

Registered Number 153658

Appleyard Motor Company Limited  
Annual report  
for the year ended 31 December 2003



# **Appleyard Motor Company Limited**

## **Annual report for the year ended 31 December 2003**

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# **Appleyard Motor Company Limited**

## **Directors' report for the year ended 31 December 2003**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2003.

### **Principal activity**

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

### **Review of the business and future developments**

Following the actions taken in 2002 to close and sell underperforming dealerships and also to provide against onerous elements of leasehold agreements, the company has returned to acceptable levels of profitability during 2003.

On 1 January 2003 the company transferred its Porsche dealerships to Lancaster Specialist Cars Limited, a fellow group undertaking, at book value. As such the 2002 continued and discontinued operations have been restated to reclassify the Porsche dealerships as discontinued.

During the year further sales and closures of dealerships have occurred. No further closures are anticipated in the foreseeable future.

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

### **Results and dividends**

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

The directors do not recommend the payment of a dividend (2002: £nil).

### **Post balance sheet events**

On 1 January 2004, the company transferred its Audi dealerships to Lancaster Cars Limited, a fellow subsidiary undertaking, at book value. As such the Audi dealerships have been classified as discontinued operations in both 2003 and 2002.

During January 2004 the company acquired the trade and certain assets of two Volkswagen dealerships, in Harlow and Loughton, for consideration of approximately £4 million.

### **Directors and their interests**

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

E Bradley

S G Houston

G Banham (resigned 28 May 2004)

D J Newbury (resigned 16 January 2004)

S G Foster (resigned 3 January 2003)

# **Appleyard Motor Company Limited**

## **Directors' report for the year ended 31 December 2003 (continued)**

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

### **Employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

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

### **Policy and practice on payment of creditors**

The company's policy is to pay suppliers generally at the end of the month following that in which the supplier's invoice is received, or earlier where suppliers' terms require. The average period of credit taken by the company from its suppliers was 30 days (2002: 33 days).

### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently as explained in the statement of accounting policies. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Appleyard Motor Company Limited

## Directors' report for the year ended 31 December 2003 (continued)

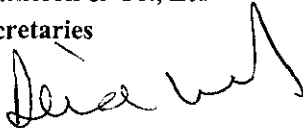
### Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

Matheson & Co., Ltd

Secretaries



D Watson

Assistant Secretary

25 June 2004

# Appleyard Motor Company Limited

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

We have audited the financial statements which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historical cost profits and losses, the balance sheet, the statement of accounting policies and the related notes.

### Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

### Basis of audit opinion

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

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

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Leeds

1 July 2004

# Appleyard Motor Company Limited

## Profit and loss account for the year ended 31 December 2003

	Note	2003 £'000	2002 £'000 Restated
Turnover			
- Continuing operations		226,989	266,952
- Discontinued operations		111,273	225,165
<b>Turnover</b>		<b>338,262</b>	<b>492,117</b>
Cost of sales	1	(306,457)	(447,029)
<b>Gross profit</b>		<b>31,805</b>	<b>45,088</b>
Distribution costs	1	(16,817)	(27,125)
Administrative expenses	1	(10,081)	(23,249)
<b>Operating profit/(loss)</b>			
- Continuing operations		2,705	(4,982)
- Discontinued operations		2,202	(304)
<b>Operating profit/(loss)</b>	2	<b>4,907</b>	<b>(5,286)</b>
Net profit/(loss) on disposal of properties	3	251	(157)
Profit/(loss) on sale or termination of operations	3	780	(478)
<b>Profit/(loss) on ordinary activities before interest and taxation</b>		<b>5,938</b>	<b>(5,921)</b>
Interest receivable		386	-
Interest payable	6	(808)	(3,309)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>5,516</b>	<b>(9,230)</b>
Tax (charge)/credit on profit/(loss) on ordinary activities	7	(675)	705
<b>Retained profit/(loss) for the financial year</b>	17	<b>4,841</b>	<b>(8,525)</b>

## **Appleyard Motor Company Limited**

### **Statement of total recognised gains and losses for the year ended 31 December 2003**

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Profit/(loss) for the financial year	<b>4,841</b>	(8,525)
Unrealised surplus on revaluation of properties	-	423
<b>Total gains/(losses) recognised since last annual report</b>	<b>4,841</b>	(8,102)

### **Note of historical cost profits and losses for the year ended 31 December 2003**

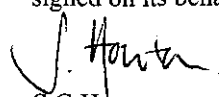
	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Reported profit/(loss) on ordinary activities before taxation	<b>5,516</b>	(9,230)
Realisation of property revaluation surpluses of previous years	<b>706</b>	385
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<b>74</b>	24
<b>Historical cost profit/(loss) on ordinary activities before taxation</b>	<b>6,296</b>	(8,821)
<b>Historical cost profit/(loss) for the year retained after taxation</b>	<b>5,621</b>	(8,116)

