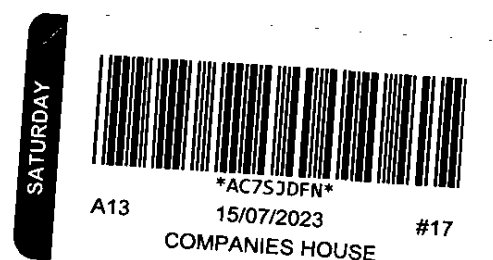


Registered Number 02470318

Jardine Motors Group UK Limited

Annual report and consolidated financial
statements for the year ended 31 December 2022



Jardine Motors Group UK Limited

Annual report and consolidated financial statements for the year ended 31 December 2022

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Jardine Motors Group UK Limited

Directors and advisors for the year ended 31 December 2022

Directors

D N Williamson

D J Muir

P Hawkins (resigned 15 March 2023) (non-executive)

A Keswick (resigned 15 March 2023) (non-executive)

Company secretary

M Finch

Registered office

C/O Porsche Centre Colchester

Auto Way

Ipswich Road

Colchester

Essex

United Kingdom

CO4 9HA

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

Jardine Motors Group UK Limited

Strategic report for the year ended 31 December 2022

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 2022.

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 and developments during the year

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.

The 2022 UK new car market was 1,614,063 units which was 2.0% lower than the 2021 level, mainly a result of the on-going supply chain issues for new cars.

As the UK became free of COVID restrictions and returned to a more normalised way of living, the economy in general faced a number of economic challenges during 2022, which impacted the motor retail sector:

- Supply chain issues – the world-wide lockdowns experienced in 2021 and 2022 together with the Russia/Ukraine conflict since February 2022 resulted in many inter-related supply chain issues. Motor manufacturers were impacted by lack of semi-conductor chips, a key component in all new cars and supply of Ukrainian manufactured wiring harnesses.
- Post COVID related demand spikes. Within the motor retail sector many customers delayed or extended their personal replacement cycle for new car purchases resulting in a high level of pent-up demand.
- Rising inflationary pressures creating the 'cost of living' crisis in the UK.
- Continuing impact on UK imports and exports caused by Brexit.

The main impact to our business of these factors in 2022 has been increasing prices and better margin retention in car sales resulting in stronger profitability.

The group posted an operating profit of £36.0m (2021: £28.2m) and experienced like for like growth in turnover of 6.2% despite falls in volumes of 17% and 15% for new and used cars respectively. The group further consolidated its representation of its key brand partners with only minimal acquisitions and closures. During the year the group acquired its fifth Volkswagen Trade Parts Centre in Brighton and closed its Bodyshop in Witham, Aston Martin dealership in Cambridge and a Used Car centre in Towcester. The Aston Martin dealership was closed to enable the redevelopment of the shared freehold site into a solus Porsche Centre which is due for completion in 2023.

The group's results in the first quarter of 2023 have remained strong and in line with budget expectations. It is anticipated that supply will continue to recover and whilst this may have some impact on new and used car sales margins these should be compensated by higher sales volumes of new cars on the back of continued pent-up demand and strong order banks.

The group has continued to invest in digital solutions to complement its physical infrastructure to provide customers with a seamless online/offline experience and the highest levels of service satisfaction.

Jardine Motors Group UK Limited

Strategic report for the year ended 31 December 2022 (continued)

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, as well as operating metrics based on sales volumes and profit margins.

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

	2022	2021
Financial		
Return on sales %	1.9	1.8
Gross profit %	9.8	9.1
Operating profit £'000	35,959	28,209
New car sales units	18,693	22,557
Used retail car sales units	18,624	21,998
Non-Financial		
Staff attrition (excluding redundancy and valeters) %	29.0	32.0

The group maintains a robust risk management framework as outlined in the Directors' report to ensure identification of 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 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/luxury sectors supported by our investment in freehold property, strong balance sheet and shareholder support.

Jardine Motors Group UK Limited

Strategic report for the year ended 31 December 2022 (continued)

Future developments

The group's operational focus is to continue to grow with its selected premium and luxury 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 an exceptional customer retail experience.

Following the change in control of the company on 15 March 2023 to Lithia UK Holding Limited, as detailed in Note 30, the group will continue with its operational focus, as detailed above, and actively seek acquisition targets within the UK with both existing and new franchise partners.

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, environmental concerns and pandemics.

Section 172(1) statement

The directors are fully aware of their responsibilities to promote the success of the company in accordance with section 172(1) 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. We aim to create an inclusive environment where all colleagues feel valued, have a sense of belonging and are supported to develop and grow with us regardless of gender, race, sexuality, disability, or background. 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. The wellbeing and mental health of all colleagues is of paramount importance to the group with investments made in the provision of trained mental health first aiders throughout the business.

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.



Jardine Motors Group UK Limited

Strategic report for the year ended 31 December 2022 (continued)

Section 172(1) statement (continued)

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



D Muir
Company Director
27 June 2023



Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2022

The directors present their report and the audited financial statements of the group and company for the year ended 31 December 2022.

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 and 4.

Principal risks and uncertainties

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

Financial risk management

a) Funding and liquidity risk

The group's policy is to ensure that funding requirements forecast by the group can be met within available bank, and manufacturer funding facilities together with any parent undertaking loans.

The group holds motor manufacturer funding facilities with each of its franchise partners. These incur stocking charges tied to Bank of England Base Rate based interest rates 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, manufacturer and shareholder funding facilities limits and its forecasts for the forthcoming fifteen 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. With interest rates currently increasing, the group monitors this on a daily basis.

