

APPLEYARD MOTOR COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1999



DIRECTORS' REPORT

Company Registration Number: 153658

The directors present their report and the audited financial statements for the year ended 31 December 1999.

Principal activities

The company's principal activity is the retail distribution of motor vehicles and allied activities in the motor trade.

Review of the business

1999 was a difficult year for the company. The adverse publicity given to new vehicle pricing in the UK and the Competition Commission's enquiry into vehicle franchising and pricing had the effect of destabilising consumer confidence. The rationalisation of the company's franchise portfolio and disposal programme continued during the year, and this, including the impact of lease exit costs, has contributed significantly to the loss for the year. The company progressed the implementation and upgrade of operating practices and facilities and its programme of improving manufacturer relations and customer focus. It is anticipated that the benefits of these programmes will begin to show through during 2000.

Results and dividends

Details of the results for the year are set out in the profit and loss account on page 5.

The directors do not recommend the payment of a dividend (1998 - £nil).

Directors and their interests

The directors who held office during the year and up to the date of this report were:

J M Ritchie

D Potts (appointed 1 January 2000)

P Beynon (resigned 31 December 1999)

According to the register of directors' interests kept by the company under section 325 of the Companies Act 1985 none of the directors were interested in shares in, or debentures of, the company or any company in the group at the end of the financial year. None of the directors (or relevant connected persons) were granted or exercised any rights to subscribe for shares in, or debentures of, the company or another company in the same group during the financial year.

DIRECTORS' REPORT - Continued

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of its profit or loss for the year. In preparing those 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 applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- * prepare the financial statements on a going concern basis unless it is not appropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which 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 1985. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event 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 disabled persons should as far as possible, be identical with those of other employees.

Employee consultation

The group places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company and of the group. This is achieved through group seminars and dealership initiatives.

DIRECTORS' REPORT - Continued

Creditor payment policy

The company's policy concerning the payment of its trade creditors is as follows:

New vehicles are automatically paid either on a pre-determined adoption date or on the notification of a vehicles proposed sale.

Used vehicles are paid for on physical receipt of vehicles.

For all other trade creditors, it is the company's policy to:

- * agree the terms of payment with suppliers when agreeing the terms of each transaction;
- * ensure suppliers are made aware of the terms of payment;
- * to abide by the terms of payment.

The average period of credit taken by the company from its suppliers was 40 days (1998: 36 days).

Year 2000

The company's operations were not affected by problems associated with the year 2000 issue, and the directors are not aware of any residual risks and uncertainties which remain. The costs involved in planning and preparing for the date change were insignificant in the context of the company's overall expenditure.

Post balance sheet event

On 21 August 2000 the company's parent undertaking, Appleyard Group PLC, subscribed £29,946,343 for 119,785,370 newly issued ordinary shares of 25 pence each. The funds will be used to provide working capital for the company.

Auditors

PricewaterhouseCoopers have expressed their willingness to continue in office as auditors, and under Section 386(2) of the Companies Act 1985 are deemed to be re-appointed.

By order of the Board
Matheson & Co., Limited

Secretaries



D Watson
Assistant Secretary

30 August 2000

AUDITORS' REPORT TO THE MEMBERS OF APPLEYARD MOTOR COMPANY LIMITED

We have audited the financial statements on pages 5 to 21 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on page 8 and 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Directors' Report and Accounts. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Directors' Report and Accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

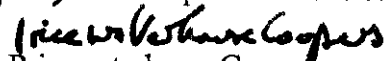
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers,
Benson House,
33 Wellington Street
Leeds, LS1 4JP

