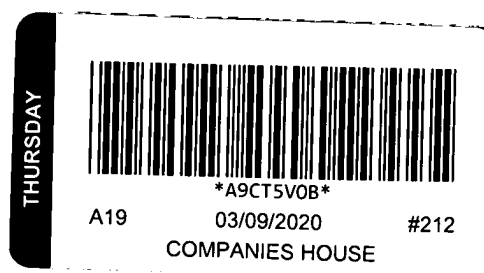


**Registered Number 01538570**

## Lancaster Public Limited Company

Annual report and consolidated financial  
statements for the year ended 31 December 2019



## **Lancaster Public Limited Company**

### **Annual report and consolidated financial statements for the year ended 31 December 2019**

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## **Lancaster Public Limited Company**

### **Directors and advisors for the year ended 31 December 2019**

#### **Directors**

D N Williamson

D J Muir

#### **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

Lloyds Bank plc

25 Gresham Street

London

EC2V 7HN

## **Lancaster Public Limited Company**

### **Strategic report for the year ended 31 December 2019**

The directors present their Strategic report for Lancaster Public Limited Company (the 'company') and its subsidiaries (together the 'group') for the year ended 31 December 2019.

#### **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 and also owns a number of properties. These properties are leased to subsidiary undertakings at open market rates.

#### **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 UK new car market experienced a further year of decline during 2019, back 2.4% over 2018. The total new passenger car registrations amounted to 2.31 million units (2018: 2.37 million). The brands represented by the group experienced a smaller fall in registrations, on a like for like basis, of 0.9%.

Group operating profit of £7.2m is a reduction on prior year (2018: £11.6m) further reflecting the downturn in the UK new car market.

#### **The group's developments**

During 2019, the group continued to concentrate its efforts on consolidating and enhancing its position with its existing portfolio of brands and dealerships. As part of this on-going assessment and review of existing franchise representation the decision was taken to exit from Volkswagen and Honda. The group had been under-performing for a number of years in both brands with minimal returns from substantial investments.

On 2 September 2019, the group sold the trade and assets of two Honda dealerships to Marshall Motor Group Limited for a net consideration of £0.9m. The group also closed its remaining two Honda dealerships in Birmingham and Bracknell and re-purposed the Bracknell facility.

On 17 December 2019, the group sold the trade and assets of its Volkswagen dealerships and its Skoda dealership to Marshall Motor Group Limited for a net consideration of £16.0m (excluding associated freehold properties). The group continued to represent Volkswagen in Aylesbury during part of 2020 as that part of the sale did not complete on 17 December 2019. The Aylesbury dealership was sold to Marshall Motor Group Limited on 10 July 2020 for further net consideration of £2.9m.

Following completion in 2018 of the group's investment in its Jaguar and Land Rover portfolio of dealerships and their transition to the brand's Dual Arch concept the group closed its stand-alone Jaguar dealership in Tamworth during 2019. This dealership was not part of the overall investment plan and was closed with full support of Jaguar Land Rover.

The group has taken the decision to exit from its Lamborghini representation in Sevenoaks and has re-purposed the premises into a used Ferrari dealership to complement its Colchester Ferrari dealership.

## Lancaster Public Limited Company

### Strategic report for the year ended 31 December 2019 (continued)

#### 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 and investment, 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:

	2019	2018
<b>Financial</b>		
Retail return on sales %	0.4	0.6
Gross profit %	7.9	7.9
Operating profit £'000	7,238	11,597
New car sales units	36,311	35,234
Used retail car sales units	32,665	31,913
<b>Non-Financial</b>		
Staff attrition %	22.5	24.7

The group maintains a robust risk management framework as outlined in the Directors' report to ensure that we identify 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.

#### The group's position

We believe our strengths lie in our balanced portfolio of existing franchise partners in the premium sectors supported by our investment in freehold property, strong balance sheet, committed funding lines and shareholder support. At the year end the group had net assets of £51.2m (2018: £53.4m).

#### Future developments

The group's operational focus is to continue to grow with its selected 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 a modern customer retail experience.

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, Brexit and COVID-19.

## **Lancaster Public Limited Company**

### **Strategic report for the year ended 31 December 2019 (continued)**

#### **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. 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.

#### **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.

#### **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.

By order of the Board

DocuSigned by:  
  
32957D4BE27F468...

D Muir

**Company Director**

26 August 2020

## **Lancaster Public Limited Company**

### **Directors' report for the year ended 31 December 2019**

The directors present their annual report and the audited financial statements of the group and company for the year ended 31 December 2019.

#### **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 page 2.

#### **Principal risks and uncertainties**

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

#### **Post balance sheet events**

Since the year-end the world has been impacted by the outbreak of the Coronavirus pandemic. The group has reacted by following the UK Government guidelines and in all instances put the safety and wellbeing of its colleagues and customers first.

The group closed all its car sales outlets in the latter part of March and most of its aftersales operations, keeping a select number of service and parts facilities open with skeleton staff to provide services for keyworkers.

In line with Government regulations the group began re-opening all its car sales operations on 1 June 2020. During the 'lockdown' period the group carried out detailed planning and risk assessments for each location to ensure customers and colleagues were able to return to a safe environment. As part of this process, the group has invested in the necessary equipment and Personal Protective Equipment (PPE) for both colleagues and customers. All risk assessments, policies and procedures were reviewed and approved by the group's CEO and Director responsible for Health and Safety prior to the businesses being permitted to re-open. These documents are under constant review both centrally and locally. Full and regular communications to all colleagues have been set up and every colleague has been required to complete, and pass, a detailed on-line training course covering the new ways of working before being allowed to come back to the working environment, whether at a dealership, office or at home.

The CEO also convenes a weekly Coronavirus safety committee, attended by the senior leadership team to monitor adherence to the new ways of working, review incidents and put in place action plans to further strengthen oversight and control as required.

The group has participated in the UK Government's furlough scheme with around 85% of its colleagues placed on furlough during the lockdown. The group has adapted quickly to the new ways of working, including working at home which has been enabled through its existing IT infrastructure and applications such as Microsoft Teams.

The directors do not consider the impact of Coronavirus to be a post balance sheet adjusting event. The group has completed full detailed cashflow forecasts based on a number of scenarios and considers, with its banking and manufacturer funding facilities together with full support from its parent undertaking, that it will be able to continue trading. The directors continuously monitor the group's cost base to ensure it is appropriate in relation to demand and will take necessary actions to protect its financial position, whilst ensuring standards are maintained and the wellbeing and safety of colleagues and customers is not compromised.

## **Lancaster Public Limited Company**

### **Directors' report for the year ended 31 December 2019 (continued)**

#### **Post balance sheet events (continued)**

Current results and forecasts indicate a significant and material impact on the results for 2020 due to loss of sales during lockdown and an expected reduction in new car sales demand for the remainder of the year. Trade since re-opening of dealerships has been resilient and the directors consider that the carrying value of the group's stocks are being realised. It is too early to assess the longer-term implications of the 2020 trading with respect to the potential impact on the carrying values of the group's tangible and intangible assets. Sensitivity disclosure is provided in note 13. The group will continue to implement strategies to minimise overall losses both during and post the pandemic.