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.

d) Market risk

The directors monitor and consider, at all times, any events that may have an impact on macro-economic conditions and the potential effect caused to the UK new and used car retail markets.

Corporate governance

The company does not apply a corporate governance code. During the year, the company applied 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 relied on a combination of shareholder, board and management supervision together with strict financial, internal audit and risk management procedures.

Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2022 (continued)

Corporate governance (continued)

During 2022, the group had a Board consisting of four directors; two executive and two non-executive. The Board met 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 audit 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 every two months. 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. 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 (2021: none).

Directors

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

D N Williamson

D J Muir

P Hawkins (resigned 15 March 2023)

A Keswick (resigned 15 March 2023)

C Holzshu (appointed 15 March 2023)

T Miller (appointed 15 March 2023)

E C Impert (appointed 15 March 2023)

P D Wilbraham (appointed 21 June 2023)

Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2022 (continued)

Qualifying third party indemnity provisions

No qualifying third-party indemnity provision was in force during the financial year ended 31 December 2022 or at the date of this report.

Post balance sheet events

On 15 March 2023, the entire share capital of the company was acquired by Lithia UK Holding Limited, a company that is wholly owned by Lithia Motors, Inc. Lithia Motors, Inc has a service address of 150 North Bartlett Street, Medford, USA. On the same day Mr Christopher Holzshu, Ms Tina Miller and Mr Edward Charles Impert were appointed as directors of Jardine Motors Group UK Limited.

Going concern

The directors have adopted the going concern basis in preparing these financial statements after assessing the group's principal risks and expected banking, manufacturer and shareholder funding available to it.

The group meets its day-to-day working capital requirements through a mixture of its banking and shareholder facilities and manufacturer stock funding lines. The directors have assessed the group's ability to continue trading for the fifteen months following the approval of these financial statements by preparing detailed cash flow and profit forecasts.

As a consequence of the acquisition of 100% of the group's share capital by Lithia UK Holding Limited, the banking facilities previously held are currently in the process of being renewed with a new banking partner. In the interim period the new ultimate parent company has provided the group with term loans of £44m and £50m repayable 12 and 24 months after inception on 24 February 2024 and 5 June 2025 respectively. The new ultimate parent undertaking has also committed to provide adequate funding for any acquisitions which may take place.

Given all the above circumstances, the directors have concluded that they have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. 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.

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.

Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2022 (continued)

Employees and equal opportunities (continued)

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 (2021: £nil).

Streamlined Energy & Carbon Reporting (SECR)

The following summarises the energy usage, associated emissions and energy efficiency actions and energy performance for Jardine Motors Group UK Limited under the government policy Streamlined Energy & Carbon Reporting (SECR), 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 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. An organisational boundary has been applied for the purposes of the reporting.

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

Year 2

Scope 1 and 3 direct emissions (combustion of natural gas and transportation fuels) for this year of reporting are 2,773.44 tCO₂e (2021: 2,869.97 tCO₂e), resulting from the direct combustion of 13,104,025 kWh of fuel (2021: 14,228,065 kWh). This represents a carbon reduction of 3.34% from last year.

Scope 2 indirect emissions (purchased electricity) for this year of reporting are 2,491.25 tCO₂e (2021: 2,678.97 tCO₂e) resulting from the consumption of 12,890,110 kWh (2021: 12,617,015 kWh) of electricity purchased and consumed in day-to-day business operations. This represents a carbon reduction of 7.51% from last year.

The group's operations have an intensity metric of 46.58 tCO₂e (2021: 45.27 tCO₂e) per '000m², 3.17 tCO₂e (2021: 3.44 tCO₂e) per £m turnover, and 2.12 tCO₂e (2021: 2.05 tCO₂e) per full time equivalent employee for this reporting year.

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 over the coming years.



Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2022 (continued)

Streamlined Energy & Carbon Reporting (SECR) (continued)

Measures ongoing and undertaken through 2022 and prioritised for 2023

- **HVAC Optimisation**
During 2022, there was a focus on reducing energy consumption through the management of its HVAC Building Management Systems, with the introduction of a site-by-site controls audit to identify potential opportunities for reduction. Energy Consumption Monitoring reports have identified significant trends for continual improvement. Centralised remote monitoring of the Building Management Systems will be considered for 2023, as well as a Forward Lifecycle Plan to track the age, condition and energy efficiency of all HVAC assets.
- **Asset Collection Exercise**
The collection of all HVAC assets were completed, informing the planned maintenance program and Forward Lifecycle Plan.
- **EV charging installations**
The EV charger asset collection exercise was completed to capture all assets across the portfolio, whilst identifying further installations sites to increase our EV charging capacity.
- **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. Several LED lighting upgrades were completed during 2022, delivering significant reduction in energy consumption to lighting. The linking of internal and external lighting systems, as well as installation of timers to all compressors is planned for 2023.

Reporting methodology

Scope 1, 2 and 3 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 ended 31 December 2022: Database 2021, Version 1.0.

Intensity metrics have been calculated utilising the 2022 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) | 112.19 (2021: 122.58) |
| • Total turnover (£m) | 1,660.90 (2021: 1,612.81) |
| • Full time equivalents (FTE) | 2,488 (2021: 2,709) |

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" Section 1A, and applicable law).

Jardine Motors Group UK Limited

Directors' report for the year ended 31 December 2022 (continued)

Statement of directors' responsibilities in respect of the financial statements (continued)

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 Section 1A 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 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 also 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 directors are 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. Following the acquisition of the group by Lithia UK Holding Limited, the directors will be considering the appointment of subsequent auditors.

