

Registered Number 02470318

Jardine Motors Group UK Limited

Annual report and consolidated financial
statements for the year ended 31 December 2021

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Jardine Motors Group UK Limited

Annual report and consolidated financial statements for the year ended 31 December 2021

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Jardine Motors Group UK Limited

Directors and advisors for the year ended 31 December 2021

Directors

D N Williamson

D J Muir

P Hawkins

(non-executive)

A Keswick

(non-executive)

Company secretary

M Finch

Registered office

770 The Crescent

Colchester Business Park

Colchester

Essex

CO4 9YQ

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

The Maurice Wilkes Building

St John's Innovation Park

Cowley Road

Cambridge

CB4 0DS

Solicitors

Eversheds Sutherland LLP

Kett House

Station Road

Cambridge

CB1 2JY

Bankers

HSBC Bank plc

Midland House

26 North Station Road

Colchester

CO1 1SY

Bank of China (Hong Kong) Limited

17/F Bank of China Centre

Olympian City

11 Hoi Fai Road

West Kowloon

Hong Kong

Standard Chartered Bank (Hong Kong) Limited

4 – 4A Des Voeux Road

3/F Standard Chartered Banking Building

Central

Hong Kong

Jardine Motors Group UK Limited

Strategic report for the year ended 31 December 2021

The directors present their Strategic report for Jardine Motors Group UK Limited (the 'company') and its subsidiaries (together the 'group') for the year ended 31 December 2021.

Principal activities

The group's principal activity is the retail distribution of motor vehicles and related activities in the motor trade. The company is a holding company for subsidiaries operating in the motor trade.

Review of the business

The group's mission is to be the best motor retail group in the UK by delivering an unparalleled level of customer service. It aims to achieve this by retaining existing and adding new customers, improving its operational effectiveness and growing sales volumes profitably whilst investing in the development and retention of its employees.

The group entered the year under lockdown conditions which ran from 6 January to 12 April 2021 as caused by the COVID-19 pandemic. During this period, the group was able to continue trading through its on-line sales channels and also continued to service customers through its aftersales operations.

Upon full re-opening of all its dealerships, the group has traded strongly against a back-drop of new car supply issues that have resulted in strong margin retention for the group in both its new and used car sales. This market dynamic, low supply, robust demand, persisted throughout 2021 and has continued into 2022, a major factor being lack of supply of semiconductor chips available to the manufacturers and also exacerbated by the Russian invasion of Ukraine.

The 2021 UK new car market was 1,647,181 units which was 1.0% higher than the 2020 level. On a like-for-like basis the group increased its turnover by 18.8%. This demonstrates the strength of the brands that the group represents in both the new and used car sectors. Aftersales revenues increased by 11.4% but remained below the levels achieved in 2019 as the sector continues to recover from the pandemic with COVID related impacts on output and also reduced demand in 2021 as service intervals have increased due to a general reduction in driven miles.

The group posted an operating profit of £28.2m (2020: operating loss £9.8m). Exceptional profits of £4.4m have been recognised on the sale of a freehold property and the sale of two Toyota dealerships, including related freehold properties (2020: exceptional losses of £4.1m).

The group's results in the first quarter of 2022 have remained strong and above both the equivalent quarter in 2021 and also ahead of internal budgets. The directors believe the outlook for the year is positive subject to further impacts of semiconductor chip shortages and any economic shocks caused by the Russian invasion of Ukraine.

Jardine Motors Group UK Limited

Strategic report for the year ended 31 December 2021 (continued)

The group's developments

The group has continued to pursue its objective of working with its core brand partners within the luxury premium sector. As part of this objective, on 31 July 2021 the group completed the sale of the trade and assets of its remaining Toyota dealerships in Sunderland and Durham.

The group has remained committed to its investment in digital solutions to provide customers with a seamless online/offline experience.

Key Performance Indicators (KPIs) and principal risks and uncertainties

The group measures performance of each dealership throughout the year against certain pre-determined KPIs including return on sales, as well as operating metrics based on sales volumes and profit margins.

The group's principal financial and non-financial KPIs during the year were:

	2021	2020
Financial		
Return on sales %	1.8	(0.2)
Gross profit %	9.1	7.5
Operating profit/(loss) £'000	28,209	(9,794)
New car sales units	22,557	22,399
Used retail car sales units	21,998	19,373
Non-Financial		
Staff attrition (excluding redundancy) %	32.0	17.0

The group maintains a robust risk management framework as outlined in the Directors' report to ensure identification of the most significant risks the group faces and that appropriate management focus is given to actions to respond to identified or emerging risks. A compliance programme is in place as is a fraud detection and whistleblowing programme.

The key operating risks facing the business are: failure to deliver our strategic goals of growth in market share, improvement in margins and control of working capital. There is a day-to-day focus on these goals through our operating and risk management frameworks.

Other risks include failure to maintain our brand and reputation for customer service and our relationships with our brand partners, disruption to the global supply chain which may impact our brand partners and the impact of global pandemics. We are focussed on maintaining and improving our relationships and reputation with both our customers and our brand partners.

Jardine Motors Group UK Limited

Strategic report for the year ended 31 December 2021 (continued)

The group's position

We believe our strengths lie in our balanced portfolio of existing franchise partners in the premium/luxury sectors supported by our investment in freehold property, strong balance sheet, committed funding lines and shareholder support.

Future developments

The group's operational focus is to continue to grow with its selected premium and luxury franchise partners whether organically or through acquisition where real value opportunities arise. A key part of this growth plan is through customer and employee retention and continued investment in delivering an exceptional customer retail experience.

During the first quarter in 2022, the group has closed a stand-alone bodyshop in Witham where the lease had come to its end. The group also closed its Aston Martin dealership in Cambridge as a result of the planned re-development of the shared freehold with Porsche Cambridge into a proposed re-built and larger Porsche centre.

The group monitors external factors that could have an impact on the business both in the immediate and long-term future and takes decisions bearing in mind all potential impacts of, but not limited to, environmental concerns and pandemics.

Section 172 statement

The directors are fully aware of their responsibilities to promote the success of the company in accordance with section 172 of the Companies Act 2006.

During the financial year the directors have acted in a manner that they believe has the best interests of the company, and all its stakeholders, as the main driving force behind all decisions taken. This includes the interests of the company's employees, shareholders, customers, suppliers and business partners and also the wider community and the environment. The company's reputation is core when making decisions. Acting in good faith and fairly between stakeholders, the directors, at all times, consider what is most likely to promote the success of the company for its members in the long term.

Employees

The group aims to be a responsible and fair employer, treating all colleagues equally and with respect and to provide fair remuneration and benefits. We aim to create an inclusive environment where all colleagues feel valued, have a sense of belonging and are supported to develop and grow with us regardless of gender, race, sexuality, disability, or background. Health and safety of all our colleagues is of the highest priority and the directors continually invest to ensure the highest of standards are maintained throughout the businesses. The wellbeing and mental health of all colleagues is of paramount importance to the group with investments made in the provision of trained mental health first aiders throughout the business.

Shareholders

The directors work very closely with the group's shareholders, informing them of key business initiatives and investments throughout the year and through regular monthly financial updates. All actions of the directors are taken with the long-term benefit of the shareholders in mind.

Customers

The satisfaction and welfare of our customers is paramount to the company culture that the directors instil throughout the business. Continuous training and communication of, and to, our colleagues aims to ensure the highest possible level of customer satisfaction and engagement is made with every single customer interaction.

Suppliers and business partners

Regular meetings are held with our manufacturer partners to ensure the company adheres to brand requirements. The company monitors its suppliers to ensure that all relevant regulations are met within their own manufacturing and employment frameworks.

Jardine Motors Group UK Limited

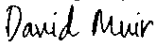
Strategic report for the year ended 31 December 2021 (continued)

Section 172 statement (continued)

Wider community and environment

The directors are aware of the impact of the company's operations within the local community and on the environment and consider these factors when taking decisions and making investments.

On behalf of the Board

DocuSigned by:

32957D48E27F468

D Muir

Company Director

16 June 2022

Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2021

The directors present their Annual report and the audited financial statements of the group and company for the year ended 31 December 2021.

