

Registered Number 1538570

Lancaster plc

Annual report and financial statements
for the year ended 31 December 2009



Lancaster plc

Annual report and financial statements for the year ended 31 December 2009

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Directors and advisors for the year ended 31 December 2009

Directors

A M Jones
M P Herbert

Secretary

R MacNamara

Registered office

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Colchester Business Park
Colchester
CO4 9YQ

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Benson House
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Leeds
LS1 4JP

Solicitors

Eversheds LLP
Kett House
Station Road
Cambridge
CB1 2JY

Bankers

HSBC Bank plc
Midland House
26 North Station Road
Colchester
CO1 1SY

Barclays Bank plc

71 Grey Street
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NE99 1JP

Lancaster plc

Directors' report for the year ended 31 December 2009

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2009

Principal activities

The company is part of the Jardine Motors Group UK Limited group of companies (referred to as 'group') The company is a parent company for operating subsidiaries engaged in the retail distribution of motor vehicles and related activities in the motor trade The company also trades as a property holding company All properties are leased to fellow group undertakings at open market rates

On 1 November 2009, the company transferred, for no consideration, the assets and liabilities, together with the entire trade and employees, of Jardine Motors Services Limited a subsidiary undertaking From that date the activities of Jardine Motors Services Limited, the provision of management services to the Jardine Motors Group UK Limited group of companies, were effectively merged and managed on a unified basis

Review of the business and future developments

The turnover for the year represents rental income receivable from fellow group undertakings and management charges made in November and December 2009 The directors anticipate that the company will continue to provide these services during 2010

During the year the company received a dividend of £20.0m (2008: £nil) from Appleyard Motor Company Limited, a subsidiary undertaking The company also made further recoveries of historical VAT overpayments from HMRC of £1.8m (2008: £0.9m) inclusive of interest

Post balance sheet event

On 29 January 2010, the company completed the sale and leaseback of its Chelmsford Mercedes-Benz freehold site for £4.0m, a gain on sale of £0.4m

Management and reporting of risks and Key Performance Indicators (KPIs)

The directors manage the group's risks and those of its fellow subsidiaries at a group level Furthermore, they monitor the group's performance on a dealership basis rather than at a statutory company level

For these reasons the company's directors do not believe that a discussion of the principal risks facing the company or the use of KPIs to analyse its performance are appropriate for an understanding of its development, performance or financial position

The KPIs used by the group and the principal business risks it faces, are discussed in the directors' report of Jardine Motors Group UK Limited annual report which does not form part of this report

Results and dividends

The results for the year are set out in the profit and loss account on page 7

On 30 December 2009, the company paid an interim dividend of 7.344 pence (2008: 35.626 pence) per ordinary share

The directors do not recommend the payment of a final dividend (2008: nil)

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Directors' report for the year ended 31 December 2009 (continued)

Directors

The directors who held office during the year and to the date of this report are given below

A M Jones

M P Herbert

Employees and equal opportunities

The company is committed to an active equal opportunities policy from recruitment and selection, through training and development, appraisal and promotion to retirement

It is the company's policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. All decisions relating to employment practices are objective, free from bias and based solely upon work criteria and individual merit

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 company continues and that appropriate training is arranged. It is the policy of the company 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

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through internal newsletters, briefing groups and electronic communications

Policy and practice on payment of creditors

The company's policy is to pay suppliers generally at the end of the month following that in which the supplier's invoice is received, or earlier where the suppliers' terms require. The average period of credit taken by the company from its suppliers was 33 days (2008 16 days)

Charitable donations

During the year the company made no charitable donations (2008 £nil)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law)

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Directors' report for the year ended 31 December 2009 (continued)

Statement of directors' responsibilities (continued)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The company has passed an elective resolution under section 487 of the Companies Act 2006 to dispense with the formal requirement to reappoint auditors annually.

In the absence of notice proposing that the appointment be terminated, PricewaterhouseCoopers LLP will remain in office for the next financial year.