On behalf of the Board

D Muir
Company Director
27 June 2023



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 2022 and of the group's profit 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, including 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 2022; the Consolidated profit and loss account, the Consolidated statement of comprehensive income, the Consolidated and Company statement of changes in equity and the Consolidated statement of cash flows 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.

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.

Jardine Motors Group UK Limited

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

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 2022 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, 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)

Auditors' responsibilities for the audit of the financial statements

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 and General Data Protection Regulation, 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 UK tax legislation and 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 posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- reviewing board minutes and internal audit reports;
- inquiries with management about any instances of known or suspected non-compliance with laws and regulations;
- reviewing legal expenses incurred by the group and confirming certain legal positions with the Group's external advisors;
- 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, 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

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

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

28 June 2023



Jardine Motors Group UK Limited

Consolidated profit and loss account for the year ended 31 December 2022

	Note	Continuing operations 2022 £'000	Discontinued operations 2022 £'000	Total 2022 £'000	Continuing operations 2021 £'000	Discontinued operations 2021 £'000	Total 2021 £'000
Turnover	5	1,639,202	21,698	1,660,900	1,544,186	68,625	1,612,811
Cost of sales		(1,478,502)	(20,420)	(1,498,922)	(1,403,280)	(62,929)	(1,466,209)
Gross profit		160,700	1,278	161,978	140,906	5,696	146,602
Selling and distribution costs		(74,547)	(855)	(75,402)	(66,766)	(3,377)	(70,143)
Administrative expenses		(49,922)	(695)	(50,617)	(48,682)	(1,725)	(50,407)
Other operating income	6	-	-	-	2,092	65	2,157
Operating profit/(loss)	6	36,231	(272)	35,959	27,550	659	28,209
Exceptional items	7	-	-	-	4,359	-	4,359
Profit/(loss) before interest and taxation		36,231	(272)	35,959	31,909	659	32,568
Interest payable and similar expenses	11	(4,828)	(103)	(4,931)	(3,540)	(169)	(3,709)
Profit/(loss) before taxation		31,403	(375)	31,028	28,369	490	28,859
Tax on profit	12	(4,552)	-	(4,552)	(6,393)	-	(6,393)
Profit/(loss) for the financial year		26,851	(375)	26,476	21,976	490	22,466



Jardine Motors Group UK Limited

Consolidated statement of comprehensive income for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Profit for the financial year		26,476	22,466
Other comprehensive income - Re-measurements of net defined benefit obligation	23	11,661	17,031
Total tax on components of other comprehensive income	12(b)	(2,914)	(1,831)
Total comprehensive income for the financial year		35,223	37,666



Jardine Motors Group UK Limited

Consolidated balance sheet as at 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	13	8,470	10,997
Tangible assets	14	134,529	137,176
		142,999	148,173
Current assets			
Stocks	16	236,199	219,992
Debtors	17	58,481	50,153
Cash at bank and in hand		6,508	3,495
		301,188	273,640
Creditors - amounts falling due within one year	18	(249,595)	(167,218)
Net current assets		51,593	106,422
Total assets less current liabilities		194,592	254,595
Creditors – amounts falling due after more than one year	19	(10,000)	(91,500)
Provision for other liabilities	21	(1,825)	(4,441)
Post-employment benefits	23	(8,776)	(19,886)
Net assets		173,991	138,768
Capital and reserves			
Called-up share capital	24	97,500	97,500
Retained earnings		76,491	41,268
Total equity		173,991	138,768

The notes on pages 23 to 53 are an integral part of these financial statements.

The financial statements on pages 16 to 53 were approved by the board of directors on 27 June 2023 and were signed on its behalf by:

D Muir

D Muir
Company Director

Jardine Motors Group UK Limited
Registered Number 02470318

Jardine Motors Group UK Limited

Company balance sheet as at 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Shares in group undertakings	15	51,511	51,511
		51,511	51,511
Current assets			
Debtors	17	101,719	153,323
Cash at bank and in hand		11,511	9,647
		113,230	162,970
Creditors - amounts falling due within one year	18	(26,358)	(9,213)
Net current assets		86,872	153,757
Total assets less current liabilities		138,383	205,268
Creditors – amounts falling due after more than one year	19	-	(64,000)
Post-employment benefits	23	(8,776)	(19,886)
Net assets		129,607	121,382
Capital and reserves			
Called-up share capital	24	97,500	97,500
Retained earnings		32,107	23,882
Total equity		129,607	121,382

The company's result for the financial year amounted to a loss of £522,000 (2021: profit of £4,512,000).

The notes on pages 23 to 53 are an integral part of these financial statements.