Principal activities

The principal activities of the business are discussed in the Strategic report on page 2.

Review of the business and future developments

The review of the business and future developments are discussed in the Strategic report on pages 2 to 4.

Principal risks and uncertainties

The principal risks and uncertainties facing the group are discussed in the Strategic report on page 3.

Financial risk management

a) Funding and liquidity risk

The group's policy is to ensure that funding requirements forecast by the group can be met within available bank and manufacturer funding facilities. The group has committed facilities in place expiring after a period of at least twelve months from the date when the financial statements are approved.

The group holds motor manufacturer funding facilities with each of its franchise partners. These incur stocking charges tied to Bank of England Base Rate based interest rates and are secured against vehicles held mostly on consignment, which can be returned to the manufacturer. The sizes of the facilities are reviewed by the group and manufacturers annually in line with operating needs.

The group continues to operate comfortably within its available bank and manufacturer funding facilities limits and its forecasts for the forthcoming twelve months show this position continuing.

b) Interest rate risk

The group's interest rate practice is to manage the risk of interest rate fluctuations on the cash flows payable on the group's debt and manufacturer funding facilities. Interest rates remain low and the group continues to monitor this on a daily basis. With the retained low interest rates the group does not currently consider a hedging exercise to be appropriate in the current market conditions.

c) Credit risk

An external credit risk company is used to check the credit ratings of corporate customers 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.

d) Market risk

The directors monitor and consider, at all times, any events that may have an impact on macro-economic conditions and the potential effect caused to the UK new and used car retail markets.

Corporate governance

The company does not apply a corporate governance code. The company applies corporate governance as required by the ultimate parent undertaking, Jardine Matheson Holdings Limited. The corporate governance policies applied by the ultimate parent undertaking are set out in their Annual Report.

Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2021 (continued)

Corporate governance (continued)

As a member of the Jardine Matheson group of companies, corporate governance of the Jardine Motors Group UK Limited group of companies relies on a combination of shareholder, board and management supervision together with strict financial, internal audit and risk management procedures.

The group has a Board currently consisting of four directors; two executive and two non-executive. The Board meets regularly throughout the year to review the overall performance of the group, to agree strategy and discuss all issues that have either arisen or are facing the group.

The group has a Risk Management and Compliance Committee ("RMCC"). The group's internal audit function performs both operational and financial audits, together with follow up visits normally within three months of the issued report. All internal audit reports are issued to the RMCC, the board of executive directors and the respective management teams. Dealerships are also subject to annual health and safety audits and regular operational audits from manufacturers.

The group also has a dedicated Financial Conduct Authority (FCA) compliance team. This team specifically audits each dealership and the group's marketing activities for FCA compliance with regular follow up audits.

Below the Board, the group has a management committee that regularly meets. This committee consists of the group's executive directors and its operational leadership team covering each discipline of the business and is chaired by the group's CEO. The committee reviews all aspects of the group's activities and provides clear guidance and direction for the effective management of all parts of the business. The executive directors also produce a corporate risk register that is updated and presented to the RMCC and the Board on a regular basis.

Further committees are established as required to oversee individual areas within the group's control structure. A key established committee is the risk management forum that is tasked with monitoring day to day operating risks and making recommendations to the management committee.

The group operates a delegation of authority matrix for its management teams below directorship level and this is monitored through monthly performance reviews at every dealership, where the local management teams meet with operational directors to review performance.

Results and dividends

The results of the group for the year are set out in the consolidated profit and loss account on page 16.

The directors have not declared nor paid a dividend during the year (2020: none).

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

D N Williamson
D J Muir
P Hawkins
A Keswick *

The directors of any parent companies are marked with an asterisk, these include Jardine Motors Group Holdings Limited and Jardine Matheson Holdings Limited.

Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2021 (continued)

Qualifying third party indemnity provisions

No qualifying third-party indemnity provision was in force during the financial year ended 31 December 2021 or at the date of this report.

Going concern

The directors have adopted the going concern basis in preparing these financial statements after assessing the group's principal risks, including those arising from COVID-19.

The group meets its day-to-day working capital requirements through a mixture of its banking facilities and manufacturer stock funding lines. The directors have assessed the group's ability to continue trading for the twelve months following the approval of these financial statements by preparing detailed cash flow and profit forecasts, including considering a "severe but plausible" downside scenario which considers a slow down in the economy in general (reflecting the current global economic uncertainty and increasing inflation) and models the impact on the trading results for the group.

The directors have concluded that they have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its financial statements.

Employees and equal opportunities

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

It is the group's policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex and sexual orientation. 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 group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion opportunities 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 group as a whole. Communication with all employees continues through internal newsletters, briefing groups and various electronic communications.

Political donations

During the year, the group made no political contributions (2020: £nil).

Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2021 (continued)

Streamlined Energy & Carbon Reporting (SECR)

The following summarises the energy usage, associated emissions and energy efficiency actions and energy performance for Jardine Motors Group UK Limited under the government policy Streamlined Energy & Carbon Reporting (SECR), as implemented by the Companies (Directors' report) Regulations 2018.

It also summarises the methodologies utilised for all calculations related to the elements reported under Energy & Carbon.

Under the SECR legislation the group is mandated to include energy consumption, emissions, intensity metrics and all energy efficiency improvements implemented during the most recent financial year. An organisational boundary has been applied for the purposes of the reporting.

The data covers Jardine Motors Group UK Limited and all of its subsidiary undertakings.

Year 2

Scope 1 and 3 direct emissions (combustion of natural gas and transportation fuels) for this year of reporting are 2,869.97 tCO₂e (2020: 2,970.90 tCO₂e), resulting from the direct combustion of 14,228,065 kWh of fuel (2020: 14,484,440 kWh). This represents a carbon reduction of 3.4% from last year.

Scope 2 indirect emissions (purchased electricity) for this year of reporting are 2,678.97 tCO₂e (2020: 2,755.39 tCO₂e) resulting from the consumption of 12,617,015 kWh (2020: 11,818,617 kWh) of electricity purchased and consumed in day-to-day business operations. This represents a carbon reduction of 2.8% from last year.

The group's operations have an intensity metric of 45.27 tCO₂e (2020: 40.86 tCO₂e) per '000m², 3.44 tCO₂e (2020: 4.22 tCO₂e) per £m turnover, and 2.05 tCO₂e (2020: 2.08 tCO₂e) per full time equivalent employee for this reporting year.

Energy efficiency improvements

The group are committed to year-on-year improvements in their operational energy efficiency. As such, a register of energy efficiency measures available to the group has been compiled, with a view to implementing these measures in the next 5 years.

Measures ongoing and undertaken through 2021 and prioritised for 2022

- **HVAC monitoring**
During 2021, a number of dealerships were fitted with SmartCool technology to monitor consumption with the objective of identifying trends to reduce energy consumption.
- **Energy consumption monitoring**
Electricity and gas usage reports are now available to the group via the Inspired Energy CARO Energy Management System enabling year on year comparisons of consumption at group and dealership level. The group is focussing on enhancing dealership knowledge and awareness of the reports available in the system to actively identify trends in consumption and take action where necessary and appropriate.
- **Increased use of video conferencing facilities**
Use of video conferencing facilities throughout the business during COVID-19 restrictions has significantly reduced the amount of non-essential travel.

Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2021 (continued)

Streamlined Energy & Carbon Reporting (SECR) (continued)

- EV charging installations
The group are installing electric vehicle charging points throughout its portfolio of dealerships. This has been prioritised in the business to demonstrate and assist with the growing plan, within the UK, for decarbonisation of the motor vehicle industry, encouraging the purchase and use of electric vehicles on a larger scale.
- LED lighting replacements
Lighting forms a significant portion of the electricity consumption on site throughout the group. By retrofitting existing fluorescent lighting with LED equivalents, significant improvements have been made in the energy consumption of lighting provision. This has been implemented in most of the group's dealerships and is prioritised for remaining dealerships through 2022.

Reporting methodology

Scope 1 and 2 consumption and CO₂e emission data has been calculated in line with the 2019 UK government environmental reporting guidance. The following Emission Factor Databases, consistent with the 2019 UK government environmental reporting guidance, have been used utilising the current published kWh gross calorific value (CV) and kgCO₂e emissions factors relevant for reporting the year ended 31 December 2021: (Database 2021, Version 1.0).

