

Registered Number 153658

Appleyard Motor Company Limited
Annual report
for the year ended 31 December 2004



Appleyard Motor Company Limited

Annual report for the year ended 31 December 2004

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Appleyard Motor Company Limited

Directors' report for the year ended 31 December 2004

The directors present their report and the audited financial statements of the company for the year ended 31 December 2004.

Principal activity

The company's principal activity is the sale of new and used motor vehicles and the provision of after-sales service.

Review of the business and future developments

On 1 January 2004, the company transferred its Audi dealerships to Lancaster Cars Limited, a fellow subsidiary undertaking, at book value.

During January 2004 the company acquired the trade and certain assets of two Volkswagen dealerships, in Harlow and Loughton, for consideration of approximately £4.4 million. See note 19 for further information.

During the year one dealership was disposed of. See note 19 for further information.

The directors are confident that the company will continue to trade profitably as a result of the actions taken over the last few years.

Results and dividends

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 (2003: £nil).

Directors and their interests

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

E Bradley*

S G Houston*

G Banham* (resigned 29 May 2004, reappointed 29 November 2004)

D J Newbury (resigned 16 January 2004)

The directors of any parent companies are marked with an asterisk. Their interests in any parent company are disclosed in those parent companies' accounts. These comprise Jardine Motors Group plc and Lancaster plc.

According to the register of directors' interests kept by the company under Section 325 of the Companies Act 1985 none of the directors had interests in disclosable 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.

Appleyard Motor Company Limited

Directors' report for the year ended 31 December 2004 (continued)

Employees

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 suppliers' terms require. The average period of credit taken by the company from its suppliers was 31 days (2003: 30 days).

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently as explained in the statement of accounting policies. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Charitable donations

During the year the company contributed charitable donations totalling £3,000 (2003: £nil).

Appleyard Motor Company Limited

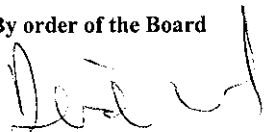
Directors' report for the year ended 31 December 2004 (continued)

Auditors

The company has passed an elective resolution under Section 386(2) of the Companies Act 1985 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



D Watson

Company Secretary

25/8/2005

Appleyard Motor Company Limited

Independent auditors' report to the members of Appleyard Motor Company Limited

We have audited the financial statements 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 Companies Act 1985. 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.


Basis of audit 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 the company's affairs at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds

25 Aug 2005

Appleyard Motor Company Limited

Profit and loss account for the year ended 31 December 2004

	Note	2004 £'000	2003 £'000
Turnover			
- Continuing operations	2	273,848	226,989
- Acquisitions (continuing operations)	2	34,965	-
		308,813	226,989
- Discontinued operations		-	111,273
Turnover		308,813	338,262
Cost of sales	1	(280,941)	(306,457)
Gross profit		27,872	31,805
Distribution costs	1	(14,979)	(16,817)
Administrative expenses	1	(11,824)	(10,081)
Operating profit/(loss)			
- Continuing operations		1,345	2,705
- Acquisitions		(276)	-
- Discontinued operations		-	2,202
Operating profit	2	1,069	4,907
Net profit on disposal of properties	3	1,677	251
Profit on sale or termination of operations	3	146	780
Profit on ordinary activities before interest and taxation		2,892	5,938
Interest receivable	6	-	386
Interest payable	6	(743)	(808)
Profit on ordinary activities before taxation		2,149	5,516
Tax credit/(charge) on profit on ordinary activities	7	5,016	(675)
Retained profit for the financial year	17	7,165	4,841

Appleyard Motor Company Limited

Statement of total recognised gains and losses for the year ended 31 December 2004

	2004	2003
	£'000	£'000
Profit for the financial year	7,165	4,841
Impairment loss on revalued properties	(517)	-
Total gains recognised since last annual report	6,648	4,841