The financial statements on pages 16 to 53 were approved by the board of directors on 27 June 2023 and were signed on its behalf by:

D. Muir

D Muir
Company 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 2022

	Called-up share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2021	97,500	3,602	101,102
Total comprehensive income for the year			
Profit for the year	-	22,466	22,466
Other comprehensive income for the year	-	15,200	15,200
Total comprehensive income for the year	-	37,666	37,666
Balance as at 31 December 2021	97,500	41,268	138,768
	Called-up share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2022	97,500	41,268	138,768
Total comprehensive income for the year			
Profit for the year	-	26,476	26,476
Other comprehensive income for the year	-	8,747	8,747
Total comprehensive income for the year	-	35,223	35,223
Balance as at 31 December 2022	97,500	76,491	173,991



Jardine Motors Group UK Limited

Company statement of changes in equity for the year ended 31 December 2022

	Called-up share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2021	97,500	17,481	114,981
Total comprehensive income for the year			
Profit for the year	-	4,512	4,512
Other comprehensive income for the year	-	1,889	1,889
Total comprehensive income for the year	-	6,401	6,401
Balance as at 31 December 2021	97,500	23,882	121,382

	Called-up share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2022	97,500	23,882	121,382
Total comprehensive (expense)/income for the year			
Loss for the year	-	(522)	(522)
Other comprehensive income for the year	-	8,747	8,747
Total comprehensive income for the year	-	8,225	8,225
Balance as at 31 December 2022	97,500	32,107	129,607

Jardine Motors Group UK Limited

Consolidated statement of cash flows for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Net cash from operating activities	26	95,345	2,496
Taxation paid		(6,891)	(3,505)
Net cash generated from/(used in) operating activities		88,454	(1,009)
Cash flow from investing activities			
Acquisitions of dealerships	31	(12)	-
Disposals of dealerships (net cost of disposals)		-	9,190
Purchase of tangible assets	14	(7,303)	(5,819)
Proceeds from disposals of tangible assets		670	5,328
Net cash (used in)/generated from investing activities		(6,645)	8,699
Cash flow from financing activities			
Interest paid	11	(4,296)	(3,052)
Drawdown on revolving credit facility		11,000	119,000
Repayment on revolving credit facility		(50,000)	(130,000)
Drawdown of overnight facility		2,000	7,000
Drawdown of bank loans		15,000	10,000
Repayment of bank loans		(25,000)	-
Repayment of amount owed Jardine Matheson group undertakings		(27,500)	(12,500)
Net cash used in financing activities		(78,796)	(9,552)
Net increase/ (decrease) in cash and cash equivalents		3,013	(1,862)
Cash and cash equivalents at the beginning of the year		3,495	5,357
Cash and cash equivalents at the end of the year	26	6,508	3,495
Cash and cash equivalents consist of:			
Cash at bank and in hand		6,508	3,495
Cash and cash equivalents		6,508	3,495

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 2022

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, United Kingdom. The address of its registered office is C/O Porsche Centre Colchester, Auto Way, Ipswich Road, Colchester, Essex, United Kingdom, CO4 9HA.

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 and other comprehensive income.

Going concern

The directors have adopted the going concern basis in preparing these financial statements after assessing the group's principal risks and expected banking, manufacturer and shareholder funding available to it.

The group meets its day-to-day working capital requirements through a mixture of its banking and shareholder facilities and manufacturer stock funding lines. The directors have assessed the group's ability to continue trading for the fifteen months following the approval of these financial statements by preparing detailed cash flow and profit forecasts.

As a consequence of the acquisition of 100% of the group's share capital by Lithia UK Holding Limited, the banking facilities previously held are currently in the process of being renewed with a new UK banking partner. In the interim period the new ultimate parent company has provided the group with term loans of £44m and £50m repayable 12 and 24 months after inception on 24 February 2024 and 5 June 2025 respectively. The new ultimate parent undertaking has also committed to provide adequate funding for any acquisitions which may take place.



Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

3 Summary of significant accounting policies (continued)

Going concern (continued)

Given all the above circumstances, the directors have concluded that they have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. 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.

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. In respect of income from financing agreements, the revenue is recognised in the period in which the related product is sold and receipt of payment assured.

Rebates

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

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

3 Summary of significant accounting policies (continued)

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 certain 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.

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'.



Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

3 Summary of significant accounting policies (continued)

Pensions (continued)

The cost of the defined benefit scheme 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 expense within interest and other net finance expenses.

Defined contribution scheme

The defined contribution scheme 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.

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.



Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

3 Summary of significant accounting policies (continued)

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.

Shares in group undertakings

Shares in group 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.

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 excluded from the balance sheet as the risks and rewards do not transfer to the group. 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.



Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

3 Summary of significant accounting policies (continued)

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. The group has a cash pooling agreement which requires any cash held to be offset against the overdrafts.

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.

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.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

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 as at 31 December 2022 and upto 15 March 2023). 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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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.

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.



Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

4 Critical accounting judgements and estimation uncertainty (continued)

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 valuations.

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 liabilities in relation to closed and disposed dealerships.

The group provides for contracted future costs where the underlying contract has no further benefit for the group.

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 2022

4 Critical accounting judgements and estimation uncertainty (continued)

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 inflation assumptions, discount rate, rate of increase in pensions in payment and revaluation rate for deferred pensioners. 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:

	2022 £'000	2021 £'000
New car sales	718,587	677,903
Used car sales	805,269	803,452
Aftersales	137,044	131,456
	1,660,900	1,612,811

Included within new and used car sales is income from financing agreements of £22,036,000 (2021: £19,318,000).



Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

6 Operating profit/(loss)

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

	2022 £'000	2021 £'000
Depreciation of tangible fixed assets (note 14)	9,292	9,837
Net provisions provided (note 21)	698	2,027
Amortisation of goodwill (note 13)	2,527	2,885
Stocks recognised as an expense	1,424,615	1,395,628
Impairment of stocks (note 16)	286	386
Impairment of trade debtors (note 17)	310	266
Operating lease charges - land and buildings	10,929	11,059
Operating lease charges - plant and machinery	224	316
Government grants received (other operating income)	-	(2,157)
Services provided by the company's auditors		
- the audit of parent company and consolidated financial statements	30	30
- the audit of company's subsidiaries pursuant to legislation	365	330
- other non-audit services	125	168

In addition to the fees set out above paid to PricewaterhouseCoopers LLP there were non-audit services of £5,000 (2021: £40,000) for services related to the group's defined benefit pension schemes.

