

**Company Registration No. 05779958**

**MG Motor UK Limited**

**Annual Report and Financial Statements**

**Year ended 31 December 2014**

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# **MG Motor UK Limited**

## **Report and financial statements**

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# **MG Motor UK Limited**

## **Report and financial statements**

### **Officers and Professional Advisers**

#### **Directors**

Xiaoqiu Wang (China)  
Hao Wang (China)  
Sijie Zu (China)  
Jingmin Yu (China)

#### **Company secretary**

Lianzhong Su (China)

#### **Registered office**

International Headquarters  
Q Gate  
Low Hill Lane  
Longbridge  
Birmingham  
B31 2BQ

#### **Bankers**

Bank of China  
98 Cannon Street  
London  
EC4N 6HA

HSBC Bank plc  
PO Box 68  
130 New Street  
Birmingham  
B2 4JU

#### **Auditor**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Birmingham, UK

# MG Motor UK Limited

## Report and financial statements

### Strategic Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2014. This is the first time for the directors to present a strategic report of the company as required by section 414C of the Company Act 2006.

#### Activities

The principal activities of the company is the assembly and sale of automotive vehicles, the provision of after sale service, the sale of automotive parts to group companies, and the provision of support services to group companies.

#### Business performance and future prospects

The company (referred to as MGUK below) generated a turnover of £25,902,000 in 2014 (2013: £16,735,000). Total sales revenues increased by 55% in 2014. The loss after tax amounted to £933,000 (2013: loss of £999,000). The shareholders funds at 31 December 2014 were £7,631,000 (2013: £8,564,000).

In September 2013 MGUK launched a compact car, the MG3, to the UK market. Sales of the MG3 have seen a four fold increase in the volumes of vehicles sold by MG UK in 2014; the increased volumes is a very positive step for MG UK.

Currently, the company offers two products (MG3 and MG6) in the market place. Updates of both these models are due to be sold in the UK in 2015, with MG6 coming to market in the second quarter and an updated MG3 in due in the 4<sup>th</sup> quarter. We believe that there is good potential in these two products to continue to grow volumes in the UK market.

#### Financial risk management objectives and policies

The company's activities expose it to a number of financial risks detailed below:

##### *Credit risk*

The company's credit risk is primarily attributed to trade receivables. The risk is minimised as most trade receivables are from within the Group (SAIC Motor Corporation Ltd, referred to as 'SAIC Motor' underneath), and the directors believe that the risk of default is not significant. In addition, the risk from sales receivables is minimised by the funding arrangements for the dealers.

The company entered into a five year financing agreement with GMAC UK PLC (GMAC) in January 2012. Under this agreement, MGUK sells vehicles to GMAC first and receives payment from GMAC upfront. GMAC in turn sells the vehicles to the MGUK authorized dealers and provides wholesale financing to the latter. In the worst case scenario, if a dealer is unable to sell a car after an extended period of financing, then MGUK is obliged to buy back the car. Given that the dealers' creditability has been checked by GMAC and given that the dealers' stock level is limited, we believe that the risk of having to buy back dealers' stock is very small and it is expected to be no more than 2% of the dealers' stock.

The company has adopted separate presentation in respect of gross trade debtor receivable from the dealers and trade payables refundable to GMAC in case of dealer default. An amount of £3,353,000 (2013: £1,608,000) is included in the trade debtor balance as at 31 December 2014. Management has assessed the recoverability of the trade debtor receivable from the dealers and has concluded there is no significant risk of doubtful debt as at 31 December 2014. A bad-debt provision of £249,000 (2013: £175,000) was made in this regard.

# **MG Motor UK Limited**

## **Report and financial statements**

### **Strategic Report**

#### *Cash flow risks*

MGUK entered into a financing agreement with GMAC in January 2012. Under this financing agreement, MGUK gets paid upfront by GMAC for vehicles sold to dealers. This mitigates the cash flow risks of MGUK's operation to a significant extent. Moreover, SAIC Motor UK Technical Centre (SMTCUK), a subsidiary of SAIC Motor Corporation, pays to MGUK for the services provided on a timely basis. This also contributed to the healthy cash flow of the company. As a result, the company's cash flow has been strong throughout the year with an average monthly cash balance of £5.1 million.

#### *Liquidity risk*

In order to maintain liquidity and to ensure sufficient funds are available for ongoing operations and future development the company relies on financial support from its parent company.

As a result of the write off of intercompany loans in 2013, the balance sheet of the company has improved significantly and the company is in a much stronger financial position for future development and growth. The net worth of the company remaining positive at £7.6 million, at end of 2013 it was £8.5 million.