# Appleyard Motor Company Limited

## Balance sheet at 31 December 2003

	Note	2003 £'000	2003 £'000	2002 £'000	2002 £'000
<b>Fixed assets</b>					
Intangible assets	8	68		134	
Tangible assets	9	6,070		10,842	
Investments	10	466		466	
			6,604		11,442
<b>Current assets</b>					
Assets held for disposal	11	1,652		450	
Stock	12	33,200		49,174	
Debtors	13	76,317		60,958	
Cash at bank and in hand		2		5	
			111,171		110,587
<b>Creditors - amounts falling due within one year</b>	14		(95,367)		(102,199)
<b>Net current assets</b>			15,804		8,388
<b>Total assets less current liabilities</b>			22,408		19,830
<b>Provisions for liabilities and charges</b>	15		(10,401)		(12,664)
<b>Net assets</b>			12,007		7,166
<b>Capital and reserves</b>					
Called up share capital	17		71,250		71,250
Share premium account	17		2,886		2,886
Revaluation reserve	17		1,039		1,761
Profit and loss account – deficit	17		(63,168)		(68,731)
<b>Equity shareholders' funds</b>	17		12,007		7,166

The financial statements on pages 5 to 24 were approved by the board of directors on 25 June 2004 and were signed on its behalf by:

  
S G Houston  
Director

# Appleyard Motor Company Limited

## Accounting policies

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

The principal accounting policies that the directors have adopted within that convention are set out below.

### Investments in subsidiary undertakings

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

### Goodwill

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

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

### Tangible fixed assets and depreciation

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

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

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

### Impairment

In accordance with FRS 11 "Impairment of Fixed Assets and Goodwill" the company performs impairment reviews using the forecast net future cash flows of the investment affected discounted to net present value using the company's cost of capital.

### Assets held for disposal

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

# **Appleyard Motor Company Limited**

## **Accounting policies (continued)**

### **Stock**

Stock is valued at the lower of cost and net realisable value. Cost is actual purchase price. Stock includes interest bearing consignment stock, the corresponding liabilities of which are included within creditors. Net realisable value is based on estimated selling price less further costs to be incurred to completion and disposal. Provision is made where necessary for obsolete, slow moving and defective stocks.

### **Deferred taxation**

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

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

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

### **Provisions**

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

### **Turnover**

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

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to customers and revenue from the rendering of services is recognised when services are performed, provided that the amount can be measured reliably.

### **Leased assets**

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

# **Appleyard Motor Company Limited**

## **Accounting policies (continued)**

### **Pensions**

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

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

# Appleyard Motor Company Limited

## Notes to the financial statements for the year ended 31 December 2003

### 1 Cost of sales and operating expenses

	2003 Continuing £'000	2003 Discontinued £'000	2003 Total £'000	2002 Continuing £'000 Restated	2002 Discontinued £'000 Restated	2002 Total £'000 Restated
Cost of sales	205,360	101,097	306,457	242,061	204,968	447,029
Distribution costs	11,495	5,322	16,817	15,078	12,047	27,125
Administration expenses	7,429	2,652	10,081	14,795	8,454	23,249
Net operating expenses	18,924	7,974	26,898	29,873	20,501	50,374

### 2 Operating profit/(loss)

	2003 £'000	2002 £'000
<b>Operating profit/(loss) is stated after charging/(crediting):</b>		
Depreciation of tangible fixed assets	727	1,650
Profit on disposal of assets held for disposal	40	409
Management charge payable to fellow group undertakings	1,973	3,244
Impairment provision for assets held for disposal (note 11)	-	956
(Release of)/provision for lease exit costs (note 15)	(29)	6,803
Provision for leasehold dilapidations (note 15)	230	20
(Release of)/provision for termination of operations costs (note 15)	(321)	478
Amortisation of goodwill	66	50
Auditors' remuneration – audit services	128	163
Operating lease rentals		
- land and buildings	641	641
- plant and machinery	142	117

# Appleyard Motor Company Limited

## 3 Exceptional items

	2003	2002
	£'000	£'000
Net profit/(loss) on disposal of properties	251	(157)
Profit/(loss) on the sale or termination of operations	780	(478)

The company disposed of several properties held as fixed assets at a net profit of £251,000 (2002: loss of £157,000) during the year.

