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Registered Number 02470318

Jardine Motors Group UK Limited

Annual report and consolidated financial
statements for the year ended 31 December 2020

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Jardine Motors Group UK Limited

Annual report and consolidated financial statements for the year ended 31 December 2020

Contents

Directors and advisors	1
Strategic report.....	2
Directors' report	6
Independent auditors' report to the members of Jardine Motors Group UK Limited	12
Consolidated profit and loss account.	16
Consolidated statement of comprehensive income.	17
Consolidated balance sheet	18
Company balance sheet	19
Consolidated statement of changes in equity	20
Company statement of changes in equity	21
Consolidated statement of cash flows	22
Notes to the financial statements	24

Jardine Motors Group UK Limited

Directors and advisors for the year ended 31 December 2020

Directors

D N Williamson

D J Muir

P Hawkins

(non-executive)

A Keswick

(non-executive)

Company secretary

M Finch

Registered office

770 The Crescent

Colchester Business Park

Colchester

Essex

CO4 9YQ

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

The Maurice Wilkes Building

St John's Innovation Park

Cowley Road

Cambridge

CB4 0DS

Solicitors

Eversheds Sutherland LLP

Kett House

Station Road

Cambridge

CB1 2JY

Bankers

HSBC Bank plc

Midland House

26 North Station Road

Colchester

CO1 1SY

Bank of China (Hong Kong) Limited

17/F Bank of China Centre

Olympian City

11 Hoi Fai Road

West Kowloon

Hong Kong

Standard Chartered Bank (Hong Kong) Limited

4 – 4A Des Voeux Road

3/F Standard Chartered Banking Building

Central

Hong Kong

Jardine Motors Group UK Limited

Strategic report for the year ended 31 December 2020

The directors present their Strategic report for Jardine Motors Group UK Limited (the 'company') and its subsidiaries (together the 'group') for the year ended 31 December 2020.

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

2020 proved to be an extraordinary and unprecedented year for all sectors of the UK and World economies with the outbreak of the COVID-19 pandemic. The impact on the motor retail sector has been very significant with extended periods of enforced closures, supply issues and the hugely detrimental impact on consumer confidence and general economic activity.

The directors reacted swiftly and decisively to the outbreak in order to mitigate the risks posed to the business, its colleagues and customers alike. At all times the health and safety of colleagues and customers was the priority but at the same time the directors also acted to safeguard the group.

The key actions taken by the directors to mitigate both the impact of the pandemic and the associated lockdown measures introduced by the UK Government were as follows:

- A full review of all costs within the head office and dealership functions was undertaken resulting in significant on-going cost reductions and re-structuring, which resulted in a headcount reduction of 522. During the year annualised cost savings of c£30m have been achieved including the closure of a head office leased site in Milton Keynes and a partial closure of a head office leased site in Colchester, with the majority of staff moving to a homeworking/dealership hot desk working pattern.
- Utilising Government support where available including the Coronavirus Job Retention Scheme, accessing the business rates holidays available to showrooms, deferral of VAT payments for the February and May quarter ends to 2021 under the VAT deferral scheme and agreed payment plans with HMRC under the 'Time To Pay' scheme to defer payment of PAYE and NI.
- Agreed pay sacrifices of 25%, 20% and 10% for certain employees for the months of April, May and June with the executive directors also taking pay sacrifices for July, August and September.
- Actions taken to reduce working capital levels mainly through tighter vehicle stock limits.
- Actions taken to reduce capital expenditure where the costs could either be deferred or removed subject to not having a detrimental impact on customer experience or health and safety (including coronavirus measures).
- The group remains well funded with strong access to both bank facilities and vehicle stocking lines.

The 2020 UK new car market was 1,631,064 units which was 29.4% lower than the 2019 level of 2,311,140 units. The brands represented by the group experienced a smaller fall in registrations, on a like for like basis, of 26.9%.

Jardine Motors Group UK Limited

Strategic report for the year ended 31 December 2020 (continued)

Review of the business (continued)

The group posted an operating loss of £9.8m (2019: operating profit £8.3m). Exceptional costs of £4.1m (2019: £5.6m) have been recognised; £2.6m in relation to redundancy costs associated with the group re-structure and £1.5m in relation to closure costs on the sale and closure of certain non-core businesses.

Against the background as detailed above the group's results during the second half of 2020 and in the initial months of 2021 have been better than anticipated at the start of the pandemic and the general level of trade gives the directors confidence that the actions taken during 2020 will enable the group to move back to profitability in 2021.

The group's developments

Despite the interruption caused by the pandemic the group continued its strategy of working with its core brand partners and exiting those considered as non-core.

On 31 January 2020, the group closed a trade parts centre and a used car centre both operating from shared premises in Erdington.

On 10 July 2020, the group completed the sale of the trade and assets of a Volkswagen dealership in Aylesbury.

On 30 September 2020, the group closed its Harley-Davidson dealership in Thurrock, Essex.

On 20 November 2020, the group sold the trade and assets of its Lexus dealership in Newcastle-Upon-Tyne.

Apart from the above, all of which were planned before the outset of the pandemic, the group has retained and re-opened in 2021 all of its dealerships reflecting the strength of its balance sheet and the quality of the dealerships that it now operates.

The group has remained committed to its investment in digital solutions to provide customers with a seamless online/offline experience. This has provided the group resilience during the period of enforced closure of the showrooms.

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.

Jardine Motors Group UK Limited

Strategic report for the year ended 31 December 2020 (continued)

Key Performance Indicators (KPIs) and principal risks and uncertainties (continued)

The group's principal financial and non-financial KPIs during the year were:

	2020	*Restated 2019
Financial		
Retail return on sales %*	(0.2)	0.4
Gross profit %	7.5	8.1
Operating (loss)/profit £'000	(9,794)	8,277
New car sales units	22,399	36,311
Used retail car sales units	19,373	32,665
Non-Financial		
Staff attrition (excluding redundancy) %	17.0	22.5

* See Note 3 in the accounting policies for reference to prior year adjustments.

The group maintains a robust risk management framework as outlined in the Directors' report to ensure that we identify the most significant risks the group faces and that appropriate management focus is given to actions to respond to identified or emerging risks. A compliance programme is in place as is a fraud detection and whistleblowing programme.

The key operating risks facing the business are: failure to deliver our strategic goals of growth in market share, improvement in margins and control of working capital. There is a day-to-day focus on these goals through our operating and risk management frameworks.

Other risks include failure to maintain our brand and reputation for customer service and our relationships with our brand partners, disruption to the global supply chain which may impact our brand partners and the impact of global pandemics. We are focussed on maintaining and improving our relationships and reputation with both our customers and our brand partners.

The group's position

We believe our strengths lie in our balanced portfolio of existing franchise partners in the premium sectors supported by our investment in freehold property, strong balance sheet, committed funding lines and shareholder support. At the year end the group had net current assets of £44.2m (2019: £84.2m).

Future developments

The group's operational focus is to continue to grow with its selected franchise partners whether organically or through acquisition where real value opportunities arise. A key part of this growth plan is through customer and employee retention and continued investment in delivering a modern customer retail experience.

The group monitors external factors that could have an impact on the business both in the immediate and long-term future and takes decisions bearing in mind all potential impacts of, but not limited to, environment concerns and COVID-19.

Jardine Motors Group UK Limited

Strategic report for the year ended 31 December 2020 (continued)

Section 172 statement

The directors are fully aware of their responsibilities to promote the success of the company in accordance with section 172 of the Companies Act 2006.

During the financial year the directors have acted in a manner that they believe has the best interests of the company, and all its stakeholders, as the main driving force behind all decisions taken. This includes the interests of the company's employees, shareholders, customers, suppliers and business partners and also the wider community and the environment. The company's reputation is core when making decisions. Acting in good faith and fairly between stakeholders, the directors, at all times, consider what is most likely to promote the success of the company for its members in the long term.

Employees

The group aims to be a responsible and fair employer treating all colleagues equally and with respect and to provide fair remuneration and benefits. Health and safety of all our colleagues is of the highest priority and the directors continually invest to ensure the highest of standards are maintained throughout the businesses.

Shareholders

The directors work very closely with the group's shareholders, informing them of key business initiatives and investments throughout the year and through regular monthly financial updates. All actions of the directors are taken with the long-term benefit of the shareholders in mind.