7 Exceptional items

	2022 £'000	2021 £'000
Profit on sale of freehold property	-	2,222
Profit on disposal/closure of dealerships	-	2,137
	-	4,359

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

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 £522,000 (2021: profit of £4,512,000).

9 Employees

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

	2022 Number	2021 Number
Sales	666	682
Aftersales	1,371	1,400
Administration	663	627
	2,700	2,709

The costs incurred in respect of these employees were:	2022 £'000	2021 £'000
Wages and salaries	101,839	101,275
Social security costs	11,887	10,922
Other pensions costs (note 23)	2,215	2,067
	115,941	114,264

The company has no (2021: none) 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 2022

10 Directors' emoluments

	Total directors		Highest paid director	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Aggregate emoluments	1,580	1,100	944	595
Post-employment benefits	39	40	16	10
	1,619	1,140	960	605

The emoluments stated above are on an accruals basis.

There are no retirement benefits accruing to the executive directors under defined benefit schemes (2021: 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

	2022 £'000	2021 £'000
Interest payable and similar expenses		
Bank loans and overdrafts	1,857	714
Interest paid to group undertakings	144	427
Stocking loan interest	2,295	1,911
	4,296	3,052
Finance expenses		
Pension charge (note 23)	551	569
Unwinding of discount in provisions (note 21)	84	88
	635	657



Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

12 Tax on profit

(a) Tax charge included in profit and loss	2022	2021
	£'000	£'000
Current tax:		
UK corporation tax at 19.00% (2021: 19.00%)	5,204	3,618
Adjustments in respect of prior years	232	(199)
Total current tax	5,436	3,419
Deferred tax:		
Pension deficit	(138)	557
Accelerated capital allowances	683	(158)
Intangible fixed assets	(386)	(75)
Other short-term temporary differences	414	2,671
Adjustments in respect of prior years	(1,457)	(21)
Total deferred tax (note 22)	(884)	2,974
Tax on profit	4,552	6,393
(b) Tax charge included in other comprehensive income	2022	2021
	£'000	£'000
Deferred tax:		
Gain relating to pension liability (note 22)	(2,914)	(1,831)
Total tax included in other comprehensive income	(2,914)	(1,831)

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

12 Tax on profit (continued)

(c) Reconciliation of tax charge

The tax assessed for the year is lower (2021: higher) than the effective standard rate of corporation taxation in the UK of 19.00% (2021: 19.00%). The differences are explained below:

	2022 £'000	2021 £'000
Profit before taxation	31,028	28,859
Profit before taxation multiplied by standard corporation tax rate in the UK at 19.00% (2021: 19.00%)	5,895	5,483
Effects of:		
Expenses not deductible for tax purposes	203	552
Net temporary differences: effect of change in tax rates	(321)	578
Adjustments in respect of prior years	(1,225)	(220)
Total tax charge for the year	4,552	6,393

13 Intangible assets

Group	Goodwill £'000
Cost	
At 1 January 2022	44,045
At 31 December 2022	44,045
Accumulated amortisation	
At 1 January 2022	33,048
Charge for the year	2,527
At 31 December 2022	35,575
Net book amount	
At 31 December 2022	8,470
At 31 December 2021	10,997



Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

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.

Management performed an impairment assessment, and no triggers were met. As such, no further assessment was required.

Company

The company has no intangible assets (2021: £nil).



Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

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 2022	112,790	28,840	18,872	14,110	22,316	196,928
Additions	731	1,634	1,848	1,135	1,955	7,303
Acquisitions	-	-	12	-	-	12
Transfer	-	-	(22)	22	-	-
Disposals	-	(932)	(2,097)	(1,116)	(1,732)	(5,877)
At 31 December 2022	113,521	29,542	18,613	14,151	22,539	198,366
Accumulated depreciation						
At 1 January 2022	9,954	15,549	11,458	9,136	13,655	59,752
Charge for the year	1,702	1,610	1,871	1,816	2,293	9,292
Transfer	-	-	(7)	7	-	-
Disposals	-	(830)	(1,896)	(909)	(1,572)	(5,207)
At 31 December 2022	11,656	16,329	11,426	10,050	14,376	63,837
Net book amount						
At 31 December 2022	101,865	13,213	7,187	4,101	8,163	134,529
At 31 December 2021	102,836	13,291	7,414	4,974	8,661	137,176

Company

The company has no tangible assets (2021: £nil).

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

15 Shares in group undertakings

Company	£'000
Cost	
At 1 January and 31 December 2022	51,511
Provision	
At 1 January and 31 December 2022	-
Net book amount	
At 31 December 2022	51,511
At 31 December 2021	51,511

As at 31 December 2022 subsidiary undertakings of the company are as follows:

Subsidiary Undertaking	Class of Share	Principal Activity
Abridge Loughton TPS Limited	100% Ordinary Shares	Dormant
Jardine Automotive Limited	100% Ordinary Shares	Retail distribution of motor vehicles and the supply of related goods and services
Jardine Cars Limited	100% Ordinary Shares	Retail distribution of motor vehicles and the supply of related goods and services
Jardine 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 Specialist Cars Limited	100% Ordinary Shares	Retail distribution of motor vehicles and the supply of related goods and services
Jardine 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
Wayside Trade Parts Limited	100% Ordinary Shares	Wholesale trade parts centres

All group subsidiary undertakings are wholly owned, have a registered address of 770 The Crescent, Colchester Business Park, Colchester, Essex CO4 9YQ and operate in England and Wales. As of 1 February 2023, the new registered address is C/O Porsche Centre Colchester, Auto Way, Ipswich Road, Colchester, Essex, CO4 9HA.

