

APPLEYARD MOTOR COMPANY LIMITED**FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2000**

DIRECTORS' REPORT

Company Registration Number: 153658

The directors present their report and the audited financial statements for the year ended 31 December 2000.

Principal activities

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

Review of the business

2000 was another difficult year for the company. The ongoing adverse publicity given to new vehicle pricing in the UK and the Competition Commission's enquiry into vehicle franchising and pricing continued to adversely affect consumer confidence. The rationalisation of the company's franchise portfolio and disposal programme continued during the year, and this, including the impact of lease exit costs, has contributed significantly to the loss for the year. The benefits of the rationalisation will begin to show through in 2001.

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

Results and dividends

Details of the result 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 (1999 - £nil).

Directors and their interests

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

E Bradley	(appointed 1 October 2000)
J M Ritchie	(resigned 31 October 2000)
D Potts	(appointed 1 January 2000, resigned 29 June 2001)
S G Houston	(appointed 30 June 2001)
D J Newbury	(appointed 1 May 2001)

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

DIRECTORS' REPORT - Continued

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of its profit or loss for the year. In preparing those financial statements, the directors are required to:-

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- * prepare the financial statements on a going concern basis unless it is not appropriate to presume that the company will continue in business.

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

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should as far as possible, be identical with those of other employees.

Employee consultation

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

DIRECTORS' REPORT - Continued

Creditor payment policy

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

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

Used vehicles are paid for on physical receipt of vehicles.

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

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

The average period of credit taken by the company from its suppliers was 17 days (1999: 40 days).

Post balance sheet events

On the 1 April 2001 the company acquired the trade and the book value of the assets and liabilities of Lancaster Luxury Cars Limited and Lancaster Specialist Cars Limited.

On 31 July 2001 the company's parent undertaking, Appleyard Group PLC, subscribed £40,000,000 for 160,000,000 newly issued ordinary shares of 25 pence each. The funds will be used to provide working capital for the company.

Auditors

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

By order of the Board
Matheson & Co., Limited

Secretaries



D Watson
Assistant Secretary

20 August 2001

AUDITORS' REPORT TO THE MEMBERS OF APPLEYARD MOTOR COMPANY LIMITED

We have audited the financial statements on pages 5 to 20 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

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

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

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

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

Chartered Accountants
and Registered Auditors

30 August 2001

APPLEYARD MOTOR COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

		Continuing activities	Exceptional items	2000	1999 as restated
	Note	£'000	£'000	£'000	£'000
Turnover		363,307	-	363,307	423,501
Cost of sales	2	(318,752)	(3,547)	(322,299)	(379,779)
Gross profit		<u>44,555</u>	<u>(3,547)</u>	<u>41,008</u>	<u>43,722</u>
Distribution costs		(21,235)	-	(21,235)	(17,403)
Administrative expenses before exceptional items		(29,101)	-	(29,101)	(33,915)
Provision for impairment of properties	2	-	(2,534)	(2,534)	-
Provision for onerous lease exit costs	2	-	(4,899)	(4,899)	(1,770)
Profit/(loss) on disposal of properties		-	1,015	1,015	(1,912)
Unrealised deficit on revaluation of properties		-	(872)	(872)	(2,996)
Provision made against investments	2	-	(19,216)	(19,216)	(12,617)
Total administrative expenses		<u>(29,101)</u>	<u>(26,506)</u>	<u>(55,607)</u>	<u>(53,210)</u>
Operating loss	3	<u>(5,781)</u>	<u>(30,053)</u>	<u>(35,834)</u>	<u>(26,891)</u>
Loss on sale or termination of operations	4			(9,882)	(3,814)
Income from shares in group undertakings	2			19,216	12,617
Loss on ordinary activities before interest and taxation				<u>(26,500)</u>	<u>(18,088)</u>
Interest payable	7			(4,305)	(4,861)
Loss on ordinary activities before taxation				<u>(30,805)</u>	<u>(22,949)</u>
Tax on loss on ordinary activities	8			(117)	734
Retained loss for the financial year	19			<u>(30,922)</u>	<u>(22,215)</u>

The notes on pages 8 to 20 form an integral part of these financial statements.