Customers

The satisfaction and welfare of our customers is paramount to the company culture that the directors instil throughout the business. Continuous training and communication of, and to, our colleagues aims to ensure the highest possible level of customer satisfaction and engagement is made with every single customer interaction.

Suppliers and business partners

Regular meetings are held with our manufacturer partners to ensure the company adheres to brand requirements. The company monitors its suppliers to ensure that all relevant regulations are met within their own manufacturing and employment frameworks.

Wider community and environment

The directors are aware of the impact of the company's operations within the local community and on the environment and consider these factors when taking decisions and making investments.

On behalf of the Board

DocuSigned by:

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D Muir

Company Director

2021

Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2020

The directors present their annual report and the audited financial statements of the group and company for the year ended 31 December 2020.

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.

Principal risks and uncertainties

The principal risks and uncertainties facing the group are discussed in the Strategic report on pages 3 to 4.

Post balance sheet events

Since the year-end, the group has continued to operate under the UK Government regulations covering the on-going COVID-19 pandemic. On 6 January 2021, the UK entered its third national lockdown. The group was unable to open its showrooms during the lockdown and re-opened on 12 April 2021, in line with the Government's roadmap. During this period the group was able to continue trading through its on-line sales channels and also continued to service customers through its aftersales operations.

The group remains committed to ensuring the highest levels of COVID-19 safe dealerships for both its colleagues and customers with rigid rules and regulations in place at all its dealerships.

As a result of the group's resolute response to the COVID-19 pandemic and the re-structure during 2020, continued investment in digital sales platforms and appropriate utilisation of available Government support the group was able to return to profitability in the first quarter of 2021 and remains confident of meeting its own internal budgets for the year.

Financial risk management

a) Funding and liquidity risk

The group's policy is to ensure that funding requirements forecast by the group can be met within available bank and manufacturer funding facilities. The group has committed facilities in place expiring after a period of at least twelve months from the date when the financial statements are approved.

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

The group continues to operate comfortably within its available bank and manufacturer funding facilities limits and its forecasts for the forthcoming twelve months show this position continuing.

b) Interest rate risk

The group's interest rate practice is to manage the risk of interest rate fluctuations on the cash flows payable on the group's debt and manufacturer funding facilities. Interest rates remain low and the group continues to monitor this on a daily basis. With the maintained low interest rates the group does not currently consider a hedging exercise to be appropriate in the current market conditions.

Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2020 (continued)

Financial risk management (continued)

c) Credit risk

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

Corporate governance

The company does not apply a corporate governance code. The company applies corporate governance as required by the ultimate parent undertaking, Jardine Matheson Holdings Limited. The corporate governance policies applied by the ultimate parent undertaking are set out in their Annual Report.

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 group has a Board currently consisting of four directors; two executive and two 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 group has a Risk Management and Compliance Committee ("RMCC"). The group's internal audit function performs both operational and financial audits, together with follow up visits normally within three months of the issued report. All internal audit reports are issued to the RMCC, the board of executive directors and the respective management teams. Dealerships are also subject to annual health and safety audits and regular operational audits from manufacturers.

The group also has a dedicated Financial Conduct Authority (FCA) compliance team. This team specifically audits each dealership and the group's marketing activities for FCA compliance with regular follow up audits.

Below the Board, the group has a management committee that regularly meets. This committee consists of the group's executive directors and its operational leadership team 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. During 2020 this committee extended its review to weekly to agree measures within the COVID-19 environment. The executive directors also produce a corporate risk register that is updated and presented to the RMCC and the Board on a regular basis.

Further committees are established as required 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.

Results and dividends

The results of the group for the year are set out in the consolidated profit and loss account on page 16.

The directors have not declared nor paid a dividend during the year (2019: none).

Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2020 (continued)

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

D N Williamson

D J Muir

P Hawkins

Lord Sassoon (resigned on 9 April 2020)

A Keswick *

The directors of any parent companies are marked with an asterisk, these include 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 2020 or at the date of this report.

Going concern

The directors have adopted the going concern basis in preparing these financial statements after assessing the group's principal risks including those arising from COVID-19.

The group meets its day-to-day working capital requirements through a mixture of its banking facilities and manufacturer stock funding lines. The directors have assessed the group's ability to continue trading for the twelve months following the approval of these financial statements by preparing detailed cash flow and profit forecasts, including considering a "severe but plausible" downside scenario.

The key assumptions made in those projections are as follows:

- Following the successful roll out of the COVID-19 vaccine programme the UK economic recovery continues throughout 2021 and there are no further lockdowns post the UK Government's roadmap.
- The UK new car market continues to recover to pre-COVID-19 activity.
- The group does not renew the bank loans expiring in 2021 and 2022.
- The group continues to have access to funding provided by finance companies associated with brand partners to finance some of its used and demonstrator stocks.

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

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.

Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2020 (continued)

Employees and equal opportunities (continued)

It is the group's policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex and sexual orientation. All decisions relating to employment practices are objective, free from bias and based solely upon work criteria and individual merit.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion opportunities of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

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

Political donations

During the year, the group made no political contributions (2019: £nil).

Streamlined Energy & Carbon Reporting (SECR)

The following summarises the energy usage, associated emissions and energy efficiency actions and performance for Jardine Motors Group UK Limited under the Government policy Streamlined Energy & Carbon Reporting, as implemented by the Companies (Directors' report) Regulations 2018.

It also summarises the methodologies utilised for all calculations related to the elements reported under Energy & Carbon.

Under the new SECR legislation the group is mandated to include energy consumption, emissions, intensity metrics and all energy efficiency improvements implemented during the most recent financial year.

The data covers Jardine Motors Group UK Limited and all of its subsidiary undertakings.

Year 1

Scope 1 direct emissions (combustion of natural gas and transportation fuels) for this first year of reporting are 2,970.90 tCO₂e, resulting from the direct combustion of 14,484,440 kWh of fuel.

Scope 2 indirect emissions (purchased electricity) for this first year of reporting are 2,755.39 tCO₂e, resulting from the consumption of 11,818,617 kWh of electricity purchased and consumed in day-to-day business operations.

The group's operations have an intensity metric of 40.86 tCO₂e per '000m², 4.22 tCO₂e per £m turnover, and 2.08 tCO₂e per full time equivalent employee for this reporting year.

Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2020 (continued)

Energy efficiency improvements

The group are committed to year-on-year improvements in their operational energy efficiency. As such, a register of energy efficiency measures available to the group has been compiled, with a view to implementing these measures in the next 5 years.

Measures ongoing and undertaken through 2020 and prioritised for 2021

- **EV charging installations**
The group are installing electric vehicle charging points throughout its portfolio of dealerships. This has been prioritised in the business to demonstrate and assist with the growing plan, within the UK, for decarbonisation of the motor vehicle industry, encouraging the purchase and use of electric vehicles on a larger scale.
- **LED lighting replacements**
Lighting forms a significant portion of the electricity consumption on site throughout the group. By retrofitting existing fluorescent lighting with LED equivalents, significant improvements have been made in the energy consumption of lighting provision. This has been implemented in most of the group's dealerships and is prioritised for remaining dealerships through 2021.
- **Increased use of video conferencing facilities**
Use of video conferencing facilities throughout the business increased significantly during COVID-19 restrictions and reduced the amount of travel that can be avoided. The group is committed to continue with the use of video conferencing, where appropriate, moving forward in order to encourage a reduction in travel within the business.

Reporting methodology

Scope 1 and 2 consumption and CO₂e emission data has been calculated in line with the 2019 UK Government environmental reporting guidance. The following Emission Factor Databases, consistent with the 2019 UK Government environmental reporting guidance have been used, utilising the current published kWh gross calorific value (CV) and kgCO₂e emissions factors relevant for reporting the year to 31 December 2020 (Database 2020, Version 1.0).

Intensity metrics have been calculated utilising the 2020 reportable figures for the following metrics, and tCO₂e for both individual sources and total emissions were then divided by this figure to determine the tCO₂e per metric:

- | | |
|---|----------|
| • Occupied floor area ('000m ²) | 140.14 |
| • Total turnover (£m) | 1,357.83 |
| • Full time equivalents (FTE) | 2,756 |

Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2020 (continued)

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

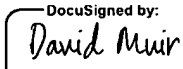
In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Independent auditors

The group has passed an elective resolution under section 487 of the Companies Act 2006 to dispense with the formal requirement to reappoint auditors annually.

