

Registered Number 02470318

Jardine Motors Group UK Limited

**Annual report and consolidated financial
statements for the year ended 31 December 2011**

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Jardine Motors Group UK Limited

Annual report and consolidated financial statements for the year ended 31 December 2011

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Jardine Motors Group UK Limited

Directors and advisors for the year ended 31 December 2011

Directors

A M Jones

M P Herbert

S L Keswick (non-executive)

Lord Leach (non-executive)

P Hawkins (non-executive)

Company secretary

R MacNamara

Registered office

770 The Crescent

Colchester Business Park

Colchester

CO4 9YQ

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Benson House

33 Wellington Street

Leeds

LS1 4JP

Solicitors

Eversheds LLP

Kett House

Station Road

Cambridge

CB1 2JY

Bankers

HSBC Bank plc

Midland House

26 North Station Road

Colchester

CO1 1SY

Barclays Bank plc

71 Grey Street

Newcastle

NE99 1JP

Oversea-Chinese Banking Corporation Limited

The Rex Building, 3rd Floor

62 Queen Street

London

EX4R 1EB

Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2011

The directors present their annual report and the audited consolidated financial statements of the company and the group for the year ended 31 December 2011

Principal activities

The group's principal activity is the retail distribution of motor vehicles and related activities in the motor trade

The company is a holding company for subsidiaries operating in the motor trade

Review of the business

The group significantly advanced its long term growth ambitions in 2011 but the combination of one off disposal & closure costs and adverse operating conditions combined to suppress the year's financial performance

The group's strategy since 2008 has been to seek opportunities to increase its participation in the existing brands it represents in the belief that the premium to high luxury sector will enjoy better growth rates over the long term at the cost of the volume sector and that increasing interdependence with existing franchise partners will drive better performance and economies

UK annual passenger car registrations have declined by 19% from 2 404m units in 2007 to 1 941m in 2011 In this same period our franchise partners have increased their share of the market from 37% to 40% notwithstanding Toyota's and Honda's volumes were severely impacted by the tsunami in Japan in 2011

Our new business acquisitions between 2008 and 2010 have been relatively modest with the purchase of Welwyn Garden City Land Rover and Amersham Jaguar and the award of new franchises for Sevenoaks Lamborghini, Lakeside Harley-Davidson and London McLaren However, in 2011 opportunities arose to make significant purchases in the Audi, BMW & MINI, Toyota & Lexus and VW brands via our acquisition of the Milton Keynes centred Wayside Group and certain Toyota & Lexus business units of Essex and Suffolk based Thorndale Investments These purchases, net of subsequent divestments and rationalisation, increased our franchise representation points by 17 to 69

We have subsequently further increased our Toyota representation through the purchase of three Essex franchise points from Lookers plc in April 2012

The recent acquisitions have required considerable management attention in terms of rationalisation, integration, training and new infrastructure investment We have made good strides in these areas over 2011 but certain elements of the integration will continue through 2012.

Operationally, the like for like group enjoyed a satisfactory first quarter in 2011 A marked decline in sentiment and activity took place from the extended Easter/Royal Wedding holiday period, escalating with Euro crisis flare ups and continued through the summer The key September plate change month saw the group deliver strong and encouraging profitability in the month but the fourth quarter reverted quickly to the trading conditions prevalent in quarter two and the summer

Financially, the group's like for like turnover was slightly up year on year at £926m Our like for like new passenger unit sales increased by 3 8% partially offset by a 1 2% reduction in used vehicle unit sales Like for like aftersales turnover was marginally down by 0 9% year on year

Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2011 (continued)

Review of the business (continued)

Margins were under pressure throughout the year with new car margins easing back by 20 basis points year on year, used car margins under particular pressure back by 90 basis points and aftersales margins back by 50 basis points. Overall, like for like group margins eased 60 basis points to 8.2% in the period.

Overhead costs remained broadly under control throughout the year although inflationary pressures were evident in utility costs and business rates.

The group received £2.971m of net deferred consideration in respect of the disposal in 2006 of its joint venture investment in Appleyard Finance Holdings Limited.

Overall, the group recorded a pre-tax profit for the financial year of £3.2m (2010: £14.3m).

Future developments

We believe our strengths lie in our balanced portfolio of existing franchise partners in the growing volume premium and high luxury sectors, our investment in freehold property, strong balance sheet, committed funding lines and active shareholder support. We remain eager to grow and invest in accordance with the above themes together with consolidating the integration of recent acquisitions.

We anticipate the UK's total new car passenger registrations in 2012 to be broadly similar to 2011 and the trading environment to be broadly similar to 2011 as well with choppy consumer confidence and margin pressure.

Our operating focus for 2012 is centred around delivering our customer service charter and related manufacturer customer service initiatives together with growing or at least maintaining our market share, maintaining cost and stock control and encouraging employee participation.

Post balance sheet events

On 1 January 2012, the trade and assets of Wayside Garages Limited, Wayside Aylesbury Limited, Wayside Towcester Limited, Wayside St Albans Limited, Wayside North Herts Limited, Wayside Van Centres Limited, Wayside (auto cz) Limited, Wayside Audi Limited, Wayside Audi (Hitchin) Limited, Wayside Milton Keynes Limited and Wayside North Bucks Limited were transferred, at fair value, to other companies which are owned 100% by Lancaster plc, a wholly owned subsidiary of the company. Following the transfer the companies have no on-going activity.

On 6 January 2012, the group disposed of the trade and assets of a BMW & MINI dealership in Leeds (excluding freehold property) for net consideration of £2.6m including goodwill of £1.0m.

On 31 January 2012, the group disposed of 100% of the share capital of Wayside South Herts Limited for net consideration of £0.3m including goodwill of £1.0m.

On 19 March 2012, the group disposed of the trade and assets of its Birmingham TPS operation for consideration of £0.1m.

On 1 April 2012, the group acquired the trade and assets of three Toyota dealerships in Essex for £6.7m including goodwill of £1.2m and a freehold property of £3.1m.

On 10 August 2012, the group acquired the trade and assets of a Toyota and Lexus dealership in Cambridge for £0.9m including goodwill of £0.4m.

Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2011 (continued)

Corporate governance

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

The company currently has a board consisting of five directors, two executive and three non-executive. The board meets regularly throughout the year to review the overall performance of the group, to agree strategy and discuss all issues that have either arisen or are facing the group. The company has an audit committee to which the external and internal auditors report twice yearly on the effectiveness of the group's internal controls and on all internal and external audit issues.