NAC China will support the continuation of the operation of the company for at least one year from the date this report was signed.

Approved by the Board of Directors  
and signed on behalf of the Board

Hao Wang  
Director



# **MG Motor UK Limited**

## **Report and financial statements**

### **Directors' Report**

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

#### **Activities**

The principal activities of the company is the assembly and sale of automotive vehicles, the provision of after sale service, the sale of automotive parts to group companies, and the provision of support services to group companies.

#### **Going concern**

At the year end the company holds a cash balance of £4.8million and net current assets of £6.3 million. The company has made operating losses over the last few years and was primarily funded by SAIC Group. However, directors are of the view that the continued growth of sales of MG models will help improve future operating profits and cash flows and believe that SAIC Group will continue to support the company in various ways. In addition, the company entered into a debtor factoring agreement with GMAC on 11 January 2012; this agreement is in place for a period of 5 years from inception. Details of such agreement can be found in "Credit risk" section in the strategic report. Under the agreement MG Motor UK Ltd gets paid upfront by GMAC before cars are sold by the dealers to end customers.

Further, the company holds financial support from its parent company for its future development. A non-binding letter of support has been obtained from NAC China, an intermediate holding company to NAC UK within the SAIC Group, confirming that NAC China will support the continuation of operations of the company for at least a year from the date this report is signed.

After considering the above factors, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts. No material uncertainties leading to significant doubt about going concern have been identified.

#### **Dividends**

The directors do not recommend payment of a dividend for the year ended 31 December 2014 (2013: £nil).

#### **Directors**

The directors of the company, who served throughout the financial year unless stated otherwise, are as disclosed on page 1.

#### **Environmental responsibility**

The company recognises the importance of environmental responsibility and aims to comply with all relevant environmental legislation.

#### **Employee participation and disabled employees**

Employee participation and consultation has continued to benefit the company.

It is the policy of the company to support the employment of disabled persons where possible, both in recruitment and by the retention of employees who become disabled whilst in the employment of the company as well as generally through training and career development.

# **MG Motor UK Limited**

## **Report and financial statements**

### **Directors' Report (continued)**

#### **Disclosure of information to the auditor**

Each of the persons who are a director at the date of approval of this report confirms that:

- So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- The directors 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 company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

#### **Auditor**

Deloitte LLP has expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Board Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

A handwritten signature in black ink, appearing to be 'Hao Wang', written in a cursive style.

Hao Wang  
Director

# **MG Motor UK Limited**

## **Report and financial statements**

### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



## **Independent auditor's report to the members of MG Motor UK Limited**

We have audited the financial statements of MG Motor UK Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

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

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

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

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



Peter Gallimore FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Birmingham, United Kingdom

27 October 2015

# MG Motor UK Limited

## Profit and loss account Year ended 31 December 2014

	Note	2014 £'000	2013 £'000
<b>Turnover</b>	2	25,902	16,735
Cost of sales		(23,464)	(14,544)
<b>Gross profit</b>		<u>2,438</u>	<u>2,191</u>
Other operating income	6	10,585	8,173
Administrative expenses		(13,875)	(11,320)
<b>Operating loss</b>	3	<u>(852)</u>	<u>(956)</u>
Net interest payable	7	(81)	(43)
<b>Loss on ordinary activities before taxation</b>		<u>(933)</u>	<u>(999)</u>
Tax on loss on ordinary activities	8	-	-
<b>Loss on ordinary activities after taxation for the financial year</b>		<u><u>(933)</u></u>	<u><u>(999)</u></u>

All activities derive from continuing operations.

There have been no recognised gains and losses for the current or the prior period other than as stated in the profit and loss account above and, accordingly, separate statement of total recognised gains and losses is presented.

# MG Motor UK Limited

## Balance sheet 31 December 2014

	Note	2014 £'000	2013 £'000
<b>Fixed assets</b>			
Investment	9		-
Tangible fixed assets	10	2,919	3,529
		<u>2,919</u>	<u>3,529</u>
<b>Current assets</b>			
Stocks	11	6,637	6,951
Debtors	12	10,208	7,440
Cash at bank and in hand		4,808	2,099
		<u>21,653</u>	<u>16,490</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(15,344)</u>	<u>(10,521)</u>
<b>Net current assets</b>		<u>6,309</u>	<u>5,969</u>
<b>Total assets less current liabilities</b>		<u>9,228</u>	<u>9,498</u>
<b>Creditors: amounts falling due after more than one year</b>			
<b>Long term loan</b>	14	(455)	(506)
<b>Provisions for liabilities</b>	19	<u>(1,142)</u>	<u>(428)</u>
<b>Net assets/ (liabilities)</b>		<u><u>7,631</u></u>	<u><u>8,564</u></u>
<b>Capital and reserves</b>			
Called up share capital	15	21,585	21,585
Other reserves	16	26,270	26,270
Profit and loss account deficit	16	<u>(40,224)</u>	<u>(39,291)</u>
<b>Total equity shareholders' fund/(deficit)</b>	17	<u><u>7,631</u></u>	<u><u>8,564</u></u>

These financial statements of MG Motor UK Limited, registered number 05779958, were approved and authorised for issue by the Board of Directors on 24 September 2015.