Intensity metrics have been calculated utilising the 2021 reportable figures for the following metrics, and tCO₂e for both individual sources and total emissions were then divided by this figure to determine the tCO₂e per metric:

- | | |
|---|---------------------------|
| • Occupied floor area ('000m ²) | 122.58 (2020: 140.14) |
| • Total turnover (£m) | 1,612.81 (2020: 1,357.83) |
| • Full time equivalents (FTE) | 2,709 (2020: 2,756) |

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2021 (continued)

Statement of directors' responsibilities in respect of the financial statements (continued)

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Directors' confirmations

In the case of each director in office at the date the Directors' report is approved:

- so far as the directors are aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Independent auditors

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

On behalf of the Board

D Muir
Company Director
16 June 2022

DocuSigned by:
David Muir
32957D4BE27F468

Jardine Motors Group UK Limited

Independent auditors' report to the members of Jardine Motors Group UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Jardine Motors Group UK Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and consolidated financial statements (the "Annual Report"), which comprise: the Consolidated and Company balance sheets as at 31 December 2021; the Consolidated profit and loss account, the Consolidated statement of comprehensive income, the Consolidated and Company statement of changes in equity and the Consolidated statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Jardine Motors Group UK Limited

Independent auditors' report to the members of Jardine Motors Group UK Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Jardine Motors Group UK Limited

Independent auditors' report to the members of Jardine Motors Group UK Limited (continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Financial Conduct Authority regulations, General Data Protection Regulation and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to overriding controls which would otherwise appear to be operating effectively, primarily through inappropriate or unauthorised journal entries as well as management bias in accounting estimates. Audit procedures performed by the engagement team included:

- reviewing board minutes;
- inquiries with management about any instances of known or suspected non-compliance with laws and regulations;
- reviewing legal expenses incurred by the group and confirming certain legal positions with the Group's external advisors;
- reviewing internal audit reports;
- testing, on a risk basis, journal entries that have unusual account combinations including involving unusual postings to revenue accounts;
- testing management's assumptions made in their significant accounting estimates, in particular in relation to impairment of assets, to ensure these are not indicative of management bias; and
- designing audit procedures to incorporate an element of unpredictability by auditing areas that may otherwise not have been audited owing to immateriality.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Jardine Motors Group UK Limited

Independent auditors' report to the members of Jardine Motors Group UK Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Linda Kempenaar (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge

16 June 2022

Jardine Motors Group UK Limited

Consolidated profit and loss account for the year ended 31 December 2021

	Note	Continuing operations 2021 £'000	Discontinued operations 2021 £'000	Total 2021 £'000	Continuing operations 2020 £'000	Discontinued operations 2020 £'000	Total 2020 £'000
Turnover	5	1,585,959	26,852	1,612,811	1,304,628	53,201	1,357,829
Cost of sales		(1,441,611)	(24,598)	(1,466,209)	(1,206,646)	(48,867)	(1,255,513)
Gross profit		144,348	2,254	146,602	97,982	4,334	102,316
Selling and distribution		(68,957)	(1,186)	(70,143)	(64,187)	(3,249)	(67,436)
Administrative expenses		(49,806)	(601)	(50,407)	(55,782)	(1,467)	(57,249)
Other operating	6	2,092	65	2,157	12,575	-	12,575
Operating profit/(loss)	6	27,677	532	28,209	(9,412)	(382)	(9,794)
Exceptional items	7	4,359	-	4,359	(4,088)	-	(4,088)
Profit/(loss) before interest and		32,036	532	32,568	(13,500)	(382)	(13,882)
Interest receivable and similar income	11	-	-	-	21	-	21
Interest payable and similar	11	(3,703)	(6)	(3,709)	(5,486)	(109)	(5,595)
Profit/(loss) before		28,333	526	28,859	(18,965)	(491)	(19,456)
Tax on profit/(loss)	12	(6,393)	-	(6,393)	3,258	-	3,258
Profit/(loss) for the financial year		21,940	526	22,466	(15,707)	(491)	(16,198)

Jardine Motors Group UK Limited

Consolidated statement of comprehensive income for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Profit/(loss) for the financial year		22,466	(16,198)
Other comprehensive income/(expense) - Re-measurements of net defined benefit obligation	23	17,031	(16,490)
Total tax on components of other comprehensive (expense)/income	12(b)	(1,831)	3,612
Total comprehensive income/(expense) for the financial year		37,666	(29,076)

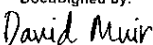
Jardine Motors Group UK Limited

Consolidated balance sheet as at 31 December 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	13	10,997	13,882
Tangible assets	14	137,176	147,891
		148,173	161,773
Current assets			
Stocks	16	219,992	224,840
Debtors	17	50,153	60,678
Cash at bank and in hand		3,495	5,357
		273,640	290,875
Creditors - amounts falling due within one year	18	(167,218)	(246,635)
Net current assets		106,422	44,240
Total assets less current liabilities		254,595	206,013
Creditors – amounts falling due after more than one year	19	(91,500)	(65,000)
Provision for other liabilities	21	(4,441)	(3,103)
Post-employment benefits	23	(19,886)	(36,808)
Net assets		138,768	101,102
Capital and reserves			
Called-up share capital	24	97,500	97,500
Retained earnings		41,268	3,602
Total equity		138,768	101,102

The notes on pages 23 to 54 are an integral part of these financial statements.

The financial statements on pages 16 to 54 were approved by the board of directors on 16 June 2022 and were signed on its behalf by:

DocuSigned by:

 32957D4BE27F468

D Muir
Company Director

Jardine Motors Group UK Limited
 Registered Number 02470318

Jardine Motors Group UK Limited


Company balance sheet as at 31 December 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Shares in group undertakings	15	51,511	51,511
		51,511	51,511
Current assets			
Debtors	17	153,323	149,278
Cash at bank and in hand		9,647	3,084
		162,970	152,362
Creditors - amounts falling due within one year	18	(9,213)	(52,117)
Net current assets		153,757	100,245
Total assets less current liabilities		205,268	151,756
Creditors – amounts falling due after more than one year	19	(64,000)	(15,000)
Post-employment benefits	23	(19,886)	(21,775)
Net assets		121,382	114,981
Capital and reserves			
Called-up share capital	24	97,500	97,500
Retained earnings		23,882	17,481
Total equity		121,382	114,981

The company's result for the financial year amounted to a profit of £4,512,000 (2020: loss of £853,000).

The notes on pages 23 to 54 are an integral part of these financial statements.

The financial statements on pages 16 to 54 were approved by the board of directors on 16 June 2022 and were signed on its behalf by:

DocuSigned by:

 32957D48E27F468

D Muir
Company Director

Jardine Motors Group UK Limited
 Registered Number 02470318

Jardine Motors Group UK Limited

Consolidated statement of changes in equity for the year ended 31 December 2021

	Called-up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at as 1 January 2020	97,500	32,678	130,178
Total comprehensive expense for the year			
Loss for the year	-	(16,198)	(16,198)
Other comprehensive expense for the year	-	(12,878)	(12,878)
Total comprehensive expense for the year	-	(29,076)	(29,076)
Balance as at 31 December 2020	97,500	3,602	101,102
	Called-up share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2021	97,500	3,602	101,102
Total comprehensive income for the year			
Profit for the year	-	22,466	22,466
Other comprehensive income for the year	-	15,200	15,200
Total comprehensive income for the year	-	37,666	37,666
Balance as at 31 December 2021	97,500	41,268	138,768

Jardine Motors Group UK Limited

Company statement of changes in equity for the year ended 31 December 2021

	Called-up share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2020	97,500	12,222	109,722
Total comprehensive income for the year			
Loss for the year	-	(853)	(853)
Other comprehensive income for the year	-	6,112	6,112
Total comprehensive income for the year	-	5,259	5,259
Balance as at 31 December 2020	97,500	17,481	114,981

	Called-up share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2021	97,500	17,481	114,981
Total comprehensive income for the year			
Profit for the year	-	4,512	4,512
Other comprehensive income for the year	-	1,889	1,889
Total comprehensive income for the year	-	6,401	6,401
Balance as at 31 December 2021	97,500	23,882	121,382

