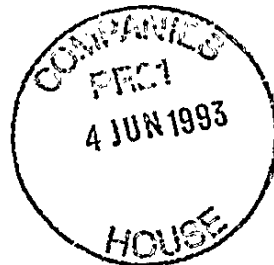


JARDINE EUROPEAN MOTORS plc

31 DECEMBER 1992

FINANCIAL STATEMENTS

2476318



JARDINE EUROPEAN MOTORS plc

REPORT OF THE DIRECTORS

Company Registration Number: 2470318

PRESENT DIRECTORS

JJG Brown
MS Henderson
JM Ritchie
AD Tennant

The directors present their report and the audited accounts for the year ended 31 December 1992.

PRINCIPAL ACTIVITY

The company is a holding company for operating subsidiaries in the retail and commercial motor trade.

REVIEW OF THE BUSINESS

The continuing economic recession had a severe effect on the motor distribution and retailing industry which was reflected in the results of the company's subsidiaries. The group continued its policy of rationalising the use of existing sites and has introduced multi-franchising into six businesses where new franchises complement the existing dealerships.

A new BMW dealership was established and opened in Cambridge in August 1992.

During the year the decision was made to increase the provision for closure costs and future losses of the group's contract hire operations as a result of the worsening economic climate.

The group will concentrate on building stable and mature businesses during 1993 to ensure that it is in the best position to take advantage of the upturn in business when the economic climate improves.

RESULTS AND DIVIDENDS

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

The directors do not recommend the payment of a dividend (1991 - £Nil).

JARDINE EUROPEAN MOTORS plc

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS AND THEIR INTERESTS

The directors listed above served throughout the period covered by this report, with the exception of Mr JM Ritchie who was appointed a director on 27 November 1992, and Mr AD Tennant who was appointed a director on 1 February 1993.

None of the directors had any interests in the shares or debentures of the company, or of the company's fellow subsidiaries or holding company, which require notification to the company in accordance with the provisions of Section 324 of the Companies Act 1985.

SHARE CAPITAL

The authorised share capital was increased to £20,000,000 on 31 December 1992. On 31 December 1992 5,000,000 ordinary shares of £1 each were allotted and fully paid up.

DISABLED EMPLOYEES

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

EMPLOYEE CONSULTATION

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

INSURANCE

The company's ultimate holding company, Jardine Matheson Holdings Limited, maintains a Directors' and Officers' Liability insurance policy covering itself and all its subsidiaries.

CHARITABLE DONATIONS

During the year the group made charitable donations totalling £6,380 (1991 - £5,088).

JARDINE EUROPEAN MOTORS plc

REPORT OF THE DIRECTORS (CONTINUED)

AUDITORS

Price Waterhouse have expressed their willingness to continue in office as auditors and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

Matheson & Co., Limited
Secretaries
3 Lombard Street
London EC3V 9AQ

24 March 1993

Jennifer Rutherford
ASSISTANT SECRETARY

Price Waterhouse



**AUDITORS' REPORT TO THE MEMBERS OF
JARDINE EUROPEAN MOTORS plc**

We have audited the financial statements on pages 5 to 22 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 1992 and of the loss and of the cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
London SE1

Chartered Accountants
and Registered Auditor

24 March 1993

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Offices at Aberdeen, Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Hull, Leeds, Leicester, Liverpool, London, Manchester, Middlesbrough, Newcastle, Nottingham, Reading,
St Albans, Southampton and Windsor

The partnership's principal place of business is at Southwark Towers, 32 London Bridge Street, London SE1 0SY where a list of the partners' names is available for inspection.

The firm is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

JARDINE EUROPEAN MOTORS plc

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR TO 31 DECEMBER 1992**

	<u>Notes</u>	<u>1992</u> £'000	<u>1991</u> £'000
TURNOVER		208,228	185,563
COST OF SALES		<u>(180,372)</u>	<u>(159,716)</u>
GROSS PROFIT		27,856	25,847
Distribution costs		(6,078)	(5,111)
Administrative expenses		<u>(20,500)</u>	<u>(19,569)</u>
OPERATING PROFIT		1,278	1,167
Interest payable	2	(6,016)	(4,609)
Exceptional items			
- Losses on closure of contract hire operation	3	(500)	(2,700)
- Write down of property values	9	<u>-</u>	<u>(4,262)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(5,238)	(10,404)
Tax on loss on ordinary activities	8	<u>(95)</u>	<u>774</u>
LOSS FOR THE FINANCIAL YEAR	18	<u>(5,333)</u>	<u>(9,630)</u>

The notes on pages 9 to 22 form an integral part of these accounts.