Signed on behalf of the Board of Directors



Hao Wang  
Director

# MG Motor UK Limited

## Notes to the financial statements Year ended 31 December 2014

### 1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. Prior year figures have been reclassified to be consistent with current year presentation. These reclassifications have not affected the loss on ordinary activities before/after taxation.

The principal accounting policies adopted described below have been consistently adopted in current and prior years.

#### Going concern

The financial statements have been prepared on a going concern basis. At the year end the company holds cash balance of £4.8 million which is considered sufficient to cover its liabilities in foreseeable future. In addition the company holds strong financial support from its parent company for its future development. A letter of support has been obtained from Nanjing Automobile (Group) Corporation (NAC China), an intermediate holding company within the SAIC Group, confirming that NAC China will support the continuation of operations of the company for at least a year from the date this report is signed.

In addition, the company entered into a debtor factoring agreement with GMAC on 11 January 2012. Details of such agreement can be found in "Credit risk" section on page 4 of the director's report. Under the agreement MG Motor UK Ltd gets paid upfront by GMAC before cars are sold by the dealers to end customers. This agreement will replace the previous agreement with GE Commercial Distribution Finance Europe Limited.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts. No material uncertainties leading to significant doubt about going concern have been identified.

#### Accounting convention

The financial statements are prepared under the historical cost convention.

#### Cash flow statement

The company has taken advantage of the exemption under Financial Reporting Standard No. 1 (revised 1996) from the requirements to prepare a cash flow statement as the company is a wholly owned subsidiary undertaking of SAIC Motor Corporation Limited whose financial statements for the year ended 31 December 2014 includes a consolidated cash flow statement and are publicly available.

#### Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

#### Depreciation method for assets acquired before 1 September 2010

Leasehold improvement	20% per annum straight-line
Plant and machinery	12.5% -15% per annum straight-line
Electronics equipment	16.67% per annum straight-line
Motor vehicles	25% per annum straight-line

# MG Motor UK Limited

## Notes to the financial statements (continued) Year ended 31 December 2014

### 1. Accounting policies (continued)

#### Tangible fixed assets (continued)

##### Depreciation method for assets acquired after 1 September 2010

Leasehold improvement	20% per annum straight-line
Plant and machinery	10% per annum straight-line
Electronics equipment	20% per annum straight-line
Motor vehicles	16.67% per annum straight-line

Residual value is 5% of the original book value.

Properties in course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss.

#### Investments

Investments held as fixed assets are stated at cost less provision for impairment.

#### Stocks

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

#### Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation 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. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable 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 by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### Leases

Operating lease rentals are charged to income on a straight line basis over the lease term.

#### Foreign currencies

Exchange differences on normal trading transactions are reflected in the profit and loss account for the year. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange ruling at that date.

# MG Motor UK Limited

## Notes to the financial statements (continued) Year ended 31 December 2014

### 1. Accounting policies (continued)

#### Pension Costs

For defined contribution schemes the amount charged to the profit and loss in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

#### Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and Value Added Tax. Turnover from the sale of goods is normally recognised when the goods are physically delivered to the customer; this accounting policy is applied to the MG Sales Centre Ltd as well. This policy will be reviewed on a regular basis.

In 2012, MG UK started an employee car scheme for all SAIC Group employees based in the UK in accordance with UK tax authority guidelines. Lease income is accounted over the life of the lease. The agreement includes a guaranteed buyback clause of the vehicles and as such any revenue or profit and loss will not be recognised until the ultimate sale of the vehicle.

