

Registered Number 02470318

Jardine Motors Group UK Limited

Annual report and consolidated financial
statements for the year ended 31 December 2014

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Jardine Motors Group UK Limited

Annual report and consolidated financial statements for the year ended 31 December 2014

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Jardine Motors Group UK Limited

Directors and advisors for the year ended 31 December 2014

Directors

M P Herbert

C A Beattie

Lord Leach of Fairford

(non-executive)

Lord Sassoon, Kt

(non-executive)

P Hawkins

(non-executive)

Company secretary

M Finch

Registered office

770 The Crescent

Colchester Business Park

Colchester

CO4 9YQ

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Abacus House

Castle Park

Cambridge

CB3 0AN

Solicitors

Eversheds LLP

Kett House

Station Road

Cambridge

CB1 2JY

Bankers

HSBC Bank plc

Midland House

26 North Station Road

Colchester

CO1 1SY

Lloyds Bank plc

25 Gresham Street

London

EC2V 7HN

Jardine Motors Group UK Limited

Strategic report for the year ended 31 December 2014

The directors present their strategic report of the company and the group for the year ended 31 December 2014.

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's mission is to be the best retail motor group in the UK, as measured by its customers, employees and brand partners, by delivering an unparalleled level of customer service. It aims to achieve this by retaining existing and adding new customers, improving its operational effectiveness and growing sales volumes profitably whilst investing in the development and retention of its employees.

The group's strategy since 2008 has been to primarily focus on premium to high luxury sector brands in the belief that they will enjoy better growth rates over the long-term at the cost of the volume sector. In the last five years new car volumes of premium cars have increased by 51%, compared to average growth of 22%, validating our strategy. Strong growth from the premium brands and the integration of a significant number of acquisitions made in 2010-13 resulted in the group's turnover exceeding £1.5 billion for the first time in 2014, an increase of 87% since 2009.

The motor industry grew during the year with total UK new car registrations up 9% to 2.48 million units, above the 10-year registration average of approximately 2.3 million units. The brands the group represents increased total registrations by an average of 10% in 2014. Strong new car sales was also complemented by a robust used car market which was underpinned by the average age of the UK vehicle parc reaching almost eight years, a record high. The recession in the UK economy during 2009-12 has created pent up demand from consumers for the purchase of new and used cars.

The group's developments

A three year operating strategy was introduced at the beginning of 2014 with the objective of improving the group's focus on operational effectiveness in sales and aftersales, customer service and retention, community engagement and staff engagement.

Our customer service programme, *The Jardine Difference*, which was introduced group-wide in 2013 has continued to develop and mature. Over 1,700 employees attended *Jardine Difference* training in 2014. The programme includes the use of *Reevoo*, an independent ratings and review tool, which is used to measure customer satisfaction the results of which are published on our website jardinemotors.co.uk.

The group has entered into a three-year partnership with UK charity Whizz-Kidz, who provides motorised wheelchairs and related support services to disabled children. The aim of the partnership is to foster a collaborative team spirit and engage with the local community at dealership and department level to raise funds to support Whizz-Kidz as well as provide work placements for young disabled adults. 2014 was the first year of the partnership and the group raised over £250,000 for the charity, an impressive result.

In 2013, a four-year £100 million investment in new and renovated facilities commenced. In 2014, £32.6m was invested as part of this plan which included the construction of a Toyota dealership in Colchester, an Audi dealership in Milton Keynes, a Porsche dealership in East London and the acquisition of the freehold rights of a Jaguar dealership in Sidcup, South-East London. The capital investment programme is being funded from a combination of operating cash flows and a small number of sale and leaseback transactions of new properties. The group's strategy is to maintain a balanced portfolio of freehold and leasehold properties.

Jardine Motors Group UK Limited

Strategic report for the year ended 31 December 2014 (continued)

The group's developments (continued)

A VW commercial vehicles business in Milton Keynes was sold in April 2014 and Reading Aston Martin was closed in July 2014. These have been disclosed as discontinued operations. A new McLaren franchise opened in purpose built facilities in Ascot during April 2015 and Bradford Jaguar was sold as part of a manufacturer initiated network restructure in May 2015. The total number of franchise representation points, net of openings and divestments, is currently 73.

During the year the group won a competitive tender for an Audi franchise open point in Oldham, England. This new franchise territory is adjacent to the group's existing Manchester Audi business and is a perfect complement for its other Audi businesses in Liverpool and Warrington. It is anticipated that the new Oldham dealership will open and commence trading by Q1 2017.

Mark Herbert, CEO, will return to Jardine Matheson in Asia to take up a new leadership role with effect from 13th July 2015. He is to be succeeded by Neil Williamson, who is joining the group from Volkswagen UK Limited where he has held the position of Managing Director SEAT UK for the past two years and before that was Managing Director of Mercedes-Benz Retail UK.