By order of the board



R MacNamara
Company Secretary
12 March 2010

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Independent auditors' report to the members of Lancaster plc

We have audited the financial statements of Lancaster plc for the year ended 31 December 2009 which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historical cost profits and losses, the balance sheet, the statement of accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on pages 3 and 4 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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Independent auditors' report to the members of Lancaster plc (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Richard Bunter (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
12 March 2010

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Profit and loss account for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Turnover	1	11,865	10,686
Administrative expenses		(11,537)	(11,892)
Other operating income	2	1,756	914
Operating profit/(loss)	1	2,084	(292)
Income from fixed asset investments	3	20,000	25,414
Exceptional items	4	-	(308)
Profit on ordinary activities before interest and taxation		22,084	24,814
Interest receivable and similar income	7	531	1,272
Interest payable and similar charges	7	(39)	(82)
Profit on ordinary activities before taxation		22,576	26,004
Tax on profit on ordinary activities	8	234	(1,643)
Profit for the financial year	20	22,810	24,361

All amounts relate to continuing activities

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Statement of total recognised gains and losses for the year ended 31 December 2009

	2009 £'000	2008 £'000
Profit for the financial year	22,810	24,361
Deficit on revaluation of properties	-	(799)
Total gains and losses recognised since last annual report	22,810	23,562

Note of historical cost profits and losses for the year ended 31 December 2009


	Note	2009 £'000	2008 £'000
Reported profit on ordinary activities before taxation		22,576	26,004
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	19	31	84
Historical cost profit on ordinary activities before taxation		22,607	26,088
Historical cost profit for the year after taxation		22,841	24,445

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Balance sheet at 31 December 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Tangible assets	10	45,444	45,227
Investments in subsidiaries	11	23,363	24,832
		68,807	70,059
Current assets			
Assets held for disposal	12	-	2,100
Stocks	13	204	-
Debtors	14	17,317	7,337
Cash at bank and in hand		4,965	25,612
		22,486	35,049
Creditors - amounts falling due within one year	15	(23,296)	(31,265)
Net current (liabilities)/assets		(810)	3,784
Total assets less current liabilities		67,997	73,843
Creditors - amounts falling due after more than one year	16	-	(20,000)
Provisions for liabilities and charges	17	(3,712)	(2,368)
Net assets		64,285	51,475
Capital and reserves			
Called up share capital	18	34,044	34,044
Share premium account	19	5,675	5,675
Revaluation reserve	19	4,364	4,395
Profit and loss reserve	19	20,202	7,361
Total shareholders' funds	20	64,285	51,475

The financial statements on pages 7 to 25 were approved by the board of directors on 12 March 2010 and were signed on its behalf by



M P Herbert
Director

Lancaster plc, Registered Number 1538570

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Statement of accounting policies

Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain fixed assets and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

The principal accounting policies, which have been applied consistently throughout the year, are set out below

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less provision for impairment in the financial statements of the company. Provision against the underlying value of the company's investments is made where, in the opinion of the directors, there is impairment to the value of the underlying business

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on tangible fixed assets in equal annual instalments over their expected useful economic lives as follows

Freehold and long leasehold buildings	-	2% per annum
Short leasehold land and buildings	-	over term of lease
Plant and machinery	-	10% - 33% per annum
Computer equipment	-	20% - 33% per annum
Computer software	-	33% per annum
Furniture, equipment and motor vehicles	-	10% - 33% per annum

No depreciation is provided on freehold land as it is deemed to have an indefinite life. The profit or loss on disposal of tangible fixed assets is recognised by reference to their carrying amount

Freehold and long leasehold land and buildings are held at valuation with external valuations being undertaken every three years. An interim valuation is booked in the intervening years if there has been a material change

Impairment

In accordance with FRS 11 'Impairment of Fixed Assets and Goodwill', the company performs impairment reviews, using the forecast net future cash flows of the businesses affected, discounted to net present value using the company's cost of capital. Any impairment provision is offset directly against the underlying assets of the business deemed to have suffered the impairment

Assets held for disposal

Where properties are identified as being held for disposal at the year end, they are disclosed as current assets on the balance sheet. They are valued at the lower of the transfer value and net realisable value.

Stock

Stock is valued at the lower of cost and net realisable value. Cost is actual purchase price, excluding value added tax. Net realisable value is based on estimated selling price less further costs to be incurred to completion and disposal. Provision is made where necessary for obsolete, slow moving and defective stocks

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Statement of accounting policies (continued)

Taxation

Corporation tax payable is provided on taxable profits at the current rate prevailing at the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

Provision for deferred tax is made on the revaluation of certain non-current assets to the extent that, at the balance sheet date, a binding agreement has been entered into by the company. Deferred tax losses relating to carry forward of unused tax losses are recognised to the extent that it can be regarded as more likely than not that future taxable profit will be available against which the unused tax losses can be utilised