Jardine Motors Group UK Limited

Consolidated statement of cash flows for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Net cash from operating activities	26	2,496	18,439
Taxation (paid)/received		(3,505)	706
Net cash (used in)/generated from operating activities		(1,009)	19,145
Cash flow from investing activities			
Disposals of dealerships (net cost of disposals)	28	9,190	3,072
Purchase of tangible assets	14	(5,819)	(7,847)
Proceeds from disposals of tangible assets		5,328	1,340
Interest received	11	-	21
Net cash generated from/(used in) investing activities		8,699	(3,414)
Cash flow from financing activities			
Interest paid	11	(3,052)	(4,570)
Drawdown on revolving credit facility		119,000	111,000
Repayment on revolving credit facility		(130,000)	(119,000)
Drawdown of overnight facility		7,000	2,000
Drawdown of bank loans		10,000	25,000
Repayment of bank loans		-	(20,000)
Repayment of amount owed to group undertakings		(12,500)	-
Net cash used in financing activities		(9,552)	(5,570)
Net (decrease)/increase in cash and cash equivalents		(1,862)	10,161
Cash and cash equivalents at the beginning of the year		5,357	(4,804)
Cash and cash equivalents at the end of the year	26	3,495	5,357
Cash and cash equivalents consist of:			
Cash at bank and in hand		3,495	5,357
Cash and cash equivalents		3,495	5,357

The company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under paragraph 1.12 (b) of FRS 102 not to present the company statement of cash flows.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

1 General information

The principal activity of Jardine Motors Group UK Limited (the 'company') and its subsidiaries (together 'the group') is the retail distribution of motor vehicles and related activities in the motor trade.

The company is a private company limited by shares and is incorporated in England. The address of its registered office is 770 The Crescent, Colchester Business Park, Colchester, Essex, CO4 9YQ.

2 Statement of compliance

The group and individual financial statements of Jardine Motors Group UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account and other comprehensive income.

Going concern

The directors have adopted the going concern basis in preparing these financial statements after assessing the group's principal risks, including those arising from COVID-19.

The group meets its day-to-day working capital requirements through a mixture of its banking facilities and manufacturer stock funding lines. The directors have assessed the group's ability to continue trading for the twelve months following the approval of these financial statements by preparing detailed cash flow and profit forecasts, including considering a "severe but plausible" downside scenario which considers a slow down in the economy in general (reflecting the current global economic uncertainty and increasing inflation) and models the impact on the trading results for the group.

The directors have concluded that they have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its financial statements.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions.

The company has taken advantage of the following exemptions in its individual financial statements:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows; and
- from disclosing the company key management personnel compensation, as required by FRS 102, paragraph 33.7.

Basis of consolidation

The group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings. Each subsidiary undertaking has adopted the group's accounting policies. All intra-group transactions, balances and unrealised profits and losses on transactions between group companies have been eliminated.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the balance sheet, the acquired identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

Functional and presentation currency

The group financial statements are presented in pound sterling and rounded to thousands. The company's functional and presentation currency is pound sterling.

Revenue recognition

Turnover comprises the value of sales of motor vehicles and parts, income from financing agreements and income from servicing and repairing of vehicles. Value added tax and discounts are 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 completion of service work. In practice this means that turnover is recognised when vehicles are invoiced and physically dispatched or when the service or repair has been undertaken. In respect of income from financing agreements, the revenue is recognised in the period in which the related product is sold and receipt of payment assured.

Rebates

Any rebates received from suppliers for achievement of set targets are recognised in the profit and loss account (cost of sales) only when the target has been achieved and the amount of rebate payable confirmed by the supplier.

Government grants

The group recognises any government grants, including receipts under the Coronavirus Job Retention Scheme, as they are received and only when there is reasonable assurance that the group has complied with conditions relating to the grants. Such grants are recognised in the Profit and Loss account in the periods during which the costs for which they are intended to compensate are incurred. The grants are presented as other operating income.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

Exceptional items

The group classifies certain one-off charges or credits that are of a non-recurring nature and that have a material impact on the group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the group.

Employee benefits

The group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and contribution pension plans. The group also provide a car purchase and loan scheme to certain employees; the related vehicles are available for sale by the group and therefore reflected as stock.

Pensions

The group operates one defined benefit scheme and a defined contribution pension scheme.

Defined benefit scheme

Trustees administer the defined benefit scheme and the funds are independent of the group's assets. The scheme is a legacy closed scheme to which the group no longer accepts new entrants.

The liability recognised in the balance sheet in respect of the scheme is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments.

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial valuations of the scheme are carried out every three years. The last actuarial valuation was as at 5 April 2020.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Re-measurements of net defined benefit obligation'.

The cost of the defined benefit scheme is recognised in the profit and loss account as employee costs, except where included in the cost of an asset, comprises:

- the increase in pension benefit liability arising from employee service during the period; and
- the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of the plan assets. The cost is recognised in the profit and loss account as a finance expense within interest and other net finance expenses.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

Pensions (continued)

Defined contribution scheme

The defined contribution scheme is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

Taxation

Current tax is the amount of corporation tax payable provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.

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 substantively enacted at the balance sheet date.

Goodwill

Goodwill arising on acquisition, being the difference between the fair value of net assets acquired and the consideration paid, is recognised in the balance sheet as an intangible fixed asset and amortised over the directors' estimate of its useful life. As the directors expect the useful life of the goodwill to be greater than ten years, the group amortises goodwill over ten years as required by FRS 102.

On acquisition, goodwill is allocated to cash generating units (CGU) on a franchise basis. This is the level at which goodwill is monitored for internal purposes.

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.

Goodwill is tested annually for impairment. This is based on value-in-use calculations for each CGU to derive a recoverable amount. These calculations require the use of estimates regarding the expected future cashflows.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

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

No depreciation is provided on freehold and long leasehold 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.

Shares in group undertakings

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

Leased assets

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

Where assets are financed by leasing arrangements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

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. The interest cost related to consignment stock is disclosed as stocking loan interest within interest payable and similar expenses. Consignment stock that is non-interest bearing is excluded from the balance sheet as the risks and rewards do not transfer to the group. 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.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

Trade and other debtors

Trade and other 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 when they are identified.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable are shown within borrowings in current liabilities. The group has a cash pooling agreement which requires any cash held to be offset against the overdrafts.

Provisions

The group provides in full for liabilities when it has a legal or constructive obligation arising from a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Financial instruments

The group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Related party transactions

The group discloses transactions with related parties which are not wholly owned within the same group (being the group headed by the ultimate parent undertaking Jardine Matheson Holdings Limited). Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

4 Critical accounting judgements and estimation uncertainty

Critical accounting judgements

Exceptional items

The group classifies certain one-off charges or credits that are of a non-recurring nature as exceptional. This can involve management judgement in determining whether an item is one-off and/or non-recurring in nature as well as the materiality of the relevant items.

Estimation uncertainty

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimated useful lives of goodwill and other fixed assets

The group estimates the useful life of goodwill and tangible fixed assets and reviews these estimates at each financial year end.

Impairment of goodwill and other fixed assets

The group tests for impairment annually by applying procedures to ensure that its assets are carried at no more than their recoverable amount. The procedures require estimates and assumptions to be made.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

4 Critical accounting judgements and estimation uncertainty (continued)

Impairment of goodwill and other fixed assets (continued)

The group is required to test whether goodwill has suffered any impairment if a trigger event occurs. As part of this testing, the recoverable amounts of cash generating units (CGUs) have been estimated based on value-in-use calculations. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the CGU and the choice of suitable discount rates in order to calculate the present value of the forecast cash flows. Allocation of goodwill into individual CGUs is determined on a franchise basis.

The group's property portfolio is reviewed for impairment at each year-end by reference to third party valuations.

Stock

As stocks are carried at the lower of cost and net realisable value this requires the estimation of the eventual sales price of goods to customers in the future. A degree of judgement is applied when estimating the impact on the carrying value of stock of factors such as obsolete, slow moving and defective stocks. The quantity, age and condition of stocks are regularly measured and assessed as part of a range of reviews and stock counts undertaken throughout the year and across the group.