APPLEYARD MOTOR COMPANY LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2000**

	2000 £'000	1999 £'000
Loss for the financial year	(30,922)	(22,215)
Unrealised (deficit)/ surplus on revaluation of properties	(888)	1,949
Total recognised loss for the year	<u>(31,810)</u>	<u>(20,266)</u>

**STATEMENT OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2000**

	2000 £'000	1999 £'000
Reported loss on ordinary activities before taxation	(30,805)	(22,949)
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	(36)	-
Realisation of property revaluation surpluses of previous years	23	977
Historical cost loss on ordinary activities before taxation	<u>(30,818)</u>	<u>(21,972)</u>
Historical cost loss for the year retained after taxation and dividends	<u>(30,935)</u>	<u>(21,238)</u>

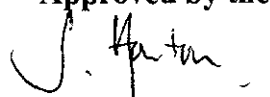
The notes on pages 8 to 20 form an integral part of these financial statements.

APPLEYARD MOTOR COMPANY LIMITED

BALANCE SHEET 31 DECEMBER 2000

	Note	£'000	2000 £'000	1999 £'000
Fixed assets				
Tangible assets	9		9,355	26,110
Investments	10		466	19,682
			-----	-----
			9,821	45,792
Current assets				
Assets held for disposal	11	14,810	-	-
Stock	12	22,837	47,322	
Repurchase commitments	13	871	4,404	
Debtors	14	25,835	28,004	
Cash in hand		13	3	
		-----	-----	
		64,366	79,733	
Creditors - amounts falling due within one year	15	(91,525)	(69,139)	
		-----	-----	
Net current (liabilities)/assets			(27,159)	10,594
			-----	-----
Total assets less current liabilities			(17,338)	56,386
Creditors - amounts falling due after more than one year	16		-	(78,824)
Provisions for liabilities and charges	17		(11,710)	(4,746)
			-----	-----
			(29,048)	(27,184)
			=====	=====
Capital and reserves				
Called up share capital	18		31,250	1,304
Share premium account	19		2,886	2,886
Revaluation reserve	19		2,428	3,339
Profit and loss account - deficit	19		(65,612)	(34,713)
			-----	-----
Shareholders' funds (Equity interests)	19		(29,048)	(27,184)
			=====	=====

Approved by the Board of directors


S G Houston
20 August 2001

The notes on pages 8 to 20 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000**

1 Accounting policies

a) Basis of preparation

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

b) Prior year comparatives

The prior year comparatives in the profit and loss account have been restated to comply with the format adopted throughout the Jardine Motors Group. This has not changed the comparative result for the year or the shareholders' funds.

c) Turnover

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

d) Deferred taxation

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

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

f) Assets held for disposal

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

g) Stock

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

h) Pensions

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

i) Leased assets

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

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000**

1 Accounting policies – continued

j) Investments

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

k) Impairment

In accordance with Financial Reporting Standard No.11 “Impairment of Fixed Assets and Goodwill” the company performs impairment reviews. To determine whether there is an impairment the forecast net future cash flows of those businesses under review, are discounted to net present value using the group’s cost of capital and compared with the current net carrying value. Any impairment provision is offset directly against the underlying assets of the business deemed to have suffered the impairment.

l) Provisions

As determined by Financial Reporting Standard No.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.

2 Exceptional Operating Expenses

During the year accounting irregularities were discovered at some of the Company’s dealerships, which had led to an overstatement of net assets. In order to correct the misstatements the Company has carried out a detailed review of the accounting records of the affected businesses in both the current and previous financial years. Based on the review, £3,547,000 has been written off as an exceptional item within the operating loss for the year.

During the year a previously dormant subsidiary company paid a dividend of £19,216,000 to Appleyard Motor Company. Following the receipt of the dividend a provision of £19,216,000 was made to the extent that the carrying value of the investment would have exceeded the net assets of the subsidiary.

The company has written off £4,899,000 for the estimated future lease exit costs which will be payable on the early termination of leases of various properties for which operations have ceased. These costs are shown on the face of the profit and loss account as part of operating expenses.