### 2. Turnover by location

	2014 £'000	2013 £'000
With third parties (in UK)	20,309	8,137
Within the SAIC Group (in China)	5,593	8,598
	<u>25,902</u>	<u>16,735</u>
<b>Turnover</b>		
Sale of vehicle	19,634	7,808
Sale of parts	6,096	5,051
Other services	172	3,876
	<u>25,902</u>	<u>16,735</u>

### 3. Operating loss

	2014 £'000	2013 £'000
<b>Operating loss is stated after charging (crediting)</b>		
Rentals under operating leases		
-Plant & machinery	42	43
-Other operating leases	1,794	1,733
Depreciation on tangible fixed assets	771	1,192
Government grant	(53)	(51)
	<u></u>	<u></u>

# MG Motor UK Limited

## Notes to the financial statements (continued) Year ended 31 December 2014

### 3. Operating loss (continued)

The analysis of auditor's remuneration is as follows:

	2014 £'000	2013 £'000
<b>Fees payable to the company's auditor for the audit of the company's annual accounts</b>	46	43
- Tax services	6	6
- Other services	2	5
<b>Total non-audit fees</b>	8	11

### 4. Staff Costs

	2014 Number	2013 Number
<b>Average number of persons employed</b>		
Production	29	29
Sales, distribution and administration	64	57
	93	86
	2014 £'000	2013 £'000
<b>Staff costs during the period</b>		
Wages and salaries	2,713	2,633
Social security costs	269	284
Pension cost	72	73
	3,054	2,990

### 5. Directors Remuneration

The company paid the following emoluments to the directors;

	2014 £'000	2013 £'000
<b>Directors' remuneration</b>		
Emoluments	202	195
<b>The remuneration of the highest paid director:</b>		
Emoluments	202	195

Some of the directors of the company are paid by SAIC Motor Corporation Limited, China, the ultimate parent company. It is not practicable to determine the proportion of such emoluments which are attributable to the directors' services to this company as their services are considered incidental to their duties in respect of other group entities. There are no directors receiving pension benefits.

# MG Motor UK Limited

## Notes to the financial statements (continued) Year ended 31 December 2014

### 6. Other Income

	2014 £'000	2013 £'000
Government grant	53	51
Other revenue	683	334
Service income*	9,849	7,788
	<u>10,585</u>	<u>8,173</u>

\* Service income relates to income received from SAIC Motor UK Technical Centre Ltd (SAIC Motor), a fellow subsidiary of SAIC Group, which joined the company in the Longbridge site at the beginning of 2010, sharing the facilities of the Longbridge site and reducing costs.

### 7. Net interest payable

	2014 £'000	2013 £'000
Bank charges	(18)	(21)
Foreign exchange loss	(63)	(22)
Bank deposit interest	-	-
	<u>(81)</u>	<u>(43)</u>

### 8. Tax on loss on ordinary activities

#### a) Factors affecting the tax charge for the period:

The tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK: 21.5% (2013: 23.25 %). The differences are explained below:

	2014 £'000	2013 £'000
<b>Current tax reconciliation:</b>		
Loss on ordinary activities before tax	(933)	(999)
Tax at 21.5% (2013: 23.25%):	(200)	(232)
Effects of:		
Expenses not deductible for tax purposes	4	10
Depreciation in excess of capital allowance	(68)	(21)
Other timing differences	171	(12)
Carry forward/(utilisation) of tax losses	93	255
	<u>200</u>	<u>232</u>
<b>Total current tax charge</b>	<u>-</u>	<u>-</u>



# MG Motor UK Limited

## Notes to the financial statements (continued) Year ended 31 December 2014

### 8. Tax on loss on ordinary activities (continued)

#### b) Factors that may affect future tax charges:

The Company has unused tax losses of £44,772,000 (2013: £44,320,000) which are available to offset future trading profits.

The company has unrecognised deferred tax assets in relation to these tax losses of £8,954,000 (2013: £8,864,000) and unclaimed capital allowances of £497,000 (2013: £487,000) and other timing differences of £159,000 (2013: £119,000) which have not been recognised due to uncertainty in relation to profits arising in future periods.

The main rate of corporation tax reduced from 23% to 21% with effect from 1 April 2014. The 2013 budget announced a reduction of the main rate of corporation tax to 20% from 1 April 2015. As these rate reductions were substantively enacted on 3 July 2013, it has been used to calculate the deferred tax balances at 31 December 2014. The 2015 budget confirmed the main rate of corporation tax at 20% for the year commencing 1 April 2016 and announced further reductions of the main rate of corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020.

### 9. Investments

In February 2013 the group acquired 1 share in SAIC Motor – CP Co., Ltd a SAIC Motor joint venture in Thailand. The share was acquired at par at a cost of £2.