Provisions

The group provides for estimated future leasehold dilapidation costs in relation to properties where the lease expires within 12 months of the balance sheet date.

The group provides for estimated future lease costs in excess of expected sub-let rentals in respect of vacant leasehold properties where the on-going lease rentals are deemed to be onerous.

The group provides for estimated liabilities in relation to closed and disposed dealerships.

The group provides for contracted future costs where the underlying contract has no further benefit for the group.

All provisions are based on estimates and judgements given the best available data at the balance sheet date.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

4 Critical accounting judgements and estimation uncertainty (continued)

Post-employment benefits

The present value of the defined benefit pension liabilities recognised on the balance sheet is dependent on a number of assumptions including inflation assumptions, discount rate, rate of increase in pensions in payment and revaluation rate for deferred pensioners. The net interest expense or income is dependent on the interest rates of high-quality corporate bonds. The assumptions are based on the conditions at the time and changes in these assumptions can lead to significant movements in the estimated obligations.

5 Turnover

All turnover of the group's subsidiary undertakings is derived from retail and commercial motor trade activities transacted from dealerships within the United Kingdom.

An analysis of turnover by category is as follows:

	2021 £'000	2020 £'000
New car sales	677,903	608,782
Used car sales	803,452	631,080
Aftersales	131,456	117,967
	1,612,811	1,357,829

Included within new and used car sales, income from financing agreements of £19,318,000 (2021: £13,734,000).

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

6 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	2021 £'000	2020 £'000
Depreciation of tangible fixed assets (note 14)	9,837	9,397
Net provisions provided (note 21)	2,027	1,376
Amortisation of goodwill (note 13)	2,885	3,596
Stocks recognised as an expense	1,395,628	1,198,437
Impairment of stocks (note 16)	386	700
Impairment of trade debtors	266	465
Operating lease charges - land and buildings	11,059	10,904
Operating lease charges - plant and machinery	316	243
Government grants received	(2,157)	(12,575)
Services provided by the company's auditors		
- the audit of parent company and consolidated financial statements	30	28
- the audit of company's subsidiaries pursuant to legislation	330	315
- other non-audit services	168	100

In addition to the fees set out above paid to PricewaterhouseCoopers LLP there were non-audit services of £40,000 (2020: £60,000) for services related to the group's defined benefit pension schemes.

7 Exceptional items

	2021 £'000	2020 £'000
Exceptional re-structure costs	-	(2,558)
Profit on sale of freehold property	2,222	-
Profit/(loss) on disposal/closure of dealerships (note 28)	2,137	(1,530)
	4,359	(4,088)

The group sold a freehold property in Milton Keynes and recognised a profit on sale. The property had been used as a group pdi centre and has been replaced with alternative leased premises.

The profit on disposal/closure of dealerships is in regards the sale of Toyota dealerships as disclosed in note 28.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

8 Company profit and loss account

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 and consequently a profit and loss account for Jardine Motors Group UK Limited is not presented. The company's result for the financial year amounted to a profit of £4,512,000 (2020: loss of £853,000).

9 Employees

The group average monthly number of employees, including the executive directors employed by the group, within each category of persons was:

	2021 Number	2020 Number
Sales	682	774
Aftersales	1,400	1,362
Administration	627	620
	2,709	2,756

The costs incurred in respect of these employees were:

	2021 £'000	2020 £'000
Wages and salaries	101,275	93,911
Social security costs	10,922	10,162
Other pensions costs (note 23)	2,067	2,226
	114,264	106,299

The company has no (2020: none) employees other than the executive directors whose emoluments are disclosed in note 10.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

10 Directors Emoluments

	Total directors		Highest paid director	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Aggregate emoluments	1,100	1,037	595	610
Post-employment benefits	40	46	10	10
	1,140	1,083	605	620

The emoluments stated above are on an accruals basis.

There are no retirement benefits accruing to the executive directors under defined benefit schemes (2020: none).

Key management compensation

The directors consider the only key management are the directors disclosed above (executive and non-executive).

11 Interest and other net finance expenses

	2021 £'000	2020 £'000
Interest receivable and similar income		
Other interest received	-	21

	2021 £'000	2020 £'000
Interest payable and similar expenses		
Bank loans and overdrafts	714	1,000
Interest paid to group undertakings	427	648
Stocking loan interest	1,911	2,922
	3,052	4,570

	2021 £'000	2020 £'000
Finance expenses		
Pension charge (note 23)	569	933
Unwinding of discount in provisions (note 21)	88	92
	657	1,025

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

12 Tax on profit/(loss)

(a) Tax charge/(credit) included in profit and loss	2021 £'000	2020 £'000
Current tax:		
UK corporation tax at 19.00% (2020: 19.00%)	3,618	(364)
Adjustments in respect of prior years	(199)	(520)
Total current tax	3,419	(884)
Deferred tax:		
Pension deficit	557	443
Accelerated capital allowances	(158)	(5)
Intangible fixed assets	(75)	(159)
Other short-term temporary differences	2,671	(2,610)
Adjustments in respect of prior years	(21)	(43)
Total deferred tax (note 22)	2,974	(2,374)
Tax on profit/(loss)	6,393	(3,258)
(b) Tax (charge)/credit included in other comprehensive income/(expense)	2021 £'000	2020 £'000
Deferred tax:		
(Loss)/gain relating to pension liability (note 22)	(1,831)	3,612
Total tax included in other comprehensive income/(expense)	(1,831)	3,612

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

12 Tax on profit/(loss) (continued)

(c) Reconciliation of tax charge/(credit)

The tax assessed for the year is higher (2020: higher) than the effective standard rate of corporation taxation in the UK of 19.00% (2020: 19.00%). The differences are explained below:

	2021 £'000	2020 £'000
Profit/(loss) before taxation	28,859	(19,456)
Profit/(loss) before taxation multiplied by standard corporation tax rate in the UK at 19.00% (2020: 19.00%)	5,483	(3,697)
Effects of:		
Expenses not deductible for tax purposes	552	755
Net temporary differences: effect of change in tax rates	578	247
Adjustments in respect of prior years	(220)	(563)
Total tax charge/(credit) for the year	6,393	(3,258)

13 Intangible assets

Group	Goodwill £'000
Cost	
At 1 January 2021	44,045
At 31 December 2021	44,045
Accumulated amortisation	
At 1 January 2021	30,163
Charge for the year	2,885
At 31 December 2021	33,048
Net book amount	
At 31 December 2021	10,997
At 31 December 2020	13,882

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

13 Intangible assets (continued)

As the directors expect the useful life of the goodwill to be greater than ten years, the group amortises goodwill over ten years.

The group has tested each of the group's four cash generating units (CGU) carrying value of goodwill for impairment by reference to projected discounted cash flows on a value-in-use basis. The value-in-use calculations are based on five-year projections with a terminal value at the end of year five into perpetuity with growth rates of 2%. The key assumptions used for these forecasts are volumes, gross margins and costs (relating to revenues and cash flow generation). The five-year forecast growth rates are based on historic trading together with future expectations for each CGU franchise revenue growth. The pre-tax discount rates applied to the cash flow forecasts are derived from the group's post-tax weighted average cost of capital. The assumptions used in the calculation of the group's weighted average cost of capital are benchmarked to externally available data. The pre-tax discount rate used in performing the value in use calculations in 2021 was 9.4%. The same discount rate has been used for all CGUs.

One CGU is more sensitive, and the value-in-use exceeds the carrying value by c£30.2m. This CGU is particularly sensitive to changes in assumptions. The average return on sales in the model is 1.9%, a reduction of 0.7% return on sales would cause an impairment.

Company

The company has no intangible assets (2020: £nil).