On behalf of the Board

DocuSigned by:

D Muir 32957D4BE27F468...
Company Director
2021

Jardine Motors Group UK Limited

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

Report on the audit of the financial statements

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 2020 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and consolidated financial statements (the "Annual Report"), which comprise: the Consolidated and Company balance sheets as at 31 December 2020; the Consolidated profit and loss account and the Consolidated statement of comprehensive income, the Consolidated statement of cash flows, and the Consolidated and Company statements of changes in equity for the year then ended; and the Notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Jardine Motors Group UK Limited

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Jardine Motors Group UK Limited

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Financial Conduct Authority regulations, General Data Protection Regulations and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to overriding controls which would otherwise appear to be operating effectively, primarily through inappropriate or unauthorised journal entries as well as management bias in accounting estimates. Audit procedures performed by the engagement team included:

- reviewing board minutes throughout the period up to the date of the auditors' report;
- inquiries with management about any instances of known or suspected non-compliance with laws and regulation;
- reviewing legal expenses incurred by the group during the year end and up to the date of the auditors' report;
- testing, on a risk basis, journal entries that have unusual account combinations including involving unusual postings to revenue accounts;
- testing management's assumptions made in their significant accounting estimates, in particular in relation to impairment of assets, to ensure these are not indicative of management bias; and
- designing audit procedures to incorporate an element of unpredictability by auditing areas that may otherwise not have been audited owing to immateriality.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Jardine Motors Group UK Limited

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

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

2021

Jardine Motors Group UK Limited

Consolidated profit and loss account for the year ended 31 December 2020

	Note	Continuing operations 2020 £'000	Discontinued operations 2020 £'000	Total 2020 £'000	Continuing operations 2019 £'000	Discontinued operations 2019 £'000	*Restated Total 2019 £'000
Turnover*	5	1,336,304	21,525	1,357,829	1,753,781	289,532	2,043,313
Cost of sales*		(1,235,028)	(20,485)	(1,255,513)	(1,625,763)	(252,510)	(1,878,273)
Gross profit		101,276	1,040	102,316	128,018	37,022	165,040
Selling and distribution costs		(65,944)	(1,492)	(67,436)	(76,569)	(26,913)	(103,482)
Administrative expenses		(56,623)	(626)	(57,249)	(39,590)	(13,691)	(53,281)
Other income	6	12,575	-	12,575	-	-	-
Operating (loss)/profit	6	(8,716)	(1,078)	(9,794)	11,859	(3,582)	8,277
Exceptional items	7	(4,088)	-	(4,088)	(5,613)	-	(5,613)
(Loss)/profit before interest and taxation		(12,804)	(1,078)	(13,882)	6,246	(3,582)	2,664
Interest receivable and similar income	11	21	-	21	1,916	-	1,916
Interest payable and similar expenses	11	(5,525)	(70)	(5,595)	(6,671)	(706)	(7,377)
(Loss)/profit before taxation		(18,308)	(1,148)	(19,456)	1,491	(4,288)	(2,797)
Tax on (loss)/profit	12	3,258	-	3,258	295	646	941
(Loss)/profit for the financial year		(15,050)	(1,148)	(16,198)	1,786	(3,642)	(1,856)

* See Note 3 in the accounting policies for reference to prior year adjustments.

Jardine Motors Group UK Limited

Consolidated statement of comprehensive income for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Loss for the financial year		(16,198)	(1,856)
Other comprehensive income - Re-measurements of net defined benefit obligation	23	(16,490)	932
Total tax on components of other comprehensive (expense)/income	12(b)	3,612	(158)
Total comprehensive expense for the financial year		(29,076)	(1,082)

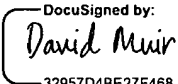
Jardine Motors Group UK Limited

Consolidated balance sheet as at 31 December 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	13	13,882	17,478
Tangible assets	14	147,891	151,356
		161,773	168,834
Current assets			
Stocks	16	224,840	335,516
Debtors	17	60,678	86,965
Cash at bank and in hand		5,357	50
		290,875	422,531
Creditors - amounts falling due within one year	18	(246,635)	(338,287)
Net current assets		44,240	84,244
Total assets less current liabilities		206,013	253,078
Creditors – amounts falling due after more than one year	19	(65,000)	(98,000)
Provision for other liabilities	21	(3,103)	(2,775)
Post-employment benefits	23	(36,808)	(22,125)
Net assets		101,102	130,178
Capital and reserves			
Called-up share capital	24	97,500	97,500
Retained earnings		3,602	32,678
Total equity		101,102	130,178

The notes on pages 23 to 54 are an integral part of these financial statements.

The financial statements on pages 16 to 54 were approved by the board of directors on 30 June 2021 and were signed on its behalf by:

DocuSigned by:

 32957D4BE27F468...
 D Muir
Director

Jardine Motors Group UK Limited
 Registered Number 02470318

Jardine Motors Group UK Limited

Company balance sheet as at 31 December 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Investments in subsidiary undertakings	15	51,511	51,511
		51,511	51,511
Current assets			
Debtors	17	149,278	170,398
Cash at bank and in hand		3,084	-
		152,362	170,398
Creditors - amounts falling due within one year	18	(52,117)	(29,912)
Net current assets		100,245	140,486
Total assets less current liabilities		151,756	191,997
Creditors – amounts falling due after more than one year	19	(15,000)	(58,000)
Post-employment benefits	23	(21,775)	(24,275)
Net assets		114,981	109,722
Capital and reserves			
Called-up share capital	24	97,500	97,500
Retained earnings		17,481	12,222
Total equity		114,981	109,722

The company's result for the financial year amounted to a loss of £853,000 (2019: loss of £219,000).

The notes on pages 23 to 54 are an integral part of these financial statements.

The financial statements on pages 16 to 54 were approved by the board of directors on 30 June 2021 and were signed on its behalf by:

DocuSigned by:

 32957D48E27F468...
 D Muir
Director

Jardine Motors Group UK Limited
 Registered Number 02470318

Jardine Motors Group UK Limited

Consolidated statement of changes in equity for the year ended 31 December 2020

	Called-up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at as 1 January 2019	97,500	33,760	131,260
Total comprehensive expense for the year			
Loss for the year	-	(1,856)	(1,856)
Other comprehensive income for the year	-	774	774
Total comprehensive expense for the year	-	(1,082)	(1,082)
Balance as at 31 December 2019	97,500	32,678	130,178
	Called-up share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2020	97,500	32,678	130,178
Total comprehensive expense for the year			
Loss for the year	-	(16,198)	(16,198)
Other comprehensive expense for the year	-	(12,878)	(12,878)
Total comprehensive expense for the year	-	(29,076)	(29,076)
Balance as at 31 December 2020	97,500	3,602	101,102

Jardine Motors Group UK Limited

Company statement of changes in equity for the year ended 31 December 2020

	Called-up share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2019	97,500	12,469	109,969
Total comprehensive expense for the year			
Loss for the year	-	(219)	(219)
Other comprehensive expense for the year	-	(28)	(28)
Total comprehensive expense for the year	-	(247)	(247)
Balance as at 31 December 2019	97,500	12,222	109,722
	Called-up share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2020	97,500	12,222	109,722
Total comprehensive income for the year			
Loss for the year	-	(853)	(853)
Other comprehensive income for the year	-	6,112	6,112
Total comprehensive income for the year	-	5,259	5,259
Balance as at 31 December 2020	97,500	17,481	114,981

Jardine Motors Group UK Limited

Consolidated statement of cash flows for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Net cash from operating activities	26	18,439	4,230
Taxation received/(paid)		706	(2,262)
Net cash generated from operating activities		19,145	1,968
Cash flow from investing activities			
Disposals of dealerships (net of cost of disposals)	28	3,072	15,904
Purchase of tangible assets	14	(7,847)	(13,196)
Proceeds from disposals of tangible assets		1,340	4,949
Interest received	11	21	-
Net cash (used in)/generated from investing activities		(3,414)	7,657
Cash flow from financing activities			
Interest paid	11	(4,570)	(6,551)
Drawdown on revolving credit facility		111,000	127,000
Repayment on revolving credit facility		(119,000)	(128,000)
Net drawdown/(repayment) of overnight facility		2,000	(7,500)
Drawdown of bank loans		25,000	-
Repayment of bank loans		(20,000)	-
Net cash generated from/(used in) financing activities		(5,570)	(15,051)
Net increase/(decrease) in cash and cash equivalents		10,161	(5,426)
Cash and cash equivalents at the beginning of the year		(4,804)	622
Cash and cash equivalents at the end of the year	26	5,357	(4,804)
Cash and cash equivalents consist of:			
Cash at bank and in hand		5,357	50
Bank overdrafts	20	-	(4,854)
Cash and cash equivalents		5,357	(4,804)

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

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

1 General information

The principal activity of Jardine Motors Group UK Limited (the 'company') and its subsidiaries (together 'the group') is the retail distribution of motor vehicles and related activities in the motor trade.