JARDINE EUROPEAN MOTORS plc

CONSOLIDATED BALANCE SHEET 31 DECEMBER 1992

	Notes	1992 £'000	1991 £'000
FIXED ASSETS			
Tangible assets	9	18,483	17,986
CURRENT ASSETS			
Stocks	11	27,578	28,260
Debtors	12	6,866	6,704
Cash in hand		<u>14,445</u>	<u>62</u>
		48,889	35,026
CREDITORS: Amounts falling due within one year			
Bank overdrafts (unsecured)		14,056	14,886
Trade creditors	13	10,649	10,045
Sundry creditors	14	<u>7,369</u>	<u>4,826</u>
		32,074	29,757
NET CURRENT ASSETS		<u>16,815</u>	<u>5,269</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>35,298</u>	<u>23,255</u>
CREDITORS: Amounts falling due after more than one year			
	15	51,319	38,470
PROVISION FOR LIABILITIES AND CHARGES			
Provisions	16	681	1,132
Deferred tax	16	<u>12</u>	<u>34</u>
		52,012	39,636
CAPITAL AND RESERVES			
Called up share capital	17	20,000	15,000
Revenue reserves	18	<u>(36,714)</u>	<u>(31,381)</u>
		35,298	23,255

Approved by the Board of Directors

J J G Brown

JJG Brown
24 March 1993

The notes on pages 9 to 22 form an integral part of these accounts.

JARDINE EUROPEAN MOTORS plc

BALANCE SHEET 31 DECEMBER 1992

	Notes	1992 £'000	1991 £'000
FIXED ASSETS			
Investments	10	16,396	13,731
CURRENT ASSETS			
Debtors			
Amounts owed by subsidiary undertakings	12	324	631
Cash at bank and in hand		21,134	7,793
		<u>21,458</u>	<u>8,424</u>
CREDITORS: Amounts falling due within one year			
Sundry creditors	14	3,249	123
		<u>3,249</u>	<u>123</u>
NET CURRENT ASSETS		<u>18,209</u>	<u>8,301</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>34,605</u>	<u>22,032</u>
CREDITORS: Amounts falling due after more than one year			
CAPITAL AND RESERVES	15	51,319	38,470
Called up share capital			
Revenue reserves	17	20,000	15,000
	18	<u>(36,714)</u>	<u>(31,381)</u>
		<u>34,605</u>	<u>22,089</u>

Approved by the Board of Directors

J J G Brown

JJG Brown
24 March 1993

The notes on pages 9 to 22 form an integral part of these accounts.

JARDINE EUROPEAN MOTORS plc

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1992

	<u>Notes</u>	<u>1992</u>	<u>1991</u>
		£'000	£'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	A	1,549	(1,087)
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest paid		(4,879)	(4,609)
TAXATION			
Corporation tax received		576	29
INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(1,919)	(5,296)
Purchase of goodwill		-	(66)
Sale of tangible fixed assets		<u>37</u>	<u>210</u>
		<u>(1,882)</u>	<u>(5,152)</u>
NET CASH OUTFLOW BEFORE FINANCING		<u>(4,636)</u>	<u>(10,819)</u>
FINANCING			
Issue of ordinary share capital	D	<u>(5,000)</u>	<u>(14,980)</u>
NET CASH INFLOW FROM FINANCING		(5,000)	(14,980)
INCREASE IN CASH AND CASH EQUIVALENTS	B,C	<u>364</u>	<u>4,161</u>
		<u>(4,636)</u>	<u>(10,819)</u>

The notes on pages 9 to 22 form an integral part of these accounts.