The group's internal audit function performs both operational and financial audits on a revolving two year cycle, together with follow up visits within three months of the issued report. All internal audit reports are issued to the audit committee, the board and the respective management teams. The internal audit team also works closely with both the shareholders' audit department for quality control and the group's external auditors to ensure the robustness of the group's controls. Dealerships are also subject to annual health and safety audits and regular operational audits from manufacturers.

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

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

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

Principal risks and uncertainties

a) Funding and liquidity risk

The group's policy is to ensure that the funding requirements forecast by the group can be met within available committed facilities. The group currently holds committed loan facilities with HSBC Bank plc, Barclays Bank plc and Oversea-Chinese Banking Corporation Limited in the UK totalling £60.0m which are due to expire over 2013 and 2014. The group also has in place short term borrowing facilities totalling £13.0m which are renewed annually.

In addition to the above, the group has put in place a committed term loan facility with a Jardine Matheson subsidiary of £40.0m expiring in 2014.

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 facilities are reviewed by the manufacturers annually in line with operating needs.

Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2011 (continued)

Principal risks and uncertainties (continued)

The group operates comfortably within its available facilities and its forecasts for the forthcoming year show this position continuing

b) Interest rate risk

The group's interest rate policy is to manage the risk of interest rate fluctuations on the cash flows payable on the group's debt. The group's policy historically has been to hedge 40-60% of its average funding requirements. In view of current rates and the prevailing economic outlook, the board has decided not to renew its expired interest rate hedges and to monitor developments.

c) Credit risk

An external credit risk company is used to check the credit ratings of counterparties and limit the group's exposure to credit risk. Credit ratings are updated both throughout the year and also upon credit alerts received from the credit risk company.

d) Counterparty risk

The group operates with a select number of franchise partners within the premium volume and high luxury market sectors. Risk of over exposure to any one partner is reduced by maintaining a balanced portfolio with no single manufacturer representing more than 28.9% of the group's turnover in 2011 and only Audi, BMW & MINI, Jaguar & Land Rover and Volkswagen individually representing more than 10% each.

However, we have a considerable exposure to Euro area principals, notably BMW, Mercedes and Volkswagen Audi Group (including Porsche, Bentley and Lamborghini). The impact on supply of, and demand for, products from the Euro area in the event of a significant event is unclear.

e) Investment cycle

A key feature of the 2013 Block Exemption renewal is a significant shift towards five year, fixed term franchise contracts. The required facility and other investments from many franchises are not commensurate with the length of the franchise contract which enhances risk of poor return on investment in the event of non-renewal.

Key Performance Indicators (KPIs)

The group measures performance of each dealership throughout the year against certain pre-determined KPIs including returns on sales and investment. As a result of these measures, management action plans are drawn up to ensure that adequate resources are made available across the group's portfolio of dealerships and franchises in order to maximise returns on the equity invested in the group.

Results and dividends

The results of the group for the year are set out in the consolidated profit and loss account on page 10.

The directors do not recommend the payment of a dividend (2010 interim dividend paid £5,000,000).

Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2011 (continued)

Directors

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

A M Jones
M P Herbert
S L Keswick*
Lord Leach*
P Hawkins

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

Qualifying third party indemnity provisions

No qualifying third party indemnity provision was in force during the financial year ended 31 December 2011 or at the date of this report

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 gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. 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 of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability

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

Policy and practice on payment of creditors

The group's policy is to pay suppliers generally at the end of the month following that in which the supplier's invoice is received, or earlier where suppliers' terms require. The average period of credit taken by the group from its suppliers was 27 days (2010: 30 days). The company has no trade suppliers

Charitable donations

During the year the group made charitable donations totalling £9,755 (2010: £21,000)

Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2011 (continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the group's auditors are unaware. Each director has taken the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group'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.

In the absence of notice proposing that the appointment be terminated, PricewaterhouseCoopers LLP will remain in office for the next financial year.

By order of the Board



R MacNamara
Company secretary
13 September 2012

Jardine Motors Group UK Limited

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

We have audited the group and parent company financial statements (the “financial statements”) of Jardine Motors Group UK Limited for the year ended 31 December 2011 which comprise the group profit and loss account, the group and parent company balance sheets, the statement of group total recognised gains and losses, the statement of accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 7 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2011 and of the group's profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Jardine Motors Group UK Limited

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



Richard Bunter (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
13 September 2012

Jardine Motors Group UK Limited

Consolidated profit and loss account for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Group turnover			
- Continuing operations		950,781	930,840
- Acquisitions	26	249,618	-
- Discontinued operations	27	24,575	-
Group turnover	2	1,224,974	930,840
Cost of sales	1	(1,128,959)	(849,084)
Gross profit		96,015	81,756
Selling and distribution costs	1	(48,835)	(33,784)
Administrative expenses	1	(44,585)	(35,820)
Other operating income	3	2,946	-
Group operating profit			
- Continuing operations		6,789	12,152
- Acquisitions	26	(833)	-
- Discontinued operations	27	(415)	-
Group operating profit	2	5,541	12,152
Exceptional items	4	299	3,938
Profit on ordinary activities before interest and taxation		5,840	16,090
Interest receivable and similar income	8	18	7
Interest payable and similar charges	8	(3,700)	(2,525)
Other net finance income	8	1,072	680
Profit on ordinary activities before taxation		3,230	14,252
Tax on profit on ordinary activities	9	(145)	(3,678)
Profit for the financial year	23	3,085	10,574

There is no difference between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historic cost equivalents

Jardine Motors Group UK Limited

Statement of group total recognised gains and losses for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Profit for the financial year		3,085	10,574
Actuarial (losses)/gains recognised in the pension scheme	30	(14,957)	1,875
Movement on deferred tax relating to pension liability	21	3,752	(488)
Movement on fair value of interest rate swaps net of related deferred tax asset	23	538	504
Total (losses)/gains recognised since last annual report		(7,582)	12,465

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since 1 January 2002 is a loss of £60,529,000

Jardine Motors Group UK Limited

Consolidated balance sheet as at 31 December 2011

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Fixed assets					
Intangible assets	11		23,542		5,145
Tangible assets	12		76,715		59,712
			100,257		64,857
Current assets					
Stocks	14	157,893		91,765	
Debtors	15	47,354		31,872	
Cash at bank and in hand		1,357		24	
			206,604		123,661
Creditors - amounts falling due within one year	16		(175,629)		(98,730)
Net current assets			30,975		24,931
Total assets less current liabilities			131,232		89,788
Creditors – amounts falling due after more than one year	17		(40,000)		-
Derivative financial instruments	19		-		(727)
Provisions for liabilities	20		(4,316)		(3,330)
Net assets excluding pension liability			86,916		85,731
Net pension liability	30		(18,100)		(9,333)
Net assets including pension liability			68,816		76,398
Capital and reserves					
Called up share capital	22		97,500		97,500
Hedging reserve	23		-		(538)
Profit and loss reserve	23		(28,684)		(20,564)
Total shareholders' funds	24		68,816		76,398