On 6 July 2020, the group announced a re-structuring programme affecting all divisions and head office roles including redundancies for 522 roles. It is anticipated that the cost of re-structuring will be between £3m to £4m.

On 10 July 2020, the remaining Volkswagen dealership in Aylesbury was sold to Marshall Motor Group Limited for net consideration of £2.9m.

During July 2020, the wider group increased its committed banking facilities with new lenders, with strong investment grade ratings, giving the group adequate facilities to meet its on-going funding requirements.

#### **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 were approved.

The group holds motor manufacturer funding facilities with each of its franchise partners. These incur stocking charges tied to Finance House Base Rate (FHBR) 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 maintained 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.



## **Lancaster Public Limited Company**

### **Directors' report for the year ended 31 December 2019 (continued)**

#### **Corporate governance**

The measures taken to ensure a strong framework of corporate governance are fully disclosed in the Director's report of the parent undertaking, Jardine Motors Group UK Limited.

#### **Results and dividends**

The results of the group for the year are set out in the consolidated profit and loss account on page 13.

The directors have not declared nor paid a dividend during the year (2018: 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 (appointed 1<sup>st</sup> January 2019)

M D Bishop (resigned 1<sup>st</sup> January 2019)

#### **Qualifying third party indemnity provisions**

No qualifying third-party indemnity provision was in force during the financial year ended 31 December 2019 or at the date of this report.

#### **Going concern**

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.

The key assumptions made in those projections are as follows:

- Following re-opening of showrooms on 1 June 2020 the UK new and used car market to be subdued and aftersales activity to fall below 2019 levels with a gradual recovery into 2021.
- The continued availability of all manufacturer stocking lines.
- Implementation of cost reduction plans and capex deferral during the second half of 2020 to ensure the cost base is appropriate for the level of demand.

As at the date of signing the financial statements, the group had available undrawn committed facilities of £57.0m and undrawn uncommitted facilities of £55.0m. There are no covenants.

Taking into account the modelling and the availability of funding the directors confirm that the group has adequate resources and sufficient facilities to meet funding requirements over the next twelve months and the group therefore continues to adopt the going concern basis in preparing its financial statements.

## **Lancaster Public Limited Company**

### **Directors' report for the year ended 31 December 2019 (continued)**

#### **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, electronic communications and the group's internal printed periodical 'Torque'.

#### **Political donations**

During the year, the group made no political contributions (2018: £nil).

#### **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 the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company 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 parent company will continue in business.

The directors are also 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 responsible for keeping adequate accounting records that are sufficient to show and explain the group 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.

## **Lancaster Public Limited Company**

### **Directors' report for the year ended 31 December 2019 (continued)**

#### **Directors' confirmations**

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

- so far as the director is aware, there is no relevant audit information of which the group 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 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.

By order of the Board

DocuSigned by:  
  
32957D48E27F468...  
D Muir

**Company Director**

26 August 2020

## **Lancaster Public Limited Company**

### **Independent auditors' report to the members of Lancaster Public Limited Company**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion, Lancaster Public Limited Company'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 2019 and of the group's loss and 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 2019; the Consolidated profit and loss account, the Consolidated statement of cash flows, and the Consolidated and Company statements of changes in equity 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**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

## **Lancaster Public Limited Company**

### **Independent auditors' report to the members of Lancaster Public Limited Company (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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2019 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 set out on pages 8 and 9, 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.

## **Lancaster Public Limited Company**

### **Independent auditors' report to the members of Lancaster Public Limited Company (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.

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](http://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.

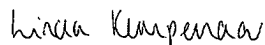
### **Other required reporting**

#### **Companies Act 2006 exception reporting**

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

- we have not received 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**

**26 August 2020**

## Lancaster Public Limited Company

### Consolidated profit and loss account for the year ended 31 December 2019

	Note	Continuing operations 2019 £'000	Discontinued operations 2019 £'000	Total 2019 £'000	Continuing operations 2018 £'000	Discontinued operations 2018 £'000	Total 2018 £'000
<b>Turnover</b>	5	<b>1,842,602</b>	<b>242,891</b>	<b>2,085,493</b>	1,862,892	254,993	2,117,885
Cost of sales		(1,710,980)	(209,473)	(1,920,453)	(1,732,131)	(219,116)	(1,951,247)
<b>Gross profit</b>		<b>131,622</b>	<b>33,418</b>	<b>165,040</b>	130,761	35,877	166,638
Selling and distribution costs		(80,636)	(24,087)	(104,723)	(76,986)	(25,331)	(102,317)
Administrative expenses		(40,846)	(12,233)	(53,079)	(38,302)	(14,422)	(52,724)
<b>Operating profit/(loss)</b>	6	<b>10,140</b>	<b>(2,902)</b>	<b>7,238</b>	15,473	(3,876)	11,597
Exceptional items	7	(5,628)	-	(5,628)	3,116	-	3,116
<b>Profit/(loss) before interest and taxation</b>		<b>4,512</b>	<b>(2,902)</b>	<b>1,610</b>	18,589	(3,876)	14,713
Interest receivable and similar income	11	2,766	-	2,766	1,115	-	1,115
Interest payable and similar expenses	11	(6,498)	(588)	(7,086)	(4,964)	(721)	(5,685)
<b>Profit/(loss) before taxation</b>		<b>780</b>	<b>(3,490)</b>	<b>(2,710)</b>	14,740	(4,597)	10,143
Tax on profit/(loss)	12	(150)	646	496	(3,756)	873	(2,883)
<b>Profit/(loss) and total comprehensive income/(expense) for the financial year</b>		<b>630</b>	<b>(2,844)</b>	<b>(2,214)</b>	10,984	(3,724)	7,260

## Lancaster Public Limited Company

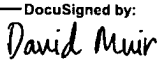
### Consolidated balance sheet as at 31 December 2019

	Note	2019 £'000	Restated 2018 £'000
<b>Fixed assets</b>			
Intangible assets	13	17,478	22,555
Tangible assets	14	133,757	141,054
Investment in subsidiary undertakings	16	8,050	8,050
		<b>159,285</b>	<b>171,659</b>
<b>Current assets</b>			
Stocks	17	335,516	308,297
Debtors	18	84,839	80,755
Cash at bank and in hand		5,067	70
		<b>425,422</b>	<b>389,122</b>
<b>Creditors - amounts falling due within one year</b>	19	<b>(490,539)</b>	<b>(464,742)</b>
<b>Net current liabilities</b>		<b>(65,117)</b>	<b>(75,620)</b>
<b>Total assets less current liabilities</b>		<b>94,168</b>	<b>96,039</b>
<b>Creditors - amounts falling due after more than one year</b>	20	<b>(40,000)</b>	<b>(40,000)</b>
Provisions for other liabilities	21	(2,981)	(2,638)
<b>Net assets</b>		<b>51,187</b>	<b>53,401</b>
<b>Capital and reserves</b>			
Called up share capital	23	34,044	34,044
Share premium account		5,675	5,675
Retained earnings		11,468	13,682
<b>Total equity</b>		<b>51,187</b>	<b>53,401</b>

The group's result for the financial year amounted to a loss of £2,214,000 (2018: profit of £7,260,000).