Chartered Accountants
and Registered Auditors

31 August 2000

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1999**

	Note	Continuing activities £'000	Exceptional items £'000	1999 £'000	1998 £'000
Turnover		423,501	-	423,501	598,113
Cost of sales		(379,779)	-	(379,779)	(534,884)
		-----	-----	-----	-----
Gross profit		43,722	-	43,722	63,229
Distribution costs		(17,403)	-	(17,403)	(20,873)
Administrative expenses		(37,110)	-	(37,110)	(43,355)
Profit on disposal of businesses		-	-	-	1,100
(Loss)/profit on disposal of properties		-	(1,912)	(1,912)	545
Unrealised deficit on revaluation of properties		-	(2,996)	(2,996)	-
Provision made against investments	9	-	(12,617)	(12,617)	-
		-----	-----	-----	-----
Operating loss	2	(10,791)	(17,525)	(28,316)	(646)
		=====	=====		
Loss on sale or termination of operations	3			(3,814)	-
Income from shares in group undertakings				12,617	-
				-----	-----
(Loss)/profit on ordinary activities before interest and taxation				(19,513)	646
Interest payable	6			(3,436)	(4,179)
				-----	-----
Loss on ordinary activities before taxation				(22,949)	(3,533)
Tax on loss on ordinary activities	7			734	1,469
				-----	-----
Retained loss for the financial year	17			(22,215)	(2,064)
				=====	=====

The notes on pages 8 to 21 form an integral part of these financial statements.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 1999**

	1999 £'000	1998 £'000
Loss for the financial year	(22,215)	(2,064)
Unrealised surplus on revaluation of properties	1,949	-
	<u>-----</u>	<u>-----</u>
Total recognised loss for the year	<u>(20,266)</u>	<u>328</u>

**STATEMENT OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 1999**

	1999 £'000	1998 £'000
Reported profit on ordinary activities before taxation	(22,949)	(3,533)
Realisation of property revaluation surpluses of previous years	977	16
	<u>-----</u>	<u>-----</u>
Historical cost loss on ordinary activities before taxation	<u>(21,972)</u>	<u>(3,517)</u>
	<u>-----</u>	<u>-----</u>
Historical cost loss for the year retained after taxation and dividends	<u>(21,238)</u>	<u>(2,048)</u>

The notes on pages 8 to 21 form an integral part of these financial statements.

APPLEYARD MOTOR COMPANY LIMITED

BALANCE SHEET 31 DECEMBER 1999

	Note	£'000	1999 £'000	£'000	1998 £'000
Fixed assets					
Tangible assets	8		26,110		34,460
Investments	9		19,682		32,299
			<u>45,792</u>		<u>66,759</u>
Current assets					
Stock	10	47,322		62,963	
Repurchase commitments	11	4,404		7,439	
Debtors	12	28,004		33,351	
Cash in hand		3		-	
			<u>79,733</u>	<u>103,753</u>	
Creditors - amounts falling due within one year	13		<u>(69,139)</u>	<u>(81,980)</u>	
Net current assets			10,594		21,773
Total assets less current liabilities			<u>56,386</u>		<u>88,532</u>
Creditors - amounts falling due after more than one year	14		(78,824)		(95,450)
Provisions for liabilities and charges	15		<u>(4,746)</u>		<u>-</u>
			<u>(27,184)</u>		<u>(6,918)</u>
Capital and reserves					
Called up share capital	16		1,304		1,304
Share premium account	17		2,886		2,886
Revaluation reserve	17		3,339		2,367
Profit and loss account - deficit	17		(34,713)		(13,475)
Shareholders' funds (Equity interests)	17		<u>(27,184)</u>		<u>(6,918)</u>

Approved by the Board of directors



D Potts

30 August 2000

The notes on pages 8 to 21 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1999

1 Accounting policies

a) Basis of preparation

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards. The principal accounting policies which the directors have adopted within that convention are set out below.

b) Turnover

Turnover comprises sales of motor vehicles, spare parts and servicing and repairing income. Value added tax is excluded.

c) Deferred taxation

Deferred tax is accounted for under the liability method in respect of timing differences between profit as computed for taxation purposes and profit stated in the financial statements, only to the extent that a liability or asset is expected to be payable or receivable in the foreseeable future.

d) Depreciation

Interest in freehold and long leasehold properties are stated at a periodic professional valuation using an open market value for existing use basis. Surpluses arising on revaluation are credited to the revaluation reserve. Additions to property since the last valuation and other tangible fixed assets are stated in cost.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation less estimated residual value of each asset evenly over its expected useful life as follows:

Freehold and long leasehold properties	- 2% per annum;
Short leasehold properties	- over the term of the lease;
Plant and equipment	- 10 - 33% per annum.

e) Stock

Stock is valued at the lower of cost and net realisable value. Cost is actual purchase price.

f) Pensions

The group has appointed Trustees to administer a contributory pension scheme, based on the cost of providing pensions across all participating group companies, whose costs are not individually determined. As a result contributions allocated to the company are charged against profits for the year in which they become payable. Full details are given in the financial statements of the parent company, Jardine Motors Group plc.

g) Leased assets

Operating lease rentals are charged to the profit and loss account when incurred.

h) Investments

Investment in subsidiary undertakings are stated at cost less provision for any reduction in the value of net assets. Other investments are stated at cost unless in the opinion of the directors there has been an impairment in the book value of the investments.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999

1 Accounting policies – continued

i) Impairment

Following the introduction of Financial Reporting Standard No.11 (“Impairment of Fixed Assets and Goodwill”) the company now performs impairment reviews. To determine whether there is an impairment the forecast net future cash flows of those businesses are discounted to net present value using the group’s cost of capital. Any impairment provision is offset directly against the underlying assets of the business deemed to have suffered the impairment.

j) Provisions

Following the introduction of Financial Reporting Standard No.12 (“Provisions, contingent liabilities and contingent assets”) the company now provides in full for liabilities when it has a legal or constructive obligation arising from a past event. The effect of the changes is reflected in note 20.

	1999	1998
2 Operating loss	£'000	£'000
Operating loss is arrived at after charging/(crediting):		
Management charge	3,090	2,896
Auditors’ remuneration - audit services	109	110
Depreciation		
- owned fixed assets	1,389	1,796
- held under finance leases and hire purchase contracts	-	20
Loss/(profit) on sale of properties	1,912	(545)
Unrealised deficit on revaluation of properties (see note 8)	2,996	-
Impairment made against tangible fixed assets (see note 8)	651	-
Operating lease rentals - land and buildings	3,888	2,581
- plant and machinery	73	25
	<u> </u>	<u> </u>

The company disposed of several non-core and empty properties during the year, incurring losses compared to their book value.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999

3 Loss on sale or termination of operations

The company disposed of several non-core and under-performing businesses during the year. The costs associated with these business terminations, including lease exit costs, are shown on the profit and loss account, after operating profit.

4 Employees

	1999	1998
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The average number employed by the company within each category of persons was:

	No.	No.
Sales staff	422	647
After-sales staff	890	1,206
Administration staff	223	277
	-----	-----
	1,535	2,130
	=====	=====

The costs incurred in respect of these employees were:

	£'000	£'000
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Wages and salaries	25,162	32,527
Social security	2,951	3,264
Other pension costs	861	1,182
	-----	-----
	28,974	36,973
	=====	=====

5 Directors

No emoluments or fees were paid to directors during the year (1998 - £nil) in respect of their services to the company. The directors are remunerated for their services to the group and their emoluments are shown in the financial statements of Lancaster Management Services Limited. A management charge is payable to Lancaster Management Services Limited including an element in respect of directors services.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999

	1999	1998
	£'000	£'000
6 Interest		
Bank loans and overdrafts	3,612	2,425
Stock finance charges	1,249	1,747
Interest payable on finance leases and hire purchase contracts	-	7
	-----	-----
	<u>3,436</u>	<u>4,179</u>

7 Tax on loss on ordinary activities

Taxation is based on losses for the year and comprises:	£'000	£'000
Group relief/corporation tax at 30.25% (1998 – 31.0%)	(526)	(1,386)
Corporation tax movements relating to prior years		(83)
Deferred taxation (note 15)	(208)	-
	-----	-----
	<u>(734)</u>	<u>(1,469)</u>

The tax charge for the year differs from that which arises by applying standard rates of taxation as a result of dividends received, provisions made against investments, property revaluations, profits on the sale of property assets, non recognition of tax losses, and other items not recognised for tax.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999