The company closed and disposed of a number of non-core and under performing dealerships realising a profit on sale of £780,000 (2002: loss of £478,000) during the year.

## 4 Employees

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

	2003	2002
	No.	No.
Sales staff	203	335
After-sales staff	441	819
Administration staff	111	180
	755	1,334

The costs incurred in respect of these employees were:

	2003	2002
	£'000	£'000
Wages and salaries	18,619	29,068
Social security costs	1,790	2,752
Other pensions costs	738	945
Staff costs	21,147	32,765

## 5 Directors

No emoluments or fees were paid to directors during the year (2002: £nil) in respect of their services to the company.

# Appleyard Motor Company Limited

## 6 Interest payable

	2003 £'000	2002 £'000
Bank overdrafts	-	2,128
Stocking loans	744	1,093
Notional interest	55	88
Other	9	-
	<b>808</b>	<b>3,309</b>

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

## 7 Tax on profit/(loss) on ordinary activities

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

	2003 £'000	2002 £'000
<b>Current tax:</b>		
UK corporation tax on profit/(losses) of the period	-	(1,190)
Adjustment in respect of previous periods	675	485
Tax charge/(credit) on profit/(loss) on ordinary activities	<b>675</b>	<b>(705)</b>

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

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

	2003 £'000	2002 £'000
<b>Profit/(loss) on ordinary activities before tax:</b>	<b>5,516</b>	<b>(9,230)</b>
<b>Profit/(loss) on ordinary activities multiplied by standard rate in the UK</b>		
Corporation tax at 30% (2002: 30%)	<b>1,655</b>	<b>(2,769)</b>
Effects of:		
Expenses not deductible for tax purposes	<b>(396)</b>	<b>1,794</b>
Capital allowances in excess of depreciation	<b>(240)</b>	<b>(215)</b>
Utilisation of tax losses not previously recognised	<b>(1,019)</b>	<b>-</b>
Corporation tax movements relating to prior years	<b>675</b>	<b>485</b>
Current tax charge/(credit) for the period	<b>675</b>	<b>(705)</b>

# Appleyard Motor Company Limited

## 8 Intangible fixed assets

	Goodwill £'000
<b>Cost</b>	
At 1 January and 31 December 2003	222
<b>Amortisation</b>	
At 1 January 2003	88
Provided for the year	66
<b>At 31 December 2003</b>	<b>154</b>
<b>Net book amount</b>	
<b>At 31 December 2003</b>	<b>68</b>
At 31 December 2002	134

# Appleyard Motor Company Limited

## 9 Tangible fixed assets

Cost or valuation	Land and buildings			Plant and machinery	Computer equipment	Furniture, equipment and motor vehicles	Total
	Freehold	Long leasehold	Short leasehold				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2003	6,295	1,600	50	1,115	667	5,277	15,004
Reclassified	-	-	-	3,345	(440)	(721)	2,184
Transfer to Lancaster Specialist Cars Ltd	-	-	-	(931)	(32)	(694)	(1,657)
Additions	55	75	-	78	23	184	415
Disposals	(1,915)	-	(50)	(1,448)	(411)	(1,425)	(5,249)
Inter group transfer	-	-	-	92	364	111	567
Transfer to current assets (note 11)	-	(1,675)	-	-	-	-	(1,675)
<b>At 31 December 2003</b>	<b>4,435</b>	<b>-</b>	<b>-</b>	<b>2,251</b>	<b>171</b>	<b>2,732</b>	<b>9,589</b>
<b>Depreciation</b>							
At 1 January 2003	-	-	10	42	667	3,443	4,162
Reclassified	-	-	-	3,474	(558)	(732)	2,184
Transfer to Lancaster Specialist Cars Ltd	-	-	-	(888)	(9)	(397)	(1,294)
Provided for the year	85	23	-	227	31	361	727
Disposals	(5)	-	(10)	(1,244)	(364)	(972)	(2,595)
Inter group transfer	-	-	-	15	317	26	358
Transfer to current assets (note 11)	-	(23)	-	-	-	-	(23)
<b>At 31 December 2003</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>1,626</b>	<b>84</b>	<b>1,729</b>	<b>3,519</b>
<b>Net book amount</b>							
<b>At 31 December 2003</b>	<b>4,355</b>	<b>-</b>	<b>-</b>	<b>625</b>	<b>87</b>	<b>1,003</b>	<b>6,070</b>
At 31 December 2002	6,295	1,600	40	1,073	-	1,834	10,842

The cost and accumulated depreciation figures have been adjusted to align statutory classification to local books. There is no impact on the net book value of fixed assets.

