and 31 December 2014 in accordance with IAS 19R. The actuarial valuation at 6 April 2014 is currently in progress and is due to be completed by July 2015.

The principal assumptions used by the actuary were:

	31 December 2014	31 December 2013
Discount rate	**3.70%**	4.55%
Rate of increase in salaries (see below)	**3.10%**	3.90%
Rate of revaluation in deferment	**2.10%**	2.20%
Rate of increase in pensions in payment attracting LPI	**3.15%**	3.25%
Expected return on scheme assets	**4.65%**	5.90%
RPI Inflation assumption	**3.30%**	3.40%
CPI Inflation assumption	**2.10%**	2.20%

The salary escalation assumption applies after 2014. The assumed salary increases for 2013 and 2014 were 3.5% per annum. The salary assumption increase for 2015-2021 is 3% per annum. The salary increase of 3.1% in the table above applies after 2021.

The Group's inflation assumption reflects its long term expectations and has not been amended for short term variability. The post mortality assumptions allow for expected increases in longevity. The 'current' disclosures below relate to assumptions based on the longevity (in years) following retirement at each reporting date, with 'future' being that relating to an employee retiring in 2034 (2014 assumptions) or 2033 (2013 assumptions).

Projected life expectancy from age 65	**"Future" Currently aged 45 2014**	**"Current" Currently aged 65 2014**	"Future" Currently aged 45 2013	"Current" Currently aged 65 2013
Male	**23.6**	**22.3**	23.5	22.2
Female	**27.5**	**26.0**	27.5	25.9

	Years
Duration of the liabilities in years as at 31 December 2014	27
Duration of the liabilities in years as at 31 December 2013	26

Notes to the financial statements for the year ended 31 December 2014 (Continued)

22 Pension obligations (Continued)

The following table provide information on the composition and fair value of the assets of the Scheme:

Asset Class	31 December 2014 Quoted £'000	31 December 2014 Unquoted £'000	31 December 2014 Total £'000	31 December 2013 Quoted £'000	31 December 2013 Unquoted £'000	31 December 2013 Total £'000
UK Equities	32,029	-	32,029	30,386	-	30,386
Overseas Equities	32,470	-	32,470	30,072	-	30,072
Property	-	18,718	18,718	-	16,130	16,130
Index linked gilts	44,478	-	44,478	33,588	-	33,588
Corporate bonds	-	42,056	42,056	-	33,884	33,884
Diversified alternatives	-	18,732	18,732	-	17,290	17,290
High yield bonds	-	8,973	8,973	-	8,005	8,005
Cash	675	-	675	903	-	903
Insurance policies	-	2,163	2,163	-	1,280	1,280
Total	109,652	90,642	200,294	94,949	76,589	171,538

	31 December 2014 £'000	31 December 2013 £'000
Total fair value of scheme assets	200,294	171,538
Present value of funded obligations	(212,698)	(169,652)
(Liability) / asset recognised in the statement of financial position	(12,404)	1,886

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Amounts recognised in the income statement		
Amounts charged to operating (loss) / profit :		
Current service cost	(8,709)	(8,005)
Amounts credited to finance income :		
Net interest income on the net defined (liability)/asset	287	60
Total expense recognised in the Income Statement	(8,422)	(7,945)

Changes in present value of the defined benefit pensions obligations are analysed as follows:

	Year ended 31 December 2014	Year ended 31 December 2013
At the beginning of the year	(169,652)	(149,469)
Current service cost	(8,709)	(8,005)
Employee contributions	(39)	(38)
Interest cost	(7,680)	(6,840)
Experience losses	(2,371)	(427)
Actuarial losses arising from changes in financial assumptions	(26,217)	(6,795)
Disbursements	1,970	1,922
Obligation at the end of the year	(212,698)	(169,652)

Changes in the fair value of plan assets are analysed as follows:

	Year ended 31 December 2014	Year ended 31 December 2013
At the beginning of the year	171,538	146,486
Interest on assets	7,967	6,900
Employer contributions	9,143	8,983
Contributions by employees	39	38
Actuarial gains	13,577	11,053
Benefits paid	(1,970)	(1,922)
Fair value at the end of the year	200,294	171,538

	Year ended 31 December 2014	Year ended 31 December 2013
Actual return on scheme assets	21,544	17,953

Notes to the financial statements for the year ended 31 December 2014 (Continued)