8 Tangible fixed assets

	<u>Land and buildings</u>			Held for disposal	Fixtures and fittings (at cost)	Plant and machinery (at cost)	Total (at cost)
	Freehold	Long Leasehold	Short leasehold				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 1 January 1999	27,516	8,033	1,410	-	3,268	3,809	44,036
Reclassifications	(395)	(6,801)	(117)	7,313	-	-	-
Additions	3,253	-	284	-	1,186	929	5,652
Transfers from group undertakings	1,110	-	-	-	-	-	1,110
Transfers to group undertakings	(7,028)	-	-	-	-	(8)	(7,036)
Disposals	(5,666)	-	(27)	-	(788)	(50)	(6,531)
Revaluations	(5,154)	1,105	-	-	-	-	(4,049)
	-----	-----	-----	-----	-----	-----	-----
At 31 December 1999	<u>13,636</u>	<u>2,337</u>	<u>1,550</u>	<u>7,313</u>	<u>3,666</u>	<u>4,680</u>	<u>33,182</u>
Depreciation							
At 1 January 1999	3,117	733	439	-	2,546	2,741	9,576
Reclassifications	19	(104)	(18)	103	(199)	199	-
Provided for the year	394	188	60	-	337	410	1,389
Transfers from group undertakings	1	-	-	-	-	-	1
Transfers to group undertakings	(384)	-	-	-	-	(3)	(387)
Disposals	(619)	-	(11)	-	(526)	-	(1,156)
Revaluations	(2,185)	(817)	-	-	-	-	(3,002)
Provisions for impairment	-	-	267	-	178	206	651
	-----	-----	-----	-----	-----	-----	-----
At 31 December 1999	<u>343</u>	<u>-</u>	<u>737</u>	<u>103</u>	<u>2,336</u>	<u>3,553</u>	<u>7,072</u>
Net book amount							
At 31 December 1999	<u>13,293</u>	<u>2,337</u>	<u>813</u>	<u>7,210</u>	<u>1,330</u>	<u>1,127</u>	<u>26,110</u>
At 31 December 1998	<u>24,399</u>	<u>7,300</u>	<u>971</u>	<u>-</u>	<u>722</u>	<u>1,068</u>	<u>34,460</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999

8 Tangible fixed assets – continued

With the exception of the those properties identified as being held for disposal, the Group's policy is to hold freehold and long leasehold properties at valuation. Appleyard Group PLC appointed Strutt & Parker (Chartered Surveyors), who carried out a valuation as at 31 December 1999 on an open market value, existing use basis.

Properties held for disposal are held at the lower of cost or net realisable value.

All non-core businesses held at the year end were reviewed for possible impairment in accordance with Financial Reporting Standard No.11 ("Impairment of Fixed Assets and Goodwill"). As a result a provision for impairment in the value of certain fixed assets was made.

No provision is made for tax on capital gains that might arise on disposal of properties at their balance sheet amounts.

Cost or valuation is represented by:

	<u>Land and buildings</u>				Fixtures and fittings	Plant and machinery	Total
	Freehold	Long Leasehold	Short leasehold	Held for disposal			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At valuation -							
31 December 1999	13,636	2,337	-	-	-	-	15,973
Cost	-	-	1,550	7,313	3,666	4,680	17,209
	-----	-----	-----	-----	-----	-----	-----
	13,636	2,337	1,550	7,313	3,666	4,680	33,182
	=====	=====	=====	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999

8 Tangible fixed assets - continued

£'000

Historical cost

At 1 January 1999	34,592
Reclassifications	(93)
Additions	3,253
Transfers from group undertakings	1,110
Transfers to group undertakings	(6,031)
Disposals	(5,666)

At 31 December 1999	27,165
	=====

Depreciation based on historical cost

At 1 January 1999	4,013
Reclassifications	(10)
Provided during the year	582
Transfers from group undertakings	1
Transfers to group undertakings	(384)
Disposals	(619)