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

# Appleyard Motor Company Limited

## 9 Tangible fixed assets (continued)

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

Cost or valuation of assets held as at 31 December 2003 is represented by:

	<u>Land and buildings</u>
	<u>Freehold</u>
	<u>£'000</u>
<b>Cost or valuation</b>	
Valuation at 31 December 2002	4,380
Cost	55
	<u>4,435</u>

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

	<u>£'000</u>
<b>Historical cost</b>	
At 1 January 2003	9,816
<b>At 31 December 2003</b>	<b>7,956</b>
<b>Depreciation based on historical cost</b>	
At 1 January 2003	3,521
<b>At 31 December 2003</b>	<b>3,680</b>
<b>Net book amount based on historical cost</b>	
<b>At 31 December 2003</b>	<b>4,276</b>
At 31 December 2002	6,295

# Appleyard Motor Company Limited

## 10 Investments

	Subsidiary undertakings £'000	Other investments £'000	Total £'000
<b>Cost</b>			
At 1 January and 31 December 2003	32,299	112	32,411
<b>Provision for diminution in value</b>			
At 1 January and 31 December 2003	(31,833)	(112)	(31,945)
<b>Net book amount</b>			
At 31 December 2002 and 31 December 2003	466	-	466

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

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

\* owned by subsidiary undertakings.

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

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

# Appleyard Motor Company Limited

## 11 Assets held for disposal

	2003 £'000	2002 £'000
At 1 January	450	11,749
Transfer from/(to) tangible fixed assets (note 9)	1,652	(3,900)
Disposals	(450)	(6,443)
Provision for impairment (note 2)	-	(956)
<b>At 31 December</b>	<b>1,652</b>	<b>450</b>

## 12 Stock

	2003 £'000	2002 £'000
Vehicles - held on consignment	2,333	13,247
Vehicles - other	29,132	33,187
Parts and other stocks	1,735	2,740
	<b>33,200</b>	<b>49,174</b>

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

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

The company also holds consignment stock that is not considered to be an asset of the company. Hence this stock, and the related liability, is excluded from these financial statements. At 31 December 2003, this stock had a value of £3,837,000 (2002: £6,265,000).

# Appleyard Motor Company Limited

## 13 Debtors

	2003	2002
	£'000	£'000
Trade debtors	5,100	13,567
Amounts owed by fellow group undertakings	60,012	36,872
Amounts owed by parent undertaking	7,628	-
Group relief recoverable	-	366
Other debtors	2,580	8,816
Prepayments and accrued income	997	1,337
	76,317	60,958

## 14 Creditors – amounts falling due within one year

	2003	2002
	£'000	£'000
Bank overdrafts	3,086	5,566
Trade creditors	25,073	40,757
Corporation tax	309	-
Amount owed to parent undertaking	-	36,411
Amounts owed to fellow group undertakings	60,185	11,776
Other taxation and social security	546	2,590
Accruals and deferred income	3,155	4,210
Other creditors	3,013	889
	95,367	102,199

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

# Appleyard Motor Company Limited

## 15 Provisions for liabilities and charges

	At 1 January 2003 £'000	Provision made/ (released) during the year £'000	Utilised £'000	Notional interest £'000	At 31 December 2003 £'000
Leasehold dilapidations	290	230	-	-	520
Lease exit costs	11,249	(29)	(1,495)	55	9,780
Provision made on termination of operations	1,125	(321)	(703)	-	101
	<b>12,664</b>	<b>(120)</b>	<b>(2,198)</b>	<b>55</b>	<b>10,401</b>

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

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

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

## 16 Deferred tax

	Unprovided 2003 £'000	Unprovided 2002 £'000
<b>Unprovided deferred tax comprises:</b>		
Revaluation of tangible fixed assets	(157)	(136)
Depreciation in excess of capital allowances	954	1,108
Tax losses	3,781	4,719
<b>Net unprovided deferred tax asset</b>	<b>4,578</b>	<b>5,691</b>

# Appleyard Motor Company Limited

## 16 Deferred tax (continued)

No provision has been made for deferred tax on gains recognised on revaluing property to its market value or on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the property were sold without it being possible to claim rollover relief or if there were insufficient capital losses to offset the gains. The total amount unprovided for is £157,000 (2002: £136,000). At present it is not envisaged that any such tax will become payable in the foreseeable future.

No deferred tax assets have been recognised on trading losses and excess management expenses or non-trade deficits amounting to £3,781,000 (2002: £4,719,000) on the basis that it is not certain that sufficient trading profits or other income or gains will be generated in the foreseeable future within the company against which these tax attributes may be utilised.

The company has not recognised a deferred tax asset on decelerated capital allowances of £954,000 (2002: £1,108,000) as it is not expected to be recoverable in the near future.