22 Pension obligations (Continued)

	Year ended 31 December 2014	Year ended 31 December 2013
Analysis of amounts recognised in the statement of financial position :		
Asset / (liability) at the beginning of the year	**1,886**	(2,983)
Net expense recognised in the statement of comprehensive income	**(8,422)**	(7,945)
Employer contributions	**9,143**	8,983
Actuarial (loss) / gain recognised in other comprehensive income	**(15,011)**	3,831
(Liability) / asset recognised in the statement of financial position at the end of the year	**(12,404)**	1,886

	Year ended 31 December 2014	Year ended 31 December 2013
Analysis of amount taken to other comprehensive income :		
Return on assets greater than the discount rate	**13,577**	11,053
Experience losses arising on funded obligations	**(2,371)**	(427)
Losses arising due to changes in financial assumptions underlying the present value of funded obligations	**(26,217)**	(6,795)
Amount recognised in other comprehensive income	**(15,011)**	3,831

Sensitivity analysis of the principal assumptions used to measure scheme liabilities

	Change in assumption	Present value of benefit obligations	Present value of benefit obligations
		At 31 December 2014 £'000	At 31 December 2013 £'000
Discount rate	Decrease by 0.25%	227,284	180,881
Rate of inflation *	Increase by 0.25%	221,255	178,178
Life expectancy increased by approximately 1 year	Increase by one year	219,414	174,276

* Applies to the Retail Prices Index and the Consumer Prices index inflation assumptions. The assumption is that the salary increase assumption will also increase by 0.25% per annum after 2020/21 and the pension increase assumption will increase by 0.15% per annum.
The projected unit method has been applied when calculating these defined benefit obligations.

Funding levels are monitored on a regular basis by the Trustee of the Group to ensure the security of member's benefits. The next triennial valuation as at 6 April 2014 is due to be completed by July 2015 in line with the scheme specific funding requirements of the Pensions Act 2004. As part of that valuation the Trustee and the Group will review the adequacy of the contributions being paid into the Scheme.

Notes to the financial statements for the year ended 31 December 2014 (Continued)

22 Pension obligations (Continued)

Expected future benefit payments	**Year ended 31 December 2014**	Year ended 31 December 2013
	£'000s	£'000s
Year 1 (2015)	**2,025**	1,684
Year 2 (2016)	**1,992**	1,739
Year 3 (2017)	**2,062**	1,796
Year 4 (2018)	**2,558**	1,854
Year 5 (2019)	**2,856**	-
Years 6 to 10 (2019 to 2023)	**-**	10,213
Years 6 to 10 (2020 to 2024)	**21,433**	-

History of scheme experience

	Year ended 31 December 2014	Year ended 31 December 2013
Present value of the scheme liabilities	**(212,698)**	(169,652)
Fair value of the scheme assets	**200,294**	171,538
(Deficit) / surplus in the scheme before taking into account the effect of Paragraph 64 of IAS19.	**(12,404)**	1,886
Experience gains on scheme assets	**13,577**	11,053
Percentage of scheme assets	**6.8%**	6.4%
Experience losses on scheme liabilities	**(2,371)**	(427)
Percentage of the present value of the scheme liabilities	**(1.1)%**	(0.3)%
Total amount recognised in other comprehensive income	**(15,011)**	3,831
Percentage of the present value of the scheme liabilities	**(7.1)%**	2.3%

23 Share capital

Group and Company

Allotted, called up and fully paid	**2014 £'000**	**2013 £'000**
3,069,085 ordinary shares of £0.001 each (2013 : 2,992,905 ordinary shares of £0.001 each)	**3**	3
161,521 D shares of £0.001 each (2013 : 127,871)	**-**	-
	3	**3**

	2014 £'000	**2013 £'000**
Shares classified as liabilities	**-**	-
Shares classified as shareholders' funds	**3**	3
	3	**3**

In April 2013, 1,142,696 ordinary shares were issued to Prestige Motor Holdings S.A., which is controlled by Investindustrial V L.P., for a consideration of £150,000,000 in order to provide funds for the development of new vehicles. In April 2014 a further 76,180 ordinary shares were issued to Prestige Motor Holdings S.A for a consideration of £3,750,000, as part of the same share subscription agreement dated 5 December 2012 .

In December 2013, 127,871 D shares were issued to Daimler AG for a consideration of £127.88 and in September 2014, 33,650 additional D shares were issued to Daimler AG for a consideration of £33.65, giving Aston Martin Holdings (UK) Limited and its subsidiaries access to certain technologies for use in its next generation of vehicles.