Note of historical cost profits and losses for the year ended 31 December 2004

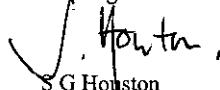
	2004	2003
	£'000	£'000
Reported profit on ordinary activities before taxation	2,149	5,516
Realisation of property revaluation surpluses of previous years	200	706
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	2	74
Historical cost profit on ordinary activities before taxation	2,351	6,296
Historical cost profit for the year retained after taxation	7,367	5,621

Appleyard Motor Company Limited

Balance sheet at 31 December 2004

	Note	2004 £'000	2004 £'000	2003 £'000	2003 £'000
Fixed assets					
Intangible assets	8	1,707		68	
Tangible assets	9	6,546		6,070	
Investments	10	466		466	
			8,719		6,604
Current assets					
Assets held for disposal	11	-		1,652	
Stock	12	34,414		33,200	
Debtors	13	22,471		76,317	
Cash at bank and in hand		5,063		2	
			61,948		111,171
Creditors – amounts falling due within one year	14		(42,672)		(95,367)
Net current assets			19,276		15,804
Total assets less current liabilities			27,995		22,408
Provisions for liabilities and charges	15		(9,340)		(10,401)
Net assets			18,655		12,007
Capital and reserves					
Called up share capital	17		71,250		71,250
Share premium account	17		2,886		2,886
Revaluation reserve	17		320		1,039
Profit and loss account – deficit	17		(55,801)		(63,168)
Equity shareholders' funds	17		18,655		12,007

The financial statements on pages 5 to 25 were approved by the board of directors on 25 August 2005 and were signed on its behalf by:


S G Houston
Director

Appleyard Motor Company Limited

Statement of accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and in accordance with the Companies Act 1985 and applicable accounting standards.

The principal accounting policies are set out below.

Investments in subsidiary undertakings

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

Goodwill

Goodwill arising on acquisition, being the difference between the fair value of the net assets acquired and the consideration paid, is recognised in the balance sheet as an intangible fixed asset and amortised through the profit and loss account over the directors' estimate of its useful life, which is usually 10 years.

On a subsequent disposal or termination of a previously acquired business, the profit or loss on disposal or termination is calculated after charging the amount of any related goodwill not written off through the profit and loss account, including any previously taken direct to reserves.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less accumulated depreciation. Depreciation is provided on tangible fixed assets in equal annual instalments over their expected useful lives as follows:

Freehold buildings	-	2% per annum
Short leasehold land and buildings	-	over term of lease
Plant and machinery	-	10% - 33% per annum
Computer equipment	-	20% 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.

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 investment affected discounted to net present value using the company's cost of capital.

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.

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Statement of accounting policies (continued)

Stock

Stock is valued at the lower of cost and net realisable value. Cost is actual purchase price. Stock includes interest bearing consignment stock, the corresponding liabilities of which are included in creditors. 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.

Deferred taxation

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 assets 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.

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.

Turnover

Turnover comprises the value of sales of motor vehicles and parts, income from financing agreements and income from servicing, repairing and hiring of vehicles. Value added tax and discounts are excluded.

Revenue from the sale of goods is recognised upon transfer to a third party of economic benefits arising from the use of an asset or service. In practice this means that revenue is recognised when vehicles are invoiced and physically dispatched or when the service has been undertaken

Leased assets

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease. When a lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the year in which termination takes place.

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Statement of accounting policies (continued)

Pensions

The company has continued to account for pensions in accordance with SSAP 24. FRS 17 "Retirement Benefits" requires certain transitional disclosures to be made in the notes to the financial statements. The required disclosures have been made in the financial statements of the ultimate United Kingdom parent undertaking, Jardine Motors Group plc.

The group operates one principal defined benefit pension scheme and one principal defined contribution pension scheme. Trustees administer these schemes and their funds are independent of the group's assets. The cost of providing retirement pensions and related benefits is charged to the profit and loss account as the cost is incurred.