During the year the company carried out a review of its property portfolio. Following this review a number of properties were identified as surplus to the company’s requirements and transferred to assets held for disposal. All assets held for disposal at the year end were reviewed for possible impairment, in accordance with Financial Reporting Standard No.11 “Impairment of Fixed Assets and Goodwill”. An impairment of £6,138,000 was then made against assets held for disposal, of which £2,534,000 was charged in arriving at the operating loss for the year and the balance is included in loss on sale or termination of operations shown on the face of the profit and loss account.

APPLEYARD MOTOR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2000

	2000 £'000	1999 £'000
3 Operating loss		
Operating loss is arrived at after charging/(crediting):		
Management charge	2,109	3,090
Auditors' remuneration - audit services	117	109
Depreciation - owned fixed assets	1,248	1,389
(Profit)/loss on sale of properties	(1,015)	1,912
Impairment made against tangible fixed assets	2,534	651
Unrealised deficit on revaluation of properties (see note 8)	872	2,996
Operating lease rentals - land and buildings	3,444	3,888
- plant and machinery	119	73
	<u> </u>	<u> </u>

The company disposed of several non-core and empty properties during the current and previous year, resulting in (losses)/profits compared to their book value.

4 Loss on sale or termination of operations

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

5 Employees

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

	2000 No.	1999 No.
Sales staff	325	422
After-sales staff	703	890
Administration staff	149	223
	<u>-----</u>	<u>-----</u>
	1,177	1,535
	<u>=====</u>	<u>=====</u>
The costs incurred in respect of these employees were:	£'000	£'000
Wages and salaries	21,331	25,162
Social security	2,006	2,951
Other pension costs	706	861
	<u>-----</u>	<u>-----</u>
	24,043	28,974
	<u>=====</u>	<u>=====</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

6 Directors

No emoluments or fees were paid to directors during the year (1999 - £nil) in respect of their services to the company. The directors are remunerated for their services to the group and their emoluments are shown in the financial statements of Lancaster Management Services Limited. A management charge is payable to Lancaster Management Services Limited including an element in respect of directors services.

	2000	1999
7 Interest	£'000	£'000
Bank overdrafts	3,058	3,612
Stocking loans	1,247	1,249
	-----	-----
	<u>4,305</u>	<u>4,861</u>

	2000	1999
8 Tax on loss on ordinary activities	£'000	£'000

Taxation is based on losses for the year and comprises:

Group relief/corporation tax at 30.00% (1999 – 30.25%)	74	526
Corporation tax movements relating to prior years	17	-
Deferred taxation (note 17)	(208)	208
	-----	-----
	<u>(117)</u>	<u>734</u>

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

APPELYARD MOTOR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2000

9 Tangible fixed assets

	Land and buildings			Short leasehold (at cost)	Plant and equipment (at cost)	Computer equipment (at cost)	Furniture, equipment and motor vehicles (at cost)	Total
	Freehold	Leasehold	Long	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 January 2000	14,286	8,789		1,761	4,680	-	3,666	33,182
Reclassification	-	-	-	-	(624)	711	(473)	(386)
Additions	76	8	7	7	374	14	679	1,158
Transfers from group undertakings	-	-	-	-	25	5	40	70
Transfers to group undertakings	-	-	-	-	(27)	(23)	(77)	(127)
Disposals	(5,432)	-	-	(960)	(1,602)	(25)	(1,227)	(9,246)
Revaluations	(410)	(1,472)	-	-	-	-	-	(1,882)
Reversal of provisions for impairment	-	-	-	-	196	-	160	356
Transfer to current assets (note 11)	(3,546)	(5,223)	-	(671)	-	-	-	(9,440)
At 31 December 2000	4,974	2,102		137	3,022	682	2,768	13,685
Depreciation								
At 1 January 2000	365	72		746	3,553	-	2,336	7,072
Reclassification	-	-	-	-	(405)	434	(415)	(386)
Provided for the year	237	262	51	51	343	12	408	1,313
Transfers from group undertakings	-	-	-	-	12	1	18	31
Transfers to group undertakings	-	-	-	-	(14)	(3)	(47)	(64)
Disposals	(64)	-	-	(311)	(1,235)	(14)	(933)	(2,557)
Revaluations	(4)	(118)	-	-	-	-	-	(122)
Reversal of provisions for impairment	(343)	-	-	(267)	-	-	-	(610)
Transfer to current assets (note 11)	(67)	(178)	-	(102)	-	-	-	(347)
At 31 December 2000	124	38		117	2,254	430	1,367	4,330
Net book amount								
At 31 December 2000	4,850	2,064		20	768	252	1,401	9,376
At 31 December 1999	13,293	2,337		813	1,127	-	1,330	26,110

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

9 Tangible fixed assets - continued

In accordance with Financial Reporting Standard No.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.