The notes on pages 19 to 47 are an integral part of these financial statements.

The financial statements on pages 13 to 47 were approved by the board of directors on 26 August 2020 and were signed on its behalf by:

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**Director**  
 Lancaster Public Limited Company  
 Registered Number 01538570



# Lancaster Public Limited Company

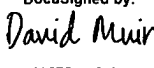
## Company balance sheet as at 31 December 2019

	Note	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Tangible assets	14	3,792	1,788
Investment properties	15	52,166	43,647
Investment in subsidiary undertakings	16	66,111	66,111
		<b>122,069</b>	111,546
<b>Current assets</b>			
Stocks	17	950	1,036
Debtors	18	22,042	33,611
Cash at bank and in hand		2,664	-
		<b>25,656</b>	34,647
<b>Creditors - amounts falling due within one year</b>	19	<b>(64,876)</b>	(56,112)
<b>Net current liabilities</b>		<b>(39,220)</b>	(21,465)
<b>Total assets less current liabilities</b>		<b>82,849</b>	90,081
<b>Creditors - amounts falling due after more than one year</b>	20	<b>(40,000)</b>	(40,000)
Provisions for other liabilities	21	(375)	(296)
<b>Net assets</b>		<b>42,474</b>	49,785
<b>Capital and reserves</b>			
Called up share capital	23	34,044	34,044
Share premium account		5,675	5,675
Retained earnings		2,755	10,066
<b>Total equity</b>		<b>42,474</b>	49,785

The company's result for the financial year amounted to a loss of £7,311,000 (2018: loss of £5,209,000).

The notes on pages 19 to 47 are an integral part of these financial statements.

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## Lancaster Public Limited Company

### Consolidated statement of changes in equity for the year ended 31 December 2019

	Called up share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2018	34,044	5,675	6,422	46,141
<b>Total comprehensive income for the year</b>				
Profit for the financial year	-	-	7,260	7,260
<b>Total comprehensive income for the year</b>	-	-	7,260	7,260
<b>Balance at 31 December 2018</b>	<b>34,044</b>	<b>5,675</b>	<b>13,682</b>	<b>53,401</b>
	Called up share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2019	34,044	5,675	13,682	53,401
<b>Total comprehensive expense for the year</b>				
Loss for the financial year	-	-	(2,214)	(2,214)
<b>Total comprehensive expense for the year</b>	-	-	(2,214)	(2,214)
<b>Balance at 31 December 2019</b>	<b>34,044</b>	<b>5,675</b>	<b>11,468</b>	<b>51,187</b>

## Lancaster Public Limited Company

### Company statement of changes in equity for the year ended 31 December 2019

	Called up share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2018	34,044	5,675	15,275	54,994
<b>Total comprehensive expense for the year</b>				
Loss for the financial year	-	-	(5,209)	(5,209)
<b>Total comprehensive expense for the year</b>	-	-	(5,209)	(5,209)
<b>Balance at 31 December 2018</b>	<b>34,044</b>	<b>5,675</b>	<b>10,066</b>	<b>49,785</b>
	Called up share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2019	34,044	5,675	10,066	49,785
<b>Total comprehensive expense for the year</b>				
Loss for the financial year	-	-	(7,311)	(7,311)
<b>Total comprehensive expense for the year</b>	-	-	(7,311)	(7,311)
<b>Balance at 31 December 2019</b>	<b>34,044</b>	<b>5,675</b>	<b>2,755</b>	<b>42,474</b>

## Lancaster Public Limited Company

### Consolidated statement of cash flows for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
<b>Net cash from/(used in) operating activities</b>	25	<b>55,556</b>	<b>(22,742)</b>
Taxation paid		<b>(2,262)</b>	<b>(5,554)</b>
<b>Net cash flow generated from/(used in) operating activities</b>		<b>53,294</b>	<b>(28,296)</b>
<b>Cash flow from investing activities</b>			
Disposals (net of cost of disposals)	27	<b>15,904</b>	788
Purchase of tangible assets	14	<b>(15,821)</b>	(28,905)
Proceeds from disposals of tangible assets		<b>6,923</b>	5,700
Interest received	11	<b>850</b>	1,115
<b>Net cash generated from/(used in) investing activities</b>		<b>7,856</b>	<b>(21,302)</b>
<b>Cash flow from financing activities</b>			
Interest paid	11	<b>(6,913)</b>	(5,604)
<b>Net cash used in financing activities</b>		<b>(6,913)</b>	<b>(5,604)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>54,237</b>	<b>(55,202)</b>
Cash and cash equivalents at the beginning of the year		<b>(49,170)</b>	6,032
<b>Cash and cash equivalents at the end of the year</b>		<b>5,067</b>	<b>(49,170)</b>
<b>Cash and cash equivalents consist of:</b>			
Cash at bank and in hand		<b>5,067</b>	70
Bank overdrafts	19	-	(49,240)
<b>Cash and cash equivalents</b>		<b>5,067</b>	<b>(49,170)</b>

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

# **Lancaster Public Limited Company**

## **Notes to the financial statements for the year ended 31 December 2019**

### **1 General information**

The principal activity of Lancaster Public Limited Company (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 public limited company limited by shares and is incorporated in the United Kingdom and registered 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 company financial statements of Lancaster Public Limited Company 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 have been 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 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 company profit and loss account.

The financial statements for the year ended 31 December 2018 have been restated following a reassessment by the directors of the accounting policy for the group's car purchase and loan scheme. The directors believe that the substance of the scheme and the recognition of the vehicles is better reflected as stocks than debtors as this reflects the fact that the vehicles are available for sale by the group and therefore a more appropriate accounting policy. As such, the 31 December 2018 comparative figures have been adjusted by £16,104,000; stocks (motor vehicles) increased by £16,104,000 and trade debtors decreased by the same amount. There is no impact on the profit and loss account, tax, equity or cash flows.

## **Lancaster Public Limited Company**

### **Notes to the financial statements for the year ended 31 December 2019**

#### **3 Summary of significant accounting policies (continued)**

##### **Going concern**

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.

The key assumptions made in those projections are as follows:

- Following re-opening of showrooms on 1 June 2020 the UK new and used car market to be subdued and after-sales activity to fall below 2019 levels with a gradual recovery into 2021.
- The continued availability of all manufacturer stocking lines.
- Implementation of cost reduction plans and capex deferral during the second half of 2020 to ensure the cost base is appropriate for the level of demand.