Key Performance Indicators (KPIs) and principal risks and uncertainties

The group measures performance of each dealership throughout the year against certain pre-determined KPIs including return on sales and investment, as well as operating metrics based on sales volumes and profit margins.

Like-for-like basis (excluding acquisitions and disposals)

During the year the group increased the number of new and used units sold by 9.6% and 3.2% respectively. Aftersales revenues were up 4.9%. New car profit per unit increased despite the strong growth in volumes supported by an increase in average sales price. Used car profitability benefited from stronger focus on stock control and favourable supply and demand dynamics supported by several years of subdued demand for new car registrations during the financial crisis. Overall, the group's new, used and aftersales margins were unchanged from the prior-year.

100% basis (including acquisitions and disposals)

New and used unit sales increased from the prior year by 8.1% and 1.2% respectively, lower than on a like-for-like basis principally due to the loss of volumes associated with a number of BMW and MINI businesses sold in the first half of 2013. Aftersales revenues were up by 2.5%. Overall, the group's new and used car margins increased by 10 basis points and aftersales margins were unchanged from the prior year.

The group's position

We believe our strengths lie in our balanced portfolio of existing franchise partners in the growing premium sectors supported by our investment in freehold property, strong balance sheet, committed funding lines and shareholder support.

Jardine Motors Group UK Limited

Strategic report for the year ended 31 December 2014 (continued)

Future developments

The Society of Motor Manufacturers and Traders is forecasting UK total new car passenger registrations to reach 2.56 million units in 2015, up 3.6% compared to the prior year and well above the 10-year average of 2.3 million units. The strong demand is supported by positive consumer sentiment, attractive PCP finance packages and manufacturer support for the UK market due to weak currency and demand in Europe. The average age of a UK car is currently at an all-time high of close to 8 years, which is driving demand for customers to replace their cars with younger models. However, used car margins are expected to start to weaken from 2H 2015 onwards due to supply and demand imbalance as a wave of two-three year old cars sold on PCP plans start to return to market and residual values come under pressure exacerbated by low priced new car deals in the market.

The group's operating focus for 2015 is centred on maintaining or growing new car market share in a strong market along with growing used car volumes and retail service hours whilst delivering an excellent customer experience. The retention of customers and employees are also principal priorities supported by further investment in The Jardine Difference, people development and community engagement. Overall, the group is well placed to continue to grow with the 24 premium marques and 73 franchises it currently represents.

By order of the Board

M Finch
Company secretary
23 June 2015



Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2014

The directors present their annual report and the audited consolidated financial statements of the company and the group for the year ended 31 December 2014.

Principal activities

The principal activities of the business are discussed in the strategic report on page 2.

Review of the business and future developments

The review of the business and future developments are discussed in the strategic report on pages 2 to 4.

Post balance sheet event

On 12 May 2015, the group sold a Jaguar dealership in Bradford for a net consideration of £0.8m including goodwill of £0.75m.

Principal risks and uncertainties

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

Financial risk management

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 bank facilities. The group currently holds committed loan facilities with HSBC Bank plc and Lloyds Bank plc totalling £50m which are due to expire in 2016 and 2017. The group also has in place short term borrowing facilities with HSBC totalling £15m which are renewed annually.

In addition to the above, the group has in place a committed term loan facility with a Jardine Matheson subsidiary of £40m expiring in 2017.

The group holds motor manufacturer funding facilities with each of its franchise partners. These incur stocking charges tied to Finance House Base Rate (FHBR) and are secured against vehicles held mostly on consignment, which can be returned to the manufacturer. The sizes of the facilities are reviewed by the group and manufacturers annually in line with operating needs.

The group operates comfortably within its available bank facilities limits 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 policy is to hedge the interest rate exposure on 40-60% of its average funding requirements. In 2014, the group entered into a 5-year £30m interest rate cap which allows the group to benefit from the current low interest rate environment whilst providing an element of protection should interest rates materially rise in the next 5 years. This instrument caps the interest rate at a maximum of 2% per annum.

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.

Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2014 (continued)

Financial risk management (continued)

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 34.4% of the group's turnover in 2014. Individually, only Mercedes-Benz, Audi, Jaguar Land Rover (combined) and Volkswagen represent more than 10% each of the group's turnover.

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, together with follow up visits within three months of the issued report. All internal audit reports are issued to the audit committee, the board of executive directors 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 regularly meets. 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.

Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2014 (continued)

Results and dividends

The results of the group for the year are set out in the consolidated profit and loss account on page 11.

On 23 December 2014, the company paid an interim dividend of £3,000,000 (2013: £5,000,000).