JARDINE EUROPEAN MOTORS plc

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1992

A RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>1992</u> £'000	<u>1991</u> £'000
Operating profit	1,278	1,167
Depreciation charges	1,378	1,103
Loss/(Profit) on sale of tangible fixed assets	7	(20)
Movement in stocks	454	(4,554)
Movement in debtors	(718)	1,709
Movement in creditors	(850)	(474)
Movement in amounts owed to group undertakings	—	(18)
Net cash inflow from operating activities	<u>1,549</u>	<u>(1,087)</u>

B ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	<u>1992</u> £'000	<u>1991</u> £'000
Balance at 1 January	(53,294)	(57,455)
Net cash inflow	<u>364</u>	<u>4,161</u>
Balance at 31 December	<u>(52,930)</u>	<u>(53,294)</u>

C ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	<u>1992</u> £'000	<u>1991</u> £'000	<u>Change in</u> <u>year</u> £'000
Long term loans	(53,319)	(38,470)	(14,849)
Cash at bank and in hand	14,445	62	14,383
Bank overdrafts	<u>(14,056)</u>	<u>(14,886)</u>	<u>830</u>
	<u>(52,930)</u>	<u>(53,294)</u>	<u>364</u>

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1992

D ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	<u>1992</u>		<u>1991</u>	
	Share	Finance	Share	Finance
	<u>capital</u>	<u>lease</u>	<u>capital</u>	<u>lease</u>
	<u>£'000</u>	<u>obligations</u>	<u>£'000</u>	<u>obligations</u>
Balance at 1 January	15,000	-	20	4
Cash inflows/(outflows) from financing	<u>5,000</u>	<u>-</u>	<u>14,980</u>	<u>(4)</u>
Balance at 31 December	<u>20,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>

NOTES TO THE ACCOUNTS - 31 DECEMBER 1992

1 ACCOUNTING POLICIES

(1) Convention

These accounts have been prepared in accordance with the historical cost convention using applicable accounting standards. The principal accounting policies which the directors have adopted within that convention are set out below.

(2) Basis of consolidation

The group accounts consolidate the accounts of the company and all its subsidiaries drawn up for the year ended 31 December 1992.

(3) Turnover

Turnover comprises income derived from motor vehicle retail activities, that is sales of motor vehicles, parts and servicing income, within the United Kingdom. Value added tax and car tax are excluded.

(4) Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less accumulated depreciation. Where appropriate, interest charges (net of corporation tax) incurred on major projects are included in the cost of the asset.

Depreciation is provided on tangible fixed assets in equal annual instalments over their expected lives as follows:

Freehold buildings	- 2% per annum;
Long leasehold buildings	- 2% per annum;
Short leasehold property	- over the term of the lease;
Plant and machinery	- 10% - 20% per annum
Fixtures and fittings	- 10% - 20% per annum;
Computer equipment	- 20% per annum.

(5) Stocks

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

(6) Leased Assets

Fixed assets leased under finance leases are capitalised and depreciated over their expected useful lives. The finance charges are allocated over the period of the lease using the sum of the digits method. The costs of operating leases are charged to the profit and loss account as they occur.

NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(7) Deferred taxation

Provision is made for taxation liabilities arising from the allocation of items to different periods for taxation and for accounting purposes, except where, in the opinion of the directors, the liability will not crystallise in the foreseeable future.

(8) Pensions

The group operates a defined benefit funded pension scheme, covering Lancaster plc and its subsidiaries, for all eligible employees. The costs of providing pensions are estimated on the basis of independent actuarial advice. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group. Note 20 provides further details of the pension scheme.

(9) Goodwill

Goodwill arising on acquisition, being the difference between the fair value of net assets acquired and the consideration paid, is written off against reserves in the year of acquisition.

(10) Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost. Provision is made against the value of investments to the extent that the underlying asset amounts of the subsidiary undertakings are lower than cost.

2 INTEREST PAYABLE

	<u>1992</u> £'000	<u>1991</u> £'000
Stocks and other loans	70	65
Bank loans and overdrafts repayable within five years	1,628	2,496
Other loans not wholly repayable within five years	<u>4,318</u>	<u>2,048</u>
	6,016	4,609
	<u> </u>	<u> </u>

3 EXCEPTIONAL ITEMS - Losses on closure of contract hire operation

During 1991 a decision was taken to close the group's contract hire operations. The amounts charged to the profit and loss account represent anticipated closure costs and contract losses until operations have ceased completely.

NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (CONTINUED)

4 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1992</u>	<u>1991</u>
	£'000	£'000
Loss on ordinary activities before taxation is arrived at after charging:		
Depreciation of owned assets	1,378	1,098
Depreciation of assets held under finance leases	-	5
Remuneration paid to auditors:		
In respect of audit	170	175
In respect of other services	117	67
Operating lease rentals:		
Land and buildings	1,540	1,263
	<u> </u>	<u> </u>

5 LOSS ATTRIBUTABLE TO SHAREHOLDERS

	<u>1992</u>	<u>1991</u>
	£'000	£'000
Dealt with in the accounts of Jardine European Motors plc	5,333	11,041
	<u> </u>	<u> </u>

The company has taken advantage of Section 228 (7) of the Companies Act 1985 and consequently a profit and loss account for Jardine European Motors plc is not presented.

6 EMPLOYEES

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

	<u>1992</u>	<u>1991</u>
	Number	Number
Sales staff	186	172
After-sales staff	677	633
Administration staff	<u>146</u>	<u>153</u>

1,009 958

The costs incurred in respect of these employees were:

	<u>1992</u>	<u>1991</u>
	£'000	£'000
Wages and salaries	15,513	14,483
Social security costs	1,241	1,083
Other pension costs	623	565
Other staff costs	<u>3,316</u>	<u>3,097</u>
	<u>20,693</u>	<u>19,228</u>

NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (CONTINUED)

7 DIRECTORS

	<u>1992</u> £'000	<u>1991</u> £'000
Emoluments of directors of the holding company included in staff costs were as follows:		
Fees	10	10
Other remuneration	<u>116</u>	<u>-</u>
	126	10
	<u>=====</u>	<u>=====</u>
The emoluments (excluding pension contributions) of directors were as follows:		
Chairman	10	10
	<u>=====</u>	<u>=====</u>
Highest paid director	103	-
	<u>=====</u>	<u>=====</u>

The number of directors (including the chairman and the highest paid director) who received emoluments (excluding pension contributions) in the following ranges was:

	<u>Number of directors</u>	
	<u>1992</u>	<u>1991</u>
£0 - £5,000	1	1
£5,001 - £10,000	1	1
£100,001 - £105,000	1	-

8 TAX ON LOSS ON ORDINARY ACTIVITIES

	<u>1992</u> £'000	<u>1991</u> £'000
Taxation is based on the results for the year and comprises:		
Corporation tax at 33% of taxable profit (1991 - 33.25%)	-	(125)
Corporation tax movements relating to prior periods	117	(43)
Deferred taxation (see Note 16)	<u>(22)</u>	<u>(606)</u>
	95	(774)
	<u>=====</u>	<u>=====</u>

NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (CONTINUED)

9 TANGIBLE ASSETS

GROUP	Land and buildings			Fixtures and Fittings £'000	Plant and Machinery £'000	Total £'000
	Freehold £'000	Long Leasehold £'000	Short Leasehold £'000			
<u>Cost/Valuation</u>						
At 1 January 1992	14,501	2,725	2,778	3,781	3,689	27,474
Revaluation	(5,388)	(220)	-	-	-	(5,608)
As restated	9,113	2,505	2,778	3,781	3,689	21,866
Additions	940	69	66	354	490	1,919
Disposals	-	-	-	(83)	(85)	(168)
Adjustments	(4)	(15)	19	2	(2)	-
At 31 December 1992	<u>10,049</u>	<u>2,559</u>	<u>2,863</u>	<u>4,054</u>	<u>4,092</u>	<u>23,617</u>
<u>Depreciation</u>						
At 1 January 1992	-	12	646	1,778	1,444	3,880
Provided for the year	159	55	157	514	493	1,378
Disposals	-	-	-	(49)	(75)	(124)
Adjustments	-	(5)	5	-	-	-
At 31 December 1992	<u>159</u>	<u>62</u>	<u>808</u>	<u>2,243</u>	<u>1,862</u>	<u>5,134</u>
<u>Net book amount</u>						
At 31 December 1992	<u>9,890</u>	<u>2,497</u>	<u>2,055</u>	<u>1,811</u>	<u>2,230</u>	<u>18,483</u>
At 31 December 1991 (as restated)	<u>9,113</u>	<u>2,493</u>	<u>2,132</u>	<u>2,003</u>	<u>2,245</u>	<u>17,986</u>