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

14 Tangible assets

Group	Land and buildings		Plant and machinery £'000	Computer equipment £'000	Furniture, equipment and motor vehicles £'000	Total £'000
	Freehold and long leasehold £'000	Short leasehold £'000				
Cost						
At 1 January 2021	120,597	27,315	18,388	14,152	22,671	203,123
Additions	-	1,528	1,726	1,501	1,064	5,819
Disposals	(7,807)	(3)	(911)	(1,543)	(1,750)	(12,014)
Reclassification	-	-	(331)	-	331	-
At 31 December 2021	112,790	28,840	18,872	14,110	22,316	196,928
Accumulated depreciation						
At 1 January 2021	10,182	13,810	10,441	8,366	12,433	55,232
Charge for the year	1,737	1,739	1,873	1,962	2,526	9,837
Disposals	(1,965)	-	(855)	(1,192)	(1,305)	(5,317)
Reclassification	-	-	(1)	-	1	-
At 31 December 2021	9,954	15,549	11,458	9,136	13,655	59,752
Net book amount						
At 31 December 2021	102,836	13,291	7,414	4,974	8,661	137,176
At 31 December 2020	110,415	13,505	7,947	5,786	10,238	147,891

Company

The company has no tangible assets (2020: £nil).

15 Shares in group undertakings

Company	£'000
Cost	
At 1 January and 31 December 2021	51,511
Provision	
At 1 January and 31 December 2021	-
Net book amount	
At 31 December 2021	51,511
At 31 December 2020	51,511

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

15 Shares in group undertakings (continued)

As at 31 December 2021 subsidiary undertakings of the company are as follows:

Subsidiary Undertaking	Class of Share	Principal Activity
Abridge Loughton TPS Limited	100% Ordinary Shares	Wholesale trade parts centre
Appleyard Group Limited	100% Ordinary Shares	Holding company for non-trading subsidiary companies
Carrs (Holdings) Limited	100% Ordinary Shares	Dormant
Jardine Automotive Limited	100% Ordinary Shares	Retail distribution of motor vehicles and the supply of related goods and services
Jardine Cars Limited	100% Ordinary Shares	Retail distribution of motor vehicles and the supply of related goods and services
Jardine Luxury Vehicles Limited	100% Ordinary Shares	Retail distribution of motor vehicles and the supply of related goods and services
Jardine Motors Pension Trustees Limited	100% Ordinary Shares	Trustee company for the group pension scheme
Jardine Motors Services Limited	100% Ordinary Shares	Dormant
Jardine Specialist Cars Limited	100% Ordinary Shares	Retail distribution of motor vehicles and the supply of related goods and services
Jardine Sports Cars Limited	100% Ordinary Shares	Retail distribution of motor vehicles and the supply of related goods and services and owns property
Lancaster Public Limited Company	100% Ordinary Shares	Holding company for subsidiary companies, provides management services to the group and owns property
Lancaster Motors (Property) Limited	100% Ordinary Shares	Dormant
Scotthall Limited	100% Ordinary Shares	Dormant
Spencers Limited	100% Ordinary Shares	Dormant
Wayside Group Limited	100% Ordinary Shares	Dormant
Wayside Trade Parts Limited	100% Ordinary Shares	Wholesale trade parts centres

All of the above subsidiary undertakings of the company had a registered address of 770 The Crescent, Colchester Business Park, Essex, CO4 9YQ.

The following subsidiary undertaking of the company as at 31 December 2021 had a registered address of 302 St. Vincent Street, Glasgow, Scotland, G2 5RZ:

Subsidiary Undertaking	Class of Share	Principal Activity
JMG (Scotland) Limited	100% Ordinary Shares	Solely owns shares in JMG LP and acts as the General Partner of the entity

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

15 Shares in group undertakings (continued)

The group also owns 100% of the share capital of JMG LP. JMG LP owns freehold properties and sub-lets to *Jardine Automotive Limited*, *Jardine Sports Cars Limited* and *Jardine Luxury Vehicles Limited*, group subsidiary undertakings, at open market rentals. JMG LP is a Scottish Limited Partnership of which the Partners are all part of Jardine Motors Group UK Limited. The results and balance sheet of JMG LP are consolidated into these financial statements. All other group subsidiary undertakings are wholly owned and are registered and operate in England and Wales.

Appleyard Group Limited, Lancaster Public Limited Company, JMG (Scotland) Limited and Jardine Motors Pension Trustees Limited are held directly. The remainder of the subsidiary undertakings are held indirectly.

All subsidiary undertakings of the group, with the exception of Lancaster Public Limited Company, have taken advantage of the exemption from an audit for the year ended 31 December 2021 available under s479A of the Companies Act 2006 as the company has given a statutory guarantee of all of the outstanding liabilities of the subsidiaries as at 31 December 2021.

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

During the year applications were made to dissolve the following subsidiary undertakings:

Subsidiary Undertaking	Class of Share	Principal Activity
Appleyard Group Limited (dissolved 7 June 2022)	100% Ordinary Shares	Holding company for non-trading subsidiary companies
Carrs (Holdings) Limited (dissolved 3 May 2022)	100% Ordinary Shares	Dormant
Jardine Motors Services Limited (dissolved 12 April 2022)	100% Ordinary Shares	Dormant
Lancaster Motors (Property) Limited (dissolved 3 May 2022)	100% Ordinary Shares	Dormant
Scotthall Limited (dissolved 4 January 2022)	100% Ordinary Shares	Dormant
Spencers Limited (dissolved 3 May 2022)	100% Ordinary Shares	Dormant
Wayside Group Limited (dissolved 3 May 2022)	100% Ordinary Shares	Dormant

During the year the following subsidiary undertakings were struck off and dissolved:

Subsidiary Undertaking	Class of Share Pre-Dissolution	Principal Activity Pre-Dissolution
Clover Leaf Cars Limited	100% Ordinary Shares	Dormant
Enidraj Holdings I Limited	100% Ordinary Shares	Dormant
Enidraj Holdings II Limited	100% Ordinary Shares	Dormant
Enidraj Holdings III Limited	100% Ordinary Shares	Dormant
Enidraj Holdings IV Limited	100% Ordinary Shares	Dormant
Enidraj Holdings V Limited	100% Ordinary Shares	Dormant

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

16 Stocks

	Group 2021 £'000	Group 2020 £'000
Consignment vehicles	17,225	51,193
Motor vehicles	195,305	165,822
Parts and other stocks	7,462	7,825
	219,992	224,840

Certain subsidiary undertakings have consignment stock arrangements with suppliers in the ordinary course of business. Vehicles adopted out of consignment stock are generally invoiced at the price ruling at the date of adoption. Stock held on consignment includes interest-bearing stock, some of which has a corresponding liability included in trade creditors.

Motor vehicles includes stock that is financed through captive finance companies associated with brand partners.

There is no significant difference between the replacement cost of the stock and its carrying amount.

Motor vehicles are stated after provisions for impairment of £386,000 (2020: £700,000).

Company

The company has no stock (2020: £nil).

17 Debtors

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Trade debtors	21,589	24,941	-	-
Amounts owed by group undertakings	-	-	150,155	143,243
Corporation tax	359	273	-	594
Deferred tax assets (note 22)	3,113	7,918	2,920	5,308
Other taxation and social security	77	-	28	-
Other debtors	14,754	16,390	-	-
Prepayments and accrued income	10,261	11,156	220	133
	50,153	60,678	153,323	149,278

The amounts owed by group undertakings are unsecured, interest free, have no fixed repayment terms and are repayable on demand.

Group trade debtors are stated after provisions for impairment of £266,000 (2020: £465,000). Company trade debtors are stated after provisions for impairment of £nil (2020: £nil).

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

18 Creditors - amounts falling due within one year

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Bank loans (note 20)	19,000	52,000	9,000	52,000
Trade creditors	96,745	148,535	-	-
Other taxation and social security	3,565	8,647	-	-
Corporation tax	-	-	74	-
Other creditors	32,679	24,975	-	2
Accruals and deferred income	15,229	12,478	139	115
	167,218	246,635	9,213	52,117

The group utilises funding provided by finance companies associated with brand partners to finance some of its used and demonstrator stocks. All funding is secured against the respective vehicles. The amounts are repaid upon sale of the related vehicles or generally within 90 days. The facilities are uncommitted and subject to Bank of England Base Rate based interest rates. The cash flows are reported within operating cash flows. The interest charged is disclosed within interest payable and similar expenses as stocking loan interest (note 11) and the cash flows are reported within financing cash flows.

At 31 December 2021, the amount of stock funded through the finance companies was £62,551,000 (2020: £100,696,000) and is disclosed within trade creditors.