The directors do not recommend the payment of a final dividend (2013: £nil).

Directors

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

M P Herbert

C A Beattie

Lord Leach of Fairford *

Lord Sassoon, Kt *

P Hawkins

A M Jones (resigned 31 December 2014)

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 2014 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, electronic communications and the group's internal divisional printed periodical 'Torque'.

Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2014 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, directors' 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 and the group 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 all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group'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



M Finch
Company secretary
23 June 2015

Jardine Motors Group UK Limited

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

Report on the financial statements

Our opinion

In our opinion, Jardine Motors Group UK Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2014 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.

What we have audited

Jardine Motors Group UK Limited's financial statements comprise:

- the consolidated and company balance sheets as at 31 December 2014;
- the statement of group total recognised gains and losses for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the consolidated profit and loss account for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information:

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Jardine Motors Group UK Limited

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 8, 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) ("ISAs (UK & 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.

What an audit of financial statements involves

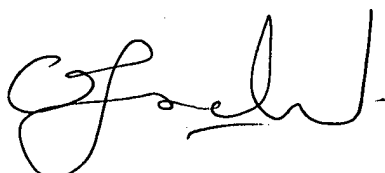
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual report and consolidated financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Charles Joseland (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge

Jardine Motors Group UK Limited

Consolidated profit and loss account for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Group turnover			
- Continuing operations		1,523,358	1,350,058
- Discontinued operations		5,299	38,357
Group turnover	2	1,528,657	1,388,415
Cost of sales	1	(1,401,248)	(1,271,176)
Gross profit		127,409	117,239
Selling and distribution costs	1	(65,155)	(51,744)
Administrative expenses	1	(40,735)	(50,497)
Group operating profit			
- Continuing operations		21,814	15,464
- Discontinued operations		(295)	(466)
Group operating profit	2	21,519	14,998
Exceptional items	3	5,848	3,402
Profit on ordinary activities before interest and taxation		27,367	18,400
Interest receivable and similar income	7	-	3
Interest payable and similar charges	7	(3,181)	(2,785)
Other net finance income	7	1,594	441
Profit on ordinary activities before taxation		25,780	16,059
Tax on profit on ordinary activities	8	(4,333)	(4,264)
Profit for the financial year	22	21,447	11,795

There is no difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents.

Jardine Motors Group UK Limited

Statement of group total recognised gains and losses for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Profit for the financial year		21,447	11,795
Actuarial (losses)/gains recognised in the pension scheme	26	(8,031)	8,791
Movement on deferred tax relating to pension liability	19	1,119	(2,457)
Total recognised gains and losses relating to the financial year		14,535	18,129

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 £69,442,000.

Jardine Motors Group UK Limited

Consolidated balance sheet as at 31 December 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Intangible assets	10	16,285	19,206
Tangible assets	11	88,170	74,390
		104,455	93,596
Current assets			
Stocks	13	159,640	139,490
Debtors	14	53,072	44,936
Cash at bank and in hand		37	87
		212,749	184,513
Creditors - amounts falling due within one year	15	(168,296)	(145,422)
Net current assets		44,453	39,091
Total assets less current liabilities		148,908	132,687
Creditors – amounts falling due after more than one year	16	(40,000)	(40,000)
Provisions for liabilities	18	(1,478)	(1,964)
Net assets excluding pension liability		107,430	90,723
Net pension liability	26	(19,270)	(14,098)
Net assets including pension liability		88,160	76,625
Capital and reserves			
Called up share capital	20	97,500	97,500
Profit and loss account (deficit)	21	(9,340)	(20,875)
Total shareholders' funds	22	88,160	76,625

The financial statements on pages 11 to 38 were approved by the board of directors on 23 June 2015 and were signed on its behalf by:



C A Beattie
Director

Jardine Motors Group UK Limited
Registered Number 02470318

Jardine Motors Group UK Limited

Company balance sheet as at 31 December 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Investments	12	51,511	51,511
		51,511	51,511
Current assets			
Debtors	14	105,504	79,130
Cash at bank and in hand		14,796	7,343
		120,300	86,473
Creditors - amounts falling due within one year	15	(24,802)	(19,094)
Net current assets		95,498	67,379
Total assets less current liabilities		147,009	118,890
Net assets		147,009	118,890
Capital and reserves			
Called up share capital	20	97,500	97,500
Profit and loss account	21	49,509	21,390
Total shareholders' funds	22	147,009	118,890

The financial statements on pages 11 to 38 were approved by the board of directors on 23 June 2015 and were signed on its behalf by:



C A Beattie
Director

Jardine Motors Group UK Limited
Registered Number 02470318

Jardine Motors Group UK Limited

Consolidated cash flow statement for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Net cash inflow from operating activities before pension deficit contributions	23(a)	13,983	17,220
Pension deficit payments	26	(1,368)	(4,400)
Net cash inflow from operating activities		12,615	12,820
Returns on investments and servicing of finance			
Net interest paid	7	(3,181)	(2,782)
Net cash outflow from returns on investments and servicing of finance		(3,181)	(2,782)
Taxation paid		(1,901)	(2,337)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(32,605)	(12,877)
Receipts from sale of tangible fixed assets		19,599	171
Net cash outflow from capital expenditure and financial investment		(13,006)	(12,706)
Acquisitions and disposals			
Net payments in respect of acquisitions of businesses		-	(4,476)
Net receipt in respect of disposals of businesses		-	15,758
Net cash inflow from acquisitions and disposals		-	11,282
Equity dividend paid	9	(3,000)	(5,000)
Net cash (outflow)/inflow before financing		(8,473)	1,277
Financing			
Increase/(decrease) in bank borrowings	23(b)	8,423	(1,500)
Net cash inflow/(outflow) from financing		8,423	(1,500)
Decrease in net cash	23(b)	(50)	(223)

Jardine Motors Group UK Limited

Consolidated cash flow statement for the year ended 31 December 2014 (continued)

	Note	2014 £'000	2013 £'000
Reconciliation of net cash flow to movement in net debt			
Decrease in net cash in the year	23(b)	(50)	(223)
Cash (inflow)/outflow from movement in debt	23(b)	(8,423)	1,500
		(8,473)	1,277
Net debt at 1 January	23(b)	(58,913)	(60,190)
Net debt at 31 December	23(b)	(67,386)	(58,913)

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 rate prevailing during the year.

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 substantively enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

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.

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.

Jardine Motors Group UK Limited

Statement of accounting policies (continued)

Sale and leaseback

Any gain or loss on sale and operating leaseback transactions is recognised 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 amortised 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 for the period ended 5 April 2014. 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.

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 2014

1 Cost of sales and operating expenses

	2014 Continuing operations £'000	2014 Discontinued operations £'000	2013 Continuing operations £'000	2013 Discontinued operations £'000
Cost of sales	1,396,236	5,012	1,235,824	35,352
Selling and distribution costs	64,708	447	49,210	2,534
Administrative expenses	40,600	135	49,560	937

2 Turnover and operating profit

All turnover, operating profit and net assets of the group's subsidiary undertakings are derived from retail and commercial motor trade activities transacted from dealerships within the United Kingdom.

	2014 £'000	2013 £'000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets (note 11)	4,994	4,848
Loss/(profit) on disposal of fixed assets	3	(27)
Net provision (released)/created for leasehold dilapidations (note 18)	(31)	189
Net provision released for lease exit costs (note 18)	(95)	(119)
Provision released for vehicle buy-back provision	-	(244)
Amortisation of goodwill (note 10)	2,921	3,119
Services provided by the company's auditor		
- the audit of parent company and consolidated financial statements	27	26
- the audit of company's subsidiaries pursuant to legislation	295	305
- other services pursuant to legislation	83	222
Operating lease rentals - land and buildings	10,523	11,511
Operating lease rentals - plant and machinery	155	187

Total fees paid to PricewaterhouseCoopers LLP for non-audit services were £83,000 (2013: £222,000); consisting of £11,000 (2013: £16,000) for services related to taxation compliance, £14,000 (2013: £3,000) for services related to taxation advisory and £58,000 (2013: £203,000) for services related to the pension scheme.

Jardine Motors Group UK Limited

3 Exceptional items

	2014 £'000	2013 £'000
Closure costs accrual release	77	16
Profit on sale of freehold properties	5,771	3,386
	5,848	3,402

During September 2014, the group sold a freehold property in Leeds realising a net profit on sale of £844,000.

During October and December 2014, the group entered a sales and leaseback transaction for two of its freehold properties, realising a net profit on sale of £4,927,000.

4 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 profit of £31,119,000 (2013: £28,032,000).

5 Employees

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

	2014 Number	2013 Number
Sales	780	709
Aftersales	1,378	1,388
Administration	538	501
	2,696	2,598

The costs incurred in respect of these employees were:

	2014 £'000	2013 £'000
Wages and salaries	84,551	79,024
Social security costs	9,305	8,893
Other pensions costs (note 26)	(483)	284
	93,373	88,201

Jardine Motors Group UK Limited

6 Directors

	2014 £'000	2013 £'000
Aggregate emoluments	1,407	863

There are no retirement benefits accruing to the executive directors under defined benefit schemes (2013: none).