## 17 Reconciliation of movements in equity shareholders' funds

	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Profit and loss account £'000	Total 2003 £'000	Total 2002 £'000
At 1 January	71,250	2,886	1,761	(68,731)	7,166	15,268
Retained profit/(loss) for the financial year	-	-	-	4,841	4,841	(8,525)
Transfer upon sale of properties	-	-	(706)	706	-	423
Transfer of depreciation charge in excess of historic cost depreciation charge	-	-	(16)	16	-	-
At 31 December	71,250	2,886	1,039	(63,168)	12,007	7,166

The company has 600,000,000 (2002: 600,000,000) authorised ordinary shares of 25 pence each and has 285,000,000 (2002: 285,000,000) allotted, issued and fully paid ordinary shares of 25 pence each.

## 18 Cash flow statement

The company is a wholly owned subsidiary of Jardine Motors Group plc, which prepares a consolidated cash flow statement. The company has therefore elected to make use of the exemption provided in FRS 1 "Cash Flow Statements" not to produce a cash flow statement.

# Appleyard Motor Company Limited

## 19 Disposals

### Disposals

During the year the company disposed of a number of dealerships at book value. The book values are summarised below:

	£'000
Tangible fixed assets (see below)	4,597
Stock	574
Debtors	6
Creditors – amounts falling due within one year	(33)
<b>Net assets disposed</b>	<b>5,144</b>
Profit on disposal (see below)	802
<b>Consideration: Cash</b>	<b>5,946</b>

Included within the tangible fixed assets amount are two freehold properties accounted for by Bondco No 312 Limited, a fellow subsidiary of Jardine Motors Group plc. At the date of disposal the net book value of these properties was £3,453,000. Profit on disposal includes a net profit of £22,000 relating to the property disposals, this profit has been included as an exceptional item in the accounts of Bondco No 312 Limited.

## 20 Related party transactions

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

Amounts of £8,316,000 (2002: £21,692,000) charged during the year to a subsidiary undertaking of Appleyard Finance Holdings Limited, a joint venture of Jardine Motors Group plc, for vehicle sales, maintenance and service costs were included within turnover.

Amounts charged during the year to a subsidiary undertaking of Polar Motor Group Limited, a joint venture of Jardine Motors Group plc, for vehicle sales and maintenance included within turnover were £502,000.

## 21 Financial commitments

### (a) Future capital expenditure

	2003 £'000	2002 £'000
Contracted for but not provided	2,217	31
Authorised but not contracted for	410	-
	<b>2,627</b>	<b>31</b>

# Appleyard Motor Company Limited

## 21 Financial commitments (continued)

### (b) Operating leases

At 31 December 2003, the company had annual commitments under non-cancellable operating leases which expire as follows:

	2003		2002	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Within one year	-	16	-	34
Within two to five years	88	32	-	17
After more than five years	1,073	-	847	-
	1,161	48	847	51

## 22 Pension schemes

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

Until 30 June 2003, contributions to the defined benefit scheme were determined using an actuarial valuation of the scheme carried out on 6 April 2002, by independent actuaries using the attained age method. From 1 July 2003, contributions to the scheme were determined following the most recent actuarial valuation of the scheme, carried out on 1 July 2003, by independent actuaries using the attained age method. These valuations are used as the basis for accounting for pension costs under SSAP 24.

During the year the company contributed £673,000 (2002: £808,000) to the defined benefit scheme, being 13.3% (2002: 8.5%) of the pensionable salaries of 1/80<sup>th</sup> members and an average of 16.5% (2002: 11.4%) of the pensionable salaries of 1/60<sup>th</sup> members. With regard to the defined contribution scheme, the company contributed £65,000 to the scheme in 2003 (2002: £81,000). During the prior year the company also contributed £56,000 to the Appleyard Pension fund which ceased on 28 February 2002.

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

# Appleyard Motor Company Limited

## 23 Contingent liabilities

The company has contingent liabilities at 31 December 2003 in respect of cross guarantees covering bank loans and overdrafts in the holding company and fellow subsidiaries amounting to £62,763,000 at 31 December 2003 (2002: £84,762,000).

## 24 Post balance sheet events

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

During January 2004 the company acquired the trade and certain assets of two Volkswagen dealerships, in Harlow and Loughton, at consideration of approximately £4 million.

## 25 Ultimate parent company

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

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

There is no ultimate controlling interest.

Copies of consolidated financial statements can be obtained from:

Company Secretary  
Jardine Motors Group plc  
Charter Court  
Colchester  
Essex  
CO4 9XB