19 Creditors - amounts falling due after more than one year

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Bank loans (note 20)	64,000	25,000	64,000	15,000
Amounts owed to group undertaking	27,500	40,000	-	-
	91,500	65,000	64,000	15,000

The amounts owed to group undertaking are unsecured and are due for repayment in 2023.

Interest is charged on the amounts owed to group undertaking at 6 months LIBOR plus 1.00%.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

20 Bank loans

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Unsecured bank loans consist of:				
Bank loans	83,000	77,000	73,000	67,000
	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
The borrowings are repayable as follows:				
Within one year or on demand	19,000	52,000	9,000	52,000
Between two and five years	64,000	25,000	64,000	15,000

Unsecured bank loans and overdrafts

The bank loans and any overdrafts of the company and its subsidiary undertakings, Appleyard Group Limited, Lancaster Public Limited Company and Lancaster Public Limited Company's subsidiary undertakings are guaranteed by fellow subsidiaries and Appleyard Group Limited and Lancaster Public Limited Company under the terms of an unlimited multi-lateral cross-guarantee agreement. The overdrafts are renewed annually.

The group's bank loans include revolving credit facilities, an overnight facility and bank loans. The revolving credit facilities and overnight facility are due for repayment in 2021. The bank loans are due for repayment in 2022 and 2023. All loans and borrowings bear interest at a rate between 1.1% and 1.7% (2020: 0.85% and 1.7%) over LIBOR.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

21 Provisions for other liabilities

Group	At 1 January 2021 £'000	Provided during the year £'000	Utilised £'000	Unwinding of discount in provisions £'000	At 31 December 2021 £'000
Leasehold dilapidations	218	663	(19)	-	862
Onerous lease costs	1,881	-	(291)	88	1,678
Closure provisions	934	856	(463)	-	1,327
Onerous contracts	-	508	-	-	508
Self-insurance fund	70	-	(4)	-	66
	3,103	2,027	(777)	88	4,441

Leasehold dilapidations

The leasehold dilapidations provision was established to provide for future dilapidation liabilities on leasehold properties where the lease expires within 12 months of the balance sheet date.

Onerous lease costs

The onerous lease costs provision was established to provide for future estimated lease costs in excess of expected sub-let rentals in respect of vacant leasehold properties where the on-going lease rentals are deemed to be onerous 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 group.

Closure provisions

Closure provisions have been provided in respect of businesses sold or closed in respect of any residual costs that may arise.

Onerous contracts

The onerous contracts provision has been established with regards to the full contracted future costs under a contract that the group has no further benefit.

Self-insurance fund

The self-insurance fund provision was set up to provide for insurance claims in excess of the group's insurance policy cover. As residual claims may still arise it is uncertain how long this will remain unutilised.

Company

The company has no provisions (2020: £nil).

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

22 Deferred tax assets

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Deferred tax assets comprise:				
Accelerated capital allowances	734	557	-	-
Intangible fixed assets	(911)	(986)	-	-
Tax losses	26	2,903	-	-
Other short-term timing difference	344	136	-	-
Deferred tax assets	193	2,610	-	-
Deferred tax asset on pension liability	2,920	5,308	2,920	5,308
Net deferred tax assets (note 17)	3,113	7,918	2,920	5,308
Movements during the year are as follows:	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
At 1 January	7,918	1,932	5,308	2,137
Amount (charged)/credited to profit and loss (note 12a)	(2,974)	2,374	(557)	(441)
Amount taken (from)/to other comprehensive income relating to pension liability (note 12b)	(1,831)	3,612	(1,831)	3,612
Net deferred tax assets at 31 December	3,113	7,918	2,920	5,308

Gross tax losses of £15.2m have been utilised during the year giving rise to a reduction in the gross deferred tax asset recognised in 2020 from £15.3m to £0.1m.

The Finance Act 2016 had included legislation to reduce the main rate of UK corporation tax to 19% from 1 April 2017 and to 17% from 1 April 2020. However, legislation was enacted during the prior financial year to repeal the reduction of the main corporation tax rate thereby maintaining the current rate of corporation tax at 19%. Temporary differences were therefore remeasured using 19% and a credit of £233,000 for the rate change impact from remeasuring opening temporary differences was recognised in the group financial statements for the financial year ending 31 December 2020.

On 3 March 2021, the UK Government further announced its intention to increase the UK corporation tax rate from 19% to 25% from 1 April 2023 which was substantively enacted on the 24 May 2021.

Medium to long term temporary differences have therefore been remeasured using 25% and a charge of £1,063,000 and a credit of £2,604,000 including a credit of £2,427,000 in Statement of Reserves and Equity, for the rate change impact of remeasuring opening temporary differences has been recognised in the group financial statements for the year ended 31 December 2021.

Tax losses and other short term timing differences continue to be recognised at 19% as the future reversal of the underlying timing difference is anticipated to take place prior to 1 April 2023.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

22 Deferred tax assets (continued)

The group also has unutilised historic ACT tax credits of 3,607,000 (2020: £2,741,000) measured at 25% and 19% respectively and unutilised historic tax losses of £4,468,000 (2020: £4,468,000) giving rise to unrecognised deferred tax assets of £4,724,000 (2020: £3,590,000) measured at 25% and 19% respectively.

The company has unutilised historic tax losses of £4,468,000 (2020: £4,468,000) giving rise to unrecognised deferred tax assets of £1,117,000 (2020: £849,000) measured at 25% and 19% respectively. The unutilised tax losses and ACT have no expiry date and are available indefinitely against qualifying income or tax charges. The directors consider there to be insufficient certainty over the ability of the group/company to offset the available losses or tax credits for the foreseeable future in order to recognise a deferred tax asset at the balance sheet date.

No deferred tax is recognised in relation to the undistributed reserves of subsidiary entities on the basis that such distributions would be exempt from corporation tax and withholding taxes in accordance with UK tax law. In accordance with UK tax law the group is not required to deduct UK income tax on the payment of distributions to its shareholders. Distributions paid by the company may be subject to tax on the recipient.

23 Post-employment benefits

Group

The group operates a closed pension scheme and one principal defined contribution pension scheme. The assets of the schemes are held separately from those of the group in independent trustee administered funds.

Details in respect of the principal pension schemes are set out below:

Jardine Motors Group UK Pension Scheme

The group participates in the Jardine Motors Group UK Pension Scheme ('the scheme') which was closed to future accrual on 1 December 2009. Jardine Motors Group UK Limited is legally responsible for the group pension plan and accordingly recognises the entire net defined benefit cost in its individual financial statements.

Asset-backed funding arrangement

In 2014 Jardine Motors Group UK Limited (the "Group") established a Scottish Limited Partnership ("JMG LP" or the "Partnership") with the scheme. Under this arrangement, properties with a fair value of £21.45 million were transferred to the Partnership from group companies Lancaster plc and Jardine Automotive Limited. Both transfers were affected via a 20-year sale and leaseback arrangement to the respective company.

On 20 July 2021, the Partnership transferred two of the original properties to Jardine Automotive Limited at fair value and on the same day a property was transferred to the Partnership, from Lancaster plc, also at fair value. The differential in fair values between the properties transferred in and out was £950,000 and this amount was contributed into the Partnership by Lancaster plc and Jardine Automotive Limited in their existing proportional shares.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

23 Post-employment benefits (continued)

The scheme's interest in the partnership entitles it to an annual distribution in the form of rental payments for 20 years. The annual contributions are set at £1.35 million per annum and increase by 13.14% every 5 years. In addition to these contributions, the group may have to pay additional cash sums to the scheme as part of the triennial valuation deficit recovery plan. As the scheme, based on the final triennial valuation of 5 April 2020, was in surplus on a technical provisions basis no distributions or payments are currently due to the scheme under this arrangement.

The partnership is controlled by the group and its results are consolidated by Jardine Motors Group UK Limited. The group's balance sheet and comprehensive income are unchanged by the establishment of the partnership. The investment held by the scheme in the partnership does not qualify as a plan asset for the purposes of the group's consolidated financial statements and is therefore not included within the fair value of plan assets. The value of the properties transferred to the partnership remains included within the group's fixed assets on the balance sheet. In addition, the group retains full operational flexibility to extend, develop and substitute the properties within the partnership.