Highest paid director	2014 £'000	2013 £'000
Aggregate emoluments	821	634

7 Interest and other net finance income

Interest receivable and similar income	2014 £'000	2013 £'000
Other	-	3

Interest payable and similar charges	2014 £'000	2013 £'000
Bank loans and overdrafts	421	182
Interest paid to fellow group companies	715	711
Stocking loan interest	2,043	1,892
Other	2	-
	3,181	2,785

Other net finance income	2014 £'000	2013 £'000
FRS 17 pension credit (note 26)	1,687	576
Unwinding of discount in provisions (note 18)	(93)	(135)
	1,594	441

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 18).

Jardine Motors Group UK Limited

8 Tax on profit on ordinary activities

(a) Analysis of charge in the year		2014 £'000	2013 £'000
Current tax:			
UK corporation tax at 21.5% (2013: 23.25%)		2,772	2,557
Adjustment in respect of prior years		(502)	(351)
Total current tax		2,270	2,206
Deferred tax:			
Change in rate		-	320
Pension deficit		1,315	995
Accelerated capital allowances		435	391
Utilisation of losses		452	322
Adjustments in respect of prior years		(139)	30
Total deferred tax (note 19)		2,063	2,058
Tax on profit on ordinary activities		4,333	4,264

(b) Factors affecting corporation tax charge for the year

The tax assessed for the year is lower (2013: lower) than the standard rate of corporation taxation in the UK of 21.5% (2013: 23.25%). The differences are explained below:

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	25,780	16,059
Profit on ordinary activities multiplied by standard corporation tax rate in the UK at 21.5% (2013: 23.25%)	5,543	3,734
Effects of:		
Items not taxable	(1,242)	(990)
Expenses not deductible for tax purposes	1,012	973
Pension deductions	(1,937)	(1,158)
Depreciation in excess of capital allowances	97	159
Net chargeable gains in year	1,619	1,219
Utilisation of losses	(2,320)	(1,380)
Adjustment in respect of prior years	(502)	(351)
Current tax charge for the year	2,270	2,206

Jardine Motors Group UK Limited

8 Tax on profit on ordinary activities (continued)

(c) Other factors affecting current and future tax charges

No further reductions to the UK corporation tax rate have been announced since July 2013. In any event any rate changes that are not substantively enacted at the balance sheet date are not recognised in these financial statements.

9 Dividends

	2014 £'000	2013 £'000
Interim paid of £0.03 per £1 ordinary share (2013: £0.05)	3,000	5,000

10 Intangible assets

Group	Goodwill £'000
Cost	
At 1 January and 31 December 2014	33,503
Accumulated amortisation	
At 1 January 2014	14,297
Charge for the year	2,921
At 31 December 2014	17,218
Net book amount	
At 31 December 2014	16,285
At 31 December 2013	19,206

Company

The company has no intangible assets.

Jardine Motors Group UK Limited

11 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 2014	68,009	15,982	9,149	5,914	10,254	109,308
Additions	24,063	2,967	1,991	957	2,627	32,605
Disposals	(16,764)	(398)	(668)	(165)	(567)	(18,562)
Reclassification	-	-	(13)	13	-	-
At 31 December 2014	75,308	18,551	10,459	6,719	12,314	123,351
Accumulated depreciation						
At 1 January 2014	10,537	7,096	6,494	4,514	6,277	34,918
Charge for the year	715	1,173	1,057	841	1,208	4,994
Disposals	(3,002)	(370)	(639)	(156)	(564)	(4,731)
Reclassification	-	-	(3)	3	-	-
At 31 December 2014	8,250	7,899	6,909	5,202	6,921	35,181
Net book amount						
At 31 December 2014	67,058	10,652	3,550	1,517	5,393	88,170
At 31 December 2013	57,472	8,886	2,655	1,400	3,977	74,390

No provision is made for tax on capital gains that might arise on disposal of group properties at their balance sheet amounts because no tax liability in respect of such disposals is expected in the foreseeable future.

Company

The company has no tangible assets.

Jardine Motors Group UK Limited

12 Investments

Company	£'000
Cost	
At 1 January and 31 December 2014	132,969
Provision	
At 1 January and 31 December 2014	81,458
Net book amount	
At 31 December 2014	51,511
At 31 December 2013	51,511

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

The principal subsidiary undertakings of the company at 31 December 2014 were:

Subsidiary Undertaking	Class of Share	Principal Activity
Abridge Loughton TPS Limited	Ordinary	Wholesale trade parts centre
Appleyard Group Limited	Ordinary	Holding company for non-trading subsidiaries
Jardine Motors Pension Trustees Limited	Ordinary	Trustee company for the Jardine Motors Group UK Limited pension scheme
JMG (Scotland) Limited	Ordinary	Solely owns shares in JMG LP and acts as the General Partner of the entity
Lancaster 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	Non-trading from 1 October 2013
Wayside Group Limited	Ordinary	Property owning and holding company for companies that non-trading
Wayside Trade Parts Limited	Ordinary	Wholesale trade parts centres