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis

Trade and other debtors

Trade debtors are recognised and measured at their original invoiced amount less provision for any uncollectable amounts. An estimate for doubtful debts is made when the collection of the full amount is no longer probable. Bad debts are written off to the profit and loss account when they are identified

Trade and other creditors

Trade and other creditors are stated at their nominal value

Provisions

In accordance with FRS 12 'Provisions, Contingent Liabilities and Contingent Assets', the company provides in full for liabilities when it has a legal or constructive obligation arising from a past event

The lease costs provision was established to provide for all future estimated costs which will be payable up to, and including, the date of termination of the leases and is discounted at the average cost of capital of the company. The deferred consideration arises on an acquisition made during 1998. The maximum amount payable is £400,000. In accordance with FRS 7 "Fair Values in Acquisition Accounting", an estimate of the discounted amount payable was provided for

Turnover

Turnover comprises rental income from property and management charges made to group companies. Value added tax is excluded. Revenue from the rendering of services is recognised when services are performed, provided that the amount can be measured reliably

Leased assets

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease

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Statement of accounting policies (continued)

Pensions

The ultimate United Kingdom parent undertaking, Jardine Motors Group UK Limited, operates one principal hybrid scheme, which is in part defined benefit and in part defined contribution, and one principal defined contribution pension scheme that the company participates in. Trustees administer all of these schemes and their funds are independent of the group's assets. The principal hybrid scheme closed to future accrual on 1 December 2009, at which point all remaining members were able to join the defined contribution scheme.

Contributions made to the defined contribution scheme are charged to the profit and loss account as incurred.

Given that the company's share of the assets and liabilities within the group defined benefit scheme cannot be separately identified, the contributions paid by the company to the scheme are accounted for as though to a defined contribution scheme. Full details of the scheme are given in the financial statements of the ultimate United Kingdom parent undertaking, Jardine Motors Group UK Limited.

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Notes to the financial statements for the year ended 31 December 2009

1 Turnover and operating profit/(loss)

All turnover, profit before taxation and net assets of the company are derived from the principal activities transacted within the United Kingdom

	2009 £'000	2008 £'000
Operating profit/(loss) is stated after charging/(crediting):		
Management charge received from fellow group undertakings	(852)	-
Depreciation of tangible fixed assets (note 10)	1,383	1,257
Loss on disposal of fixed assets	6	66
Loss on revaluation of properties	-	1,764
Impairment provision for investments in subsidiaries	-	1,248
Gain on sale of investments in subsidiaries (note 11)	(1)	-
Profit on sale of assets held for disposal (note 12)	(63)	-
Provision (released)/made for leasehold dilapidations (note 17)	(29)	44
Provision made for lease exit costs provision (note 17)	853	153
Provision made for self-insurance fund provision (note 17)	35	-
Services provided by the company's auditor		
Fees payable for the audit	20	19
Operating lease rentals - land and buildings	6,011	5,345

2 Other operating income

	2009 £'000	2008 £'000
Other operating income	1,756	914

During 2009 and 2008, the company has made recoveries of overpaid VAT. The above amounts are net of professional fees. Interest in respect of the 2008 receipt is shown in note 7. The 2009 receipt relates to the joint venture disposal in 2006 and represents additional sales proceeds thereon.

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3 Income from fixed asset investments

	2009 £'000	2008 £'000
Dividend received from Bondco No 312 Limited	-	1,637
Dividend received from Lancaster Cars Limited	-	5,434
Dividend received from Lancaster Specialist Cars Limited	-	4,611
Dividend received from Appleyard Motor Company Limited	20,000	-
Dividend received from Scotthall Limited	-	13,732
	20,000	25,414

The dividend from Appleyard Motor Company Limited was received on 22 September 2009

4 Exceptional items

	2009 £'000	2008 £'000
Loss on disposal of joint venture	-	(308)

5 Employees

On 1 November 2009, the employees of Jardine Motors Services Limited transferred to the company

The average monthly number employed by the company within each category of persons was

	2009 Number	2008 Number
Administration	14	-

The average represents an average for the whole year, the number of employees that transferred on 1 November 2009 was 82

The costs incurred in respect of these employees were

	2009 £'000	2008 £'000
Wages and salaries	687	-
Social security costs	92	-
Other pension costs (note 24)	84	-
	863	-

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6 Directors

No emoluments or fees were paid to directors during the year (2008 £nil) in respect of their services to the company. The emoluments paid to A M Jones and M P Herbert are shown in the financial statements of Jardine Motors Group UK Limited.

