

Registered Number 00534618

Lancaster Luxury Vehicles Limited  
(formerly Appleyard Limited)  
Annual report  
for the year ended 31 December 2002



**Lancaster Luxury Vehicles Limited**  
**(formerly Appleyard Limited)**

**Annual report**  
**for the year ended 31 December 2002**

**Contents**

Directors' report.....	1
Independent auditors' report to the members of Lancaster Luxury Vehicles Limited.....	3
Profit and loss account.....	4
Note of historical cost profits and losses.....	5
Balance sheet .....	6
Accounting policies .....	7
Notes to the financial statements .....	9

# **Lancaster Luxury Vehicles Limited (formerly Appleyard Limited)**

## **Directors' report for the year ended 31 December 2002**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2002.

### **Principal activity**

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

### **Change of name**

On 19 August 2003, the company changed its name from Appleyard Limited to Lancaster Luxury Vehicles Limited.

### **Review of business and future developments**

On 4 January 2002, the company acquired the business and certain assets of a Mercedes Benz dealership in Southend at consideration of approximately £2.2 million.

The company agreed to dispose of a number of Mercedes Benz dealerships in accordance with the manufacturer's decision to reorganise the franchise structure within the United Kingdom and, in June/July 2002, the company disposed of its dealerships in Sheffield, Bow, Hertford, Redhill and Reading at values in excess of book value. The final disposal and acquisition under this agreement will be made in 2003.

### **Results and dividends**

The results for the year are set out in the profit and loss account on page 4.

The directors do not recommend the payment of a dividend (2001: £nil).

### **Directors and their interests**

The directors who held office during the year are given below:

E Bradley	
S G Houston	
D J Newbury	
S G Foster	(resigned 3 January 2003)
S W Williams	(resigned 30 June 2003)
G Banham	(appointed 30 July 2003)

According to the register of directors' interests kept by the company under Section 325 of the Companies Act 1985 none of the directors had interests in shares in, or debentures of, the company or any company in the group at the end of the financial year. None of the directors (or relevant connected persons) were granted or exercised any rights to subscribe for shares in, or debentures of, the company or another company in the same group during the financial year.

### **Employees**

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 company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

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

**Lancaster Luxury Vehicles Limited  
(formerly Appleyard Limited)**

**Directors' report for the year ended 31 December 2002**

**Policy and practice on payment of creditors**

The company's policy is to pay suppliers generally at the end of the month following that in which the supplier's invoice is received, or earlier where suppliers' terms require.

The average period of credit taken by the company from its suppliers was 27 days (2001: 34 days).

**Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained in the statement of accounting policies. They also confirm that reasonable and prudent judgements and estimates have been made in preparing financial statements for the year ended 31 December 2002, and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditors**

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 26 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors.

The auditors PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting.

**By order of the Board**

**Matheson & Co., Ltd**

**Secretaries**



**D Watson**

**Assistant Secretary**

30 September 2003

**Lancaster Luxury Vehicles Limited  
(formerly Appleyard Limited)**

**Independent auditors' report to the members of  
Lancaster Luxury Vehicles Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

**Basis of audit opinion**

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Leeds

30 September 2003

**Lancaster Luxury Vehicles Limited**  
**(formerly Appleyard Limited)**

**Profit and loss account**  
**for the year ended 31 December 2002**

	Note	2002 £'000	2001 restated £'000
Turnover			
- Continuing operations		115,350	101,139
- Acquisitions		24,071	-
- Discontinued operations		128,485	184,586
<b>Turnover</b>		<b>267,906</b>	<b>285,725</b>
Cost of sales	1	(241,942)	(258,853)
<b>Gross profit</b>		<b>25,964</b>	<b>26,872</b>
Distribution costs	1	(11,441)	(12,585)
Administration expenses	1	(6,656)	(6,418)
<b>Operating profit</b>	2	<b>7,867</b>	<b>7,869</b>
Operating profit			
- Continuing operations		2,680	2,791
- Acquisitions		723	-
- Discontinued operations		4,464	5,078
Profit on sale of operations	3	8,435	-
<b>Profit on ordinary activities before interest and taxation</b>		<b>16,302</b>	<b>7,869</b>
Interest receivable		-	564
Interest payable	6	(1,245)	(2,013)
<b>Profit on ordinary activities before taxation</b>		<b>15,057</b>	<b>6,420</b>
Taxation on profit on ordinary activities	7	(2,209)	(1,325)
<b>Retained profit for the financial year</b>	17	<b>12,848</b>	<b>5,095</b>

The only recognised gains and losses for the year are those dealt with in the profit and loss account above.