The company is a private company limited by shares and is incorporated in England. The address of its registered office is 770 The Crescent, Colchester Business Park, Colchester, Essex, CO4 9YQ.

2 Statement of compliance

The group and individual financial statements of Jardine Motors Group UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.

The consolidated profit and loss account for the year ended 31 December 2019 has been restated. The group's turnover and cost of sales were both over-stated by £42,180,000 in relation to certain internal turnover and respective cost of sales that were not eliminated on consolidation. There is no impact on Gross Profit or any other lines beneath Gross Profit. There is no impact on retail return on sales %.

Going concern

The directors have adopted the going concern basis in preparing these financial statements after assessing the group's principal risks, including those arising from COVID-19.

The group meets its day-to-day working capital requirements through a mixture of its banking facilities and manufacturer stock funding lines. The directors have assessed the group's ability to continue trading for the twelve months following the approval of these financial statements by preparing detailed cash flow and profit forecasts, including considering a "severe but plausible" downside scenario.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

3 Summary of significant accounting policies (continued)

Going concern (continued)

The key assumptions made in those projections are as follows:

- Following the successful roll out of the COVID-19 vaccine programme the UK economic recovery continues throughout 2021 and there are no further lockdowns post the UK Government's roadmap.
- The UK new car market continues to recover to pre-COVID-19 activity.
- The group does not renew the bank loans expiring in 2021 and 2022.
- The group continues to have access to funding provide by finance companies associated with brand partners to finance some of its used and demonstrator stocks.

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

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions.

The company has taken advantage of the following exemptions in its individual financial statements:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows; and
- from disclosing the company key management personnel compensation, as required by FRS 102, paragraph 33.7.

Basis of consolidation

The group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings. Each subsidiary undertaking has adopted the group's accounting policies. All intra-group transactions, balances and unrealised profits and losses on transactions between group companies have been eliminated.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the balance sheet, the acquired identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

Functional and presentation currency

The group financial statements are presented in pound sterling and rounded to thousands. The company's functional and presentation currency is pound sterling.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

3 Summary of significant accounting policies (continued)

Revenue recognition

Turnover comprises the value of sales of motor vehicles and parts, income from financing agreements and income from servicing and repairing of vehicles. Value added tax and discounts are excluded.

Turnover from the sale of goods is recognised upon transfer to a third party of economic benefits arising from the use of an asset or completion of service work. In practice this means that turnover is recognised when vehicles are invoiced and physically dispatched or when the service or repair has been undertaken.

Rebates

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

Government grants

The group recognises any government grants, including receipts under the Coronavirus Job Retention Scheme, as they are received and only when there is reasonable assurance that the group has complied with conditions relating to the grants. Such grants are recognised in the Profit and Loss account in the periods during which the costs for which they are intended to compensate are incurred. The grants are presented as other operating income.

Exceptional items

The group classifies certain one-off charges or credits that are of a non-recurring nature and that have a material impact on the group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the group.

Employee benefits

The group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and contribution pension plans. The group also provide a car purchase and loan scheme to employees; the related vehicles are available for sale by the group and therefore reflected as stock.

Pensions

The group operates one defined benefit scheme and a defined contribution pension scheme.

Defined benefit scheme

Trustees administer the defined benefit scheme and the funds are independent of the group's assets. The scheme is a legacy closed scheme to which the group no longer accepts new entrants.

The liability recognised in the balance sheet in respect of the scheme is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

3 Summary of significant accounting policies (continued)

Pensions (continued)

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial valuations of the scheme are carried out every three years. The last actuarial valuation was as at 5 April 2020.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Re-measurements of net defined benefit obligation'.

The cost of the defined benefit plan is recognised in the profit and loss account as employee costs, except where included in the cost of an asset, comprises:

- the increase in pension benefit liability arising from employee service during the period; and
- the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of the plan assets. The cost is recognised in the profit and loss account as a finance charge within 'Interest and other net finance expenses'.

Defined contribution plan

The defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

Taxation

Current tax is the amount of corporation tax payable provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.

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

Goodwill

Goodwill arising on acquisition, being the difference between the fair value of net assets acquired and the consideration paid, is recognised in the balance sheet as an intangible fixed asset and amortised over the directors' estimate of its useful life. As the directors expect the useful life of the goodwill to be greater than ten years, the group amortises goodwill over ten years as required by FRS 102.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

3 Summary of significant accounting policies (continued)

Goodwill (continued)

On acquisition, goodwill is allocated to cash generating units (CGU) on a franchise basis. This is the level at which goodwill is monitored for internal purposes.

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

Goodwill is tested annually for impairment. This is based on value-in-use calculations for each CGU to derive a recoverable amount. These calculations require the use of estimates regarding the expected future cashflows.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on tangible fixed assets in equal annual instalments over their expected useful economic lives as follows:

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

No depreciation is provided on freehold and long leasehold land as it is deemed to have an indefinite life. The profit or loss on disposal of tangible fixed assets is recognised by reference to their carrying amount.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less provision for impairment in the financial statements of the company. Provision against the underlying value of the group investments in subsidiaries is made where, in the opinion of the directors, there is impairment to the value of the underlying business.

Leased assets

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

Where assets are financed by leasing arrangements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

3 Summary of significant accounting policies (continued)

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. The interest cost related to consignment stock is disclosed as stocking loan interest within interest payable and similar expenses. Consignment stock that is non-interest bearing is not considered an asset of the group and is excluded. Net realisable value is based on estimated selling price less further costs to be incurred to completion and disposal. Provision is made where necessary for obsolete, slow moving and defective stocks.

Trade and other debtors

Trade and other debtors are recognised and measured at their original invoiced amount less provision for any uncollectable amounts. An estimate for doubtful debts is made when the collection of the full amount is no longer probable. Bad debts are written off when they are identified.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Provisions

The group provides in full for liabilities when it has a legal or constructive obligation arising from a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Financial instruments

The group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Related party transactions

The group discloses transactions with related parties which are not wholly owned within the same group (being the group headed by the ultimate parent undertaking Jardine Matheson Holdings Limited). Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

4 Critical accounting judgements and estimation uncertainty

Critical accounting judgements

Exceptional items

The group classifies certain one-off charges or credits that are of a non-recurring nature as exceptional. This can involve management judgement in determining whether an item is one-off and/or non-recurring in nature as well as the materiality of the relevant items.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

4 Critical accounting judgements and estimation uncertainty (continued)

Estimation uncertainty

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimated useful lives of goodwill and other fixed assets

The group estimates the useful life of goodwill and tangible fixed assets and reviews these estimates at each financial year end.

Impairment of goodwill and other fixed assets

The group tests for impairment annually by applying procedures to ensure that its assets are carried at no more than their recoverable amount. The procedures require estimates and assumptions to be made.

The group is required to test whether goodwill has suffered any impairment if a trigger event occurs. As part of this testing, the recoverable amounts of cash generating units (CGUs) have been estimated based on value-in-use calculations. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the CGU and the choice of suitable discount rates in order to calculate the present value of the forecast cash flows. Allocation of goodwill into individual CGUs is determined on a franchise basis.

The group's property portfolio is reviewed for impairment at each year-end by reference to third party desk top valuations or formal valuations every three years.

Stock

As stocks are carried at the lower of cost and net realisable value this requires the estimation of the eventual sales price of goods to customers in the future. A degree of judgement is applied when estimating the impact on the carrying value of stock of factors such as obsolete, slow moving and defective stocks. The quantity, age and condition of stocks are regularly measured and assessed as part of a range of reviews and stock counts undertaken throughout the year and across the group.

Provisions

The group provides for estimated future leasehold dilapidation costs in relation to properties where the lease expires within 12 months of the balance sheet date.