7 Interest

	2009 £'000	2008 £'000
Interest receivable and similar income		
Interest on 2008 VAT refunds (note 2)	54	371
Bank interest receivable	477	901
	531	1,272
	2009 £'000	2008 £'000
Interest payable and similar charges		
Notional interest	37	82
Other	2	-
	39	82

Notional interest is in respect of the deferred consideration relating to the acquisition of Continental Cars (Stansted) Limited in 1998 and lease exit costs provision (note 17).

8 Tax on profit on ordinary activities

(a) Analysis of (credit)/charge in the period

	2009 £'000	2008 £'000
Current tax:		
UK corporation tax at 28.0% (2008 28.5%)	415	1,388
Adjustment in respect of previous periods	(716)	11
Total current tax	(301)	1,399
Deferred tax:		
Accelerated capital allowances	67	244
Total deferred tax (note 17)	67	244
Tax on profit on ordinary activities	(234)	1,643

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8 Tax on profit on ordinary activities (continued)

(b) Factors affecting corporation tax (credit)/charge for the period

The tax assessed for the period is lower (2008 lower) than the standard rate of corporation tax in the UK 28.0% (2008 28.5%). The differences are explained below

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	22,576	26,004
Profit on ordinary activities multiplied by standard corporation tax rate in the UK at 28.0% (2008 28.5%)	6,321	7,411
Effects of		
Items not taxable	(577)	-
Adjustment to taxable profit - group recharges	115	(141)
Expenses not deductible for tax purposes	67	1,003
Capital allowances less than depreciation	89	358
Adjustments in respect of previous periods	(716)	11
Dividend received from fixed asset investment - not taxable	(5,600)	(7,243)
Current tax (credit)/charge for the period	(301)	1,399

No provision has been made for deferred tax on gains recognised on revaluing properties to their market value or on properties sold in the past where potentially taxable gains have been rolled over into replacement properties. Such tax would only become payable if the replacement properties were sold at a gain without rollover relief and/or capital losses being available.

At present, it is not envisaged that any such tax will become payable in the foreseeable future. Under current tax legislation, an election can be made to allow assets disposed by one group company to be treated as if they were disposed by another. If such elections were to be made, unrecognised losses in other group companies can be used to mitigate all the unprovided liabilities, so no provision would be required.

9 Dividends

	2009 £'000	2008 £'000
Interim paid of 7.344 pence (2008 35.626 pence) per ordinary share	10,000	48,513

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10 Tangible assets

	Land and buildings			Computer equipment £'000	Furniture, equipment and motor vehicles £'000	Total £'000
	Freehold and long leasehold £'000	Short leasehold (at cost) £'000	Plant and machinery £'000			
Cost or valuation						
At 1 January 2009	36,501	12,004	17	-	-	48,522
Additions	92	683	-	16	-	791
Disposals	-	(7)	-	(1)	-	(8)
Group transfer from Jardine Motors Services Limited	-	3	4	2,157	52	2,216
At 31 December 2009	36,593	12,683	21	2,172	52	51,521
Accumulated depreciation						
At 1 January 2009	83	3,210	2	-	-	3,295
Charge for the year	454	866	1	61	1	1,383
Disposals	-	(2)	-	-	-	(2)
Group transfer from Jardine Motors Services Limited	-	-	4	1,374	23	1,401
At 31 December 2009	537	4,074	7	1,435	24	6,077
Net book amount						
At 31 December 2009	36,056	8,609	14	737	28	45,444
At 31 December 2008	36,418	8,794	15	-	-	45,227

In accordance with FRS 15 'Tangible Fixed Assets' the company's policy is to hold all freehold and long leasehold land and buildings at valuation with external valuations being undertaken every three years. An interim valuation is booked in the intervening years if there has been a material change.

The directors have reviewed the carrying values of all freehold and long leasehold land and buildings at the year end and consider there are no material changes in valuation.

No provision is made for tax on capital gains that might arise on disposal of group properties at their balance sheet amounts because no tax liability in respect of such disposals is expected in the foreseeable future.

All freehold and long leasehold land and buildings are stated at valuation as at 31 December 2008 with subsequent additions at cost.

