

Registered Number 00153658

Lancaster Motor Company Limited (formerly
Appleyard Motor Company Limited)

Annual report and financial statements
for the year ended 31 December 2013

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Lancaster Motor Company Limited

Annual report and financial statements for the year ended 31 December 2013

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Lancaster Motor Company Limited

Directors and advisors for the year ended 31 December 2013

Directors

M P Herbert

G Banham

S C Everett (resigned 31 December 2013)

C A Beattie (appointed 8 April 2013)

Company secretary

R MacNamara (resigned 14 January 2013)

M Finch (appointed 14 January 2013)

Registered office

770 The Crescent

Colchester Business Park

Colchester

CO4 9YQ

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Benson House

33 Wellington Street

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

Lloyds Bank plc

25 Gresham Street

London

EC2V 7HN

Lancaster Motor Company Limited

Strategic report for the year ended 31 December 2013

The directors present their strategic report on the company for the year ended 31 December 2013

Principal activity

The company's principal activity is the retail distribution of new and used motor vehicles and related activities in the motor trade. The company operates Jaguar, Land Rover, Volvo, Volkswagen, Toyota, Lexus, Honda, Bentley, Ferrari, Aston Martin, Maserati, Lamborghini, Harley-Davidson, Skoda, SEAT and BMW & MINI dealerships and also a central group fleet sales operation.

Review of the business

On 1 February 2013, the company acquired the trade and assets of a Toyota dealership in St Ives for £0.5m.

On 30 April 2013, the company acquired the trade and assets of a combined Jaguar and Land Rover dealership in Burnham. On the same date and in a related transaction, Lancaster plc bought the freehold of the dealership. Total consideration for the trade and assets, including freehold property, was £4.0m.

On 1 October 2013, all of the trade and assets of a BMW & MINI dealership in Milton Keynes were transferred into the company at fair value from a fellow subsidiary undertaking, Scotthall Limited.

Following the acquisitions within the Toyota and Lexus brands during 2012 together with the acquisitions and transfers in 2013, the company has increased the turnover of its continuing operations in 2013 by 13.4%. The integration of these acquisitions is on-going but has been successful and they have contributed to the company's increased profitability in 2013.

Future developments

The company will seek to continue its integration plans of recent acquisitions whilst at the same time grow with its existing diverse portfolio of franchise representations. The company will continue to invest in each franchise in order to meet the aspirations of its franchise partners.

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.

By order of the Board



M Finch

Company secretary

24 June 2014

Lancaster Motor Company Limited

Directors' report for the year ended 31 December 2013

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2013

Change of name

On 3 October 2013, the company changed its name from Appleyard Motor Company Limited to Lancaster Motor Company Limited

Principal activity

The principal activity of the business was discussed in the Strategic Report on page 2

Review of the business

The review of the business was discussed in the Strategic Report on page 2

Post balance sheet events

On 27 March 2014, the company sold two of its freehold properties to JMG LP, a Limited Partnership of which the company and Lancaster plc are the Limited Partners and a fellow subsidiary undertaking is the General Partner

The properties were sold at market value and realised a profit on sale in the company of £785,000

Principal risks and uncertainties

The company is part of the Jardine Motors Group UK Limited group of companies (referred to as 'group') The directors manage the company's risks and those of its fellow subsidiaries on a group basis

a) Funding and liquidity risk

The group's policy is to ensure that the funding requirements forecast by the group can be met within available committed facilities

b) Interest rate risk

The group's interest rate policy is to manage the risk of interest rate fluctuations on the cash flows payable on the group's debt

c) Credit risk

An external credit risk company is used to check the credit ratings of counterparties and limit the group's exposure to credit risk Credit ratings are updated both throughout the year and also upon credit alerts received from the credit risk company

Results and dividends

The results for the year are set out in the profit and loss account on page 8

On 15 November 2013, the company paid an interim dividend of £15,000,000 (2012 £nil)

The directors do not recommend the payment of a final dividend (2012 £nil)

Lancaster Motor Company Limited

Directors' report for the year ended 31 December 2013 (continued)

Directors

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

M P Herbert

G Banham

S C Everett (resigned 31 December 2013)