At 31 December 1999	3,583
	=====

Net book amount based on historical cost

At 31 December 1999	23,582
	=====
At 31 December 1998	30,579
	=====

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999**

9 Investments

	Subsidiary undertakings £'000	Other investments £'000	Total £'000
Cost:			
At 1 January 1999 and 31 December 1999	<u>32,299</u>	<u>112</u>	<u>32,411</u>
Provision for diminution in value:			
At 1 January 1999	-	(112)	(112)
Provision made during the year	(12,617)	-	(12,617)
	<u>-----</u>	<u>-----</u>	<u>-----</u>
At 31 December 1999	<u>(12,617)</u>	<u>(112)</u>	<u>(12,729)</u>
Net book value:			
At 31 December 1999	<u>19,682</u>	<u>-</u>	<u>19,682</u>
	<u>-----</u>	<u>-----</u>	<u>-----</u>
At 31 December 1998	<u>32,299</u>	<u>-</u>	<u>32,299</u>

The company owns 100% of the issued share capital of the following subsidiary undertakings, none of which trade:

Ian Skelly Group Limited	Minorities Garages Limited
City Motors (Oxford) Limited	Oxford Motors Limited
Chiltern Forecourts Limited	Homes Counties Finance Corporation Limited
Ian Skelly (Glasgow) Limited *	Skelly's Limited *
Ian Skelly (Wishaw) Limited*	Ian Skelly (Coachworks) Limited*

* owned by subsidiary undertakings.

All subsidiary undertakings are registered in England and Wales, with the exception of Ian Skelly (Glasgow) Limited and Ian Skelly (Wishaw) Limited which are registered in Scotland.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999

	1999	1998
10 Stock	£'000	£'000
Vehicles		
- held on consignment	22,612	13,210
- other	20,991	45,350
Parts and other stock	3,719	4,403
	-----	-----
	<u>47,322</u>	<u>62,963</u>

Stock held on consignment includes interest bearing stock, some of which has a corresponding liability included within trade creditors.

Inventory drawn from consignment stock is generally invoiced to the company at the price ruling at the date of the drawdown.

11 Repurchase commitments	£'000	£'000
Within one year	4,053	3,084
Over one year	351	4,355
	-----	-----
	<u>4,404</u>	<u>7,439</u>

	1999	1998
12 Debtors	£'000	£'000
Trade debtors	17,024	21,403
Amounts owed by fellow subsidiary undertakings	6,274	-
Corporation tax recoverable	526	1,985
Other debtors	3,878	4,173
Prepayments and accrued income	87	5,790
Other taxation and social security	7	-
Deferred taxation	208	-
	-----	-----
	<u>28,004</u>	<u>33,351</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999

	1999 £'000	1998 £'000
13 Creditors - amounts falling due within one year		
Bank overdraft	23,603	16,140
Trade creditors	41,309	55,238
Repurchase commitments (note 11)	4,053	3,084
Amounts owed to fellow subsidiary undertakings	-	991
Taxation and social security	-	1,065
Obligations under finance lease and hire purchase contracts	-	20
Accruals and deferred income	174	5,442
	<u>69,139</u>	<u>81,980</u>

Trade creditors includes amounts due arising from the purchase of stocks from suppliers who claim that, under the terms of trade, ownership thereof does not pass to the company until sums due to those suppliers are settled.

	£'000	£'000
14 Creditors - amounts falling due after more than one year		
Repurchase commitments	351	4,355
Obligations under finance leases and hire purchase contracts falling due between two and five years	-	5
Amounts owed to fellow subsidiary undertakings	78,473	91,090
	<u>78,824</u>	<u>95,450</u>

15 Provision for liabilities and charges

a) Provisions	At 1 January 1999 £'000	Provision made during the year £'000	Paid £'000	At 31 December 1999 £'000
Legal fees	-	644	-	644
Leasehold dilapidations	-	905	-	905
Lease exit costs	-	2,494	-	2,494
Provision made on termination of operations	-	1,022	(319)	703
	<u>-</u>	<u>5,065</u>	<u>(319)</u>	<u>4,746</u>
Deferred tax shown within debtors	-	(208)	-	(208)
	<u>-</u>	<u>-</u>	<u>(319)</u>	<u>4,538</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999

15 Provision for liabilities and charges - continued

The legal fees provision was established during the year, being the directors' estimate of the ultimate cost of legal claims in which the company is involved at the year end. It is expected that all claims will be settled during the year 2000.