The financial statements on pages 10 to 44 were approved by the board of directors on 13 September 2012 and were signed on its behalf by



M P Herbert
Director

Jardine Motors Group UK Limited
Registered Number 02470318

Jardine Motors Group UK Limited

Company balance sheet as at 31 December 2011

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Fixed assets					
Tangible assets	12		-		40
Investments	13		51,511		51,511
			51,511		51,551
Current assets					
Debtors	15	60,299		39,147	
Cash at bank and in hand		14,924		8,488	
			75,223		47,635
Creditors - amounts falling due within one year	16		(30,242)		(1,043)
Net current assets			44,981		46,592
Total assets less current liabilities			96,492		98,143
Derivative financial instruments	19		-		(727)
Net assets			96,492		97,416
Capital and reserves					
Called up share capital	22		97,500		97,500
Hedging reserve	23		-		(538)
Profit and loss account	23		(1,008)		454
Total shareholders' funds	24		96,492		97,416

The financial statements on pages 10 to 44 were approved by the board of directors on 13 September 2012 and were signed on its behalf by



M P Herbert
Director

Jardine Motors Group UK Limited
Registered Number 02470318

Jardine Motors Group UK Limited

Consolidated cash flow statement for the year ended 31 December 2011

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Net cash (outflow)/inflow from operating activities before pension deficit contributions	25(a)	(18,849)		8,199	
Pension deficit payments		(2,200)		(2,200)	
Net cash (outflow)/inflow from operating activities			(21,049)		5,999
Returns on investments and servicing of finance					
Net interest paid	8(a)	(3,682)		(2,518)	
Net cash outflow from returns on investments and servicing of finance			(3,682)		(2,518)
Taxation paid			(947)		(1,130)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(5,388)		(3,105)	
Receipts from sale of tangible fixed assets		968		11,432	
Net cash (outflow)/inflow from capital expenditure and financial investment			(4,420)		8,327
Acquisitions and disposals					
Net payments in respect of acquisitions of businesses	26	(39,012)		(1,226)	
Net receipt in respect of disposals of businesses	27	745		-	
Net cash outflow from acquisitions and disposals			(38,267)		(1,226)
Net cash (outflow)/inflow before financing			(68,365)		9,452
Financing					
Increase/(decrease) in bank borrowings	25(b)	30,200		(3,000)	
Amount received from fellow group undertaking	25(b)	40,000		-	
Payment of dividend	10	-		(5,000)	
Net cash inflow/(outflow) from financing			70,200		(8,000)
Increase in net cash	25(b)		1,835		1,452

Jardine Motors Group UK Limited

Consolidated cash flow statement for the year ended 31 December 2011 (continued)

	Note	2011 £'000	2010 £'000
Reconciliation of net cash flow to movement in net debt			
Increase in net cash in the year	25(b)	1,835	1,452
Cash (outflow)/inflow from movement in debt	25(b)	(70,200)	3,000
		(68,365)	4,452
Net debt at 1 January	25(b)	(478)	(4,930)
Net debt at 31 December	25(b)	(68,843)	(478)

Jardine Motors Group UK Limited

Statement of accounting policies

Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

The principal accounting policies have been applied consistently throughout the year and are set out below

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.

Business acquisitions are accounted for using acquisition accounting whereby assets and liabilities of companies acquired are included in the consolidated balance sheet at their fair values at the date of acquisition. The results and cashflow of acquired companies are brought into the group financial statements from the date of acquisition. Similarly, the results of the subsidiaries disposed of are excluded from the date of disposal.

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.

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 through the profit and loss account over the directors' estimate of its useful life, which is usually ten years.

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost 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.

Jardine Motors Group UK Limited

Statement of accounting policies (continued)

Impairment

In accordance with FRS 11 'Impairment of Fixed Assets and Goodwill', the group performs impairment reviews using the forecast net future cash flows of the businesses affected, discounted to net present value using the group's cost of capital. Any impairment provision is offset directly against the underlying assets of the business deemed to have suffered the impairment.

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.

Taxation

Corporation tax payable is provided on taxable profits at the current rate prevailing at the balance sheet date.

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

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

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

Derivative financial instruments

The group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value and subsequently re-measured to fair value for the reported balance sheet. The fair value of interest rate swaps is calculated by reference to market interest rates at the year end.

In relation to cash flow hedges which meet the conditions for hedge accounting, the portion of the gain or loss on the hedge instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion in the profit and loss account. The gains and losses deferred in equity in this way are recycled through the profit and loss account in the same period in which the hedged underlying transaction or firm commitment is recognised in the profit and loss account.

Hedge accounting is discontinued when the hedging instrument expires, is sold, terminated or exercised, or no longer qualifies for hedge accounting.

Jardine Motors Group UK Limited

Statement of accounting policies (continued)

Trade and other debtors

Trade 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 to the profit and loss account when they are identified.

Provisions

In accordance with FRS 12 'Provisions, Contingencies and Commitments', the group provides in full for liabilities when it has a legal or constructive obligation arising from a past event.

Two provisions are discounted, the lease costs provision and the deferred consideration provision. The 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 is discounted at the average cost of capital of the group. The deferred consideration arose on an acquisition made during 1998. The maximum amount payable is £400,000. In accordance with FRS 7 'Fair Values in Acquisition Accounting', an estimate of the discounted amount payable was provided for.

Turnover

Turnover comprises the value of sales of motor vehicles and parts, income from financing agreements and income from servicing, repairing and hiring 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 service. In practice this means that turnover is recognised when vehicles are invoiced and physically dispatched or when the service has been undertaken.

Leased assets

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

Sale and leaseback

Any gain or loss on sale and operating leaseback transactions is recognized immediately in the consolidated profit and loss account where the transaction occurs at fair value. Any gain or loss on sale and finance leaseback transactions is deferred and amortized over the term of the lease.

Pensions

The group operates one principal hybrid scheme, which is in part defined benefit and in part defined contribution, and one principal defined contribution pension scheme. Trustees administer all of these schemes and their funds are independent of the group's assets.