C A Beattie (appointed 8 April 2013)

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, electronic communications and the group's internal divisional periodical 'Torque'

Community

During the year the company supported a range of charities and BEN (Motor and Allied Trades Benevolent Fund) and made charitable donations of £12,039 (2012 £12,009)

Statement of directors' responsibilities

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

Lancaster Motor Company Limited

Directors' report for the year ended 31 December 2013 (continued)

Statement of directors' responsibilities (continued)

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

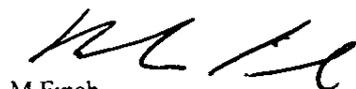
So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors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



M Finch

Company secretary

24 June 2014

Lancaster Motor Company Limited

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

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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

This opinion is to be read in the context of what we say in the remainder of this report

What we have audited

The financial statements, which are prepared by Lancaster Motor Company Limited, comprise

- the balance sheet as at 31 December 2013,
- the profit and loss account for the year then ended,
- the accounting policies, and
- the notes to the financial statements, which include other explanatory information

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)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the directors, and
- the overall presentation of the financial statements

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Lancaster Motor Company Limited

Independent auditors' report to the members of Lancaster Motor Company Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- 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

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & 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



Richard Bunter (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
24 June 2014

Lancaster Motor Company Limited

Profit and loss account for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Turnover			
- Continuing operations		613,403	540,875
- Acquisitions	19	39,018	-
- Discontinued operations		-	4,937
Turnover	2	652,421	545,812
Cost of sales	1	(594,234)	(498,616)
Gross profit		58,187	47,196
Selling and distribution costs	1	(34,541)	(29,929)
Administrative expenses	1	(16,941)	(14,402)
Operating profit			
- Continuing operations		7,175	3,094
- Acquisitions	19	(470)	-
- Discontinued operations		-	(229)
Operating profit	2	6,705	2,865
Income from other fixed asset investments	3	1,000	-
Profit on ordinary activities before interest and taxation		7,705	2,865
Interest receivable and similar income	6	482	276
Interest payable and similar charges	6	(624)	(676)
Profit on ordinary activities before taxation		7,563	2,465
Tax on profit on ordinary activities	7	(2,044)	(932)
Profit for the financial year	17	5,519	1,533

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historic cost equivalents

Lancaster Motor Company Limited

Balance sheet as at 31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Intangible assets	9	3,946	3,277
Tangible assets	10	13,904	9,596
Investments	11	107	107
		17,957	12,980
Current assets			
Stocks	12	71,562	54,251
Debtors	13	16,275	11,341
Cash at bank and in hand		8,537	3,564
		96,374	69,156
Creditors - amounts falling due within one year	14	(89,929)	(48,419)
Net current assets		6,445	20,737
Total assets less current liabilities		24,402	33,717
Provisions for liabilities	15	(1,289)	(1,123)
Net assets		23,113	32,594
Capital and reserves			
Called up share capital	17	10,000	10,000
Profit and loss account	17	13,113	22,594
Total shareholders' funds	17	23,113	32,594

The financial statements on pages 8 to 25 were approved by the board of directors on 24 June 2014 and were signed on its behalf by



C A Beattie
Director

Lancaster Motor Company Limited
Registered Number 00153658

Lancaster Motor Company Limited

Statement of accounting policies

Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

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

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less provision for impairment in the financial statements. 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 ten 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 directly to reserves.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost 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 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
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 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.

Lancaster Motor Company Limited

Statement of accounting policies (continued)

Stock

Stock is valued at the lower of cost and net realisable value. Cost is actual purchase price, excluding value added tax. Stock includes interest-bearing consignment stock, the corresponding liabilities of which are included in creditors. Consignment stock that is non-interest bearing is not considered an asset of the company and is excluded. 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.

Taxation

Corporation tax payable is provided on taxable profits at the rate prevailing during the year.

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.

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.

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.

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 is excluded.

Turnover 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 turnover 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.

Lancaster Motor Company Limited

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.