The following subsidiary undertaking of the company as at 31 December 2022 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 2022

15 Shares in group 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.

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 2022 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 2022.

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

During the year an application was made to dissolve Abridge Loughton TPS Limited, it was struck off and dissolved on 28 February 2023.

16 Stocks

	Group 2022 £'000	Group 2021 £'000
Consignment vehicles	22,687	17,225
Motor vehicles	204,609	195,305
Parts and other stocks	8,903	7,462
	236,199	219,992

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 £286,000 (2021: £386,000).

Company

The company has no stock (2021: £nil).



Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

17 Debtors

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Trade debtors	32,804	21,589	-	-
Amounts owed by group undertakings	-	-	99,236	150,155
Corporation tax	1,814	359	168	-
Deferred tax assets (note 22)	1,083	3,113	2,196	2,920
Other taxation and social security	-	77	-	28
Other debtors	14,433	14,754	-	-
Prepayments and accrued income	8,347	10,261	119	220
	58,481	50,153	101,719	153,323

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 £310,000 (2021: £266,000). Company trade debtors are stated after provisions for impairment of £nil (2021: £nil).

18 Creditors - amounts falling due within one year

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Bank loans (note 20)	26,000	19,000	26,000	9,000
Trade creditors	171,161	96,745	-	-
Other taxation and social security	3,545	3,565	-	-
Corporation tax	-	-	-	74
Other creditors	35,959	32,679	-	-
Accruals	12,930	15,229	358	139
	249,595	167,218	26,358	9,213

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 Bank of England Base Rate based interest rates. The cash flows are reported within operating cash flows. The interest charged is disclosed within interest payable and similar expenses as stocking loan interest (note 11) and the cash flows are reported within financing cash flows.

At 31 December 2022, the amount of stock funded through the finance companies was £116,494,000 (2021: £62,551,000) and is disclosed within trade creditors.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

19 Creditors - amounts falling due after more than one year

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Bank loans (note 20)	10,000	64,000	-	64,000
Amounts owed to group undertaking	-	27,500	-	-
	10,000	91,500	-	64,000

Interest was charged on the amounts owed to group undertaking at 6 months LIBOR plus 1.00%. The balance owed was fully repaid during the year. During the year bank loans facilities of £20,000,000 were renegotiated to 1 August 2024 with £10,000,000 being drawn down at 31 December 2022.

20 Bank loans

Unsecured bank loans consist of:	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Bank loans	36,000	83,000	26,000	73,000

The borrowings are repayable as follows:	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Within one year or on demand	26,000	19,000	26,000	9,000
Between two and five years	10,000	64,000	-	64,000

Unsecured bank loans and overdrafts

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

The group's bank loans included revolving credit facilities, an overnight facility and bank loans. The revolving credit facilities and overnight facility were due for repayment in 2023 and 2024. The dealing line facility was due for repayment in 2023. All loans and borrowings bear interest at a rate between 1.1% and 1.5% (2021: 1.1% and 1.7%) over SONIA.

Following the acquisition of 100% of the company's share capital on 15 March 2023, all of the bank facilities became fully repayable. The group is currently supported by intercompany loan facilities of £44m and £50m from the new parent undertaking whilst new banking arrangements are being arranged.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

21 Provisions for other liabilities

Group	At 1 January 2022 £'000	Provided/ (released) during the year £'000	Utilised £'000	Unwinding of discount in provisions £'000	At 31 December 2022 £'000
Leasehold dilapidations	862	(137)	(650)	-	75
Onerous lease costs	1,678	-	(272)	84	1,490
Closure provisions	1,327	835	(1,972)	-	190
Onerous contracts	508	-	(508)	-	-
Self-insurance fund	66	-	4	-	70
	4,441	698	(3,398)	84	1,825

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 future estimated 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 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.

Onerous contracts

The onerous contracts provision was established with regards to the full contracted future costs under a contract that the group had no further benefit and was fully settled during the year.

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 (2021: £nil).

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

22 Deferred tax assets

	Group		Company	
Deferred tax assets comprise:	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Accelerated capital allowances	(757)	734	-	-
Intangible fixed assets	(525)	(911)	-	-
Tax losses	-	26	-	-
Other short-term timing difference	169	344	-	-
Deferred tax assets	(1,113)	193	-	-
Deferred tax asset on pension liability	2,196	2,920	2,196	2,920
Net deferred tax assets (note 17)	1,083	3,113	2,196	2,920
Movements during the year are as follows:	2022 £'000	2021 £'000	2022 £'000	2021 £'000
At 1 January	3,113	7,918	2,920	5,308
Amount credited/(charged) to profit and loss (note 12a)	884	(2,974)	2,190	(557)
Amount taken from other comprehensive income relating to pension liability (note 12b)	(2,914)	(1,831)	(2,914)	(1,831)
Net deferred tax assets at 31 December	1,083	3,113	2,196	2,920

Additional gross tax losses of £0.1m have been utilised during the prior year giving rise to a reduction in the gross deferred tax asset recognised in 2021 from £0.1m to £nil for the year ended 31 December 2022.