As at the date of signing the financial statements, the group had available undrawn committed facilities of £57.0m and undrawn uncommitted facilities of £55.0m. There are no covenants.

Taking into account the modelling and the availability of funding the directors confirm that the group has adequate resources and sufficient facilities to meet funding requirements over the next twelve months and the group therefore continues to adopt the going concern basis in preparing its financial statements.

##### **Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders. The company has taken advantage of the following exemptions:

- 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 financial statements include the company and all its subsidiaries. Each subsidiary has adopted the group's accounting policies. All material intercompany 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.

## **Lancaster Public Limited Company**

### **Notes to the financial statements for the year ended 31 December 2019**

#### **3 Summary of significant accounting policies (continued)**

##### **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 has been undertaken.

##### **Rebates**

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

##### **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.

##### **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.

##### **Defined contribution plan**

The defined contribution plan 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.

## Lancaster Public Limited Company

### Notes to the financial statements for the year ended 31 December 2019

#### 3 Summary of significant accounting policies (continued)

##### **Taxation (continued)**

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 FRS102.

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.

##### **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.



## **Lancaster Public Limited Company**

### **Notes to the financial statements for the year ended 31 December 2019**

#### **3 Summary of significant accounting policies (continued)**

##### **Investment property**

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the profit and loss account.

##### **Investments in subsidiary undertakings**

Investments in subsidiary 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. Consignment stock that is non-interest bearing is not considered an asset of the group and is excluded. Net realisable value is based on estimated selling price less further costs to be incurred to completion and disposal. Provision is made where necessary for obsolete, slow moving and defective stocks.

##### **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.

## **Lancaster Public Limited Company**

### **Notes to the financial statements for the year ended 31 December 2019**

#### **3 Summary of significant accounting policies (continued)**

##### **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.

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.

## **Lancaster Public Limited Company**

### **Notes to the financial statements for the year ended 31 December 2019**

#### **3 Summary of significant accounting policies (continued)**

##### **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**

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.

##### **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**

###### **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.

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 desk top valuations or formal valuations every three years.

## Lancaster Public Limited Company

### Notes to the financial statements for the year ended 31 December 2019

#### 4 Critical accounting judgements and estimation uncertainty (continued)

##### 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 high 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 all un-recognised liabilities in relation to closed and disposed dealerships.

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

##### Tax estimates

The calculation of the group's total tax charge for the year necessarily involves a degree of estimation in respect of certain items whose tax treatment cannot be finally determined at the reporting date. The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits, based on the latest available profit forecasts, will be available in the future against which the reversal of timing differences can be deducted.

#### 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:

	2019 £'000	2018 £'000
New car sales	895,952	941,888
Used car sales	971,346	969,989
Aftersales	218,195	206,008
	<b>2,085,493</b>	<b>2,117,885</b>

## Lancaster Public Limited Company

### Notes to the financial statements for the year ended 31 December 2019

#### 6 Operating profit/(loss)

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

	2019 £'000	2018 £'000
Depreciation of tangible fixed assets (note 14)	9,950	9,352
Profit on disposal of tangible fixed assets	-	(114)
Profit on disposal of businesses	-	(208)
Net provisions provided (note 21)	498	741
Amortisation of goodwill (note 13)	4,252	4,262
Impairment of stocks (note 17)	638	544
Stocks recognised as an expense	1,795,490	1,828,901
Impairment of trade debtors (note 18)	516	282
Operating lease charges - land and buildings	13,216	13,446
Operating lease charges - plant and machinery	1,448	842
<b>Services provided by the company's auditors</b>		
- the audit of parent company and consolidated financial statements	64	59
- the audit of company's subsidiaries pursuant to legislation	235	217
- taxation advisory	17	13
- other non-audit services	25	-

In addition to the fees set out above paid to PricewaterhouseCoopers LLP there were non-audit services of £43,000 (2018: £26,000) for services related to the group's defined contribution pension schemes.

#### 7 Exceptional items

	2019 £'000	2018 £'000
Profit on sale of freehold property	439	3,116
Loss on disposal of dealerships (note 27)	(6,067)	-
	<b>(5,628)</b>	<b>3,116</b>

The loss on disposal of dealerships is in regards the sale of Volkswagen and Honda dealerships as disclosed in note 27.

## Lancaster Public Limited Company

### Notes to the financial statements for the year ended 31 December 2019

#### 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 Lancaster Public Limited Company is not presented. The company's result for the financial year amounted to a loss of £7,311,000 (2018: loss of £5,209,000).

#### 9 Employees

The group and company average monthly number of employees within each category of persons was:

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Sales	1,022	1,042	-	-
Aftersales	1,692	1,714	-	-
Administration	713	690	183	190
	<b>3,427</b>	<b>3,446</b>	<b>183</b>	<b>190</b>

The costs incurred in respect of these employees were:

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	123,437	121,679	10,457	10,840
Social security costs	14,221	14,193	1,406	1,380
Other pension costs (note 29)	2,653	1,899	284	256
	<b>140,311</b>	<b>137,771</b>	<b>12,147</b>	<b>12,476</b>

#### 10 Directors

No emoluments or fees were paid to directors during the year (2018: £nil) in respect of their services to the company. The costs of the key management personnel are borne by Jardine Motors Group UK Limited and disclosed in the financial statements of Jardine Motors Group UK Limited.

## Lancaster Public Limited Company

### Notes to the financial statements for the year ended 31 December 2019

#### 11 Interest and other net finance expenses

	2019 £'000	2018 £'000
<b>Interest receivable and similar income</b>		
Interest associated with historic VAT refund	1,916	-
Bank interest received	850	1,115
	<b>2,766</b>	<b>1,115</b>

During the year, the group released an accrual for interest held back from the recovery of historic VAT reclaims that were paid in 2017. Following final clearance of outstanding potential claims as agreed between the group and HMRC the full interest accrual has been released.

	2019 £'000	2018 £'000
<b>Interest payable and similar expenses</b>		
Bank overdrafts	1,712	950
Interest paid to group undertakings	774	692
Stocking loan interest	4,427	3,962
	<b>6,913</b>	<b>5,604</b>

	2019 £'000	2018 £'000
<b>Finance expenses</b>		
Unwinding of discount in provisions (note 21)	173	81

Unwinding of discount in provisions is in respect of the lease exit costs provision disclosed in note 21.