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Notes to the financial statements for the year ended 31 December 2004

1 Cost of sales and operating expenses

	2004 Continuing £'000	2004 Acquisitions £'000	2004 Total £'000	2003 Continuing £'000	2003 Discontinued £'000	2003 Total £'000
Cost of sales	249,313	31,628	280,941	205,360	101,097	306,457
Distribution costs	12,825	2,154	14,979	11,495	5,322	16,817
Administrative expenses	10,365	1,459	11,824	7,429	2,652	10,081

2 Operating profit

All turnover, profit before taxation and net assets of the company are derived from retail motor trade activities within the United Kingdom.

	2004 £'000	2003 £'000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets	742	727
Profit on disposal of assets held for disposal	318	40
Loss on revaluation of properties	946	-
Management charge payable to fellow group undertakings	1,771	1,973
Provision for/(release of) lease exit costs (note 15)	3,423	(29)
Provision for leasehold dilapidations (note 15)	28	230
Provision for/(release of) termination of operations costs (note 15)	95	(321)
Amortisation of goodwill	200	66
Auditors' remuneration – audit services	87	128
Operating lease rentals		
- land and buildings	1,165	641
- plant and machinery	86	142

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3 Exceptional items

	2004	2003
	£'000	£'000
Net profit on disposal of properties	1,677	251
Profit on the sale or termination of operations (note 19b)	146	780

One property, held as a fixed asset, was disposed of during the year and realised a net profit of £1,677,000. In the prior year, the disposal of several properties realised a net profit of £251,000.

During the year, the company closed and disposed of one under performing dealership realising a profit on sale of £146,000 (2003: profit of £780,000).

4 Employees

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

	2004	2003
	No.	No.
Sales staff	164	203
After-sales staff	362	441
Administration staff	67	111
	593	755

The costs incurred in respect of these employees were:

	2004	2003
	£'000	£'000
Wages and salaries	17,401	18,619
Social security costs	1,765	1,790
Other pensions costs	571	738
	19,737	21,147

5 Directors

No emoluments or fees were paid to directors during the year (2003: £nil) in respect of their services to the company. The directors were remunerated for their services to the group and their emoluments are shown in the financial statements of Jardine Motor Management Services Limited and Jardine Motors Services Limited.

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6 Interest

	2004	2003
Interest payable	£'000	£'000
Bank overdrafts	64	-
Stocking loans	644	744
Notional interest	33	55
Other	2	9
	743	808

Notional interest is in respect of the lease exit costs provision (note 15).

	2004	2003
Interest receivable	£'000	£'000
Bank interest	-	386

7 Tax on profit on ordinary activities

a) Analysis of tax (credit)/charge in the period	2004	2003
	£'000	£'000
Current tax:		
UK corporation tax on profit of the period	(1,293)	-
Adjustment in respect of previous periods	1,438	675
Total current tax	145	675
Deferred tax:		
Origination and reversal of timing differences	(4,444)	-
Adjustment in respect of previous periods	(717)	-
Total deferred tax (note 16)	(5,161)	-
Total tax (credit)/charge on profit on ordinary activities	(5,016)	675

Appleyard Motor Company Limited

7 Tax on profit on ordinary activities (continued)

b) Factors affecting tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £'000	2003 £'000
Profit on ordinary activities before tax:	2,149	5,516
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK at 30% (2003: 30%)	645	1,655
Effects of:		
Adjustment to taxable profit – group recharges	(1,435)	-
Expenses not deductible for tax purposes	311	(396)
Capital allowances in excess of depreciation	(158)	(240)
Utilisation of tax losses not previously recognised	-	(1,019)
Corporation tax movements relating to prior years	1,438	675
Items not taxable	(656)	-
Current tax charge for the period	145	675

8 Intangible fixed assets

	Goodwill £'000
Cost	
At 1 January 2004	222
Acquisitions (note 19a)	1,839
At 31 December 2004	2,061
Amortisation	
At 1 January 2004	154
Provided for the year	200
At 31 December 2004	354
Net book amount	
At 31 December 2004	1,707
At 31 December 2003	68