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10 Tangible assets (continued)

If freehold and long leasehold land and buildings had not been revalued the assets held at valuation would have been included at the following amounts

	£'000
Historical cost	
At 1 January 2009	35,203
At 31 December 2009	35,295
Depreciation based on historical cost	
At 1 January 2009	3,180
At 31 December 2009	3,603
Net book amount based on historical cost	
At 31 December 2009	31,692
At 31 December 2008	32,023

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11 Investments in subsidiaries

	£'000
Cost	
At 1 January 2009	55,455
Disposals	(1,469)
At 31 December 2009	53,986
Provision	
At 1 January and 31 December 2009	30,623
Net book amount	
At 31 December 2009	23,363
At 31 December 2008	24,832

On 1 May 2009, the company sold 100% of its investments in a number of dormant subsidiaries to Appleyard Group Limited, a fellow subsidiary undertaking, for book value of £1,470,000, realising a gain on disposal of £1,000

The principal subsidiary undertakings of the company at 31 December 2009 were

Appleyard Motor Company Limited	Lancaster Luxury Vehicles Limited
Bondco No 312 Limited	Lancaster Specialist Cars Limited
Jardine Motors Services Limited	Scotthall Limited
Lancaster Cars Limited	

All other subsidiary undertakings are non-trading

The principal activity of Scotthall Limited, Lancaster Luxury Vehicles Limited, Lancaster Specialist Cars Limited, Lancaster Cars Limited and Appleyard Motor Company Limited is the retail distribution of motor vehicles and the supply of related goods and services. Bondco No 312 Limited acts as a property holding company. Following the transfer of assets, liabilities, trade and employees from Jardine Motors Services Limited to Lancaster plc on 1 November 2009, Jardine Motors Services Limited has no further trading activity.

All subsidiary undertakings are registered and operate in England and Wales. All subsidiary undertakings are directly wholly owned. Consolidated financial statements have not been prepared because the company is a wholly owned subsidiary of Jardine Motors Group UK Limited, a company registered in England and Wales for which consolidated financial statements have been prepared.

In the opinion of the directors, the value of the investments is not less than their carrying value.

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12 Assets held for disposal

	2009 £'000	2008 £'000
At 1 January	2,100	-
Transfer from tangible fixed assets	-	2,100
Disposals	(2,100)	-
At 31 December	-	2,100

During the year the company sold its freehold property previously classified as held for disposal realising a profit on sale of £63,000

13 Stocks

	2009 £'000	2008 £'000
Demonstrator vehicles	204	-

All stock was transferred from Jardine Motors Services Limited on 1 November 2009

14 Debtors

	2009 £'000	2008 £'000
Trade debtors	5,368	10
Amounts owed by parent undertaking (trading)	1,538	2,730
Amounts owed by group undertakings	8,617	3,000
Other taxation and social security	-	25
Other debtors	-	49
Prepayments	1,794	1,523
	17,317	7,337

The amounts owed by parent undertaking are unsecured, interest free and have no fixed repayment terms

The amounts owed by group undertakings are unsecured, interest free and include an amount of £3,000,000 repayable in 2010, the remaining amounts have no fixed repayment terms

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15 Creditors - amounts falling due within one year

	2009 £'000	2008 £'000
Trade creditors	552	28
Amount due to fellow group undertakings	5,295	16,161
Corporation tax	12,683	14,472
Other tax and social security payable	2,003	-
Other creditors	1,896	270
Accruals	867	334
	23,296	31,265

The amounts owed to fellow group undertakings are unsecured, interest free and have no fixed repayment terms

16 Creditors - amounts falling due after more than one year

	2009 £'000	2008 £'000
Amount owed to subsidiary undertaking	-	20,000

The amount owed to subsidiary undertaking was repaid during 2009

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17 Provisions for liabilities and charges

	At 1 January 2009 £'000	Provision acquired during the year £'000	Provision made/ (released) during the year £'000	Utilised £'000	Notional interest £'000	At 31 December 2009 £'000
Lease costs	385	867	853	(55)	25	2,075
Leasehold dilapidations	88	-	(29)	(33)	-	26
Deferred consideration	123	-	-	(20)	12	115
Self-insurance fund	500	507	35	(429)	-	613
Deferred tax	1,272	-	(389)	-	-	883
	2,368	1,374	470	(537)	37	3,712

On 1 November 2009, the company acquired certain provisions from a subsidiary undertaking, Jardine Motors Services Limited

The lease costs provision was established to provide for all future estimated costs which will be payable up to, and including, the date of termination of the leases and was discounted at the average cost of capital of the company.

The leasehold dilapidations provision was established to provide for future dilapidations liabilities on certain leasehold properties

The deferred consideration arises on an acquisition made during 1998. The maximum amount payable is £400,000. In accordance with FRS 7 'Fair Values in Acquisition Accounting' an estimate of the discounted amount payable was provided for.