# Lancaster Public Limited Company

## Notes to the financial statements for the year ended 31 December 2019

### 12 Tax on (loss)/profit

**(a) Tax (credit)/expense included in profit and loss**

	2019 £'000	2018 £'000
<b>Current tax:</b>		
UK corporation tax at 19.00% (2018: 19.00%)	1,921	2,749
Adjustment in respect of prior years	(2,114)	428
Total current tax	(193)	3,177
<b>Deferred tax:</b>		
Origination and reversal of timing differences	137	55
Adjustment in respect of prior years	(440)	(349)
Total deferred tax (note 22)	(303)	(294)
<b>Tax on (loss)/profit</b>	<b>(496)</b>	<b>2,883</b>

**(b) Reconciliation of tax (credit)/charge**

The tax assessed for the year is higher (2018: higher) than the effective standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

	2019 £'000	2018 £'000
<b>(Loss)/profit before taxation</b>	<b>(2,710)</b>	<b>10,143</b>
(Loss)/profit before taxation multiplied by effective standard corporation tax rate in the UK at 19.00% (2018: 19.00%)	(515)	1,927
Effects of:		
Non-taxable disposal gains	-	(592)
Net chargeable gains on disposals in year	559	-
Adjustment to taxable profits – group recharges	(238)	(238)
Expenses not deductible for tax purposes	2,100	1,900
Net temporary differences: effect of change in tax rates	152	(193)
Adjustment in respect of prior years	(2,554)	79
<b>Total tax (credit)/charge for the year</b>	<b>(496)</b>	<b>2,883</b>



## Lancaster Public Limited Company

### Notes to the financial statements for the year ended 31 December 2019

#### 13 Intangible assets

<b>Group</b>	<b>Goodwill £'000</b>
<b>Cost</b>	
At 1 January 2019	53,201
Disposals (note 27)	(9,156)
<b>At 31 December 2019</b>	<b>44,045</b>
<b>Accumulated amortisation</b>	
At 1 January 2019	30,646
Disposals (note 27)	(8,331)
Charge for the year	4,252
<b>At 31 December 2019</b>	<b>26,567</b>
<b>Net book amount</b>	
<b>At 31 December 2019</b>	<b>17,478</b>
At 31 December 2018	22,555

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 either 0% or 2%. The key assumptions used for these forecasts are volumes, gross margins and costs. The five-year forecast growth rates are based on historic trading together with future expectations for each CGU franchise 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 2019 was 8.5% (2018: 8.6%). The same discount rate has been used for all CGUs.

For three of the four CGUs, the results of the impairment review indicate that value-in-use exceeds carrying value by c£212m in total. These CGUs are not considered to be sensitive to changes in assumptions. Return on sales would need to reduce by 80% to cause an impairment.

For the remaining CGU the value-in-use exceeds the carrying value by c£50m. This CGU is particularly sensitive to changes in assumptions. A reduction in return on sales of 50% would cause an impairment (with after sales margin being the key driver of the sensitivity for this CGU).

#### Company

The company has no intangible assets (2018: £nil).

## Lancaster Public Limited Company

### Notes to the financial statements for the year ended 31 December 2019

#### 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 2019	102,193	33,283	22,256	9,860	21,827	189,419
Additions	3,623	1,411	2,276	2,433	3,453	13,196
Transfer from group undertaking	2,625	-	-	-	-	2,625
Transfer to group undertaking	(2,286)	-	-	-	-	(2,286)
Disposals	(4,347)	(6,750)	(3,410)	(969)	(3,538)	(19,014)
Reclassification	-	555	(1,877)	468	854	-
At 31 December 2019	101,808	28,499	19,245	11,792	22,596	183,940
Accumulated depreciation						
At 1 January 2019	6,077	13,442	10,449	7,156	11,241	48,365
Charge for the year	1,507	2,255	2,106	1,397	2,685	9,950
Transfer to group undertaking	(317)	-	-	-	-	(317)
Disposals	(355)	(2,303)	(2,127)	(686)	(2,344)	(7,815)
At 31 December 2019	6,912	13,394	10,428	7,867	11,582	50,183
Net book amount						
At 31 December 2019	94,896	15,105	8,817	3,925	11,014	133,757
At 31 December 2018	96,116	19,841	11,807	2,704	10,586	141,054

## Lancaster Public Limited Company

### Notes to the financial statements for the year ended 31 December 2019

#### 14 Tangible assets (continued)

Company	Short leasehold £'000	Plant and machinery £'000	Computer equipment £'000	Furniture, equipment and motor vehicles £'000	Total £'000
<b>Cost</b>					
At 1 January 2019	494	53	5,537	226	6,310
Additions	100	19	1,723	777	2,619
Disposals	-	-	(279)	(7)	(286)
<b>At 31 December 2019</b>	<b>594</b>	<b>72</b>	<b>6,981</b>	<b>996</b>	<b>8,643</b>
<b>Accumulated depreciation</b>					
At 1 January 2019	326	42	4,039	115	4,522
Charge for the year	44	3	537	21	605
Disposals	-	-	(273)	(3)	(276)
<b>At 31 December 2019</b>	<b>370</b>	<b>45</b>	<b>4,303</b>	<b>133</b>	<b>4,851</b>
<b>Net book amount</b>					
<b>At 31 December 2019</b>	<b>224</b>	<b>27</b>	<b>2,678</b>	<b>863</b>	<b>3,792</b>
At 31 December 2018	168	11	1,498	111	1,788

## Lancaster Public Limited Company

### Notes to the financial statements for the year ended 31 December 2019

#### 15 Investment properties

##### Group

The group has no investment property (2018: £nil).

<b>Company</b>	<b>£'000</b>
<b>Fair value</b>	
At 1 January 2019	43,647
Net loss from fair value adjustments	(937)
Transfer from group undertaking	12,050
Additions	2,681
Disposals	(5,275)
<b>At 31 December 2019</b>	<b>52,166</b>

The properties have been valued by a third party as External Valuers, in accordance with the RICS Valuation – Global Standards 2017, incorporating the International Valuation Standards (the “Red Book”), issued by the Royal Institution of Chartered Surveyors (“RICS”) published by the Royal Institution of Chartered Surveyors.

Fair value has been arrived at by reference to the price which the property might reasonably be expected to fetch if sold in the open market as at 31 December 2019.

The historical cost net book value of the freehold properties held as investment properties as at 31 December 2019 is £56,142,000 (2018: £46,323,000).

#### 16 Investment in subsidiary undertakings

	<b>Group £'000</b>	<b>Company £'000</b>
<b>Cost</b>		
<b>At 1 January and 31 December 2019</b>	<b>8,050</b>	<b>66,111</b>
<b>Provision for impairment</b>		
<b>At 1 January and 31 December 2019</b>	<b>-</b>	<b>-</b>
<b>Net book amount</b>		
<b>At 31 December 2019</b>	<b>8,050</b>	<b>66,111</b>
<b>At 31 December 2018</b>	<b>8,050</b>	<b>66,111</b>

##### Group

The subsidiary undertaking represents the capital contributions made by Lancaster Public Limited Company, £6,420,100, and a subsidiary undertaking, Lancaster Motor Company Limited, £1,630,100, in JMG LP. JMG LP is a Scottish Limited Partnership of which the Partners are all subsidiary undertakings of Jardine Motors Group UK Limited.