Appleyard Group PLC appointed Strutt & Parker (Chartered Surveyors) and Wetherall Green Smith (Chartered Surveyors), who carried out a valuation as at 30 June 2000 on an open market value, existing use basis. This valuation was not part of the company's normal tri annual valuation routine and the next scheduled valuation will take place as at 31 December 2002.

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

Cost or valuation is represented by:

	<u>Land and buildings</u>		Total £'000
	Freehold £'000	Long Leasehold £'000	
At valuation – 30 June 200	4,965	2,098	7,063
Cost	9	4	13
	-----	-----	-----
	4,974	2,102	7,076
	=====	=====	=====

	Land & Buildings £'000
Historical cost	
At 1 January 2000	27,165

At 31 December 2000	6,882
	=====
Depreciation based on historical cost	
At 1 January 2000	3,583

At 31 December 2000	1,343
	=====
Net book amount based on historical cost	
At 31 December 2000	5,539
	=====
At 31 December 1999	23,582
	=====

APPLEYARD MOTOR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2000

10 Investments

	Subsidiary undertakings £'000	Other investments £'000	Total £'000
Cost:			
At 1 January 2000 and 31 December 2000	32,299	112	32,411
	=====	=====	=====
Provision for diminution in value:			
At 1 January 2000	(12,617)	(112)	(12,729)
Provision made during the year	(19,216)	-	(19,216)
	-----	-----	-----
At 31 December 2000	(31,833)	(112)	(31,945)
	=====	=====	=====
Net book value:			
At 31 December 2000	466	-	466
	=====	=====	=====
At 31 December 1999	19,682	-	19,682
	=====	=====	=====

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

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

* owned by subsidiary undertakings.

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

APPLEYARD MOTOR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2000

	2000 £'000	1999 £'000
11 Assets held for disposal		
Transfer from tangible fixed assets (note 9)	9,093	-
Additions – purchase with a view to resale	11,855	-
Provision for impairment (note 2)	(6,138)	-
	<u>14,810</u>	<u>-</u>

Several closed sites had property that was identified as being held for disposal at the year end, these properties were transferred from fixed to current assets. The company also purchased the freehold of two properties with a view to re-selling these properties.

	2000 £'000	1999 £'000
12 Stock		
Vehicles		
- held on consignment	6,625	19,834
- other	13,581	23,769
Parts and other stock	2,631	3,719
	<u>22,837</u>	<u>47,322</u>

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

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

	2000 £'000	1999 £'000
13 Repurchase commitments		
Within one year	871	4,053
Over one year	-	351
	<u>871</u>	<u>4,404</u>

APPLEYARD MOTOR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2000

	2000 £'000	1999 £'000
14 Debtors		
Trade debtors	11,592	17,024
Amounts owed by fellow subsidiary undertakings	8,579	6,274
Corporation tax recoverable	193	526
Other debtors	3,516	3,878
Prepayments and accrued income	1,955	87
Other taxation and social security	-	7
Deferred taxation	-	208
	<u>25,835</u>	<u>28,004</u>

	2000 £'000	1999 £'000
15 Creditors - amounts falling due within one year		
Bank overdraft	34,568	23,603
Trade creditors	17,275	41,309
Repurchase commitments (note 12)	871	4,053
Amounts owed to other group undertakings	29,841	-
Taxation and social security	3,088	-
Accruals and deferred income	5,564	174
Corporation tax	318	-
	<u>91,525</u>	<u>69,139</u>

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

	2000 £'000	1999 £'000
16 Creditors - amounts falling due after more than one year		
Repurchase commitments (note 12)	-	351
Amounts owed to fellow subsidiary undertakings	-	78,473
	<u>-</u>	<u>78,824</u>