### 10. Tangible fixed assets

	Leasehold improvement £'000	Plant and machinery £'000	Electronics equipment £'000	Motor vehicles £'000	Assets under construction £'000	Total £'000
<b>Cost</b>						
At 1 January 2014	2,894	6,889	1,695	469	30	11,977
Additions	-	130	2	59	-30	161
Disposals	-	-	-	-	-	-
At 31 December 2014	2,894	7,019	1,697	528	-	12,138
<b>Depreciation</b>						
At 1 January 2014	(2,581)	(4,483)	(1,176)	(208)	-	(8,448)
Charge for the year	(20)	(458)	(136)	(157)	-	(771)
Disposals	-	-	-	-	-	-
At 31 December 2014	(2,601)	(4,941)	(1,312)	(365)	-	(9,219)
<b>Net book value</b>						
At 31 December 2014	293	2,078	385	163	-	2,919
At 31 December 2013	313	2,406	519	261	30	3,529

## MG Motor UK Limited

### Notes to the financial statements (continued) Year ended 31 December 2014

#### 11. Stocks

	2014 £'000	2013 £'000
Raw materials and consumables	1,081	1,332
Finished goods	5,556	5,619
	<u>6,637</u>	<u>6,951</u>

There is no material difference between the balance sheet value of stocks and their replacement costs.

#### 12. Debtors: due within one year

	2014 £'000	2013 £'000
Trade debtors	4,922	2,770
Amounts owed by group undertakings	3,255	3,292
Prepayments and other debtors	2,031	1,378
	<u>10,208</u>	<u>7,440</u>

#### 13. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	1,211	2,072
Amounts owed to group undertakings	5,398	2,914
Other creditors	4,691	2,528
Accruals & deferred income	4,044	3,007
	<u>15,344</u>	<u>10,521</u>

#### 14. Creditors: amounts falling due after more than one year

	2014 £'000	2013 £'000
Deferred income	248	299
Inter company loan	207	207
	<u>455</u>	<u>506</u>

Deferred income is for Government grants received by the Company.

# MG Motor UK Limited

## Notes to the financial statements (continued) Year ended 31 December 2014

### 15. Called up share capital

	2014 £'000	2013 £'000
<b>Called up and allotted</b>		
21,585,000 (2013: 21,585,000) ordinary shares of £1 each	21,585	21,585

### 16. Reserves

Company	Capital Contribution reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2014	26,270	(39,291)	(13,021)
Loss for the year	-	(933)	(933)
Capitalisation of loan	-	-	-
At 31 December 2014	26,270	(40,224)	(13,954)

### 17. Reconciliation of movements in shareholders' fund/(deficit)

	2014 £'000	2013 £'000
Loss for the financial period	(933)	(999)
Capitalisation of loan	-	26,270
Movement of shareholders' fund	(933)	25,271
Opening shareholders' fund	8564	(16,707)
Closing shareholders' fund	7,631	8,564

### 18. Financial Commitments

#### Operating lease commitments

Annual company commitments at the end of the year under non-cancellable operating leases were as follows:

	31 December 2014		31 December 2013	
	Land & Buildings £'000	Other £'000	Land & Buildings £'000	Other £'000
Within one year	-	42	-	49
Between two and five years	-	13	-	15
Over five years	1,693	-	1,652	-
Total	1,693	55	1,652	64

## MG Motor UK Limited

### Notes to the financial statements (continued) Year ended 31 December 2014

#### 19. Provision for liabilities

	2014 £'000	2013 £'000
At 1 January	428	851
(Credit)/charge to profit and loss account	940	(223)
Utilisation of provision	(226)	(200)
At 31 December	1,142	428

Provision for liabilities relate to anticipated warranty claims on cars sold in the previous years. It is expected that the majority of this expenditure will be incurred within five financial years of the balance sheet date.

#### 20. Pensions

The company operates a defined contribution scheme to provide benefits to employees. Pension contributions for the year amounted to £72,000 (2013: £73,000). The amount unpaid at the end of the year was £12,000 (2013: £nil).

#### 21. Related party transactions

The company has taken advantage of the exemption granted within Financial Reporting Standard 8 "Related party disclosures", which does not require disclosure of transactions between a subsidiary undertaking and other group undertakings, as 100% of the company's voting rights are controlled within the Group and SAIC Motor Corporation Limited prepares publicly available consolidated accounts that incorporate the results of the company.

#### 22. Ultimate parent company

At 31 December 2013, the company was a wholly owned subsidiary of Nanjing Automobile Corporation (UK) Limited, which is incorporated in England and Wales. This represents the smallest group in which the Group's results are consolidated. The Group's ultimate controlling party is SAIC Motor Corporation Limited, incorporated in China. This represents the largest group in which the company's results are consolidated.

Copies of SAIC Motor consolidated financial statements can be obtained from company secretary, SAIC Motor Corporation Limited, 5<sup>th</sup> Floor, Building A, No. 563, Songtao Road, Zhangjiang High-Tech Park, Pudong District, Shanghai, China