## Lancaster Public Limited Company

### Notes to the financial statements for the year ended 31 December 2019

#### 16 Investment in subsidiary undertakings (continued)

As the General Partner, JMG (Scotland) Limited, a 100% subsidiary undertaking of Jardine Motors Group UK Limited, is solely responsible for decision making of JMG LP and is therefore deemed to have control of JMG LP.

The results and balance sheet of JMG LP are consolidated within the Jardine Motors Group UK Limited financial statements and not within the Lancaster Public Limited Company consolidated financial statements.

The subsidiary undertakings of the company at 31 December 2019 were:

Subsidiary Undertaking	Class of Share	Principal Activity
Abridge Loughton TPS Limited	100% Ordinary Shares	Wholesale trade parts centre
Beechwood Birmingham Limited	100% Ordinary Shares	Dormant
Carrs (Holdings) Limited	100% Ordinary Shares	Property owning company
Jardine Motors Services Limited	100% Ordinary Shares	Dormant
Lancaster Cars Limited	100% Ordinary Shares	Retail distribution of motor vehicles and the supply of related goods and services
Lancaster Luxury Vehicles Limited	100% Ordinary Shares	Retail distribution of motor vehicles and the supply of related goods and services
Lancaster Motor Company Limited	100% Ordinary Shares	Retail distribution of motor vehicles and the supply of related goods and services
Lancaster Motors (Property) Limited	100% Ordinary Shares	Property construction and development
Lancaster Specialist Cars Limited	100% Ordinary Shares	Retail distribution of motor vehicles and the supply of related goods and services
Lancaster Sports Cars Limited	100% Ordinary Shares	Retail distribution of motor vehicles and the supply of related goods and services and owns property
Scotthall Limited	100% Ordinary Shares	Dormant
Spencers Limited	100% Ordinary Shares	Dormant
Wayside (auto cz) Limited	100% Ordinary Shares	Dormant
Wayside Audi (Hitchin) Limited	100% Ordinary Shares	Dormant
Wayside Audi Limited	100% Ordinary Shares	Dormant
Wayside Aylesbury Limited	100% Ordinary Shares	Dormant
Wayside Garages Limited	100% Ordinary Shares	Dormant
Wayside Group Limited	100% Ordinary Shares	Property owning and holding company
Wayside Milton Keynes Limited	100% Ordinary Shares	Dormant
Wayside North Bucks Limited	100% Ordinary Shares	Dormant
Wayside North Herts Limited	100% Ordinary Shares	Dormant
Wayside St Albans Limited	100% Ordinary Shares	Dormant
Wayside Towcester Limited	100% Ordinary Shares	Dormant
Wayside Trade Parts Limited	100% Ordinary Shares	Wholesale trade parts centres
Wayside Van Centres Limited	100% Ordinary Shares	Dormant
Wayside Volkswagen Limited	100% Ordinary Shares	Dormant

All group subsidiary undertakings are wholly owned, have a registered address of 770 The Crescent, Colchester Business Park, Colchester, Essex CO4 9YQ and operate in England and Wales.

The company also holds an investment in JMG LP of £6,420,100.

## Lancaster Public Limited Company

### Notes to the financial statements for the year ended 31 December 2019

#### 16 Investment in subsidiary undertakings (continued)

All subsidiary undertakings of the group have taken advantage of the exemption from an audit for the year ended 31 December 2019 available under s479A of the Companies Act 2006 as Jardine Motors Group UK Limited (the immediate parent undertaking) has given a statutory guarantee of all of the outstanding liabilities of the subsidiaries as at 31 December 2019.

All dormant subsidiary undertakings of the group have taken advantage of the exemption from preparing and filing financial statements for the year ended 31 December 2019 available under s394A and s448A of the Companies Act 2006.

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

#### 17 Stocks

	<b>Group 2019 £'000</b>	<b>Restated Group 2018 £'000</b>	<b>Company 2019 £'000</b>	<b>Company 2018 £'000</b>
Consignment vehicles	53,244	51,762	-	-
Motor vehicles	274,451	247,394	950	1,036
Parts and other stocks	7,821	9,141	-	-
	<b>335,516</b>	<b>308,297</b>	<b>950</b>	<b>1,036</b>

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 £638,000 (2018: £544,000).

## Lancaster Public Limited Company

### Notes to the financial statements for the year ended 31 December 2019

#### 18 Debtors

	Group 2019 £'000	Restated Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Trade debtors	39,477	35,283	16,527	16,935
Amounts owed by group undertakings	-	-	-	8,565
Corporation tax	-	-	653	-
Deferred tax assets (note 22)	-	-	735	871
Other taxation and social security	-	64	-	2,850
Other debtors	28,385	28,107	1,549	774
Prepayments and accrued income	16,977	17,301	2,578	3,616
	<b>84,839</b>	<b>80,755</b>	<b>22,042</b>	<b>33,611</b>

Trade debtors are stated after provisions for impairment of £516,000 (2018: £282,000).

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

#### 19 Creditors – amounts falling due within one year

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Bank overdrafts	-	49,240	-	24,771
Trade creditors	243,338	205,975	2,027	1,544
Amounts owed to group undertakings	162,280	114,213	49,221	-
Corporation tax	1,924	14,466	-	10,925
Other taxation and social security	6,102	6,231	4,930	3,416
Other creditors	60,469	58,219	5,791	7,926
Accruals and deferred income	16,426	16,398	2,907	7,530
	<b>490,539</b>	<b>464,742</b>	<b>64,876</b>	<b>56,112</b>

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

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 FHBR based interest rates. The cash flows are reported within operating cash flows. The interest charged is disclosed within interest payable as stocking loan interest (note 11) and the cash flows are reported within financing cash flows.

At 31 December 2019, the amount of stock funded through the finance companies was £161,934,000 (2018: £136,821,000) and is disclosed within trade creditors.

## Lancaster Public Limited Company

### Notes to the financial statements for the year ended 31 December 2019

#### 19 Creditors – amounts falling due within one year (continued)

The bank overdrafts of the company and its subsidiary undertakings are guaranteed under the terms of the UK group unlimited multi-lateral cross-guarantee agreements. The overdrafts are renewed annually. Interest is charged on the bank overdrafts at rates linked to bank base rate.

#### 20 Creditors – amounts falling due after more than one year

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Amounts owed to group undertaking	40,000	40,000	40,000	40,000

The amounts owed to group undertaking are unsecured and are due for repayment in 2021.

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

#### 21 Provisions for other liabilities

Group	At 1 January 2019 £'000	Net provision provided/ (released) during the year £'000	Utilised £'000	Unwinding of discount in provisions £'000	At 31 December 2019 £'000
Leasehold dilapidations	-	145	-	-	145
Onerous lease costs	2,018	(347)	-	173	1,844
Closure provisions	-	700	-	-	700
Deferred tax (note 22)	509	-	(303)	-	206
Self-insurance fund	111	-	(25)	-	86
	2,638	498	(328)	173	2,981

##### 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 all future estimated costs which will be payable up to, and including, the date of termination of the leases and was discounted at the average cost of capital of the group.