APPLEYARD MOTOR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2000

17 Provision for liabilities and charges

	At 1 January 2000 £'000	Provision made during the year £'000	Utilised £'000	At 31 December 2000 £'000
a) Provisions				
Legal fees	644	(185)	(459)	-
Leasehold dilapidations	905	-	(503)	402
Lease exit costs	2,494	7,519	-	10,013
Provision made on termination of operations	703	2,627	(2,035)	1,295
	-----	-----	-----	-----
	4,746	9,961	(2,997)	11,710
Deferred tax shown within debtors	(208)	-	208	-
	-----	-----	-----	-----
	4,538	9,961	(2,789)	11,710
	=====	=====	=====	=====

The legal fees provision established last year, related to the directors' estimate of the ultimate cost of legal claims in which the company was involved in 1999. All claims were settled this year and the remaining provision released. There were no further cases pending at the end of 2000.

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

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

A provision has been made for the costs of closure following the termination of several dealerships shortly before the year end. The termination costs are not anticipated to exceed the amount provided, and comprise asset write downs, redundancy payments and other closure costs.

b) Deferred taxation

i) Deferred taxation movement in the year	£'000
At 1 January 2000	(208)
Charge for the year (note 8)	208

At 31 December 2000	-
	=====

APPLEYARD MOTOR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2000

17 Provision for liabilities and charges - continued

	<u>2000</u>		<u>1999</u>	
	Provided	Not provided	Provided	Not provided
	£'000	£'000	£'000	£'000
ii) Deferred taxation				
Depreciation in excess of capital allowances	-	-	(208)	-
Realised gains deferred	-	1,500	-	1,500
Losses	-	(9,660)	-	(4,883)
	----	-----	----	-----
	-	(8,160)	(208)	(3,383)
	==	=====	==	=====

18 Share capital

	Authorised		Allotted, called up and fully paid	
	2000	1999	2000	1999
	No	No	£'000	£'000
Ordinary shares of 25p each	6,000,000	6,000,000	31,250	1,304
	=====	=====	=====	=====

On 31 July 2001 the company's parent undertaking, Appleyard Group PLC, subscribed £40,000,000 for 160,000,000 newly issued ordinary shares of 25 pence each.

19 Shareholders' funds

Reconciliation of movements in shareholders' funds and statement of movements in reserves

	Share capital	Share premium	Revaluation reserves	Profit and loss account	Total	
	£'000	£'000	£'000	£'000	2000	1999
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January	1,304	2,886	3,339	(34,713)	(27,184)	(6,918)
Issue of ordinary share capital	29,946	-	-	-	29,946	-
Retained loss for the financial year	-	-	-	(30,922)	(30,922)	(22,215)
Property revaluation	-	-	(888)	-	(888)	1,949
Transfer on disposal of properties	-	-	(23)	23	-	-
	-----	-----	-----	-----	-----	-----
At 31 December	31,250	2,886	2,428	(65,612)	(29,048)	(27,184)
	=====	=====	=====	=====	=====	=====

APPLEYARD MOTOR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2000

20 Contingent liabilities

There were no contingent liabilities at 31 December 2000 (1999 - £nil) in respect of cross guarantees covering bank loans and overdrafts in the holding company and fellow subsidiaries.

	2000	1999
21 Financial commitments	£'000	£'000

1) Future capital expenditure

Contracted for, not provided for	51	392
	<u> </u>	<u> </u>

2) Operating leases

At 31 December 2000 the company had annual commitments under non-cancellable operating leases in respect of plant and equipment which expire as follows:

	2000		1999	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	-	39	457	44
Within two to five years	97	50	337	59
After more than five years	1,837	4	3,224	35
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,934	93	4,018	138
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

22 Cash flow statement

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

23 Related party transactions

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

APPLEYARD MOTOR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2000

24 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:-

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

The ultimate controlling party is Jardine Matheson Holdings Limited.

Copies of both the above companies financial statements can be obtained from the Company Secretary at:

Appleyard Group PLC
Charter Court
Colchester
Essex, CO4 4YA

Appleyard Group PLC (the company's immediate parent undertaking), has confirmed that it is its present intention to provide financial support to the company to enable it to meet its liabilities as and when they fall due.