Contributions made to the defined contribution scheme are charged to the profit and loss account as incurred.

Annual valuations are prepared for the hybrid scheme by independent professionally qualified actuaries. The last full valuation was undertaken as at 5 April 2011. These valuations determine the level of contributions required to fund the benefits set out in the rules of the scheme and allow for the periodic increase in pensions payments. In line with FRS 17 'Retirement Benefits', the regular service cost of providing retirement benefits to employees during the year, together with the cost of any benefits relating to past service is charged to operating profit in the year.

Jardine Motors Group UK Limited

Statement of accounting policies (continued)

Pensions (continued)

Pension scheme assets are measured using current bid price. Pension scheme liabilities are measured using a projected unit actuarial method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the group's hybrid scheme expected to arise from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income/charges. Actuarial gains and losses are recognised in the statement of group total recognised gains and losses. The pension scheme's surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax.

Changes in the present value of pension obligations and in fair value of scheme assets resulting from any curtailment or settlement of scheme liabilities during the period are recognised in the profit and loss account.

Contributions are also made to the personal pension plans of certain employees. The expenditure is charged to the profit and loss account as incurred.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2011

1 Cost of sales and operating expenses

	2011 Continuing operations £'000	2011 Acquisitions £'000	2011 Discontinued operations £'000	2010 Continuing operations £'000
Cost of sales	873,262	232,477	23,220	849,084
Selling and distribution costs	34,881	12,701	1,253	33,784
Administrative expenses	38,795	5,273	517	35,820

2 Turnover and operating profit

All turnover, profits/(losses) before taxation and net assets/(liabilities) of the group's subsidiary undertakings are derived from retail and commercial motor trade activities transacted from dealerships within the United Kingdom

Operating profit is stated after charging/(crediting):	2011 £'000	2010 £'000
Depreciation of tangible fixed assets (note 12)	5,037	4,044
Loss on disposal/impairment of fixed assets	396	13
Net provision created for leasehold dilapidations (note 20)	18	-
Net provision created/(released) for lease exit costs (note 20)	851	(19)
Net provision created for self-insurance fund provision (note 20)	597	100
Amortisation of goodwill (note 11)	2,467	961
Services provided by the company's auditor		
- the audit of parent company and consolidated financial statements	27	25
- the audit of company's subsidiaries pursuant to legislation	389	255
- other services pursuant to legislation	357	76
Operating lease rentals - land and buildings	8,846	7,028
Operating lease rentals - plant and machinery	273	185

Total fees paid to PricewaterhouseCoopers LLP for non-audit services were £357,000 (2010 £76,000), consisting of £32,000 (2010 £19,000) for services related to taxation, £20,000 (2010 £44,000) for services related to retirement benefits and £305,000 (2010 £13,000) relating to other services

Jardine Motors Group UK Limited

3 Other operating income

	2011 £'000	2010 £'000
Other operating income	2,946	-

During the year the group received £2,971,000 deferred consideration, net of professional fees, in respect of the disposal, in 2006, of its joint venture investment in Appleyard Finance Holdings Limited. The group also incurred £25,000 of other professional fees.

4 Exceptional items

	2011 £'000	2010 £'000
Profit on disposal of properties	34	3,938
Disposal/closure costs	(271)	-
Profit on sale of businesses (note 27)	536	-
	299	3,938

During 2011 the group disposed of a number of businesses.

5 Company profit and loss account

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 and consequently a profit and loss account for Jardine Motors Group UK Limited is not presented. The company's result for the financial year amounted to a loss of £1,462,000 (2010: loss of £2,929,000).

6 Employees

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

	2011 Number	2010 Number
Sales	696	498
Aftersales	1,530	1,047
Administration	457	364
	2,683	1,909

Jardine Motors Group UK Limited

6 Employees (continued)

The costs incurred in respect of these employees were

	2011 £'000	2010 £'000
Wages and salaries	75,830	57,334
Social security costs	8,161	6,212
Other pensions costs (note 30)	(462)	(188)
	83,529	63,358

7 Directors

	2011 £'000	2010 £'000
Aggregate emoluments	1,021	1,162

Retirement benefits are accruing to one (2011 one) director under a defined benefit scheme

Highest paid director

	2011 £'000	2010 £'000
Aggregate emoluments	513	636

8 Interest and other net finance income/(charges)

(a) Interest

Interest receivable and similar income	2011 £'000	2010 £'000
Other	18	7
Interest payable and similar charges	2011 £'000	2010 £'000
Bank loans and overdrafts	870	1,177
Interest paid to fellow group companies	593	-
Stocking loan interest	2,237	1,335
Other	-	13
	3,700	2,525

Jardine Motors Group UK Limited

8 Interest and other net finance income/(charges) (continued)

(b) Other net finance income/(charges)

	2011 £'000	2010 £'000
FRS 17 pension credit (note 30)	1,236	893
Unwinding of discount in provisions (note 20)	(164)	(213)
	1,072	680

Unwinding of discount in provisions is in respect of the deferred consideration relating to the acquisition of Continental Cars (Stansted) Limited in 1998 and lease exit costs provision (note 20)

9 Tax on profit on ordinary activities

(a) Analysis of charge in the year

	2011 £'000	2010 £'000
Current tax:		
UK corporation tax at 26.5% (2010: 28.0%)	82	2,513
Adjustment in respect of previous years	(2,413)	(1,612)
Total current tax	(2,331)	901
Deferred tax:		
Origination and reversal of timing differences	8	2,574
Change in rate	121	-
Pension deficit	893	-
Decelerated capital allowances	507	-
Utilisation of losses	2,191	-
Adjustments in respect of previous years	(1,244)	203
Total deferred tax (note 21)	2,476	2,777
Tax on profit on ordinary activities	145	3,678

Jardine Motors Group UK Limited

9 Tax on profit on ordinary activities (continued)

(b) Factors affecting corporation tax charge for the year

The tax assessed for the year is lower (2010 lower) than the standard rate of corporation taxation in the UK 26.5% (2010 28.0%). The differences are explained below

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation	3,230	14,252
Profit on ordinary activities multiplied by standard corporation tax rate in the UK at 26.5% (2010 28.0%)	856	3,991
Effects of		
Items not taxable	(1,142)	(415)
Capital loss in excess of accounting profits	(13)	286
Expenses not deductible for tax purposes	806	423
Pension deductions	(583)	(616)
Depreciation in excess of capital allowances	167	233
Utilisation of losses	(9)	(1,389)
Adjustment in respect of previous years	(2,413)	(1,612)
Current tax (credit)/charge for the year	(2,331)	901

(c) Other factors affecting current and future tax charges

A number of changes to the UK Corporation tax system were announced in the March 2012 budget statement to reduce the main rate of corporation tax from 26% to a proposed rate of 22% by 1 April 2014. Legislation reducing the main rate of corporation tax from 26% to 24% from 1 April 2012 was enacted by 26 March 2012. Legislation reducing the main rate of corporation tax to 23% from 1 April 2013 is expected to be included in the Finance Bill 2012, with a future Finance Bill reducing the tax rate to 22% from 1 April 2014. It is expected that the impact of these changes will not be material to the group.