Appleyard Motor Company Limited

9 Tangible fixed assets

	<u>Land and buildings</u>				Furniture, equipment and motor vehicles	
	Freehold £'000	Short leasehold £'000	Plant & machinery £'000	Computer equipment £'000	£'000	Total £'000
Cost or valuation						
At 1 January 2004	4,435	-	2,251	171	2,732	9,589
Reclassified	-	-	(23)	-	23	-
Acquisitions (note 19)	-	61	375	22	95	553
Transfer to fellow group undertaking	-	-	(233)	(6)	(364)	(603)
Transfer from fellow group undertaking	1,839	-	-	-	-	1,839
Additions	2,734	-	194	262	309	3,499
Deficit on revaluation	(2,224)	-	-	-	-	(2,224)
Disposals	(2,300)	-	(246)	(10)	(304)	(2,860)
At 31 December 2004	4,484	61	2,318	439	2,491	9,793
Depreciation						
At 1 January 2004	80	-	1,626	84	1,729	3,519
Transfer to fellow group undertaking	-	-	(201)	-	(247)	(448)
Transfer from fellow group undertaking	675	-	-	-	-	675
Charge for the year	69	3	236	142	292	742
Deficit on revaluation	(760)	-	-	-	-	(760)
Disposals	(58)	-	(183)	(6)	(234)	(481)
At 31 December 2004	6	3	1,478	220	1,540	3,247
Net book amount						
At 31 December 2004	4,478	58	840	219	951	6,546
At 31 December 2003	4,355	-	625	87	1,003	6,070

In accordance with FRS 15 "Tangible Fixed Assets" the company's policy is to hold all freehold 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.

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9 Tangible fixed assets (continued)

The company's properties were valued as at 31 December 2002 by Atis Real Weatheralls, Chartered Surveyors, on an open market basis in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors.

Cost or valuation of assets held as at 31 December 2004 is represented by:

	<u>Land and buildings</u>
	Freehold £'000
Cost or valuation	
Valuation	4,429
Cost	55
	4,484

If freehold 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 2004	7,956
At 31 December 2004	5,940
Depreciation based on historical cost	
At 1 January 2004	3,680
At 31 December 2004	3,759
Net book amount based on historical cost	
At 31 December 2004	2,181
At 31 December 2003	4,276

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10 Investments

	Subsidiary undertakings £'000	Other investments £'000	Total £'000
Cost			
At 1 January and 31 December 2004	32,299	112	32,411
Provision for diminution in value			
At 1 January and 31 December 2004	(31,833)	(112)	(31,945)
Net book amount			
At 31 December 2003 and 31 December 2004	466	-	466

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

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

* owned by subsidiary undertakings.

All company 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.

Consolidated financial statements have not been prepared because the company is a wholly owned subsidiary of Jardine Motors Group plc, a company registered in England and Wales for which consolidated financial statements have been prepared.

Appleyard Motor Company Limited

11 Assets held for disposal

	2004 £'000	2003 £'000
At 1 January	1,652	450
Transfer from tangible fixed assets	-	1,652
Disposals	(1,652)	(450)
At 31 December	-	1,652

12 Stock

	2004 £'000	2003 £'000
Consignment vehicles	2,643	2,333
Motor vehicles	30,044	29,132
Parts and other stocks	1,727	1,735
	34,414	33,200

Vehicles adopted out of consignment stock are generally invoiced to the company at the price ruling at the date of adoption.

Stock held on consignment is interest-bearing stock, for which there is a corresponding liability included in trade creditors.

The company also holds consignment stock that is not considered to be an asset of the company. Hence this stock, and the related liability, is excluded from these financial statements. At 31 December 2004, this stock had a value of £2,525,000 (2003: £3,837,000).