## Lancaster Public Limited Company

### Notes to the financial statements for the year ended 31 December 2019

#### 21 Provisions for other liabilities (continued)

##### Closure provisions

Closure provisions have been provided in respect of businesses sold or closed in respect of any residual costs that may arise. These are expected to be utilised over the next twenty-four months.

##### 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	At 1 January 2019 £'000	Net provision provided/ (released) during the year £'000	Utilised £'000	Unwinding of discount in provisions £'000	At 31 December 2019 £'000
Leasehold dilapidations	-	145	-	-	145
Onerous lease costs	185	(57)	-	16	144
Self-insurance fund	111	-	(25)	-	86
	<b>296</b>	<b>88</b>	<b>(25)</b>	<b>16</b>	<b>375</b>

#### 22 Deferred tax assets/(liabilities)

Group	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>Deferred tax asset/(liability) comprises:</b>				
Accelerated capital allowances	508	268	114	310
Intangible fixed assets	(1,145)	(1,529)	-	-
Other short-term timing differences	431	752	661	818
Fair value gain on investment properties	-	-	(40)	(257)
<b>Deferred tax (liability)/asset</b>	<b>(206)</b>	<b>(509)</b>	<b>735</b>	<b>871</b>
<b>Movements during the year are as follows:</b>	<b>2019 £'000</b>	<b>2018 £'000</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
At 1 January	(509)	(803)	871	133
Amount credited/(charged) to profit and loss (note 12(a))	303	294	(136)	738
<b>At 31 December</b>	<b>(206)</b>	<b>(509)</b>	<b>735</b>	<b>871</b>

## Lancaster Public Limited Company

### Notes to the financial statements for the year ended 31 December 2019

#### 22 Deferred tax assets/(liabilities) (continued)

The Finance Act 2016 included legislation to reduce the main rate of UK corporation tax to 19% from 1 April 2017 and to 17% from 1 April 2020. These rate reductions were substantively enacted by the balance sheet date and therefore included in these financial statements. Temporary differences have been measured using 17%. Legislation has been substantively enacted after the current financial year balance sheet date to repeal the reduction of the main corporation tax rate thereby maintaining the current rate of corporation tax at 19%. The company expects to recognise a charge of £24,000 in the consolidated accounts for the rate change impact from remeasuring opening temporary differences to be reported in the financial year ending 31 December 2020.

In addition to the deferred tax above, the group has unutilised ACT tax credits of £2,453,000 (2018: £2,453,000) and unutilised historic tax losses of £nil (2018: £nil) giving rise to unrecognised deferred tax assets of £2,453,000 (2018: £2,453,000). The company has no unutilised historic tax assets. 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 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.

#### 23 Called up share capital

	2019 £'000	2018 £'000
<b>Group and company</b>		
<b>Allotted and fully paid:</b>		
136,174,740 (2018: 136,174,740) ordinary shares of 25p each	<b>34,044</b>	34,044

#### 24 Financial instruments

The group and company have the following financial instruments:

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
<b>Financial assets that are debt instruments measured at amortised cost:</b>				
Trade debtors	<b>39,477</b>	35,283	<b>16,527</b>	16,935
Amounts owed by group undertakings	-	-	-	8,565
Other debtors	<b>28,385</b>	28,107	<b>1,549</b>	774
	<b>67,862</b>	63,390	<b>18,076</b>	26,274

## Lancaster Public Limited Company

### Notes to the financial statements for the year ended 31 December 2019

#### 24 Financial instruments (continued)

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
<b>Financial liabilities measured at amortised cost:</b>				
Bank overdrafts	-	(49,240)	-	(24,771)
Trade creditors	(243,338)	(205,975)	(2,027)	(1,544)
Amounts owed to group undertakings	(202,280)	(154,213)	(89,221)	(40,000)
Accruals and deferred income	(16,426)	(16,398)	(2,907)	(7,530)
Other creditors	(60,469)	(58,219)	(5,791)	(7,926)
	<b>(522,513)</b>	<b>(484,045)</b>	<b>(99,946)</b>	<b>(81,771)</b>

#### 25 Cash flow from operating activities

	2019 £'000	Restated 2018 £'000
<b>(Loss)/profit for the financial year</b>	<b>(2,214)</b>	7,260
Adjustments for:		
Tax on (loss)/profit	(496)	2,883
Interest receivable and similar income (note 11)	(2,766)	(1,115)
Interest payable and similar expenses (note 11)	6,913	5,604
Finance expenses (note 11)	173	81
Exceptional items (note 7)	5,628	(3,116)
<b>Operating profit</b>	<b>7,238</b>	11,597
Amortisation of intangible assets (note 13)	4,252	4,262
Depreciation of tangible fixed assets (note 14)	9,950	9,352
Profit on disposal of fixed assets	-	(114)
Loss on disposal of business	-	(208)
Increase in stocks	(41,877)	(20,719)
(Increase)/decrease in debtors	(4,084)	11,346
Increase in creditors	31,537	22,035
Increase/(decrease) in intercompany creditor balances	48,067	(60,933)
Increase in provisions for other liabilities	473	640
<b>Cash flow from operating activities</b>	<b>55,556</b>	<b>(22,742)</b>

## Lancaster Public Limited Company

### Notes to the financial statements for the year ended 31 December 2019

#### 25 Cash flow from operating activities (continued)

Analysis of changes in net debt

	At 1 January 2019 £'000	Cash flow £'000	At 31 December 2019 £'000
Cash at bank and in hand	70	4,997	5,067
Bank overdrafts	(49,240)	49,240	-
Cash and cash equivalents	(49,170)	54,237	5,067
Bank loans	-	-	-
	(49,170)	54,237	5,067

#### 26 Related party transactions

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

#### 27 Discontinued operations and disposals

On 11 April 2019, the group closed its Jaguar dealership in Tamworth.

On 2 September 2019, the group sold the trade and assets of Honda dealerships in Newbury and Reading. The group also closed its Honda dealerships in Birmingham and Bracknell.

On 17 December 2019, the group sold the trade and assets of Volkswagen dealerships in Milton Keynes, St Albans, Letchworth, Harlow and Loughton. As part of the transaction, the group also disposed of the trade and assets of a Skoda dealership in Milton Keynes. The group also closed and re-purposed its Volkswagen used car site in Towcester as part of this deal.