10 Dividends

	2011 £'000	2010 £'000
Nil interim dividend paid (2010 5.128 pence) per £1 ordinary share	-	5,000

Jardine Motors Group UK Limited

11 Intangible assets

Group	Goodwill £'000
Cost	
At 1 January 2011	11,955
Additions (note 26)	22,319
Disposals (note 27)	(1,455)
At 31 December 2011	32,819
Accumulated amortisation	
At 1 January 2011	6,810
Charge for the year	2,467
At 31 December 2011	9,277
Net book amount	
At 31 December 2011	23,542
At 31 December 2010	5,145

The company has no intangible assets

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12 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 2011	53,012	13,346	9,703	5,840	10,480	92,381
Acquisition of subsidiaries	1,063	1,995	1,108	552	844	5,562
Additions	13,742	1,797	929	770	1,473	18,711
Disposals	(832)	(1,440)	(692)	(670)	(763)	(4,397)
Reclassifications	1,078	(311)	(12)	(3)	17	769
At 31 December 2011	68,063	15,387	11,036	6,489	12,051	113,026
Accumulated depreciation						
At 1 January 2011	9,686	5,014	7,100	4,529	6,340	32,669
Charge for the year	667	1,249	1,060	842	1,219	5,037
Disposals	-	(482)	(536)	(604)	(542)	(2,164)
Reclassifications	875	(108)	1	-	1	769
At 31 December 2011	11,228	5,673	7,625	4,767	7,018	36,311
Net book amount						
At 31 December 2011	56,835	9,714	3,411	1,722	5,033	76,715
At 31 December 2010	43,326	8,332	2,603	1,311	4,140	59,712

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12 Tangible assets (continued)

Company	Plant and machinery £'000	Computer equipment £'000	Furniture and equipment £'000	Total £'000
Cost				
At 1 January 2011	23	47	46	116
Group transfers	(23)	(47)	(46)	(116)
At 31 December 2011	-	-	-	-
Accumulated depreciation				
At 1 January 2011	13	41	22	76
Group transfers	(13)	(41)	(22)	(76)
At 31 December 2011	-	-	-	-
Net book amount				
At 31 December 2011	-	-	-	-
At 31 December 2010	10	6	24	40

13 Investments

Company	£'000
Cost	
At 1 January and 31 December 2011	132,969
Provision	
At 1 January and 31 December 2011	81,458
Net book amount	
At 31 December 2010 and 31 December 2011	51,511

Provision has been made to the extent that the carrying value of the investment exceeds the net assets of each investment

Jardine Motors Group UK Limited

13 Investments (continued)

The principal subsidiary undertakings of the group included in the consolidation at 31 December 2011 were

Subsidiary Undertaking	Class of Share	Principal Activity
Abridge Loughton TPS Limited	Ordinary	Wholesale parts centre
Appleyard Group Limited	Ordinary	Holding company for non-trading subsidiaries
Appleyard Motor Company Limited	Ordinary	Retail distribution of motor vehicles and the supply of related goods and services and owns property
Lancaster plc	Ordinary	Holding company for subsidiaries operating in the motor trade, provides management services to the group and owns property
Lancaster Cars Limited	Ordinary	Retail distribution of motor vehicles and the supply of related goods and services
Lancaster Luxury Vehicles Limited	Ordinary	Retail distribution of motor vehicles and the supply of related goods and services
Lancaster Specialist Cars Limited	Ordinary	Retail distribution of motor vehicles and the supply of related goods and services
Lancaster Sports Cars Limited	Ordinary	Retail distribution of motor vehicles and the supply of related goods and services and owns property
Scotthall Limited	Ordinary	Retail distribution of motor vehicles and the supply of related goods and services
Wayside Group Limited (see below for subsidiary undertakings)	Ordinary	Holding company for companies whose principal activity is the retail distribution of motor vehicles and the supply of related goods and services

Wayside Group Limited holds 100% of the ordinary share capital of, Wayside Audi Limited, Wayside Audi (Hitchin) Limited, Wayside (Auto cz) Limited, Wayside Aylesbury Limited, Wayside Garages Limited, Wayside Milton Keynes Limited, Wayside North Bucks Limited, Wayside North Herts Limited, Wayside St Albans Limited, Wayside South Herts Limited, Wayside Towcester Limited, Wayside Trade Parts Limited, Wayside Van Centres Limited and Wayside Volkswagen Limited (dormant) all of which are included in the group consolidation as at 31 December 2011

All group subsidiary undertakings are wholly owned

All group subsidiary undertakings are registered and operate in England and Wales

Appleyard Group Limited and Lancaster plc are both held directly The remainder of the principal subsidiary undertakings are held indirectly

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

Jardine Motors Group UK Limited

14 Stocks

	Group 2011 £'000	Group 2010 £'000
Consignment vehicles	46,211	19,077
Motor vehicles	106,397	68,953
Parts and other stocks	5,285	3,735
	157,893	91,765

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.

The group also holds consignment stock that is not considered to be an asset of the group. Hence this stock, and the related liability, is excluded from the financial statements. At 31 December 2011 this stock had a value of £28,905,000 (2010: £17,052,000).

The company has no stock.