During the year the group adopted a policy of holding freehold and long leasehold properties at valuation. A valuation was carried out as at 31 December 1992 by Weatherall, Green & Smith (Chartered Surveyors) on an open market value, existing use basis.

The market value of properties as at that date was £12,387,000 which compared to a carrying value of £18,204,000. Having taken appropriate professional advice, the directors are of the opinion that the fall in value is attributable to periods prior to 1992; accordingly a revaluation deficit of £5,608,000, being the difference between carrying value and market value at 31 December 1992, adjusted for the 1992 allowance for depreciation, has been treated as relating to prior years; £4,262,000 has been treated as relating to 1991 and £1,346,000 has been treated as relating to 1990 and prior periods. Following the change in accounting policy, the relevant profit and loss account and balance sheet amounts for 1991 have been restated.

NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (CONTINUED)

10 INVESTMENTS

<u>Company</u>	<u>Shares in group companies £'000</u>
At 1 January 1992 as previously reported	42,753
Provision in respect of investments relating to prior years	<u>(29,022)</u>
As restated	13,731
Additional capital allotted during the year	5,000
Movement in provision	<u>(2,335)</u>
At 31 December 1992	<u>16,396</u>

The investments comprise shares in Lancaster plc and its subsidiaries. During the year the company adopted a policy of holding investments at underlying asset value where lower than cost. Accordingly the deficit arising in respect of the company's investment in Lancaster plc has been written off by way of a prior year adjustment.

Subsidiaries

The subsidiary undertakings which, in the opinion of the directors, principally affected the amount of the result or net assets of the group were:

Lancaster plc	Wheelmaster Limited
Lancaster Management Services Limited	Scotthall Leeds Limited
Lancaster Garages (Colchester) Limited	Lancaster Bodycentre Colchester Limited
Lancaster Garages Limited	Lancaster Medway Limited
Lancaster Lakeside Limited	Harston Cambridge Limited
Lancaster Garages (Norwich) Limited	Scotthall Southampton Limited
Lancaster Garages (Scandinavian) Limited	Lancaster Cambridge Limited
Lancaster Europa Limited	Lancaster Sheffield Limited
Lancaster Garages (European) Limited	Lancaster Reading Limited
Lancaster Garages (Ipswich) Limited	Lancaster Bow Limited
Lancaster Hertford Limited	Scotthall Cambridge Limited
Lancaster Jaguar Sevenoaks Limited	

The principal activity of the subsidiaries is the retail distribution of motor vehicles and the supply of allied goods and services.

All group subsidiaries are wholly-owned and are incorporated and operate in the UK.

NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (CONTINUED)

11 STOCKS

	<u>Group</u> <u>1992</u> £'000	<u>Company</u> <u>1992</u> £'000	<u>Group</u> <u>1991</u> £'000	<u>Company</u> <u>1991</u> £'000
Vehicles	24,276	-	25,336	-
Parts	3,191	-	2,703	-
Oil, petrol and sundries	<u>111</u>	<u>-</u>	<u>221</u>	<u>-</u>
	<u>27,578</u>	<u>-</u>	<u>28,260</u>	<u>-</u>

12 DEBTORS

	<u>Group</u> <u>1992</u> £'000	<u>Company</u> <u>1992</u> £'000	<u>Group</u> <u>1991</u> £'000	<u>Company</u> <u>1991</u> £'000
Trade debtors	4,980	-	4,459	-
Other debtors	810	-	830	13
Prepayments and accrued income	1,076	-	921	-
Group relief receivable	-	324	-	618
Corporation tax recoverable	<u>-</u>	<u>-</u>	<u>494</u>	<u>-</u>
	<u>6,866</u>	<u>324</u>	<u>6,704</u>	<u>631</u>