Lancaster Motor Company Limited

Notes to the financial statements for the year ended 31 December 2013

1 Cost of sales and operating expenses

	2013 Continuing operations £'000	2013 Acquisitions £'000	2012 Continuing operations £'000	2012 Discontinued operations £'000
Cost of sales	557,983	36,251	494,054	4,562
Selling and distribution costs	32,064	2,477	29,533	396
Administrative expenses	16,181	760	14,194	208

2 Turnover and operating profit

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

	2013 £'000	2012 £'000
Operating profit is stated after charging/(crediting):		
Management charge payable to group undertakings	3,315	3,006
(Profit)/loss on disposal of fixed assets	(5)	68
Amortisation of goodwill (note 9)	629	481
Depreciation of tangible fixed assets (note 10)	1,869	1,320
Net provision created/(utilised) for lease exit costs (note 15)	284	(36)
Provision utilised for vehicle buy-back provision (note 15)	(244)	(556)
Operating lease charges		
- land and buildings	2,021	1,674
- plant and machinery	70	71
Services provided by the company's auditor		
- fees payable for the audit	116	119

Lancaster Motor Company Limited

3 Income from other fixed asset investments

	2013 £'000	2012 £'000
Interim dividend received from Wayside Trade Parts Limited	1,000	-

The dividend was received on 15 November 2013

4 Employees

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

	2013 Number	2012 Number
Sales	390	347
Aftersales	716	665
Administration	214	205
	1,320	1,217

The costs incurred in respect of these employees were

	2013 £'000	2012 £'000
Wages and salaries	37,750	34,148
Social security costs	4,134	3,760
Other pensions costs (note 22)	380	284
	42,264	38,192

5 Directors

No emoluments or fees were paid to directors during the year (2012 £nil) in respect of their services to the company. The emoluments paid to M P Herbert and C A Beattie are shown in the financial statements of Jardine Motors Group UK Limited. The emoluments paid to G Banham and S C Everett were made by Lancaster plc during the year.

Lancaster Motor Company Limited

6 Interest

	2013 £'000	2012 £'000
Interest receivable and similar income		
Bank interest receivable	482	276
	2013 £'000	2012 £'000
Interest payable and similar charges		
Stocking loan interest	563	615
Unwinding of discount in provisions (note 15)	61	61
	624	676

7 Tax on profit on ordinary activities

(a) Analysis of charge for the year

	2013 £'000	2012 £'000
Current tax:		
UK corporation tax at 23.25% (2012: 24.5%)	1,836	867
Adjustments in respect of previous years	(45)	(89)
Total current tax	1,791	778
Deferred tax:		
Accelerated capital allowances	(72)	(72)
Change in rate of tax	(21)	(18)
Utilisation of losses	321	245
Adjustments in respect of previous years	25	(1)
Total deferred tax (note 16)	253	154
Tax on profit on ordinary activities	2,044	932

Lancaster Motor Company Limited

7 Tax on profit on ordinary activities (continued)

(b) Factors affecting corporation tax charge for the year

The tax assessed for the year is higher (2012 higher) than the effective standard rate of corporation tax in the UK 23.25% (2012 24.5%). The differences are explained below

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	7,563	2,465
Profit on ordinary activities multiplied by effective standard corporation tax rate in the UK at 23.25% (2012 24.5%)	1,758	604
Effects of		
Adjustment to taxable profit - group recharges	23	104
Expenses not deductible for tax purposes	178	123
Capital allowances in excess of depreciation	110	36
Items not taxable	(233)	-
Adjustments in respect of previous years	(45)	(89)
Current tax charge for the year	1,791	778

(c) Other factors affecting current and future tax charges

During the year, as a result of the change in the UK main corporation tax rate from 23% to 21% from 1 April 2014, with a further reduction to 20% from 1 April 2015, that was substantively enacted on 2 July 2013, the relevant deferred tax balances have been remeasured. No further reductions to the UK corporation tax rate have been announced since July 2013. In any event any rate changes that are not substantively enacted at the balance sheet date are not recognised in these financial statements.