15 Debtors

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Trade debtors	30,078	21,228	-	-
Amounts owed by group undertakings	-	-	49,313	27,638
Corporation tax	-	-	10,956	11,211
Deferred tax asset (note 21)	1,187	2,621	-	199
Other taxation and social security	1,229	-	10	1
Other debtors	8,057	3,871	20	76
Prepayments	6,803	4,152	-	22
	47,354	31,872	60,299	39,147

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

Jardine Motors Group UK Limited

16 Creditors - amounts falling due within one year

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Bank loans (note 18)	30,200	-	30,200	-
Bank overdrafts (note 18)	-	502	-	-
Trade creditors	112,447	70,030	-	-
Corporation tax	939	4,446	-	-
Other taxation and social security payable	3,069	1,547	-	-
Other creditors	22,377	18,972	-	544
Accruals	6,597	3,233	42	499
	175,629	98,730	30,242	1,043

Interest is charged on the bank overdrafts at rates linked to bank base rate (note 18)

17 Creditors - amounts falling due after more than one year

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Amount owed to fellow group companies	40,000	-	40,000	-

The amount owed to fellow group companies is unsecured and is due for repayment within 2-5 years of the balance sheet date

Interest is charged on the amount owed to fellow group companies at 6 months LIBOR plus 1.5%

18 Loans and other borrowings

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Unsecured bank overdrafts	-	502	-	-
Unsecured bank loans	30,200	-	30,200	-
	30,200	502	30,200	-
The borrowings are repayable as follows				
Within one year or on demand	30,200	502	30,200	-
	30,200	502	30,200	-

Jardine Motors Group UK Limited

18 Loans and other borrowings (continued)

Unsecured bank loans and overdrafts

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

19 Derivative financial instruments

Group and company	Interest rate swaps £'000
Liability at 1 January 2011	727
Fair value movement of instruments	(727)
Liability at 31 December 2011	-

Interest rate swaps

At the start of the year, the group and company held two interest rate swaps to hedge against the cash flow risk in relation to interest rates on consignment stocking borrowings tied to FHBR. The instruments are summarised below.

- a) A three year interest rate swap of £12.5m that was entered into in May 2008 fixed at 5.52% and expired in May 2011.
- b) A three year interest rate swap of £12.5m that was entered into in October 2008 fixed at 4.99% and expired in October 2011.

Fair values

The fair value of interest rate swaps was determined by the third party financial institution with which the group held the instruments, in line with the market value of similar financial instruments.

Jardine Motors Group UK Limited

20 Provisions for liabilities

Group	At 1 January 2011 £'000	Provision created/ acquired during the year £'000	Utilised £'000	Unwinding of discount in provisions £'000	At 31 December 2011 £'000
Leasehold dilapidations	18	18	(4)	-	32
Lease costs	2,489	851	(946)	153	2,547
Deferred consideration	107	-	(20)	11	98
Vehicle buy-back provision	-	800	-	-	800
Self-insurance fund	716	597	(474)	-	839
	3,330	2,266	(1,444)	164	4,316

Leasehold dilapidations

The leasehold dilapidations provision was established to provide for future dilapidation liabilities on certain leasehold properties

Lease costs

The 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

Deferred consideration

The deferred consideration arose on an acquisition made during 1998. The maximum amount payable is £400,000. In accordance with FRS 7 'Fair Values in Acquisition Accounting', an estimate of the discounted amount payable was provided for.

Vehicle buy-back provision

The provision, which was acquired in the year as part of the acquisition of Wayside Group Limited, is in respect of anticipated losses on vehicles that the group is committed to buy-back over the next 12 months (note 29c))

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.

The company has no provisions (2010 £nil)

Jardine Motors Group UK Limited

21 Deferred tax

Group	Provided		Unprovided	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Deferred tax comprises:				
Accelerated capital allowances	(84)	(1,030)	-	-
Trade losses and ACT	1,271	3,462	4,419	4,010
Deferred tax asset on hedging liability	-	189	-	-
Deferred tax asset (note 15)	1,187	2,621	4,419	4,010
Deferred tax asset on pension liability (note 30)	6,033	3,279	-	-
Net deferred tax asset	7,220	5,900	4,419	4,010
Movements during the year are as follows:	2011 £'000	2010 £'000	2011 £'000	2010 £'000
At 1 January	5,900	9,381	4,010	4,087
Amount charged to profit and loss (note 9(a))	(2,355)	(2,777)	-	-
Amount taken to statement of total recognised gains and losses relating to pension liability	3,889	(488)	-	-
Amount arising from change in rate on amount taken to statement of total recognised gains and losses relating to pension liability	(137)	-	(32)	(77)
Amount arising from change in rate on amount charged to profit and loss account (note 9(a))	(121)	-	-	-
Amount taken to statement of total recognised gains and losses relating to hedging liability	(189)	(216)	-	-
Acquired on acquisition of subsidiary undertaking	233	-	-	-
Unprovided amounts	-	-	441	-
Net asset at end of year including deferred tax assets on pension and hedging liabilities	7,220	5,900	4,419	4,010

The deferred tax asset provided in respect of losses has been computed at 30% on the basis that this is the rate at which the losses are expected to crystallise. In the event that it becomes certain that losses will not crystallise at this rate, the extent to which it is reasonable to recognise the deferred tax asset on these losses will be reviewed and adjusted where appropriate.

Jardine Motors Group UK Limited

21 Deferred tax (continued)

Company	Provided		Unprovided	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Deferred tax comprises:				
Accelerated capital allowances	-	10	-	-
Excess management expenses/non trade debits	-	-	684	20
Deferred tax asset on hedging liability	-	189	-	-
Deferred tax asset (note 15)	-	199	684	20

Movements during the year are as follows:	2011 £'000	2010 £'000	2011 £'000	2010 £'000
At 1 January	199	413	20	20
Amount charged to profit and loss	(10)	2	-	-
Amount taken to statement of total recognised gains and losses relating to hedging liability	(189)	(216)	-	-
Unprovided amounts	-	-	664	-
At 31 December	-	199	684	20

22 Called up share capital

Group and company	2011 £'000	2010 £'000
Allotted and fully paid:		
97,500,000 (2010 97,500,000) ordinary shares of £1 each	97,500	97,500

Jardine Motors Group UK Limited

23 Reserves

Group	Hedging reserve £'000	Profit and loss reserve £'000
At 1 January 2011	(538)	(20,564)
Profit for the financial year	-	3,085
Actuarial losses recognised on pension scheme (note 30)	-	(14,957)
Surplus on fair value of interest rate swaps net of related deferred tax asset	538	-
Movement on deferred tax relating to pension liability (note 21)	-	3,752
At 31 December 2011	-	(28,684)

The cumulative goodwill written off directly against reserves at 31 December 2011 was £22,800,000 (2010 £22,800,000)

Company	Hedging reserve £'000	Profit and loss account £'000
At 1 January 2011	(538)	454
Loss for the financial year	-	(1,462)
Surplus on fair value of interest rate swaps net of related deferred tax asset	538	-
At 31 December 2011	-	(1,008)