The group provides for estimated future lease costs in excess of expected sub-let rentals in respect of vacant leasehold properties where the on-going lease rentals are deemed to be onerous.

The group provides for estimated un-recognised liabilities in relation to closed and disposed dealerships.

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

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

4 Critical accounting judgements and estimation uncertainty (continued)

Tax estimates

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

Post-employment benefits

The present value of the defined benefit pension liabilities recognised on the balance sheet is dependent on a number of assumptions including interest rates of high-quality corporate bonds, inflation and mortality rates. The net interest expense or income is dependent on the interest rates of high-quality corporate bonds. The assumptions are based on the conditions at the time and changes in these assumptions can lead to significant movements in the estimated obligations.

5 Turnover

All turnover of the group's subsidiary undertakings is derived from retail and commercial motor trade activities transacted from dealerships within the United Kingdom.

An analysis of turnover by category is as follows:

	2020	*Restated 2019
	£'000	£'000
New car sales	608,782	895,952
Used car sales	631,080	971,346
Aftersales*	117,967	176,015
	1,357,829	2,043,313

* Aftersales turnover has been restated. See Note 3 for reference to prior year adjustments.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

6 Operating (loss)/profit

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

	2020 £'000	2019 £'000
Depreciation of tangible fixed assets (note 14)	9,397	10,198
Net provisions provided (note 21)	1,376	498
Amortisation of goodwill (note 13)	3,596	4,252
Stocks recognised as an expense	1,198,437	1,795,490
Impairment of stocks (note 16)	700	638
Impairment of trade debtors (note 17)	647	516
Operating lease charges - land and buildings	10,904	13,216
Operating lease charges - plant and machinery	243	1,448
Government grants received	(12,575)	-
Services provided by the company's auditors		
- the audit of parent company and consolidated financial statements	28	27
- the audit of company's subsidiaries pursuant to legislation	315	299
- taxation advisory	-	17
- other non-audit services	100	25

In addition to the fees set out above paid to PricewaterhouseCoopers LLP there were non-audit services of £60,000 (2019: £43,000) for services related to the group's defined benefit pension schemes.

7 Exceptional items

	2020 £'000	2019 £'000
Profit on sale of freehold property	-	454
Exceptional re-structure costs	(2,558)	-
Loss on disposal/closure of dealerships (note 28)	(1,530)	(6,067)
	(4,088)	(5,613)

The exceptional re-structure costs are in relation to the costs of redundancies following the group's re-structure exercise in August 2020.

The loss on disposal/closure of dealerships is in regards the sale of Volkswagen and Lexus dealerships and the closure of a Harley-Davidson dealership a trade parts centre and a used car site as disclosed in note 28.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

8 Company profit and loss account

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 and consequently a profit and loss account for Jardine Motors Group UK Limited is not presented. The company's result for the financial year amounted to a loss of £853,000 (2019: loss of £219,000).

9 Employees

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

	2020 Number	2019 Number
Sales	774	1,022
Aftersales	1,362	1,692
Administration	620	715
	2,756	3,429

The costs incurred in respect of these employees were:	2020 £'000	2019 £'000
Wages and salaries	93,911	123,467
Social security costs	10,162	14,221
Other pensions costs (note 23)	2,226	2,653
	106,299	140,341

The company has no (2019: nil) employees other than the executive directors whose emoluments are disclosed in note 10.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

10 Directors

	Total directors		Highest paid director	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Aggregate emoluments	1,037	1,050	610	585
Post-employment benefits	46	47	10	10
	1,083	1,097	620	595

The emoluments stated above are as paid in the year and include 2019 bonuses paid in March 2020.

There are no retirement benefits accruing to the executive directors under defined benefit schemes (2019: none).

Key management compensation

The directors consider the only key management are the directors disclosed above (executive and non-executive).

11 Interest and other net finance expenses

	2020 £'000	2019 £'000
Interest receivable and similar income		
Other interest received	21	-
Interest associated with historic VAT refund	-	1,916
	21	1,916
Interest payable and similar expenses		
Bank loans and overdrafts	1,000	1,350
Interest paid to group undertakings	648	774
Stocking loan interest	2,922	4,427
	4,570	6,551
Finance expenses		
Pension charge (note 23)	933	653
Unwinding of discount in provisions (note 21)	92	173
	1,025	826

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

12 Tax on loss

(a) Tax credit included in profit and loss	2020 £'000	2019 £'000
Current tax:		
UK corporation tax at 19.00% (2019: 19.00%)	(364)	1,964
Adjustments in respect of prior years	(520)	(2,688)
Total current tax	(884)	(724)
Deferred tax:		
Pension deficit	443	88
Accelerated capital allowances	(5)	142
Intangible fixed assets	(159)	(262)
Other short-term temporary differences	(2,610)	259
Adjustments in respect of prior years	(43)	(444)
Total deferred tax (note 22)	(2,374)	(217)
Tax on loss	(3,258)	(941)
(b) Tax (charge)/credit included in other comprehensive (expense)/income	2020 £'000	2019 £'000
Deferred tax:		
Gain/(loss) relating to pension liability (note 22)	3,612	(158)
Total tax included in other comprehensive income	3,612	(158)

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

12 Tax on loss (continued)

(c) Reconciliation of tax credit

The tax assessed for the year is higher (2019: lower) than the effective standard rate of corporation taxation in the UK of 19.00% (2019: 19.00%). The differences are explained below:

	2020 £'000	2019 £'000
Loss before taxation	(19,456)	(2,797)
Loss before taxation multiplied by standard corporation tax rate in the UK at 19.00% (2019: 19.00%)	(3,697)	(531)
Effects of:		
Net chargeable gains on disposals in year	-	559
Expenses not deductible for tax purposes	755	2,201
Net temporary differences: effect of change in tax rates	247	(38)
Adjustments in respect of prior years	(563)	(3,132)
Total tax credit for the year	(3,258)	(941)

13 Intangible assets

Group	Goodwill £'000
Cost	
At 1 January 2020	44,045
At 31 December 2020	44,045
Accumulated amortisation	
At 1 January 2020	26,567
Charge for the year	3,596
At 31 December 2020	30,163
Net book amount	
At 31 December 2020	13,882
At 31 December 2019	17,478

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

13 Intangible assets (continued)

As the directors expect the useful life of the goodwill to be greater than ten years, the group amortises goodwill over ten years.

The group has tested each of the group's four cash generating units (CGU) carrying value of goodwill for impairment by reference to projected discounted cash flows on a value-in-use basis. The value-in-use calculations are based on five-year projections with a terminal value at the end of year five into perpetuity with growth rates of either 0% or 2%. The key assumptions used for these forecasts are volumes, gross margins and costs (relating to revenues and cash flow generation). The five-year forecast growth rates are based on historic trading together with future expectations for each CGU franchise revenue growth. The pre-tax discount rates applied to the cash flow forecasts are derived from the group's post-tax weighted average cost of capital. The assumptions used in the calculation of the group's weighted average cost of capital are benchmarked to externally available data. The pre-tax discount rate used in performing the value in use calculations in 2020 was 7.2% (2019: 8.5%). The same discount rate has been used for all CGUs.

For three of the four CGUs, the results of the impairment review indicate that value-in-use exceeds carrying value by c£267m in total. These CGUs are not considered to be sensitive to changes in assumptions.

For the remaining CGU the value-in-use exceeds the carrying value by c£75m. This CGU is particularly sensitive to changes in assumptions. The average return on sales in the model is 1.5%, a reduction to 0.6% return on sales would cause an impairment.

Company

The company has no intangible assets (2019: £nil).

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

14 Tangible assets

Group	Land and buildings		Plant and machinery £'000	Computer equipment £'000	Furniture, equipment and motor vehicles £'000	Total £'000
	Freehold and long leasehold £'000	Short leasehold £'000				
Cost						
At 1 January 2020	120,930	28,499	19,245	11,792	22,596	203,062
Additions	69	777	1,027	3,587	2,387	7,847
Disposals	(402)	(1,961)	(1,884)	(1,227)	(2,312)	(7,786)
At 31 December 2020	120,597	27,315	18,388	14,152	22,671	203,123
Accumulated depreciation						
At 1 January 2020	8,435	13,394	10,428	7,867	11,582	51,706
Charge for the year	1,747	1,747	1,833	1,632	2,438	9,397
Disposals	-	(1,331)	(1,820)	(1,133)	(1,587)	(5,871)
At 31 December 2020	10,182	13,810	10,441	8,366	12,433	55,232
Net book amount						
At 31 December 2020	110,415	13,505	7,947	5,786	10,238	147,891
At 31 December 2019	112,495	15,105	8,817	3,925	11,014	151,356

Company

The company has no tangible assets (2019: £nil).