Further shares or cash will be issued to Prestige Motor Holdings S.A. in 2017 dependent upon the deficit of the defined benefit pension scheme over the four year period to June 2017.

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The holders of the D shares are entitled to receive dividends as declared from time to time but are not entitled to vote at meetings of the Company.

Notes to the financial statements for the year ended 31 December 2014 (Continued)

24 Reserves

Share premium - The share premium of £366,463,000 represents the following transactions.
£291,512,000 represents the difference between the par value of the share capital issued between 1 June 2007 and 31 December 2009 and the amount subscribed for the shares.
In June 2011 the board of directors approved a reduction of capital whereby £100,000,000 of the share premium account was transferred to retained earnings in order to create distributable reserves within Aston Martin Holdings (UK) Limited (the parent company of the Group) to enable both the redemption of preference shares and the payment of a dividend.

In April 2013, shares were issued to Prestige Motor Holdings S.A., which is controlled by Investindustrial V L.P., for a consideration of £150,000,000 with a par value of £1,000, resulting in a share premium of £149,999,000.
In December 2013, shares were issued to Daimler AG, for nominal consideration and a share premium of £16,785,000.
In April 2014, shares were issued to Prestige Holdings S.A., which is controlled by Investindustrial V L.P., for a nominal consideration and a share premium of £3,750,000 as part of the same share subscription agreement dated 5 December 2012.
In September 2014, shares were issued to Daimler AG, for a nominal consideration and a share premium of £4,417,000.

Capital reserve - The capital reserve of £94,064,000 arose as follows. In the year ended December 2008 there was a capital contribution from the Company's existing shareholders of £39,069,000 plus the share based payment charge of £5,495,000 on the valuation of the shares and options granted to Mr. David Richards and Dr. Ulrich Bez in relation to the services provided by them in connection with the acquisition of the Aston Martin Lagonda Group (see note 26).
In June 2011, the group redeemed £48,400,000 of preference shares and transferred an equivalent amount from retained earnings to a capital redemption reserve.
In April 2014 the Group acquired a 50% controlling interest in AMWS Limited, the parent company of Aston Martin Works Limited. The increase in the capital reserve of £1,100,000 represents the difference between the consideration paid on acquisition and the fair value of the disposal of the 40% interest in AMWS Limited which the Group owned at the date of acquisition. See note 14 for further details.

Translation reserve - The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

25 Additional cash flow information
Group

Analysis of Group net debt

Year ended 31 December 2014

	1 January 2014 £'000	Cash flow £'000	Exchange differences £'000	Non-cash movements £'000	31 December 2014 £'000
Cash and cash equivalents	**74,653**	15,354	(757)	-	**89,250**
Bank loans and overdrafts	**(13,854)**	(5,348)	(606)	-	**(19,808)**
Senior Secured Notes	**(296,765)**	28,565	-	(30,203)	**(298,403)**
Senior Subordinated PIK notes	-	(99,035)	-	(15,160)	**(114,195)**
	(235,966)	(60,464)	(1,363)	(45,363)	(343,156)

Year ended 31 December 2013

	1 January 2013 £'000	Cash flow £'000	Exchange differences £'000	Non-cash movements £'000	31 December 2013 £'000
Cash and cash equivalents	50,413	25,113	(873)	-	**74,653**
Bank loans and overdrafts	(41,259)	27,344	61	-	**(13,854)**
Senior Secured Notes	(295,149)	28,379	-	(29,995)	**(296,765)**
	(285,995)	24,078	(812)	26,763	(235,966)

26 Share based payments

The Company has two share option schemes in operation; a Revenue and Customs approved scheme and an unapproved scheme. Both schemes have no vesting conditions and are equity-settled.

The options that existed during the year are as follows:

	Grant date	Exercise price	Number of shares	Earliest date of exercise	Expiry Date
Approved scheme	18 October 2007	7230 p	54,285	18 October 2007	-
Unapproved scheme	18 October 2007	0.1 p	21,714	18 October 2007	18 October 2027

The number and weighted average exercise price of share options are as follows:

	2014 Weighted average exercise price	2014 Number of options	2013 Weighted average exercise price	2013 Number of options
Outstanding at the beginning and end of the year	**5164 p**	**75,999**	5164 p	75,999

The share options were issued in return for services in relation to the acquisition of Aston Martin Lagonda Group Limited during the period ended 31 December 2007. Therefore, the fair value of the options issued of £5,495,000 has been recognised in goodwill.