24 Reconciliation of movements in group shareholders' funds

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Profit/(loss) for the financial year	3,085	10,574	(1,462)	(2,929)
Dividends (note 10)	-	(5,000)	-	(5,000)
Retained profit/(sustained loss) for the financial year	3,085	5,574	(1,462)	(7,929)
Actuarial (losses)/gains recognised on pension scheme	(14,957)	1,875	-	-
Movement on deferred tax relating to pension liability	3,752	(488)	-	-
Deficit on fair value of interest rate swaps net of related deferred tax asset	538	504	538	504
Net (reduction in)/addition to shareholders' funds	(7,582)	7,465	(924)	(7,425)
Opening shareholders' funds at 1 January	76,398	68,933	97,416	104,841
Closing shareholders' funds at 31 December	68,816	76,398	96,492	97,416

Jardine Motors Group UK Limited

25 Cash flow from operating activities

(a) Reconciliation of operating profit to net cash (outflow)/inflow from operating activities before pension deficit contributions

	2011 £'000	2010 £'000
Operating profit	5,541	12,152
Depreciation of tangible fixed assets (note 12)	5,037	4,044
Amortisation of goodwill (note 11)	2,467	961
Loss on disposal/impairment of fixed assets	396	13
Increase in stocks	(24,280)	(10,563)
Decrease/(increase) in debtors	3,774	(2,480)
(Decrease)/increase in creditors	(11,856)	5,106
Increase/(decrease) in provisions for liabilities	72	(1,034)
Net cash (outflow)/inflow from operating activities	(18,849)	8,199

(b) Analysis of net debt

	At 1 January 2011 £'000	Cash flow £'000	At 31 December 2011 £'000
Cash at bank and in hand	24	1,333	1,357
Bank overdrafts	(502)	502	-
	(478)	1,835	1,357
Debt due in less than one year	-	(30,200)	(30,200)
Amount owed to fellow group undertaking due in 2 – 5 years	-	(40,000)	(40,000)
Total net debt	(478)	(68,365)	(68,843)

Jardine Motors Group UK Limited

26 Acquisitions

On 12 May 2011, the group acquired 100% of the share capital of Wayside Group Limited. The acquisition has been accounted for in the financial statements for the year ended 31 December 2011. The goodwill arising and consideration paid, on the acquisition was as follows:

	£000's
Tangible fixed assets (fair value)	5,562
Stocks (fair value)	42,941
Cash	6,627
Debtors	22,218
Creditors	(68,528)
Net assets acquired (fair value)	8,820
Goodwill (note 11)	21,508
Cash consideration	30,328

There is no material difference between the original book and fair value of net assets acquired.

In a separate, but connected, transaction the group also acquired two freehold properties from parties related to the vendors of Wayside Group Limited for £10,522,000.

No provision for reorganisation and restructuring costs is included in the liabilities of the acquired entity above.

From acquisition to 31 December 2011, the acquired dealerships that were still owned at the year-end contributed £233,966,000 to group turnover and a loss of £559,000 to group operating profit.

On 1 June 2011, the group acquired the trade and assets of three Toyota dealerships and one Lexus dealership in Essex/Suffolk. The acquisition has been accounted for in the financial statements for the year ended 31 December 2011. The goodwill arising and consideration paid, on the acquisition was as follows:

	£000's
Tangible fixed assets (fair value)	2,801
Stocks (fair value)	1,359
Debtors	49
Creditors	(231)
Net assets acquired (fair value)	3,978
Goodwill (note 11)	811
Cash consideration	4,789

From acquisition to 31 December 2011, the acquired dealerships contributed £15,652,000 to group turnover and a loss of £274,000 to group operating profit.

Jardine Motors Group UK Limited

27 Disposals

On 30 September 2011, the group disposed of its 100% investment in Wayside Audi (Peterborough) Limited which was acquired in the year as part of the Wayside Group Limited acquisition. On 31 December 2011, the group disposed of the trade and assets of a bodyshop in Milton Keynes, which was also acquired as part of the Wayside Group Limited acquisition. The profit on disposal and net assets at disposal was as follows

	£000's
Goodwill	1,455
Tangible fixed assets	903
Stocks	2,452
Cash	292
Debtors	1,356
Creditors	(5,686)
Net assets disposed	772
Book profit on disposals	536
Cash consideration	1,308

During the year, the group ceased the operation of a Hyundai dealership in Aylesbury, a Toyota dealership in Frinton-on-Sea and a used car centre in Lakeside. The Hyundai dealership was acquired as part of the Wayside Group Limited acquisition and the Toyota dealership was acquired as part of the trade and asset acquisition in June 2011.

During the period of ownership the disposals contributed £24,575,000 to group turnover and a loss of £415,000 to group operating profit.

28 Related party transactions

FRS 8 'Related Party Disclosures' provides an exemption whereby related party transactions which eliminate on consolidation do not require disclosure in the group financial statements. The group has taken advantage of this exemption.

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, on the grounds that it is a wholly owned subsidiary of a group headed by Jardine Matheson Holdings Limited, whose financial statements are publicly available.

Jardine Motors Group UK Limited

29 Financial commitments

(a) Future capital expenditure

	Group 2011 £'000	Group 2010 £'000
Contracted for but not provided	270	1,028

The company does not have any committed future capital expenditure (2010 £nil)

(b) Operating leases

At 31 December 2011, the group had annual commitments under non-cancellable operating leases which expire as follows

	Land and buildings 2011 £'000	Other 2011 £'000	Land and buildings 2010 £'000	Other 2010 £'000
Within one year	391	117	60	101
In two to five years	1,619	27	1,157	97
After five years	9,867	10	6,391	27
	11,877	154	7,608	225

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

The company does not hold any operating leases (2010 none)

(c) Other

At 31 December 2011, the group had annual commitments under non-cancellable vehicle buyback agreements as follows

	Vehicles 2011 £'000	Vehicles 2010 £'000
Within one year	19,602	-

The company does not hold any other financial commitments (2010 none)

Jardine Motors Group UK Limited

30 Pension schemes

The group operates a hybrid pension scheme, which is 50% defined benefit and 50% defined contribution, and one principal defined contribution pension scheme

The assets of the schemes are held separately from those of the group in independent trustee administered funds

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

Jardine Motors Group UK Pension Scheme

The group participates in the Jardine Motors Group UK Pension Scheme ('the scheme') which is a 50% defined benefit and 50% defined contribution arrangement. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary at 5 April 2011.