The dilapidations provision was established to provide for future dilapidations on certain leasehold properties. The provision was calculated following advice by a qualified surveyor. The provision is anticipated to be used over the remaining lives of the leases.

The lease exit provision was established to provide for future estimated costs which will be payable on the early termination of leases of various properties for which operations have ceased.

A provision was made for the costs of closure of terminating a dealership shortly before the year end. The termination costs are not anticipated to exceed the amount provided, and comprise asset write downs, redundancy payments and other closure costs.

b) Deferred taxation

i) Deferred taxation movement in the year	£'000
At 1 January 1999	-
Credit for the year (note 7)	(208)

At 31 December 1999	(208)
	=====

	1999	1999	1998	1998
	Provided	Not provided	Provided	Not provided
	-----	-----	-----	-----
	£'000	£'000	£'000	£'000
ii) Deferred taxation				
Depreciation in excess of capital allowances	(208)	-	-	(140)
Taxation on valuation surplus	-	-	-	400
Realised gains deferred	-	1,500	-	1,500
	-----	-----	-----	-----
	(208)	1,500	-	1,760
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999

16 Share capital

	Authorised		Allotted, called up and fully paid	
	1999	1998	1999	1998
	No	No	£'000	£'000
Ordinary shares of 25p each	6,000,000	6,000,000	1,304	1,304

Subsequent to the year end the company's shareholders subscribed £29,946,343 for 119,785,370 newly issued, ordinary shares of 25 pence each. The funds will be used to provide working capital for the company.

17 Shareholders' funds**Reconciliation of movements in shareholders' funds and statement of movements in reserves**

	Share capital £'000	Share premium £'000	Revaluation reserves £'000	Profit and loss account £'000	Total 1999 £'000	1998 £'000
At 1 January	1,304	2,886	2,367	(13,475)	(6,918)	(4,854)
Retained loss for the financial year	-	-	-	(22,215)	(22,215)	(2,064)
Property revaluation	-	-	1,949	-	1,949	-
Transfer on disposal of properties	-	-	(977)	977	-	-
At 31 December	1,304	2,886	3,339	(34,713)	(27,184)	(6,918)

18 Contingent liabilities

There were no contingent liabilities at 31 December 1999 (1998 - £nil) in respect of cross guarantees covering bank loans and overdrafts in the holding company and fellow subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999

	1999	1998
19 Financial commitments	£'000	£'000
1) Future capital expenditure		
Contracted for, not provided for	392	93
	<u> </u>	<u> </u>

2) Operating leases

At 31 December 1999 the company had annual commitments under non-cancellable operating leases in respect of plant and equipment which expire as follows:

	<u>1999</u>		<u>1998</u>	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	457	44	31	12
Within two to five years	337	59	-	-
After more than five years	3,419	35	2,762	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	4,213	138	2,793	12
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

20 Cash flow statement

The company is a wholly owned subsidiary of Jardine Motors Group plc, which prepares a consolidated Cash Flow Statement. The company has therefore elected to make use of the exemption provided in Financial Reporting standard No.1 ("Cash Flow Statements") not to produce a Cash Flow Statement.

21 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 plc.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999**

22 Ultimate parent company

The ultimate United Kingdom parent undertaking is Jardine Motors Group plc.

The ultimate parent company, which is also the ultimate controlling party, is Jardine Matheson Holdings Limited, a company incorporated in Bermuda.

Appleyard Group PLC has confirmed that it is its present intention to provide financial support to the company to enable it to meet its liabilities as and when they fall due.

Consolidated financial statements for both can be obtained from:

Company Secretary
Appleyard Group PLC
Charter Court
Colchester
Essex, CO4 4YA