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13 Debtors

	2004	2003
	£'000	£'000
Trade debtors	4,726	5,100
Amounts owed by fellow group undertakings	9,784	60,012
Amounts owed by parent undertaking	-	7,628
Other debtors	1,199	2,580
Prepayments and accrued income	1,601	997
Deferred tax	5,161	-
	22,471	76,317

14 Creditors – amounts falling due within one year

	2004	2003
	£'000	£'000
Bank overdrafts	-	3,086
Trade creditors	23,577	25,073
Corporation tax	147	309
Amount owed to parent undertaking	318	-
Amounts owed to fellow group undertakings	10,205	60,185
Other taxation and social security	1,381	546
Accruals and deferred income	3,569	3,155
Other creditors	3,475	3,013
	42,672	95,367

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

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

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15 Provisions for liabilities and charges

	At 1 January 2004 £'000	Provision made/ (released) during the year £'000	Utilised £'000	Notional interest £'000	At 31 December 2004 £'000
Leasehold dilapidations	520	28	(300)	-	248
Lease exit costs	9,780	3,423	(4,266)	33	8,970
Provision on termination of operations	101	95	(74)	-	122
	10,401	3,546	(4,640)	33	9,340

The leasehold dilapidations provision was established to provide for future dilapidation liabilities on certain leasehold properties. The provision was calculated following advice from a qualified surveyor. It is anticipated that the balance of the provision will be fully utilised during the forthcoming year.

The lease exit cost provision was established to provide for future estimated costs which will be payable up to, and including, the date of termination of the leases and was discounted at the weighted average cost of capital of the company. The respective properties are no longer required by the company.

Provision has been made for the costs of terminating dealerships. The termination costs are not anticipated to exceed the amount provided and comprise redundancy payments and other closure costs.

16 Deferred tax

	2004 £'000	2003 £'000
Unprovided deferred tax comprises:		
Capital losses net of rollover relief claims	120	-
Revaluation of tangible fixed assets	(157)	(157)
Depreciation in excess of capital allowances	-	954
Tax losses	-	3,781
Net unprovided deferred tax asset	(37)	4,578

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16 Deferred tax (continued)

	2004 £'000	2003 £'000
Provision for deferred tax comprises:		
Decelerated capital allowances	535	-
Tax losses	4,626	-
Deferred tax asset	5,161	-
Movements during the year are as follows:		
At 1 January 2004	-	-
Amount credited to profit and loss (note 7(a))	5,161	-
At 31 December 2004	5,161	-

Deferred tax is included in debtors (note 13).

Factors that may affect future tax charges

No provision has been made for deferred tax on gains recognised on revaluing property to its market value or on the sale of properties where potentially taxable gains not covered by capital losses have been rolled over into replacement assets. Such tax would become payable only if the property were sold without it being possible to claim rollover relief or if there were insufficient capital losses to offset the gains. The total amount unprovided for is £37,000 (2003: £157,000). At present it is not envisaged that any such tax will become payable in the foreseeable future.

17 Reconciliation of movements in equity shareholders' funds

	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Profit and loss account £'000	Total 2004 £'000	Total 2003 £'000
At 1 January	71,250	2,886	1,039	(63,168)	12,007	7,166
Retained profit for the financial year	-	-	-	7,165	7,165	4,841
Transfer upon sale of properties	-	-	(200)	200	-	-
Deficit on revaluation of properties	-	-	(517)	-	(517)	-
Transfer of depreciation charge in excess of historic cost depreciation charge	-	-	(2)	2	-	-
At 31 December	71,250	2,886	320	(55,801)	18,655	12,007

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17 Reconciliation of movements in equity shareholders' funds (continued)

The company has 600,000,000 (2003: 600,000,000) authorised ordinary shares of 25 pence each and has 285,000,000 (2003: 285,000,000) allotted, issued and fully paid ordinary shares of 25 pence each.

18 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 FRS 1 "Cash Flow Statements" not to produce a cash flow statement.

19 Acquisitions and disposals

a) Acquisitions

On 9 January 2004 the company acquired the trade and certain assets of the Harlow and Loughton Volkswagen dealerships:

The book value and fair value of the assets acquired were as follows:	£'000
Tangible fixed assets (note 9)	1,123
Stock	1,756
Debtors	1,062
Creditors	(1,413)
Net assets acquired	2,528
Goodwill (note 8)	1,839
Consideration: Cash	4,367

As part of the acquisition two short leasehold properties were acquired at net book value of £631,000. One of these properties has been accounted for in the parent company, Lancaster plc. This property was acquired at a net book value of £570,000.