On 1 December 2009 the scheme was closed to future accrual

The only contribution to the scheme during the year was a payment of £2,200,000 (2010 £2,200,000) in respect of the past service deficit in the scheme as a whole

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

	2011 £'000	2010 £'000	2009 £'000
Fair value of scheme assets	123,255	124,421	114,668
Present value of scheme liabilities	(147,388)	(137,033)	(132,248)
Deficit in scheme	(24,133)	(12,612)	(17,580)
Deferred tax asset (note 21)	6,033	3,279	4,922
Net liability to be recognised	(18,100)	(9,333)	(12,658)

Reconciliation of the present value of the scheme liabilities

	2011 £'000	2010 £'000
Scheme liabilities at start of year	(137,033)	(132,248)
Interest cost	(7,293)	(7,356)
Actuarial losses	(8,048)	(1,992)
Benefits paid, death in service insurance premiums and expenses	4,986	4,563
Scheme liabilities at end of year	(147,388)	(137,033)

Jardine Motors Group UK Limited

30 Pension schemes (continued)

Reconciliation of fair value of scheme assets

	2011 £'000	2010 £'000
Fair value of scheme assets at start of year	124,421	114,668
Expected return on scheme assets	8,529	8,249
Actuarial (losses)/gains	(6,909)	3,867
Contributions by employer - deficit funding	2,200	2,200
Benefits paid, death in service insurance premiums and expenses	(4,986)	(4,563)
Fair value of scheme assets at end of year	123,255	124,421

The actual gain on the scheme assets during the year ending 31 December 2011 was £1,620,000 (2010 gain of £12,116,000)

Total credit recognised in profit and loss account

	2011 £'000	2010 £'000
Interest cost	7,293	7,356
Expected return on scheme assets	(8,529)	(8,249)
Total credit recognised in profit and loss account (note 8(b))	(1,236)	(893)

Statement of total recognised gains and losses

	2011 £'000	2010 £'000
Difference between expected return and actual return on scheme assets	(6,909)	3,867
Experience (losses)/gains arising on the scheme liabilities	(1,408)	2,454
Effects of changes to the demographic and financial assumptions underlying the present value of the liabilities	(6,640)	(4,446)
Actuarial (losses)/gains recognised in statement of total recognised gains and losses	(14,957)	1,875

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since 1 January 2002 is a loss of £60,529,000 (2010 a loss of £45,572,000)

Jardine Motors Group UK Limited

30 Pension schemes (continued)

Assets

	2011 £'000	2010 £'000	2009 £'000
Equities	50,153	65,897	62,117
Bonds and other classes	73,102	58,524	52,551
Total assets	123,255	124,421	114,668

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

Assumptions

	2011 % p.a.	2010 % p.a.
Inflation assumption	2.79	3.10 - 3.40
Discount rate	4.68	5.42
Rate of increase in pensions in payment	2.79	3.30
Revaluation rate for deferred pensioners	2.79	3.20
Allowance for commutation of pension for cash at retirement	Yes	Yes

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

	2011 Years	2010 Years
Male currently aged 40	23.6	23.2
Female currently aged 40	25.8	25.3
Male currently aged 65	21.8	21.9
Female currently aged 65	23.8	24.1

Expected long term rates of return

The expected return on bonds is determined by reference to UK long dated gilt and bond yields. The expected rate of return on equities and property have been determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions.

The expected long-term rates of return applicable at the start of each period are as follows

1 January	2011 % p.a.	2010 % p.a.
Equities	6.80	8.20
Bonds and other classes	4.68 – 5.75	5.40
Overall for scheme	5.75	6.90

Jardine Motors Group UK Limited

30 Pension schemes (continued)

Amounts for the current and previous four periods

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Fair value of assets	123,255	124,421	114,668	97,699	127,053
Present value of scheme liabilities	(147,388)	(137,033)	(132,248)	(113,593)	(137,463)
Deficit in the scheme	(24,133)	(12,612)	(17,580)	(15,894)	(10,410)
Experience adjustment on scheme assets	(6,909)	3,867	12,031	(25,220)	(2,787)
Experience adjustment on scheme liabilities	(1,408)	2,454	(275)	2,345	1,704
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	(6,640)	(4,446)	(17,912)	11,206	4,165

Estimate of contributions to be paid to the scheme

The best estimate of contributions to be paid by the employer to the scheme for the period beginning 1 January 2012 is £2,200,000

Jardine Motors Group UK Defined Contribution Pension Plan

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

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

During the year the group has contributed to this and other pension schemes £774,000 (2010 £705,000).

Total pension schemes

Total pension credits are £462,000 (2010 credit of £188,000) comprising contributions to all pension schemes (note 6).

31 Contingent liabilities

The group operates combined banking facilities for the company and its subsidiaries. The cash held by the company has been offset against the overdrafts of the subsidiaries under these arrangements. The company has contingent liabilities at 31 December 2011 in respect of cross guarantees covering bank loans and overdrafts in the subsidiary undertakings amounting to £28,843,000 (2010 £479,000) net of group cash balances.

Jardine Motors Group UK Limited

32 Post balance sheet events

On 1 January 2012, the trade and assets of the following subsidiary undertakings, all of which were acquired in the year as part of the acquisition of Wayside Group Limited, were transferred at fair value to other subsidiary undertakings in the group to align their franchise representation within the existing group structure, Wayside Garages Limited, Wayside Aylesbury Limited, Wayside Towcester Limited, Wayside St Albans Limited, Wayside North Herts Limited, Wayside Van Centres Limited, Wayside (auto cz) Limited, Wayside Audi Limited, Wayside Audi (Hitchin) Limited, Wayside Milton Keynes Limited and Wayside North Bucks Limited. Following the transfer these companies have no on-going activity.

On 6 January 2012, the group disposed of the trade and assets of a BMW & MINI dealership in Leeds (excluding freehold property) for net consideration of £2.6m including goodwill of £1.0m.

On 31 January 2012, the group disposed of 100% of the share capital of Wayside South Herts Limited for net consideration of £0.3m including goodwill of £1.0m.

On 19 March 2012, the group disposed of the trade and assets of its Birmingham TPS operation for consideration of £0.1m.

On 1 April 2012, the group acquired the trade and assets of three Toyota dealerships in Essex for £6.7m including goodwill of £1.2m and a freehold property of £3.1m.

On 10 August 2012, the group acquired the trade and assets of a Toyota and Lexus dealership in Cambridge for £0.9m including goodwill of £0.4m.

33 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Jardine International Motors 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 International Motors Limited is the smallest group of undertakings to consolidate these financial statements.

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

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