13 TRADE CREDITORS

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

14 SUNDRY CREDITORS

	<u>Group</u> <u>1992</u> £'000	<u>Company</u> <u>1992</u> £'000	<u>Group</u> <u>1991</u> £'000	<u>Company</u> <u>1991</u> £'000
Other creditors	4,238	1,222	3,914	123
Other taxation and social security	1,131	27	912	-
Series B Loan Notes (see note 15)	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>-</u>
	<u>7,369</u>	<u>3,249</u>	<u>4,826</u>	<u>123</u>

NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (CONTINUED)

15 CREDITORS: Amounts falling due after more than one year

	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	<u>1992</u>	<u>1992</u>	<u>1991</u>	<u>1991</u>
	£'000	£'000	£'000	£'000
Series A Loan Notes (1)	2,319	2,319	2,470	2,470
Series B Loan Notes (1)	15,000	15,000	15,000	15,000
Unsecured bank loans (2)	36,000	36,000	21,000	21,000
	<hr/>	<hr/>	<hr/>	<hr/>
	53,319	53,319	38,470	38,470
Less: reclassified as amounts falling due within one year (see (1) below and note 14)	(2,000)	(2,000)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	51,319	51,319	38,470	38,470
	<hr/>	<hr/>	<hr/>	<hr/>

(1) Loan Notes

These are Floating Rate Guaranteed Loan Notes due in the year 2000 which are an unsecured obligation of the company and guaranteed by Midland Bank plc and Zung Fu Company Limited respectively.

Both Series A and Series B Loan Notes are redeemable at the option of the holder on each interest payment date falling on or after 30 June 1991. The company has been informed that it is the holder's current intentions not to redeem any of the above Series B Loan Notes other than an amount to the value of £2,000,000. Any Loan Notes not previously redeemed or purchased will be repayable in full at their nominal amount (with interest) on 31 December 2000.

Both Series A and Series B Loan Notes carry a coupon of 1% below the six-month sterling London Interbank Offered Rate (LIBOR).

(2) Unsecured bank loans

These represent a £9,000,000 loan, which bears interest at 0.45% over LIBOR, and is repayable in July 1995 and a £27,000,000 loan, which bears interest at 1% over LIBOR, and is repayable in December 1994.

NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (CONTINUED)

16 PROVISION FOR LIABILITIES AND CHARGES

	<u>1992</u> £'000	<u>1991</u> £'000
(1) PROVISIONS		
<u>Group</u>		
At 1 January 1992	2,413	800
Losses on closure of contract hire operation (see note 3)	500	2,700
Provision utilised during the period	(1,085)	(1,087)
Other movements	(258)	-
At 31 December 1992	1,570	2,413
Less amounts falling due within one year	(889)	(1,281)
Provisions (amounts falling due after one year)	681	1,132

(2) DEFERRED TAX

	<u>Group</u> <u>1992</u> £'000	<u>Company</u> <u>1992</u> £'000	<u>Group</u> <u>1991</u> £'000	<u>Company</u> <u>1991</u> £'000
Deferred taxation	12	-	34	-
Deferred taxation movement in the year				
At 1 January 1992	34	-	640	-
Credit for the year	(22)	-	(606)	-
At 31 December 1992	12	-	34	-

Deferred taxation provision at year end

	<u>Provided</u> £'000	<u>1992</u> <u>Unprovided</u> £'000	<u>Provided</u> £'000	<u>1991</u> <u>Unprovided</u> £'000
GROUP				
Capital allowances in excess of depreciation	12	115	34	112
Chargeable gains deferred by rollover relief	-	774	-	774
	12	889	34	886

JARDINE EUROPEAN MOTORS plc

NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (CONTINUED)

17 SHARE CAPITAL

	Company	
	1992	1991
	£'000	£'000
Authorised:		
20,000,000 (1991: 15,000,000) ordinary shares of £1 each	20,000	15,000
	<hr/>	<hr/>
Allotted and fully paid:		
20,000,000 (1991: 15,000,000) ordinary shares of £1 each, fully paid	20,000	15,000
	<hr/>	<hr/>
	20,000	15,000
	<hr/>	<hr/>

On 31 December 1992 £5,000,000 ordinary shares of £1 each were allotted and fully paid up. The allotment was made in order to provide additional working capital for the group.