Jardine Motors Group UK Limited

12 Investments (continued)

The group also owns 100% of the share capital of JMG LP. JMG LP owns freehold properties and sub-lets to Lancaster Motor Company Limited and Lancaster Luxury Vehicles Limited, group subsidiary undertakings, at open market rentals. JMG LP is a Scottish Limited Partnership of which the Partners are all part of Jardine Motors Group UK Limited. The results and balance sheet of JMG LP are consolidated into these financial statements.

All other group subsidiary undertakings are wholly owned and 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.

13 Stocks

	Group 2014 £'000	Group 2013 £'000
Consignment vehicles	36,986	36,129
Motor vehicles	117,541	98,351
Parts and other stocks	5,113	5,010
	159,640	139,490

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 company has no stock.

Jardine Motors Group UK Limited

14 Debtors

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Trade debtors	31,222	25,362	-	-
Amounts owed by group undertakings	-	-	89,646	64,531
Corporation tax	-	-	14,958	14,475
Deferred tax asset (note 19)	77	825	-	-
Other taxation and social security	1,735	598	1	1
Other debtors	13,318	11,466	-	-
Prepayments and accrued income	6,720	6,685	899	123
	53,072	44,936	105,504	79,130

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

15 Creditors - amounts falling due within one year

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Bank loans (note 17)	27,423	19,000	24,784	19,000
Trade creditors	103,747	93,686	-	-
Corporation tax	911	544	-	-
Other taxation and social security	3,241	3,194	-	-
Other creditors	26,547	21,523	-	-
Accruals and deferred income	6,427	7,475	18	94
	168,296	145,422	24,802	19,094

16 Creditors - amounts falling due after more than one year

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'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 1.15%.

Jardine Motors Group UK Limited

17 Loans and other borrowings

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Unsecured bank loans	27,423	19,000	24,784	19,000

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
The borrowings are repayable as follows:				
Within one year or on demand	27,423	19,000	24,784	19,000

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.

18 Provisions for liabilities

Group	At 1 January 2014 £'000	Net provision released during the year £'000	Utilised £'000	Unwinding of discount in provisions £'000	At 31 December 2014 £'000
Leasehold dilapidations	232	(31)	(152)	-	49
Lease costs	1,223	(95)	(122)	86	1,092
Deferred consideration	77	-	(21)	7	63
Self-insurance fund	432	-	(158)	-	274
	1,964	(126)	(453)	93	1,478

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. In accordance with FRS 7 'Fair Values in Acquisition Accounting', the discounted amount payable was provided for.

Jardine Motors Group UK Limited

18 Provisions for liabilities (continued)

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 (2013: £nil).

19 Deferred tax

Group	Recognised		Unrecognised	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Deferred tax asset comprises:				
Accelerated capital allowances	(176)	120	-	-
Tax losses	253	705	894	1,251
Advance Corporation Tax	-	-	2,990	2,990
Deferred tax asset (note 14)	77	825	3,884	4,241
Deferred tax asset on pension liability (note 26)	3,329	3,525	-	-
Net deferred tax asset	3,406	4,350	3,884	4,241
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Movements during the year are as follows:				
At 1 January	4,350	8,865	4,241	4,763
Amount charged to profit and loss (note 8(a))	(2,063)	(2,058)	-	-
Amount taken to statement of total recognised gains and losses relating to pension liability	1,119	(1,757)	-	-
Amount arising from change in rate on amount taken to statement of total recognised gains and losses relating to pension liability	-	(700)	-	-
Movement due to rate change	-	-	-	(383)
Losses utilised	-	-	(357)	(139)
Net asset at end of year including deferred tax assets on pension liability	3,406	4,350	3,884	4,241

The directors consider there will be sufficient taxable profits in the future such as to realise the deferred tax assets.

As a result of the pension asset-backed funding arrangement (note 26) the group will receive a gross deduction against current tax of £2.5 million per annum over the course of the next 3 years. In the current year, £1.6 million has been relieved against current tax, generating a significant short term timing difference and a deferred tax asset of £1.2 million has been recognised at 31 December 2014.

Jardine Motors Group UK Limited

19 Deferred tax (continued)

The deferred tax asset recognised in respect of losses has been computed at 20% - 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.