Lancaster Motor Company Limited

8 Dividends

	2013 £'000	2012 £'000
Interim paid of 37.5 pence per £0.25 ordinary share (2012: £nil)	15,000	-

9 Intangible assets

	Goodwill £'000
Cost	
At 1 January 2013	5,397
Additions (note 19)	1,248
Group transfers (note 19)	100
At 31 December 2013	6,745
Accumulated amortisation	
At 1 January 2013	2,120
Charge for the year	629
Group transfers (note 19)	50
At 31 December 2013	2,799
Net book amount	
At 31 December 2013	3,946
At 31 December 2012	3,277

Lancaster Motor Company Limited

10 Tangible assets

	<u>Land and buildings</u>		Plant and machinery £'000	Computer equipment £'000	Furniture, equipment and motor vehicles £'000	Total £'000
	Freehold £'000	Short leasehold £'000				
Cost						
At 1 January 2013	7,143	2,052	4,669	1,503	5,079	20,446
Additions	-	1,824	440	245	860	3,369
Disposals	-	(10)	(307)	(91)	(361)	(769)
Group transfers	-	4,066	660	172	475	5,373
At 31 December 2013	7,143	7,932	5,462	1,829	6,053	28,419
Accumulated depreciation						
At 1 January 2013	1,491	1,537	3,471	986	3,365	10,850
Charge for the year	62	516	465	297	529	1,869
Disposals	-	(9)	(304)	(80)	(357)	(750)
Group transfers	-	1,839	357	120	230	2,546
At 31 December 2013	1,553	3,883	3,989	1,323	3,767	14,515
Net book amount						
At 31 December 2013	5,590	4,049	1,473	506	2,286	13,904
At 31 December 2012	5,652	515	1,198	517	1,714	9,596

On 1 January 2013, Lancaster plc transferred capitalised leasehold improvements to the company at net book value. These relate solely to leasehold premises occupied by dealerships of the company.

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

Lancaster Motor Company Limited

11 Investments

	2013 £'000	2012 £'000
Cost and net book value	107	107

The principal subsidiary undertakings of the company at 31 December 2013 were

Subsidiary Undertaking	Class of Share	Principal Activity
Abridge Loughton TPS Limited	Ordinary	Wholesale parts centre
Wayside Trade Parts Limited	Ordinary	Wholesale parts centres

At 31 December 2013, all subsidiary undertakings are wholly owned

All subsidiary undertakings are registered and operate in England and Wales

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

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

12 Stocks

	2013 £'000	2012 £'000
Consignment vehicles	15,739	11,463
Motor vehicles	53,349	40,674
Parts and other stocks	2,474	2,114
	71,562	54,251

Stock held on consignment includes interest-bearing stock, which has a corresponding liability included in trade creditors. Vehicles adopted out of consignment stock are generally invoiced at the price ruling at the date of adoption.

Lancaster Motor Company Limited

13 Debtors

	2013 £'000	2012 £'000
Trade debtors	8,774	6,013
Deferred tax asset (note 16)	-	188
Other debtors	5,986	3,178
Prepayments and accrued income	1,515	1,962
	16,275	11,341

14 Creditors - amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	50,232	34,591
Amounts owed to group undertakings	23,419	1,483
Corporation tax	2,031	867
Other taxation and social security	1,875	672
Other creditors	10,322	8,902
Accruals and deferred income	2,050	1,904
	89,929	48,419

Amounts owed to group undertakings are unsecured, interest free and have no fixed repayment terms

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

Lancaster Motor Company Limited

15 Provisions for liabilities

	At 1 January 2013 £'000	Net provision created/ (released) during the year £'000	Unwinding of discount in provisions £'000	At 31 December 2013 £'000
Lease costs	879	284	61	1,224
Vehicle buy-back	244	(244)	-	-
Deferred tax (note 16)	-	65	-	65
	1,123	105	61	1,289

Lease costs provision

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

Vehicle buy-back provision

The provision was in respect of anticipated losses on vehicles that the group was committed to buy-back (note 21b)

16 Deferred tax

	2013 £'000	2012 £'000
Deferred tax (liability)/asset comprises		
Accelerated capital allowances	(65)	(133)
Tax losses	-	321
Deferred tax (liability)/asset (note 15)	(65)	188

	2013 £'000	2012 £'000
Movements during the year are as follows		
At 1 January	188	342
Amount charged to profit and loss (note 7a)	(253)	(154)
At 31 December	(65)	188