15 Investments in subsidiary undertakings

Company	£'000
Cost	
At 1 January and 31 December 2020	51,511
Provision	
At 1 January and 31 December 2020	-
Net book amount	
At 31 December 2020	51,511
At 31 December 2019	51,511

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

15 Investments in subsidiary undertakings (continued)

As at 31 December 2020 subsidiary undertakings include the following:

Subsidiary Undertaking	Class of Share	Principal Activity
Abridge Loughton TPS Limited	100% Ordinary Shares	Wholesale trade parts centre
Appleyard Group Limited	100% Ordinary Shares	Holding company for non-trading subsidiary companies
Carrs (Holdings) Limited	100% Ordinary Shares	Property owning company
Clover Leaf Cars Limited	100% Ordinary Shares	Dormant
Enidraj Holdings I Limited	100% Ordinary Shares	Dormant
Enidraj Holdings II Limited	100% Ordinary Shares	Dormant
Enidraj Holdings III Limited	100% Ordinary Shares	Dormant
Enidraj Holdings IV Limited	100% Ordinary Shares	Dormant
Enidraj Holdings V Limited	100% Ordinary Shares	Dormant
Jardine Automotive Limited (formerly Lancaster Motor Company Limited)	100% Ordinary Shares	Retail distribution of motor vehicles and the supply of related goods and services
Jardine Cars Limited (formerly Lancaster Cars Limited)	100% Ordinary Shares	Retail distribution of motor vehicles and the supply of related goods and services
Jardine Luxury Vehicles Limited (formerly Lancaster Luxury Vehicles Limited)	100% Ordinary Shares	Retail distribution of motor vehicles and the supply of related goods and services
Jardine Motors Pension Trustees Limited	100% Ordinary Shares	Trustee company for the group pension scheme
Jardine Motors Services Limited	100% Ordinary Shares	Dormant
Jardine Specialist Cars Limited (formerly Lancaster Specialist Cars Limited)	100% Ordinary Shares	Retail distribution of motor vehicles and the supply of related goods and services
Jardine Sports Cars Limited (formerly Lancaster Sports Cars Limited)	100% Ordinary Shares	Retail distribution of motor vehicles and the supply of related goods and services and owns property
Lancaster Public Limited Company	100% Ordinary Shares	Holding company for subsidiary companies, provides management services to the group and owns property
Lancaster Motors (Property) Limited	100% Ordinary Shares	Dormant
Scotthall Limited	100% Ordinary Shares	Dormant
Spencers Limited	100% Ordinary Shares	Dormant
Wayside Group Limited	100% Ordinary Shares	Dormant
Wayside Trade Parts Limited	100% Ordinary Shares	Wholesale trade parts centres

All of the above subsidiary undertakings of the company had a registered address of 770 The Crescent, Colchester Business Park, Essex, CO4 9YQ.

The following subsidiary undertaking of the company as at 31 December 2020 had a registered address of 302 St. Vincent Street, Glasgow, Scotland, G2 5RZ:

Subsidiary Undertaking	Class of Share	Principal Activity
JMG (Scotland) Limited	100% Ordinary Shares	Solely owns shares in JMG LP and acts as the General Partner of the entity

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

15 Investments in subsidiary undertakings (continued)

The group also owns 100% of the share capital of JMG LP. JMG LP owns freehold properties and sub-lets to Jardine Automotive Limited, Jardine Sports Cars Limited and Jardine 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, Lancaster Public Limited Company, JMG (Scotland) Limited and Jardine Motors Pension Trustees Limited are held directly. The remainder of the subsidiary undertakings are held indirectly.

All subsidiary undertakings of the group, with the exception of Lancaster Public Limited Company, have taken advantage of the exemption from an audit for the year ended 31 December 2020 available under s479A of the Companies Act 2006 as the company has given a statutory guarantee of all of the outstanding liabilities of the subsidiaries as at 31 December 2020.

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

During the year the following subsidiary undertakings were struck off and dissolved:

Subsidiary Undertaking	Class of Share pre Dissolution	Principal Activity pre Dissolution
Appleyard Commercial Vehicles Limited	100% Ordinary Shares	Dormant
Appleyard Investments Limited	100% Ordinary Shares	Dormant
Appleyard Midlands Limited	100% Ordinary Shares	Dormant
Appleyard Pensions (Nominees) Limited	100% Ordinary Shares	Dormant
Appleyard Properties Limited	100% Ordinary Shares	Dormant
Appleyard Properties (Scotland) Limited	100% Ordinary Shares	Dormant
Appleyard Specialist Cars Limited	100% Ordinary Shares	Dormant
Appleyard Volume Cars Limited	100% Ordinary Shares	Dormant
Beechwood Birmingham Limited	100% Ordinary Shares	Dormant
Chiltern Forecourts Limited	100% Ordinary Shares	Dormant
City Motors (Oxford) Limited	100% Ordinary Shares	Dormant
Clanford Motors Limited	100% Ordinary Shares	Dormant
Clover Leaf Cars (Ascot) Limited	100% Ordinary Shares	Dormant
Clover Leaf Cars (Farnham) Limited	100% Ordinary Shares	Dormant
Clover Leaf Cars (Henley) Limited	100% Ordinary Shares	Dormant
Clover Leaf Cars (Holdings) Limited	100% Ordinary Shares	Dormant
Continental Cars (Stansted) Limited	100% Ordinary Shares	Dormant
Fast Fix Super Service Centre Limited	100% Ordinary Shares	Dormant
Home Counties Finance Corporation Limited	100% Ordinary Shares	Dormant
Ian Skelly (Coachworks) Limited	100% Ordinary Shares	Dormant
Ian Skelly (Glasgow) Limited	100% Ordinary Shares	Dormant
Ian Skelly (Liverpool) Limited	100% Ordinary Shares	Dormant

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

15 Investments in subsidiary undertakings (continued)

Ian Skelly (Wishaw) Limited	100% Ordinary Shares	Dormant
Ian Skelly Group Limited	100% Ordinary Shares	Dormant
Irsal Limited	100% Ordinary Shares	Dormant
Jardine Motors Management Services Limited	100% Ordinary Shares	Dormant
L S Design Limited	100% Ordinary Shares	Dormant
Lancaster Bow Limited	100% Ordinary Shares	Dormant
Lancaster Europa Limited	100% Ordinary Shares	Dormant
Lancaster Garages (Colchester) Limited	100% Ordinary Shares	Dormant
Lancaster Garages (European) Limited	100% Ordinary Shares	Dormant
Lancaster Garages (Norwich) Limited	100% Ordinary Shares	Dormant
Lancaster Garages (Scandinavian) Limited	100% Ordinary Shares	Dormant
Lancaster Hertford Limited	100% Ordinary Shares	Dormant
Lancaster Jaguar Sevenoaks Limited	100% Ordinary Shares	Dormant
Lancaster Lakeside Limited	100% Ordinary Shares	Dormant
Lancaster Luxury Cars Limited	100% Ordinary Shares	Dormant
Lancaster Medway Limited	100% Ordinary Shares	Dormant
Lancaster Motors (Dormant) Limited	100% Ordinary Shares	Dormant
Lancaster Sheffield Limited	100% Ordinary Shares	Dormant
Lancaster Truck and Van South West Limited	100% Ordinary Shares	Dormant
Lancaster Vehicles Limited	100% Ordinary Shares	Dormant
Lancaster Ventures Limited	100% Ordinary Shares	Dormant
Lancaster Winchester Limited	100% Ordinary Shares	Dormant
Minories Garages Limited	100% Ordinary Shares	Dormant
Motorways Limited	100% Ordinary Shares	Dormant
Oxford Motors Limited	100% Ordinary Shares	Dormant
Scotthall Cambridge Limited	100% Ordinary Shares	Dormant
Scotthall Leeds Limited	100% Ordinary Shares	Dormant
Shoreline Cars Limited	100% Ordinary Shares	Dormant
Skelly's Limited	100% Ordinary Shares	Dormant
Wayside (auto cz) Limited	100% Ordinary Shares	Dormant
Wayside Audi (Hitchin) Limited	100% Ordinary Shares	Dormant
Wayside Audi Limited	100% Ordinary Shares	Dormant
Wayside Aylesbury Limited	100% Ordinary Shares	Dormant
Wayside Garages Limited	100% Ordinary Shares	Dormant
Wayside Milton Keynes Limited	100% Ordinary Shares	Dormant
Wayside North Bucks Limited	100% Ordinary Shares	Dormant
Wayside North Herts Limited	100% Ordinary Shares	Dormant
Wayside St Albans Limited	100% Ordinary Shares	Dormant
Wayside Towcester Limited	100% Ordinary Shares	Dormant
Wayside Van Centres Limited	100% Ordinary Shares	Dormant
Wayside Volkswagen Limited	100% Ordinary Shares	Dormant
Wheelmaster Limited	100% Ordinary Shares	Dormant
Wiggins Winchester Limited	100% Ordinary Shares	Dormant