## Lancaster Public Limited Company

### Notes to the financial statements for the year ended 31 December 2019

#### 27 Discontinued operations and disposals (continued)

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

	Volkswagen/ Skoda £000	Honda £000
Tangible fixed assets (excluding related freeholds)	6,423	261
Intangible assets (note 13)	825	-
Stocks	13,793	865
Creditors	(125)	(71)
<b>Net assets disposed</b>	<b>20,916</b>	<b>1,055</b>
<b>Cash consideration</b>	<b>15,982</b>	<b>931</b>
Disposal costs	(713)	(296)
<b>Loss on disposal of dealerships (note 7)</b>	<b>(5,647)</b>	<b>(420)</b>

During the year the disposed Volkswagen and Skoda dealerships contributed £186,644,000 to group turnover and a loss of £2,537,000 to group loss before tax. The closed Volkswagen used car site contributed £20,680,000 to group turnover and a loss of £132,000 to group loss before tax.

During the year the disposed Honda dealerships contributed £13,937,000 to group turnover and a loss of £79,000 to group loss before tax.

During the year the closed Honda dealerships contributed £14,319,000 to group turnover and a loss of £566,000 to group loss before tax.

During the year the closed Jaguar dealership contributed £7,311,000 to group turnover and a loss of £176,000 to group loss before tax.

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

## Lancaster Public Limited Company

### Notes to the financial statements for the year ended 31 December 2019

#### 28 Financial commitments

##### (a) Future capital expenditure

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

	<b>Group 2019 £'000</b>	<b>Group 2018 £'000</b>
Contracted for but not provided	<b>6,500</b>	7,152

The company does not have any committed future capital expenditure (2018: £nil).

##### (b) Operating leases

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

<b>Group</b>	<b>Land and buildings 2019 £'000</b>	<b>Other 2019 £'000</b>	<b>Land and buildings 2018 £'000</b>	<b>Other 2018 £'000</b>
Within one year	<b>10,928</b>	<b>349</b>	14,162	282
Within two to five years	<b>37,656</b>	<b>182</b>	51,334	86
After five years	<b>65,008</b>	<b>383</b>	95,107	380
	<b>113,592</b>	<b>914</b>	160,603	748

<b>Company</b>	<b>Land and buildings 2019 £'000</b>	<b>Land and buildings 2018 £'000</b>
Within one year	<b>8,047</b>	10,482
Within two to five years	<b>27,448</b>	37,448
After five years	<b>54,089</b>	76,627
	<b>89,584</b>	124,557

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

## **Lancaster Public Limited Company**

### **Notes to the financial statements for the year ended 31 December 2019**

#### **29 Pensions schemes**

The immediate United Kingdom parent undertaking, Jardine Motors Group UK Limited, operates one principal scheme, which is in part defined benefit and in part defined contribution, and one principal defined contribution pension scheme that the company participates in. The principal scheme closed to future accrual on 1 December 2009, at which point all remaining members were able to join the defined contribution scheme.

Full details of the scheme are given in the financial statements of the immediate United Kingdom parent undertaking, Jardine Motors Group UK Limited.

During the year the group has contributed £nil (2018: £nil) to the defined benefit scheme and £2,653,000 (2018: £1,899,000) to the defined contribution scheme.

During the year the company has contributed £nil (2018: £nil) to the defined benefit scheme and £284,000 (2018: £256,000) to the defined contribution scheme.

#### **30 Contingent liabilities**

The company is subject to cross guarantees covering overdrafts in Jardine Motors Group UK Limited and fellow subsidiaries. These overdrafts amounted to £nil at 31 December 2019 (2018: £nil).

#### **31 Post balance sheet events**

Since the year-end the world has been impacted by the outbreak of the Coronavirus pandemic. The group has reacted by following the UK Government guidelines and in all instances put the safety and wellbeing of its colleagues and customers first.

The group closed all its car sales outlets in the latter part of March and most of its aftersales operations keeping a select number of service and parts facilities open with skeleton staff to provide services for keyworkers.

In line with Government regulations the group began re-opening all its car sales operations on 1 June 2020. During the 'lockdown' period the group carried out detailed planning and risk assessments for each location to ensure customers and colleagues were able to return to a safe environment. As part of this process, the group has invested in the necessary equipment and Personal Protective Equipment (PPE) for both colleagues and customers. All risk assessments, policies and procedures were reviewed and approved by the group's CEO and Director responsible for Health and Safety prior to the businesses being permitted to re-open. These documents are under constant review both centrally and locally. Full and regular communications to all colleagues have been set up and every colleague has been required to complete, and pass, a detailed on-line training course covering the new ways of working before being allowed to come back to the working environment, whether at a dealership, office or at home.

## **Lancaster Public Limited Company**

### **Notes to the financial statements for the year ended 31 December 2019**

#### **31 Post balance sheet events (continued)**

The CEO also convenes a weekly Coronavirus safety committee, attended by the senior leadership team to monitor adherence to the new ways of working, review incidents and put in place action plans to further strengthen oversight and control as required.

The group has participated in the UK Government's furlough scheme with up to 85% of its colleagues placed on furlough during the lockdown. The group has adapted quickly to the new ways of working, including working at home which has been enabled through its existing IT infrastructure and applications such as Microsoft Teams.

The directors do not consider the impact of Coronavirus to be a post balance sheet adjusting event. The group has completed full detailed cashflow forecasts based on a number of scenarios and considers, with its banking and manufacturer funding facilities together with full support from its parent undertaking, that it will be able to continuing trading from all of its existing facilities. The directors continuously monitor the group's cost base to ensure it is appropriate in relation to demand and will take necessary actions to protect its financial position, whilst ensuring standards are maintained and the wellbeing and safety of colleagues and customers is not compromised.

Current results and forecasts indicate a significant and material impact on the results for 2020 due to loss of sales during lockdown and an expected reduction in new car sales demand for the remainder of the year. Trade since re-opening of dealerships has been resilient and the directors consider that the carrying value of the group's stocks are being realised. It is too early to assess the longer-term implications of the 2020 trading with respect to the potential impact on the carrying values of the group's tangible and intangible assets. Sensitivity disclosure is provided in note 13. The group will continue to implement strategies to minimise overall losses both during and post the pandemic.

On 6 July 2020, the group announced a re-structuring programme affecting all divisions and head office roles including redundancies for 522 roles. It is anticipated that the cost of re-structuring will be between £3m to £4m.

On 10 July 2020, the remaining Volkswagen dealership in Aylesbury was sold to Marshall Motor Group Limited for net consideration of £2.9m.

During July 2020, the group repaid its bank loan with Lloyds Bank plc by the due date. During July 2020 the group agreed new committed banking facilities with new lenders, with strong investment grade ratings, giving the group adequate facilities to meet its on-going funding requirements.



## **Lancaster Public Limited Company**

### **Notes to the financial statements for the year ended 31 December 2019**

#### **32 Ultimate parent undertaking and controlling party**

The immediate parent undertaking is Jardine Motors Group UK Limited. The ultimate parent undertaking and controlling party is Jardine Matheson Holdings Limited, a company incorporated in Bermuda.

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

Jardine Motors Group UK Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements.

The consolidated financial statements of Jardine Motors Group UK Limited and Jardine Matheson Holdings Limited can be obtained from the address below:

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