The deferred tax asset provided in respect of losses has been computed at 30% on the basis that this is the rate at which the losses are expected to crystallise. In the event that it becomes certain that losses will not crystallise at this rate, the extent to which it is reasonable to recognise the deferred tax asset on these losses will be reviewed and adjusted where appropriate

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17 Reconciliation of movements in shareholders' funds

	Called up share capital £'000	Profit and loss account £'000	Total 2013 £'000	Total 2012 £'000
At 1 January	10,000	22,594	32,594	31,061
Profit for the financial year	-	5,519	5,519	1,533
Dividend paid (note 8)	-	(15,000)	(15,000)	-
At 31 December	10,000	13,113	23,113	32,594

The company has 40,000,000 (2012 40,000,000) allotted and fully paid ordinary shares of £0.25p each. There were no movements in share capital during the year.

18 Cash flow statement

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

19 Acquisitions

On 1 February 2013, the company acquired the trade and assets of a Toyota dealership in St Ives. On 30 April 2013, the company acquired the trade and assets of a combined Jaguar and Land Rover dealership in Burnham. As part of the Burnham acquisition, Lancaster plc acquired the freehold property and leases the property to the company at an open market rent.

Both of these acquisitions have been accounted for in the financial statements for the year ended 31 December 2013. The goodwill arising and consideration paid, on the acquisitions was as follows:

	St Ives £000	Burnham £000
Tangible fixed assets	27	113
Freehold property (acquired by Lancaster plc)	-	2,650
Stocks	425	179
Debtors	18	14
Creditors	(76)	(122)
Net assets acquired (fair value)	394	2,834
Goodwill (note 9)	128	1,120
Cash consideration	522	3,954

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19 Acquisitions (continued)

From acquisition to 31 December 2013, the acquired St Ives dealership contributed £9,775,000 to turnover and a profit of £92,000 to operating profit and the acquired Jaguar and Land Rover dealership in Burnham contributed £15,712,000 to turnover and a loss of £19,000 to operating profit

On 1 October 2013, the trade and assets of a BMW & MINI dealership in Milton Keynes were transferred to the company at fair value from a fellow subsidiary undertaking, Scotthall Limited. The fair value of the assets acquired was as follows

	Total £'000
Goodwill (note 9)	50
Tangible fixed assets	590
Stocks	7,699
Debtors	2,665
Creditors	(9,812)
Net assets transferred (fair value)	1,192

From the date of transfer to 31 December 2013, the dealership contributed £13,531,000 to turnover and a loss of £543,000 to operating profit

20 Related party transactions

The company is exempt under the terms of FRS 8 'Related Party Disclosures' from disclosing related party transactions with entities that are part of the group as the company is a wholly owned subsidiary of Jardine Motors Group UK Limited

21 Financial commitments

(a) Future capital expenditure

	2013 £'000	2012 £'000
Contracted for but not provided	2,706	14

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21 Financial commitments (continued)

(b) Operating leases

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

	Land and buildings		Other	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Within one year	517	77	84	2,639
Within two to five years	295	1,156	2	10
After five years	2,318	2,615	4	-
	3,130	3,848	90	2,649

Included within Other for the prior year were annual commitments under non-cancellable vehicle buy-backs of £2,592,000 (note 15)

22 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 has made no contributions (2012: £nil) to the defined benefit scheme, £377,000 (2012: £284,000) to the defined contribution scheme and £3,000 (2012: £nil) to auto-enrolment.

23 Contingent liabilities

The company is subject to cross guarantees covering overdrafts in Jardine Motors Group UK Limited and fellow subsidiaries. These overdrafts amounted to £nil at 31 December 2013 (2012: £nil).

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24 Post balance sheet events

On 27 March 2014, the company sold two of its freehold properties to JMG LP, a Limited Partnership of which the company and Lancaster plc are the Limited Partners and a fellow subsidiary undertaking is the General Partner

The properties were sold at market value and realised a profit on sale in the company of £785,000

25 Ultimate parent undertaking

The immediate parent undertaking is Lancaster plc

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

Lancaster plc is 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

M Finch
Jardine Motors Group UK Limited
770 The Crescent
Colchester Business Park
Colchester
CO4 9YQ