Present values of scheme liabilities, fair values of scheme assets and deficit in scheme

	2021 £'000	2020 £'000
Fair value of scheme assets	180,206	178,260
Present value of scheme liabilities	(200,092)	(215,068)
Deficit in scheme	(19,886)	(36,808)

Reconciliation of group scheme assets and liabilities

	Assets £'000	Liabilities £'000	Total £'000
At 1 January 2021	178,260	(215,068)	(36,808)
Interest income/(expense)	2,414	(2,919)	(505)
Actuarial gains	6,263	10,768	17,031
Benefits paid, death in service insurance premiums and expenses	(7,191)	7,127	(64)
Contributions by employer – deficit funding	460	-	460
At 31 December 2021	180,206	(200,092)	(19,886)

The actual return on the scheme assets over the year ended 31 December 2021 was a gain of £8,677,000 (2020: gain of £10,556,000).

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

23 Post-employment benefits (continued)

Total charge recognised in comprehensive income

	2021 £'000	2020 £'000
Net interest expense	505	431
Past service cost	64	502
Total charge recognised in comprehensive income/(expense) (note 11)	569	933

Other comprehensive income/(expense)

	2021 £'000	2020 £'000
Return on scheme assets	6,263	7,059
Experience gains arising on the scheme liabilities	2,382	2,916
Effects of changes to the demographic and financial assumptions underlying the present value of the scheme liabilities	8,386	(26,465)
Actuarial gains/(losses) recognised in other comprehensive income/(expense)	17,031	(16,490)

The fair value of plan assets was:

	2021 £'000	2020 £'000
Equities	78,821	70,613
Bonds and other classes	101,385	107,647
Total assets	180,206	178,260

None of the fair values of the assets shown above include any of the group's own financial instruments or any property occupied by, or other assets used by, the group.

Assumptions	2021 % p.a.	2020 % p.a.
Inflation assumption	3.47	3.03
Discount rate	1.81	1.38
Rate of increase in pensions in payment	3.28	2.93
Revaluation rate for deferred pensioners	2.87	2.33

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

23 Post-employment benefits (continued)

The mortality assumptions adopted imply the following life expectancies at age 65:

	2021 Years	2020 Years
Male currently aged 45	23.0	23.0
Female currently aged 45	25.0	25.0
Male currently aged 65	21.7	21.7
Female currently aged 65	23.5	23.4

Estimate of contributions to be paid to the scheme

The best estimate of contributions to be paid by the employer to the scheme for the year beginning 1 January 2022 is £nil (2020: £460,000).

Jardine Motors Group UK Defined Contribution Pension Plan

This scheme provides pensions that depend on contributions made by both employer and employee, and future growth of the funds. A fund is allocated to each individual member of the pension plan.

The year-end group balance sheet includes neither a pension liability nor a pension asset in relation to this scheme.

During the year the group has contributed £2,067,000 (2020: £2,226,000) to this scheme.

Total pension schemes

Total pension costs in the year of £2,067,000 (2020: £2,226,000) comprise contributions to all pension schemes (note 9).

Company

The deficit in the scheme includes the investment held by the Scheme in the Partnership as a plan asset and at 31 December 2021 the deficit was £19,886,000 (2020: £21,775,000).

24 Called-up share capital

Group and company	2021 £'000	2020 £'000
Allotted and fully paid:		
97,500,000 (2020: 97,500,000) ordinary shares of £1 each	97,500	97,500

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

25 Financial instruments

The group and company have the following financial instruments:

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Financial assets that are debt instruments measured at amortised cost:				
Trade debtors	21,589	24,941	-	-
Amounts owed by group undertakings	-	-	150,155	143,243
Other debtors	14,754	16,390	-	-
	36,343	41,331	150,155	143,243

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Financial liabilities measured at amortised cost:				
Bank loans and overdrafts	(83,000)	(77,000)	(73,000)	(67,000)
Trade creditors	(96,745)	(148,535)	-	-
Amount owed to group undertakings	(27,500)	(40,000)	-	-
Accruals	(15,229)	(12,478)	(139)	(115)
Other creditors	(32,679)	(24,975)	-	(2)
	(255,153)	(302,988)	(73,139)	(67,117)

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

26 Cash flow from operating activities

	2021 £'000	2020 £'000
Profit/(loss) for the financial year	22,466	(16,198)
Tax on profit/(loss) (note 12a)	6,393	(3,258)
Interest receivable and similar income (note 11)	-	(21)
Interest payable and similar expenses (note 11)	3,052	4,570
Finance expenses (note 11)	657	1,025
Exceptional items (note 7)	(4,359)	4,088
Operating profit/(loss)	28,209	(9,794)
Amortisation of intangible assets (note 13)	2,885	3,596
Depreciation of tangible fixed assets (note 14)	9,837	9,397
Pension contributions (note 23)	(460)	(2,740)
Exceptional redundancy and closure costs	-	(4,282)
Other provisions less payments	1,250	236
Decrease in stocks	1,339	108,315
Decrease in debtors	5,930	32,470
Decrease in creditors	(46,494)	(118,759)
Cash flow generated from/(used in) operating activities	2,496	18,439

Analysis of changes in net debt

	At 1 January 2021 £'000	Cash flow £'000	At 31 December 2021 £'000
Cash at bank and in hand	5,357	(1,862)	3,495
Cash and cash equivalents	5,357	(1,862)	3,495
Bank loans	(77,000)	(6,000)	(83,000)
	(71,643)	(7,862)	(79,505)

27 Related party transactions

The company is exempt from disclosing related party transactions with entities that are part of Jardine Matheson Holdings group as the company is a wholly owned subsidiary of Jardine Matheson Holdings Limited, who prepare consolidated financial statements.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

28 Discontinued operations and disposals

On 31 July 2021, the group completed the sale of the trade and assets of its remaining Toyota dealerships in Sunderland and Durham.

The profit on disposal and the net assets at disposal were as follows:

	Toyota £000
Tangible fixed assets	3,591
Stocks	3,509
Net debtors/creditors	(47)
Net assets disposed	7,053
Cash consideration	9,190
Exceptional profit on disposal of dealerships (note 7)	2,137

During the year the disposed Toyota dealerships contributed £26,852,000 to group turnover and a profit of £526,000 to group profit before tax.

Both of the above disposed dealerships have been separately disclosed in discontinued operations.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

29 Financial commitments

(a) Future capital expenditure

As at 31 December the group had committed future capital expenditure as follows.

	Group 2021 £'000	Group 2020 £'000
Contracted for but not provided	8,000	6,500

The company does not have any committed future capital expenditure (2020: £nil).

(b) Operating leases

At 31 December the group had total future minimum lease payments under non-cancellable operating leases which expire as follows:

	Land and buildings 2021 £'000	Other 2021 £'000	Land and buildings 2020 £'000	Other 2020 £'000
Within one year	10,261	230	10,667	491
Within two to five years	35,372	360	36,390	141
After five years	47,809	165	55,355	-
	93,442	755	102,412	632

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

Company

The company does not hold any operating leases (2020: £nil).

30 Contingent liabilities

The group operates combined banking facilities for the company and its subsidiaries. The cash held by the company has been offset against the overdrafts of the subsidiaries under these arrangements. The company has contingent liabilities at 31 December 2021 in respect of cross guarantees covering the overdrafts in the subsidiary undertakings amounting to £nil (2020: £nil).

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2021

31 Post balance sheet events

Subsequent to the year end the conflict in Ukraine commenced. The Directors are mindful of the potential impacts to general economic conditions and further risks of disruption to the supply chain. As at the date of signing these financial statements, the above has not had any adverse impact on the group's profitability due to higher margins attained from lower supply of new cars.

32 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Jardine Motors Holdings Limited.

The ultimate parent undertaking and controlling party is Jardine Matheson Holdings Limited, a company incorporated in Bermuda. The full address is Jardine House, 33-35 Reid Street. Hamilton, Pembroke, Bermuda.

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

The consolidated financial statements of Jardine Matheson Holdings Limited can be obtained from the address below and from the Jardine Matheson website.

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