The self-insurance fund provision was set up to provide for insurance claims in excess of the group's insurance policy cover.

The deferred tax balance relates to accelerated capital allowances. The movement in the year relates to £67,000 charged to the profit and loss account (note 8a) and a transfer of £456,000 from Jardine Motors Services Limited.

18 Called up share capital

	2009 £'000	2008 £'000
Authorised		
139,000,000 (2008 139,000,000) ordinary shares of 25p each	34,750	34,750
Allotted, issued and fully paid		
136,174,740 (2008 136,174,740) ordinary shares of 25p each	34,044	34,044

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19 Reserves

	Share premium £'000	Revaluation reserve £'000	Profit and loss reserve £'000
At 1 January 2009	5,675	4,395	7,361
Profit for the financial year	-	-	12,810
Transfer of depreciation charge in excess of historic cost depreciation charge	-	(31)	31
At 31 December 2009	5,675	4,364	20,202

20 Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Profit for the financial year	22,810	24,361
Dividends (note 9)	(10,000)	(48,513)
Retained profit/(sustained loss) for the financial year	12,810	(24,152)
Other recognised gains and losses for the year	-	(799)
Net addition to/(reduction in) shareholders' funds	12,810	(24,951)
Opening shareholders' funds	51,475	76,426
Closing shareholders' funds	64,285	51,475

21 Cash flow statement

The company is a wholly owned subsidiary of Jardine Motors Group UK Limited, and is included in the consolidated accounts of that company, which are publicly available. Consequently, the company has taken advantage of the exemption within FRS 1 'Cash Flow Statements' from preparing a cash flow statement.

22 Related party transactions

No disclosure has been made of transactions with other group companies in accordance with Paragraph 3 (c) of FRS 8 'Related Party Disclosures' as the company is a wholly owned subsidiary of Jardine Motors Group UK Limited.

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23 Financial commitments

(a) Future capital expenditure

	2009 £'000	2008 £'000
Contracted for but not provided	-	219

(b) Operating leases

At 31 December 2009, the company had annual commitments under non-cancellable operating leases in respect of land and buildings which expire as follows

	2009 £'000	2008 £'000
Within one year	402	89
Within two to five years	224	695
After five years	4,874	5,090
	5,500	5,874

The majority of leases of land and buildings are subject to rent reviews at intervals of five years

24 Pension schemes

The ultimate United Kingdom parent undertaking, Jardine Motors Group UK Limited, operates one principal hybrid scheme, which is in part defined benefit and in part defined contribution, and one principal defined contribution pension scheme that the company participates in. The principal hybrid scheme closed to future accrual on 1 December 2009, at which point all remaining members were able to join the defined contribution scheme.

For the purposes of FRS 17 'Retirement Benefits' the contributions paid by the company to the defined benefit scheme will be accounted for as though to a defined contribution scheme. This arises since the share of assets and liabilities relating to the company cannot be separately identified. Full details of the scheme are given in the financial statements of the ultimate United Kingdom parent undertaking, Jardine Motors Group UK Limited.

During the year the company contributed £84,000 (2008: £nil) to the defined contribution scheme.

25 Contingent liabilities

The company is subject to cross guarantees covering bank loans and overdrafts in Jardine Motors Group UK Limited and fellow subsidiaries. These loans and overdrafts amounted to £4,929,000 at 31 December 2009 (2008: £36,957,000).

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26 Transfer from subsidiary undertaking

On 1 November 2009, the company transferred, for no consideration, the assets and liabilities, together with the trade and employees, of Jardine Motors Services Limited

From 1 November 2009 the business contributed £852,000 to turnover and an operating loss of £804,000

27 Post balance sheet event

On 29 January 2010, the company completed the sale and leaseback of its Chelmsford Mercedes-Benz freehold site for £4 0m, a gain on sale of £0 4m

28 Ultimate parent company

The immediate parent undertaking is Jardine Motors Group UK Limited

The ultimate parent undertaking and controlling party is Jardine Matheson Holdings Limited, a company incorporated in Bermuda

Jardine Matheson Holdings Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements

Jardine Motors Group UK Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements

The consolidated financial statements of Jardine Motors Group UK Limited and Jardine Matheson Holdings Limited can be obtained from the address below

R MacNamara
Jardine Motors Group UK Limited
770 The Crescent
Colchester Business Park
Colchester
CO4 9YQ