On 3 March 2021, the UK Government announced its intention to increase the UK corporation tax rate from 19% to 25% from 1 April 2023 which was substantively enacted on 24 May 2021. On 23 September 2022, the UK Government announced it had cancelled the planned increase to 25% and that the UK corporation tax rate would remain at 19%. On 17 October 2022, the UK Government reversed its decision meaning the originally planned increase of the UK corporation tax rate to 25% would proceed.

Medium to long term temporary differences were therefore remeasured using 25% in the prior period. A charge of £1,063,000 together with a credit of £2,604,000 (including a credit of £2,427,000 in the Consolidated statement of comprehensive income) for the rate change impact of remeasuring opening temporary differences were recognised in the group financial statements for the year ended 31 December 2021.

Tax losses and other short term timing differences were recognised at 19% in the prior period as the future reversal of the underlying timing difference was anticipated to take place prior to 1 April 2023. Other short-term differences were remeasured at a rate of 23.5% and a credit of £138,000 for the rate change impact of remeasuring temporary differences has been recognised in the group financial statements for the year ended 31 December 2022.

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

22 Deferred tax assets (continued)

The group also has unutilised historic ACT tax credits of £2,453,000 (2021: £3,607,000) and unutilised historic tax losses of £nil (2021: £4,468,000) giving rise to unrecognised deferred tax assets of £nil (2021: £4,724,000).

The company has unutilised historic tax losses of £nil (2021: £4,468,000) giving rise to unrecognised deferred tax assets of £nil (2021: £1,117,000) measured at 25%. The unrecognised tax losses were utilised in the prior period. The unutilised ACT has no expiry date and is available indefinitely against qualifying tax charges. The directors consider there to be insufficient certainty over the ability of the group/company to offset the available tax credits for the foreseeable future in order to recognise a deferred tax asset at the balance sheet date.

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.

On 20 July 2021, the Partnership transferred two of the original properties to Jardine Automotive Limited at fair value and on the same day a property was transferred to the Partnership, from Lancaster plc, also at fair value. The differential in fair values between the properties transferred in and out was £950,000 and this amount was contributed into the Partnership by Lancaster plc and Jardine Automotive Limited in their existing proportional shares.



Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

23 Post-employment benefits (continued)

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. As the scheme, based on the final triennial valuation of 5 April 2020, was in surplus on a technical provisions basis no distributions or payments are currently due to the scheme under this arrangement.

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.

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

	2022 £'000	2021 £'000
Fair value of scheme assets	124,019	180,206
Present value of scheme liabilities	(132,795)	(200,092)
Deficit in scheme	(8,776)	(19,886)

Reconciliation of group scheme assets and liabilities

	Assets £'000	Liabilities £'000	Total £'000
At 1 January 2022	180,206	(200,092)	(19,886)
Interest income/(expense)	3,196	(3,557)	(361)
Actuarial (losses)/gains	(52,053)	63,714	11,661
Benefits paid, death in service insurance premiums and expenses	(7,330)	7,140	(190)
At 31 December 2022	124,019	(132,795)	(8,776)

The actual return on the scheme assets over the year ended 31 December 2022 was a loss of £48,857,000 (2021: gain of £8,677,000).

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

23 Post-employment benefits (continued)

Total charge recognised in comprehensive income

	2022 £'000	2021 £'000
Net interest expense	361	505
Past service cost	190	64
Total charge recognised in comprehensive income (note 11)	551	569

Other comprehensive income

	2022 £'000	2021 £'000
Return on scheme assets	(52,053)	6,263
Experience gains arising on the scheme liabilities	(11,127)	2,382
Effects of changes to the demographic and financial assumptions underlying the present value of the scheme liabilities	74,841	8,386
Actuarial gains recognised in other comprehensive income	11,661	17,031

The fair value of plan assets was:

	2022 £'000	2021 £'000
Equities	145,693	78,821
Bonds and other classes	(21,674)	101,385
Total assets	124,019	180,206

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.

Contained within 'Bonds and other classes' is a short term drawn loan facility of £36,500,000 as disclosed in note 27, together with other bonds and other classes as assets of £14,826,000

Assumptions	2022 % p.a.	2021 % p.a.
Inflation assumption	3.24	3.47
Discount rate	4.99	1.81
Rate of increase in pensions in payment	3.02	3.28
Revaluation rate for deferred pensioners	2.74	2.87

Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

23 Post-employment benefits (continued)

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

	2022 Years	2021 Years
Male currently aged 45	23.0	23.0
Female currently aged 45	25.0	25.0
Male currently aged 65	21.7	21.7
Female currently aged 65	23.5	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 2023 is £nil (2022 paid: £nil).

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.

During the year the scheme was closed and the assets transferred to a Legal & General Master Trust.

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 £2,215,000 (2021: £2,067,000) to the schemes.

Total pension schemes

Total pension costs in the year of £2,215,000 (2021: £2,067,000) 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 2022 the deficit was £8,776,000 (2021: £19,886,000).



Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

24 Called-up share capital

Group and company	2022 £'000	2021 £'000
Allotted and fully paid:		
97,500,000 (2021: 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 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Financial assets that are debt instruments measured at amortised cost:				
Trade debtors	32,804	21,589	-	-
Amounts owed by group undertakings	-	-	99,236	150,155
Other debtors	14,433	14,754	-	-
	47,237	36,343	99,236	150,155

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Financial liabilities measured at amortised cost:				
Bank loans	(36,000)	(83,000)	(26,000)	(73,000)
Trade creditors	(171,161)	(96,745)	-	-
Amount owed to group undertakings	-	(27,500)	-	-
Accruals	(12,930)	(15,229)	(358)	(139)
Other creditors	(35,959)	(32,679)	-	-
	(256,050)	(255,153)	(26,358)	(73,139)



Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

26 Cash flow from operating activities

	2022 £'000	2021 £'000
Profit for the financial year	26,476	22,466
Tax on profit (note 12a)	4,552	6,393
Interest payable and similar expenses (note 11)	4,296	3,052
Finance expenses (note 11)	635	657
Exceptional items (note 7)	-	(4,359)
Operating profit	35,959	28,209
Amortisation of intangible assets (note 13)	2,527	2,885
Depreciation of tangible fixed assets (note 14)	9,292	9,837
Pension contributions	-	(460)
Other provisions less payments	(2,700)	1,250
(Increase)/ decrease in stocks	(16,207)	1,339
(Increase)/ decrease in debtors	(8,903)	5,930
Increase/ (decrease) in creditors	75,377	(46,494)
Cash flow generated from operating activities	95,345	2,496

Analysis of changes in net debt

	At 1 January 2022 £'000	Cash flow £'000	At 31 December 2022 £'000
Cash at bank and in hand	3,495	3,013	6,508
Cash and cash equivalents	3,495	3,013	6,508
Bank loans	(83,000)	47,000	(36,000)
	(79,505)	50,013	(29,492)



Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

27 Related party transactions

The company is exempt from disclosing related party transactions with entities that are part of Jardine Matheson Holdings group as the company was a wholly owned subsidiary of Jardine Matheson Holdings Limited (as at 31 December 2022), who prepare consolidated financial statements.

In November 2022 the company entered into a Tri-Partite agreement with the Pension Scheme in relation to the company's loan facility of £40m. This agreement permitted the Pension Scheme to draw down under the company's loan facilities to a maximum of £40,000,000. In November 2022, the Pension Scheme borrowed £36,500,000 under this agreement which was fully guaranteed by the company. The Pension Scheme repaid the loan in full in May 2023.

28 Financial commitments

(a) Future capital expenditure

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

	Group 2022 £'000	Group 2021 £'000
Contracted for but not provided	6,000	8,000

The company does not have any committed future capital expenditure (2021: £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 2022 £'000	Other 2022 £'000	Land and buildings 2021 £'000	Other 2021 £'000
Within one year	10,327	90	10,261	230
Within two to five years	35,283	180	35,372	360
After five years	42,790	165	47,809	165
	88,400	435	93,442	755

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 (2021: £nil).



Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

29 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 2022 in respect of cross guarantees covering the overdrafts in the subsidiary undertakings amounting to £1,500,000 (2021: £nil).

There have been a number of letters of claim, and complaints escalated to the Financial Ombudsman Service (FOS), in each case organised by claims management companies and claimant law firms against the group and other motor retailers in relation to finance commission disclosure issues, including in relation to discretionary finance commission structures. Although discretionary commission structures were prohibited by the FCA in January 2021, prior to that date they were standard industry practice and the FCA were fully aware of them. It is the view of the directors that the company fully complied with the FCA regulations applicable at the relevant time, and so the directors do not consider the claims or complaints to have any merit.

The directors do not consider that any outflow is probable. It is possible that there could be an outflow at a point in the future, but this is subject to significant uncertainty of timing and amount and any further disclosure would prejudice the group. In the unlikely event that any claims are successful or FOS complaints are upheld against the group, the Group would benefit from an indemnity from Jardine Matheson Holdings Limited, the group's previous ultimate parent undertaking.

30 Post balance sheet events

On 15 March 2023, the entire share capital of the company was acquired by Lithia UK Holding Limited, a company that is wholly owned by Lithia Motors, Inc. Lithia Motors, Inc has a service address of 150 North Bartlett Street, Medford, USA. On the same day Mr Christopher Holzshu, Ms Tina Miller and Mr Edward Charles Impert were appointed as directors of Jardine Motors Group UK Limited.

Following this acquisition, existing bank loans (as set out in notes 18 and 19) were repaid in full. The new parent entity, Lithia Motors, Inc, subsequently provided new facilities of £44m and £50m to the group to support the funding of the group's operations where required.

31 Acquisitions and closures

Acquisitions

On 3 May 2022, the group acquired the trade and assets of a Volkswagen Trade Parts Centre in Brighton for a net consideration of £12,000.

Closures

During the year the group closed its Witham Bodyshop, Cambridge Aston Martin dealership and a Used Car centre in Towcester. During the year these sites contributed £21,698,000 to group turnover and a loss before tax of £375,000.



Jardine Motors Group UK Limited

Notes to the financial statements for the year ended 31 December 2022

32 Ultimate parent undertaking and controlling party

During the year the immediate parent undertaking was Jardine Motors Holdings Limited.

During the year the ultimate parent undertaking and controlling party was Jardine Matheson Holdings Limited, a company incorporated in Bermuda. The full address is Jardine House, 33-35 Reid Street, Hamilton, Pembroke, Bermuda.

Jardine Matheson Holdings Limited was 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.

M Finch
Jardine Motors Group UK Limited
C/O Porsche Centre Colchester
Auto Way, Ipswich Road
Colchester
Essex
United Kingdom
CO4 9HA



Verification

Transaction: 0922721155b746bbe67819

Document

Jardine Motors Group UK Limited 2022

Main document

55 pages

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Agreed to on 27/02/2022

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