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

16 Stocks

	Group 2020 £'000	Group 2019 £'000
Consignment vehicles	51,193	53,244
Motor vehicles	165,822	274,451
Parts and other stocks	7,825	7,821
	224,840	335,516

Certain subsidiary undertakings have consignment stock arrangements with suppliers in the ordinary course of business. Vehicles adopted out of consignment stock are generally invoiced at the price ruling at the date of adoption. Stock held on consignment includes interest-bearing stock, some of which has a corresponding liability included in trade creditors.

Motor vehicles includes stock that is financed through captive finance companies associated with brand partners.

There is no significant difference between the replacement cost of the stock and its carrying amount.

Motor vehicles are stated after provisions for impairment of £700,000 (2019: £638,000).

Company

The company has no stock (2019: £nil).

17 Debtors

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Trade debtors	24,941	39,477	-	-
Amounts owed by group undertakings	-	-	143,243	165,856
Corporation tax	273	76	594	2,283
Deferred tax assets (note 22)	7,918	1,932	5,308	2,137
Other taxation and social security	-	-	-	3
Other debtors	16,390	28,385	-	-
Prepayments and accrued income	11,156	17,095	133	119
	60,678	86,965	149,278	170,398

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

Group trade debtors are stated after provisions for impairment of £647,000 (2019: £516,000). Company trade debtors are stated after provisions for impairment of £nil (2019: Nil).

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

18 Creditors - amounts falling due within one year

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Bank overdrafts (note 20)	-	4,854	-	9,871
Bank loans (note 20)	52,000	20,000	52,000	20,000
Trade creditors	148,535	243,338	-	-
Other taxation and social security	8,647	6,176	-	-
Other creditors	24,975	47,452	2	-
Accruals and deferred income	12,478	16,467	115	41
	246,635	338,287	52,117	29,912

The group utilises funding provided by finance companies associated with brand partners to finance some of its used and demonstrator stocks. All funding is secured against the respective vehicles. The amounts are repaid upon sale of the related vehicles or generally within 90 days. The facilities are uncommitted and subject to FHBR based interest rates. The cash flows are reported within operating cash flows. The interest charged is disclosed within interest payable as stocking loan interest (note 11) and the cash flows are reported within financing cash flows.

At 31 December 2020, the amount of stock funded through the finance companies was £100,696,000 (2019: £161,934,000) and is disclosed within trade creditors.

19 Creditors - amounts falling due after more than one year

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Bank loans (note 20)	25,000	58,000	15,000	58,000
Amounts owed to group undertaking	40,000	40,000	-	-
	65,000	98,000	15,000	58,000

The amounts owed to group undertaking are unsecured and are due for repayment in 2023.

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

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

20 Bank loans and overdrafts

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Unsecured bank loans and overdrafts consist of:				
Bank overdrafts	-	4,854	-	9,871
Bank loans	77,000	78,000	67,000	78,000
	77,000	82,854	67,000	87,871
	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
The borrowings are repayable as follows:				
Within one year or on demand	52,000	24,854	52,000	29,871
Between two and five years	25,000	58,000	15,000	58,000

Unsecured bank loans and overdrafts

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

The group's bank loans include revolving credit facilities, an overnight facility and bank loans. The revolving credit facilities and overnight facility are due for repayment in 2021. The bank loans are due for repayment in 2022 and 2023. All loans and borrowings bear interest at a rate between 0.85% and 1.7% over LIBOR.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

21 Provision for other liabilities

Group	At 1 January 2020 £'000	Provided during the year £'000	Utilised £'000	Unwinding of discount in provisions £'000	At 31 December 2020 £'000
Leasehold dilapidations	145	222	(149)	-	218
Onerous lease costs	1,844	348	(403)	92	1,881
Closure provisions	700	806	(572)	-	934
Self-insurance fund	86	-	(16)	-	70
	2,775	1,376	(1,140)	92	3,103

Leasehold dilapidations

The leasehold dilapidations provision was established to provide for future dilapidation liabilities on leasehold properties where the lease expires within 12 months of the balance sheet date.

Onerous lease costs

The onerous lease costs provision was established to provide for all future estimated costs which will be payable up to, and including, the date of termination of the leases and was discounted at the average cost of capital of the group.

Closure provisions

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

Self-insurance fund

The self-insurance fund provision was set up to provide for insurance claims in excess of the group's insurance policy cover. As residual claims may still arise it is uncertain how long this will remain unutilised.

Company

The company has no provisions (2019: £nil).

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

22 Deferred tax assets

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Deferred tax assets comprise:				
Accelerated capital allowances	557	510	-	-
Intangible fixed assets	(986)	(1,144)	-	-
Tax losses	2,903	-	-	-
Other short-term timing difference	136	429	-	-
Deferred tax asset/(liability)	2,610	(205)	-	-
Deferred tax asset on pension liability	5,308	2,137	5,308	2,137
Net deferred tax assets (note 17)	7,918	1,932	5,308	2,137
Movements during the year are as follows:	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
At 1 January	1,932	1,873	2,137	2,383
Amount credited/(charged) to profit and loss (note 12a)	2,374	217	(441)	(88)
Amount taken to/(from) other comprehensive income relating to pension liability (note 12b)	3,612	(158)	3,612	(158)
Net deferred tax assets at 31 December	7,918	1,932	5,308	2,137

Tax losses relating to the current year of £15.3 million giving rise to a deferred tax asset of £2,903,000 have been recognised. The directors consider that it is more likely than not that there will be suitable profits from which the future reversal of the underlying timing difference can be deducted.

The Finance Act 2016 had included legislation to reduce the main rate of UK corporation tax to 19% from 1 April 2017 and to 17% from 1 April 2020. However, legislation has been enacted during the current financial year to repeal the reduction of the main corporation tax rate thereby maintaining the current rate of corporation tax at 19%. Temporary differences have therefore been remeasured using 19% and a credit of £233,000 for the rate change impact from remeasuring opening temporary differences has been recognised in the group financial statements for the financial year ending 31 December 2020.

On 3 March 2021, the UK Government further announced its intention to increase the UK corporation tax rate from 19% to 25% from 1 April 2023. If this change had been substantively enacted by 31 December 2020, the group would have recognised a credit in the group financial statements of £2,500,000.

The group also has unutilised historic ACT tax credits of £2,741,000 (2019: £2,453,000) measured at 19% and 17% respectively and unutilised historic tax losses of £4,468,000 (2019: £4,468,000) giving rise to unrecognised deferred tax assets of £3,590,000 (2019: £3,213,000) measured at 19% and 17% respectively. The company has unutilised historic tax losses of £4,468,000 (2019: £4,468,000) giving rise to unrecognised deferred tax assets of £849,000 (2019: £760,000) measured at 19% and 17% respectively. The unutilised tax losses and ACT have no expiry date and are available indefinitely against qualifying income or tax charges. The directors consider there to be insufficient certainty over the ability of the group/company to offset the available losses or tax credits for the foreseeable future in order to recognise a deferred tax asset at the balance sheet date.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

22 Deferred tax assets (continued)

No deferred tax is recognised in relation to the undistributed reserves of subsidiary entities on the basis that such distributions would be exempt from corporation tax and withholding taxes in accordance with UK tax law. In accordance with UK tax law the group is not required to deduct UK income tax on the payment of distributions to its shareholders. Distributions paid by the company may be subject to tax on the recipient.