The acquisitions have been accounted for under the acquisition method of accounting.

From the date of acquisition to 31 December 2004, the acquired businesses contributed £34,965,000 to turnover and a loss of £275,000 to operating profit.

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19 Acquisitions and disposals (continued)

b) Disposals

During the year the company disposed of one dealership at book value. The book value is summarised below:

	£'000
Tangible fixed assets	80
Stock	195
Net assets disposed	275
Profit on disposal	146
Consideration: Cash	421

From 1 January 2004 to the date of disposal, the disposed business contributed £5,033,000 to turnover and profit of £143,000 to operating profit.

20 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.

Amounts of £4,480,000 (2003: £8,316,000) charged during the year to a subsidiary undertaking of Appleyard Finance Holdings Limited, a joint venture of Jardine Motors Group plc, for vehicle sales, maintenance and service costs were included within turnover.

Until 30 April 2004, Jardine Motors Group plc held 51% of the share capital of Polar Motor Group Limited. On 30 April 2004, the group disposed of this joint venture to Ford Motor Company Limited. Amounts charged to Polar Motor Group Limited and its subsidiary undertakings for vehicle sales, maintenance and service costs and included within turnover were not significant to either party (2003: £502,000) and therefore have not been disclosed.

21 Financial commitments

(a) Future capital expenditure

	2004 £'000	2003 £'000
Contracted for but not provided	-	2,217
Authorised but not contracted for	-	410
	-	2,627

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21 Financial commitments (continued)

(b) Operating leases

At 31 December 2004, the company had annual commitments under non-cancellable operating leases which expire as follows:

	2004		2003	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Within one year	79	13	-	16
Within two to five years	36	42	88	32
After more than five years	1,126	49	1,073	-
	1,241	104	1,161	48

22 Pension schemes

The ultimate UK parent undertaking, Jardine Motors Group plc, operates a defined benefit pension scheme for the benefit of employees of Appleyard Motor Company Limited called the Jardine Motors Group UK Pension Scheme. It also operates a defined contribution scheme, which employees of Appleyard Motor Company Limited participate in, called the Jardine Motors Group UK Defined Contribution Pension Plan.

Until 30 June 2004, contributions to the defined benefit scheme were determined using an actuarial valuation of the scheme carried out on 1 July 2003, by independent actuaries using the attained age method. From 1 July 2004, contributions to the scheme were determined following the most recent actuarial valuation of the scheme, carried out on 1 July 2004, by independent actuaries using the attained age method. These valuations are used as the basis for accounting for pension costs under SSAP 24.

During the year the company contributed £503,000 (2003: £673,000) to the defined benefit scheme, being 7.4% of the pensionable salaries of 1/80th members and an average of 11.8% of the pensionable salaries of 1/60th members. With regard to the defined contribution scheme, the company contributed £68,000 to the scheme in 2004 (2003: £65,000).

For the purposes of FRS 17 "Retirement Benefits" the contributions paid by the company to the 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 plc.

23 Contingent liabilities

The company has contingent liabilities at 31 December 2004 in respect of cross guarantees covering bank loans and overdrafts in the holding company and fellow subsidiaries amounting to £42,010,000 at 31 December 2004 (2003: £62,763,000).

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24 Post balance sheet events

On 9 May 2005 the group announced that it will be closing the Stansted Saab dealership on 31 May 2005.

25 Ultimate parent company

The immediate parent company is Lancaster plc.

The largest and smallest groups for which group financial statements are prepared and of which the company is a member are as follows:

	Largest	Smallest
Name	Jardine Matheson Holdings Limited	Jardine Motors Group plc
Country of incorporation	Bermuda	England and Wales

There is no ultimate controlling party.

Copies of consolidated financial statements can be obtained from:

Company Secretary
Jardine Motors Group plc
South Suite, Skyway House
Parsonage Rd
Takeley
Bishops Stortford
Hertfordshire
CM22 6PU