18 REVENUE RESERVES

	1992 £'000
GROUP	
At 1 January 1992 as previously reported	(10,852)
Write-down of property values (see note 9)	
- relating to 1991	(4,262)
- relating to 1990 and prior periods	(1,346)
Write-off of goodwill on acquisition	(14,921)
	<hr/>
At 1 January 1992 as restated	(31,381)
Retained loss for the year	(5,333)
	<hr/>
At 31 December 1992	(36,714)
	<hr/>

During the year the company adopted a policy of writing off goodwill arising on acquisition immediately against reserves in the year of acquisition. Accordingly the goodwill in respect of the acquisition of Lancaster plc in 1990 has been written off by way of a prior year adjustment.

JARDINE EUROPEAN MOTORS plc

NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (CONTINUED)

18 REVENUE RESERVES (CONTINUED)

COMPANY

£'000

At 1 January 1992 as previously reported	(2,359)
Provision in respect of investment in Lancaster plc (see note 10)	<u>(29,022)</u>
As restated	<u>(31,381)</u>
Retained loss for the year	<u>(5,333)</u>
At 31 December 1992	<u>(36,714)</u>

19 FINANCIAL COMMITMENTS

GROUP

<u>1992</u>	<u>1991</u>
£'000	£'000

(1) FUTURE CAPITAL EXPENDITURE

Contracted for but not provided for	77	57
Authorised by the directors but not contracted for	<u>30</u>	<u>168</u>
	<u>107</u>	<u>225</u>

(2) OPERATING LEASES

At 31 December 1992 the group had annual commitments under non-cancellable operating leases which expire as follows:

	<u>1992</u>		<u>1991</u>	
	<u>Land and</u>	<u>Other</u>	<u>Land and</u>	<u>Other</u>
	<u>Buildings</u>	<u>£'000</u>	<u>Buildings</u>	<u>£'000</u>
	£'000	£'000	£'000	£'000
Within one year	-	5	9	19
In the second to fifth year	249	90	236	56
Over five years	<u>1,371</u>	<u>19</u>	<u>1,344</u>	<u>31</u>
	<u>1,620</u>	<u>114</u>	<u>1,589</u>	<u>106</u>

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

19 FINANCIAL COMMITMENTS (CONTINUED)

(3) OTHER FINANCIAL COMMITMENTS

As 31 December 1992 certain subsidiaries of the group had commitments to repurchase vehicles in the future at a cost of £5,960,336 (1991 - £14,313,088).

20 PENSION SCHEME

The group operates a defined benefit funded pension scheme, covering Lancaster plc and its subsidiaries, for all eligible employees, providing benefits based on final pensionable salary. The assets of the scheme are held in separate trustee administered funds independent of the group's finances.

The total pension cost of the group was £623,000 (1991 - £565,000). Pension contributions are assessed in accordance with the advice of a professionally qualified actuary on the basis of a triennial valuation using the projected unit method. The most recent such valuation was made at 1 May 1990. The assumptions used which have the most significant effect on the results of the valuation are those relating to the rate of increase in salaries and investment returns. The valuation assumes that the investment return will be 9% pa and salaries will increase by 8% pa. Allowance is made for pensions to increase at 3% per annum, but no allowance is made for any future discretionary increase in benefits.

The actuarial review of the funding rate at 1 May 1990 disclosed a surplus of £114,000 and a funding level of 105%. The market value of the scheme assets at that date was £2,447,000.

21 ULTIMATE HOLDING COMPANY

The parent undertaking is Jardine International Motor Holdings Limited, a company incorporated in Bermuda. The company's parent undertaking has confirmed that it is its present intention to provide financial support to the company to enable it to meet its liabilities as and when they fall due.

The ultimate parent company is Jardine Matheson Holdings Limited, a company incorporated in Bermuda.

Consolidated accounts for both companies can be obtained from:

Jardine House
6 Crutched Friars
London
EC3N 2HT