23 Post-employment benefits

Group

The group operates a closed 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. Jardine Motors Group UK Limited is legally responsible for the group pension plan and accordingly recognises the entire net defined benefit cost in its individual financial statements.

Asset-backed funding arrangement

In 2014 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 Jardine Automotive 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 partnership is controlled by the group and its results are consolidated by Jardine Motors Group UK Limited. The group's balance sheet and comprehensive income 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

Notes to the financial statements for the year ended 31 December 2020

23 Post-employment benefits (continued)

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

	2020 £'000	2019 £'000
Fair value of scheme assets	178,260	173,482
Present value of scheme liabilities	(215,068)	(195,607)
Deficit in scheme	(36,808)	(22,125)

Reconciliation of group scheme assets and liabilities

	Assets £'000	Liabilities £'000	Total £'000
At 1 January 2020	173,482	(195,607)	(22,125)
Interest income/(expense)	3,497	(3,928)	(431)
Actuarial gains/(losses)	7,059	(23,549)	(16,490)
Benefits paid, death in service insurance premiums and expenses	(8,518)	8,016	(502)
Contributions by employer – deficit funding	2,740	-	2,740
At 31 December 2020	178,260	(215,068)	(36,808)

The actual return on the scheme assets over the year ended 31 December 2020 was a gain of £10,556,000 (2019: gain of £25,526,000).

Total charge recognised in comprehensive income

	2020 £'000	2019 £'000
Net interest expense	431	653
Past service cost	502	-
Total charge recognised in comprehensive income (note 11)	933	653

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

23 Post-employment benefits (continued)

Other comprehensive (expense)/income

	2020 £'000	2019 £'000
Return on scheme assets	7,059	21,298
Experience gains/(losses) arising on the scheme liabilities	2,916	(114)
Effects of changes to the demographic and financial assumptions underlying the present value of the scheme liabilities	(26,465)	(20,252)
Actuarial (losses)/gains recognised in other comprehensive income	(16,490)	932

The fair value of plan assets was:

	2020 £'000	2019 £'000
Equities	70,613	72,552
Bonds and other classes	107,647	100,930
Total assets	178,260	173,482

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	2020 % p.a.	2019 % p.a.
Inflation assumption	3.03	2.84
Discount rate	1.38	2.05
Rate of increase in pensions in payment	2.93	2.78
Revaluation rate for deferred pensioners	2.33	2.04

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

	2020 Years	2019 Years
Male currently aged 45	23.0	22.6
Female currently aged 45	25.0	24.7
Male currently aged 65	21.7	21.6
Female currently aged 65	23.4	23.5

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 2021 is £460,000.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

23 Post-employment benefits (continued)

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 £2,226,000 (2019: £2,653,000) to this scheme.

Total pension schemes

Total pension costs in the year of £2,226,000 (2019: £2,653,000) comprise contributions to all pension schemes (note 9).

Company

The deficit in the scheme includes the investment held by the Scheme in the Partnership as a plan asset and at 31 December 2020 the deficit was £21,775,000 (2019: £24,275,000).

24 Called-up share capital

Group and company	2020 £'000	2019 £'000
Allotted and fully paid:		
97,500,000 (2019: 97,500,000) ordinary shares of £1 each	97,500	97,500

25 Financial instruments

The group and company have the following financial instruments:

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Financial assets that are debt instruments measured at amortised cost:				
Trade debtors	24,941	39,477	-	-
Amounts owed by group undertakings	-	-	143,243	165,856
Other debtors	16,390	28,385	-	-
	41,331	67,862	143,243	165,856

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

25 Financial instruments (continued)

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Financial liabilities measured at amortised cost:				
Bank loans and overdrafts	(77,000)	(82,854)	(67,000)	(87,871)
Trade creditors	(148,535)	(243,338)	-	-
Amount owed to group undertakings	(40,000)	(40,000)	-	-
Accruals	(12,478)	(16,467)	(115)	(41)
Other creditors	(24,975)	(47,452)	(2)	-
	(302,988)	(430,111)	(67,117)	(87,912)

26 Cash flow from operating activities

	2020 £'000	2019 £'000
Loss for the financial year	(16,198)	(1,856)
Tax on loss (note 12a)	(3,258)	(941)
Interest receivable and similar income (note 11)	(21)	(1,916)
Interest payable and similar expenses (note 11)	4,570	6,551
Finance expenses (note 11)	1,025	826
Exceptional items (note 7)	4,088	5,613
Operating (loss)/profit	(9,794)	8,277
Amortisation of intangible assets (note 13)	3,596	4,252
Depreciation of tangible fixed assets (note 14)	9,397	10,198
Pension contributions (note 23)	(2,740)	(1,840)
Exceptional redundancy and closure costs	(4,282)	-
Other provisions less payments	236	473
Decrease/(increase) in stocks	108,315	(41,877)
Decrease/(increase) in debtors	32,470	(4,082)
(Decrease)/increase in creditors	(118,759)	28,829
Cash flow (used in)/ generated from operating activities	18,439	4,230

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

26 Cash flow from operating activities (continued)

Analysis of changes in net debt

	At 1 January 2020 £'000	Cash flow £'000	At 31 December 2020 £'000
Cash at bank and in hand	50	5,307	5,357
Bank overdrafts	(4,854)	4,854	-
Cash and cash equivalents	(4,804)	10,161	5,357
Bank loans	(78,000)	1,000	(77,000)
	(82,804)	11,161	(71,643)

27 Related party transactions

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

28 Discontinued operations and disposals

On 31 January 2020, the group closed a trade parts centre and a used car centre both operating from shared premises in Erdington.

On 10 July 2020, the group completed the sale of the trade and assets of a Volkswagen dealership in Aylesbury.

On 30 September 2020, the group closed its Harley-Davidson dealership in Thurrock, Essex.

On 20 November 2020, the group sold the trade and assets of its Lexus dealership in Newcastle-Upon-Tyne.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

28 Discontinued operations and disposals (continued)

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

Disposals	Volkswagen £000	Lexus £000	Total £000
Tangible fixed assets	569	6	575
Stocks	1,333	1,028	2,361
Net debtors/creditors	18	(76)	(58)
Net assets disposed	1,920	958	2,878
Cash consideration	2,945	958	3,903
Closure and disposal costs	(701)	(130)	(831)
Profit/(loss) on disposal of dealerships	324	(130)	194
Closure costs in relation to Harley-Davidson, Trade Parts and Used Car Centre			(1,724)
Exceptional loss on disposal/closure of dealerships (note 7)			(1,530)

During the year the disposed Volkswagen dealership contributed £11,068,000 to group turnover and a loss of £536,000 to group loss before tax.

During the year the disposed Lexus dealership contributed £8,712,000 to group turnover and a loss of £175,000 to group loss before tax.

During the year the closed Harley-Davidson dealership contributed £1,050,000 to group turnover and a loss of £321,000 to group loss before tax.

During the year the closed Trade Parts Centre and Used Car Centre in Erdington contributed £695,000 to group turnover and a loss of £116,000 to group loss before tax.

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

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

29 Financial commitments

(a) Future capital expenditure

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

	Group 2020 £'000	Group 2019 £'000
Contracted for but not provided	6,500	6,500

The company does not have any committed future capital expenditure (2019: £nil).

(b) Operating leases

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

	Land and buildings 2020 £'000	Other 2020 £'000	Land and buildings 2019 £'000	Other 2019 £'000
Within one year	10,667	491	10,928	349
Within two to five years	36,390	141	37,656	182
After five years	55,355	-	65,008	383
	102,412	632	113,592	914

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

Company

The company does not hold any operating leases (2019: £nil).

30 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 2020 in respect of cross guarantees covering the overdrafts in the subsidiary undertakings amounting to £nil (2019: £nil).

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2020

31 Post balance sheet events

Since the year-end, the group has continued to operate under the UK Government regulations covering the on-going COVID-19 pandemic. On 6 January 2021, the UK entered its third national lockdown. The group was unable to open its showrooms during the lockdown and re-opened on 12 April 2021, in line with the Government's roadmap. During this period the group was able to continue trading through its on-line sales channels and also continued to service customers through its aftersales operations.

32 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Jardine Motors Holdings 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 smallest and largest group of undertakings to consolidate these financial statements.

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

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