Notes to the financial statements for the year ended 31 December 2014 (Continued)

27 Contingent liabilities and capital commitments
Group

i) Capital expenditure contracts to the value of £26,135,000 (2013 : £6,064,000) have been placed but not provided for as at 31 December 2014.

Company

i) The Company is a guarantor for the 9.25% Senior Secured Notes issued by Aston Martin Capital Limited in June 2011. Aston Martin Capital Limited is a subsidiary of the Company.

28 Related party transactions
Group

Transactions between Group undertakings, which are related parties, have been eliminated on consolidation and accordingly are not disclosed.

The Group has entered into transactions, in the ordinary course of business, with entities with significant influence over the Group and other related parties of the Group. Transactions entered into, and trading balances outstanding at each year end with entities with significant influence over the Group and other related parties of the Group are as follows:

Related party - Group		Sales to related party £'000	Purchases from related party £'000	Amounts owed by related party £'000	Amounts owed to related party £'000
Entities with significant influence over the Group	**31 December 2014**	-	**3,730**	-	**269**
Associates	**31 December 2014**	**2,726**	**28**	-	-
Other related parties - companies under common directorship	**31 December 2014**	**159**	**1,199**	-	-
Total	**31 December 2014**	**2,885**	**4,957**	-	**269**

During the year ended 31 December 2013 the Group provided against a balance of £5,200,000 due from an entity with significant influence over the Group.

Entities with significant influence over the Group	31 December 2013	3,371	15,041	81	1,835
Associates	31 December 2013	12,355	349	594	117
Other related parties - companies under common directorship	31 December 2013	887	699	265	1
Total	31 December 2013	16,613	16,089	940	1,953

Transactions with directors

The following transactions have taken place with directors on an arms-length basis.

During the year ended 31 December 2014, one vehicle was sold to Mr. Amr Ali Abdallah Abou El Seoud for £85,833.
During the year ended 31 December 2013, there were no transactions with directors.

No amounts were outstanding at either year end.

The Company has not entered into any transactions with other related parties of the Company in either year. There are no balances outstanding with other related parties of the Company at either year end.

The Company operates an arrangement with its direct and indirect subsidiaries, whereby it purchases goods and services on behalf of those subsidiaries and the subsidiaries purchase goods and services on behalf of the Company. Transactions entered into, and trading balances at each year end with the subsidiaries of the Company are as follows:

Related party - Subsidiary		Purchased on behalf of subsidiary undertakings £'000	Purchased via subsidiary undertakings £'000	Amounts owed by subsidiary undertakings £'000	Amounts owed to subsidiary undertakings £'000
Subsidiaries	**31 December 2014**	-	**29,593**	**94,968**	**206,317**
Subsidiaries	31 December 2013	-	35,779	16,774	234,433

Terms and conditions of transactions with related parties (Group and Company)
Sales and purchases between related parties are made at normal market prices. Outstanding balances with entities other than subsidiaries are unsecured, interest free and cash settlement is expected within 60 days of invoice. Terms and conditions for transactions with subsidiaries are the same, with the exception that balances are placed on intercompany accounts with no specified credit period. The Group and the Company have not provided or benefited from any guarantees for any related party receivables or payables. During the year ended 31 December 2013 the Group provided against a balance of £5,200,000 due from an entity with significant influence over the Group. The Company has not made any provision for impairment relating to amounts owed by related parties at either year end.

Notes to the financial statements for the year ended 31 December 2014 (Continued)

29 Post balance sheet events

In April 2015, David Richards agreed to transfer 32,571 ordinary shares in Aston Martin Holdings (UK) Limited to the following shareholders: 19,671 ordinary shares to Prestige Motor Holdings S.A.; 9,700 ordinary shares to Tejara Capital Limited; and 3,200 ordinary shares to Adeem Automotive Manufacturing Company Limited.

On 23 April 2015, the company accepted binding subscriptions for £200 million of preference shares. The first tranche of £100 million was received on 27 April 2015 and the second tranche of £100 million may be drawn at any time in the following 12 months. These subscriptions also included warrants for a pro rata allocation of P shares (non voting ordinary shares) corresponding to 4% of the current fully diluted share capital of the company.

30 Immediate parent company

The Company has no immediate parent company.