Company	Recognised		Unrecognised	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Deferred tax comprises:				
Excess management expenses/non trade debits	-	-	894	894

20 Called up share capital

Group and company	2014 £'000	2013 £'000
Allotted and fully paid:		
97,500,000 (2013: 97,500,000) ordinary shares of £1 each	97,500	97,500

21 Reserves

Group	Profit and loss account £'000
At 1 January 2014	(20,875)
Profit for the financial year	21,447
Dividend paid (note 9)	(3,000)
Actuarial losses recognised on pension scheme (note 26)	(8,031)
Movement on deferred tax relating to pension liability (note 19)	1,119
At 31 December 2014	(9,340)

The cumulative goodwill written off directly against reserves at 31 December 2014 was £22,800,000 (2013: £22,800,000).

Jardine Motors Group UK Limited

21 Reserves (continued)

Company	Profit and loss account £'000
At 1 January 2014	21,390
Profit for the financial year (note 4)	31,119
Dividend paid (note 9)	(3,000)
At 31 December 2014	49,509

22 Reconciliation of movements in shareholders' funds

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Profit for the financial year	21,447	11,795	31,119	28,032
Actuarial (losses)/gains recognised on pension scheme	(8,031)	8,791	-	-
Movement on deferred tax relating to pension liability	1,119	(2,457)	-	-
Dividend paid	(3,000)	(5,000)	(3,000)	(5,000)
Net increase in shareholders' funds	11,535	13,129	28,119	23,032
Opening shareholders' funds at 1 January	76,625	63,496	118,890	95,858
Closing shareholders' funds at 31 December	88,160	76,625	147,009	118,890

23 Cash flow from operating activities

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

	2014 £'000	2013 £'000
Operating profit	21,519	14,998
Depreciation of tangible fixed assets (note 11)	4,994	4,848
Amortisation of goodwill (note 10)	2,921	3,119
Loss/(profit) on disposal of fixed assets	3	(27)
Increase in stocks	(20,150)	(10,473)
Increase in debtors	(8,884)	(4,435)
Increase in creditors	14,159	10,974
Decrease in provisions for liabilities	(579)	(1,784)
Net cash inflow from operating activities before pension deficit contributions	13,983	17,220

Jardine Motors Group UK Limited

23 Cash flow from operating activities (continued)

(b) Analysis of net debt

	At 1 January 2014 £'000	Cash flow £'000	At 31 December 2014 £'000
Cash at bank and in hand	87	(50)	37
Debt due in less than one year	(19,000)	(8,423)	(27,423)
Amount owed to fellow group company due in 2 – 5 years	(40,000)	-	(40,000)
Total net debt	(58,913)	(8,473)	(67,386)

24 Related party transactions

The company is exempt under the terms of FRS 8 'Related Party Disclosures' from disclosing related party transactions with entities that are part of the group as the company is a wholly owned subsidiary of Jardine Matheson Holdings Limited.

25 Financial commitments

(a) Future capital expenditure

	Group 2014 £'000	Group 2013 £'000
Contracted for but not provided	4,102	8,892

The company does not have any committed future capital expenditure (2013: £nil).

(b) Operating leases

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

	Land and buildings 2014 £'000	Other 2014 £'000	Land and buildings 2013 £'000	Other 2013 £'000
Within one year	84	196	601	182
Within two to five years	497	1	956	41
After five years	10,429	-	9,009	9
	11,010	197	10,566	232

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

Jardine Motors Group UK Limited

25 Financial commitments (continued)

The company does not hold any operating leases (2013: none).

26 Pension schemes

The group operates a hybrid pension scheme 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 was closed to future accrual on 1 December 2009.

Contributions to the scheme during the year amounted to £1,368,000 (2013: £4,400,000) in respect of the past service deficit in the scheme as a whole.

Asset-backed funding arrangement

During the year Jardine Motors Group UK Limited (the "Group") established a Scottish Limited Partnership ("JMG LP" or the "Partnership") with the Scheme. Under this arrangement, properties with a fair value of £21.45 million were transferred to the Partnership from group companies Lancaster plc and Lancaster Motor Company Limited. Both transfers were effected via a 20 year sale and leaseback arrangement to the respective company.

The Scheme's interest in the Partnership entitles it to an annual distribution in the form of rental payments for 20 years. The annual contributions are set at £1.35 million per annum and increase by 13.14% every 5 years. In addition to these contributions, the Group may have to pay additional cash sums to the Scheme as part of the triennial valuation deficit recovery plan. The properties transferred to the Partnership will revert to the Group's ownership at the end of the 20 year leases.

The Partnership is controlled by the Group and its results are consolidated by Jardine Motors Group UK Limited. The Group's balance sheet, FRS17 deficit and income statement are unchanged by the establishment of the Partnership. The investment held by the Scheme in the Partnership does not qualify as a plan asset for the purposes of the Group's consolidated financial statements and is therefore not included within the fair value of plan assets. The value of the properties transferred to the Partnership remains included within the Group's fixed assets on the balance sheet. In addition, the Group retains full operational flexibility to extend, develop and substitute the properties within the Partnership.

Jardine Motors Group UK Limited

26 Pension schemes (continued)

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

	2014 £'000	2013 £'000	2012 £'000
Fair value of scheme assets	155,888	143,861	135,271
Present value of scheme liabilities	(178,487)	(161,484)	(166,661)
Deficit in scheme	(22,599)	(17,623)	(31,390)
Deferred tax asset (note 19)	3,329	3,525	7,220
Net liability to be recognised	(19,270)	(14,098)	(24,170)

Reconciliation of the present value of the scheme liabilities

	2014 £'000	2013 £'000
Present value of scheme liabilities at start of year	(161,484)	(166,661)
Interest cost	(7,000)	(6,638)
Actuarial (losses)/gains	(16,297)	4,628
Benefits paid, death in service insurance premiums and expenses	6,294	7,187
Present value of scheme liabilities at end of year	(178,487)	(161,484)

Reconciliation of fair value of scheme assets

	2014 £'000	2013 £'000
Fair value of scheme assets at start of year	143,861	135,271
Expected return on scheme assets	8,687	7,214
Actuarial gains	8,266	4,163
Contributions by employer - deficit funding	1,368	4,400
Benefits paid, death in service insurance premiums and expenses	(6,294)	(7,187)
Fair value of scheme assets at end of year	155,888	143,861

The actual return on the scheme assets over the period ended 31 December 2014 was £16,953,000 (2013: £11,377,000).

Total credit recognised in profit and loss account

	2014 £'000	2013 £'000
Interest cost	7,000	6,638
Expected return on scheme assets	(8,687)	(7,214)
Total credit recognised in profit and loss account (note 7)	(1,687)	(576)

Jardine Motors Group UK Limited

26 Pension schemes (continued)

Statement of total recognised gains and losses

	2014 £'000	2013 £'000
Difference between expected return and actual return on scheme assets	8,266	4,163
Experience gains arising on the scheme liabilities	412	8
Effects of changes to the demographic and financial assumptions underlying the present value of the scheme liabilities	(16,709)	4,620
Actuarial (losses)/gains recognised in statement of total recognised gains and losses	(8,031)	8,791

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 £69,442,000 (2013: a loss of £61,411,000).

Assets

	2014 £'000	2013 £'000	2012 £'000
Equities	69,450	62,546	55,760
Bonds and other classes	86,438	81,315	79,511
Total assets	155,888	143,861	135,271

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

	2014 % p.a.	2013 % p.a.
Inflation assumption	2.91	3.55
Discount rate	3.41	4.42
Rate of increase in pensions in payment	2.81	3.45
Revaluation rate for deferred pensioners	1.91	2.55
Allowance for commutation of pension for cash at retirement	Yes	Yes

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

	2014 Years	2013 Years
Male currently aged 40	23.3	23.8
Female currently aged 40	25.7	26.0
Male currently aged 65	22.0	22.0
Female currently aged 65	24.2	24.0

Jardine Motors Group UK Limited

26 Pension schemes (continued)

Expected long term rates of return

FRS 17 will be replaced by a new GAAP for accounting periods commencing on or after 1 January 2015. The expected return on assets assumption is therefore not required as at 31 December 2014 as, for the purposes of the pension calculation, it is assumed equal to the discount rate.

Amounts for the current and previous four periods

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Fair value of scheme assets	155,888	143,861	135,271	123,255	124,421
Present value of scheme liabilities	(178,487)	(161,484)	(166,661)	(147,388)	(137,033)
Deficit in the scheme	(22,599)	(17,623)	(31,390)	(24,133)	(12,612)
Experience adjustment on scheme assets	8,266	4,163	9,064	(6,909)	3,867
Experience adjustment on scheme liabilities	412	8	(2,559)	(1,408)	2,454
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	(16,709)	4,620	(16,178)	(6,640)	(4,446)

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 year beginning 1 January 2015 is £3,524,000.

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 £1,204,000 (2013: £860,000) to this scheme.

Total pension schemes

Total pension credits/(debits) in the year of £483,000 (2013: (£284,000)) comprise contributions to all pension schemes (note 5).

27 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 2014 in respect of cross guarantees covering the overdrafts in the subsidiary undertakings amounting to £2,639,000 (2013: £nil).

Jardine Motors Group UK Limited

28 Post balance sheet event

On 12 May 2015, the group sold a Jaguar dealership in Bradford for a net consideration of £0.8m including goodwill of £0.75m.

29 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:

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