**Lancaster Luxury Vehicles Limited**  
**(formerly Appleyard Limited)**

**Note of historical cost profits and losses**  
**for the year ended 31 December 2002**

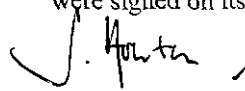
	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Reported profit on ordinary activities before taxation	<b>15,057</b>	6,420
Unrealised deficit on revaluation of property	<b>87</b>	-
<b>Historical cost profit on ordinary activities before taxation</b>	<b>15,144</b>	6,420
<b>Historical cost profit for the year retained after taxation</b>	<b>12,935</b>	6,420

**Lancaster Luxury Vehicles Limited**  
**(formerly Appleyard Limited)**

**Balance sheet at 31 December 2002**

	Note	2002 £'000	2002 £'000	2001 £'000	2001 £'000
<b>Fixed assets</b>					
Intangible fixed assets	8		1,254		482
Tangible fixed assets	9		2,214		2,423
			3,468		2,905
<b>Current assets</b>					
Stock	10	25,459		40,360	
Repurchase commitments	11	106		145	
Debtors	12	33,758		10,799	
Cash at bank and in hand		8,000		9	
			67,323		51,313
<b>Creditors - Amounts falling due within one year</b>	13		(47,097)		(43,436)
<b>Net current assets</b>			20,226		7,877
<b>Total assets less current liabilities</b>			23,694		10,782
<b>Creditors - Amounts falling due after more than one year</b>	14		(78)		(126)
<b>Provisions for liabilities and charges</b>	16		(112)		-
<b>Net assets</b>			23,504		10,656
<b>Capital and reserves</b>					
Called up share capital	17		1,500		1,500
Profit and loss account	17		22,004		9,156
<b>Equity shareholders' funds</b>	17		23,504		10,656

The financial statements on pages 4 to 21 were approved by the board of directors on 20 September 2003 and were signed on its behalf by:

  
S G Houston  
Director



# **Lancaster Luxury Vehicles Limited** **(formerly Appleyard Limited)**

## **Accounting policies**

### **Basis of preparation**

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and in accordance with applicable accounting standards in the United Kingdom. The company has adopted FRS 19 "Deferred Tax" in full in these financial statements. The adoption of this standard represents a change in accounting policy, but there is no financial impact on the company. The company has continued to account for pensions in accordance with SSAP 24 as FRS 17 "Retirement Benefits" will not be mandatory for the company until the year ended 31 December 2005. Prior to this, phased transitional disclosures are required for FRS 17 which are disclosed in the financial statements of the ultimate United Kingdom parent undertaking, Jardine Motors Group plc.

The principal accounting policies that the directors have adopted within that convention are set out below.

### **Goodwill**

Goodwill arising on acquisition, being the difference between the fair value of the net assets acquired and the consideration paid, is recognised in the balance sheet as an intangible fixed asset and amortised through the profit and loss account over the directors' estimate of its useful life, which is usually 10 years.

### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation less accumulated depreciation. Depreciation is provided on tangible fixed assets in equal annual instalments over their expected useful lives as follows:

Freehold buildings	-	2% per annum
Property improvements	-	over term of lease
Plant and machinery	-	10% - 33% per annum
Computer equipment	-	20% per annum
Furniture, equipment and motor vehicles	-	10% - 33% per annum

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

### **Impairment**

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

### **Stock**

Stock is valued at the lower of cost and net realisable value. Cost is actual purchase price. Stock includes interest bearing consignment stock, the corresponding liabilities of which are included in creditors.

### **Motor vehicle repurchase agreements**

Repurchase commitments relate to undertakings to repurchase, at agreed prices at predetermined dates in the future, vehicles sold by the company. Revenue on motor vehicles sold subject to repurchase agreements is recognised in full at the point of sale. Both the asset and the corresponding liability are however retained in the balance sheet, and provisions are made for any estimated shortfall between the net realisable value of these vehicles and the repurchase commitments.

# **Lancaster Luxury Vehicles Limited (formerly Appleyard Limited)**

## **Accounting policies (continued)**

### **Deferred taxation**

The company has adopted FRS 19 'Deferred Tax' this year. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

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

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

Prior to 1 January 2002, the company's accounting policy for deferred tax was in accordance with SSAP 15 which required deferred tax to be accounted for under the liability method in respect of timing differences between profit as computed for taxation purposes and profit as stated in the financial statements only where a liability or asset is expected to be payable or receivable in the foreseeable future. Adoption of FRS 19 has not given rise to any change in comparative figures.

### **Provisions**

In accordance with FRS 12 "Provisions, Contingent Liabilities and Contingent Assets", the company provides in full for liabilities when it has a legal or constructive obligation arising from a past event.

### **Turnover**

Turnover comprises sales of motor vehicles and parts, and income from servicing, repairing and hiring of vehicles. Value added tax is excluded.

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to customers and revenue from the rendering of services is recognised when services are performed, provided that the amount can be measured reliably.

### **Leased assets**

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease. When a lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the year in which termination takes place.

### **Pensions**

The group operates one principal defined benefit pension scheme, having combined its two defined pension schemes during the year, and one principal defined contribution pension scheme. Trustees administer these schemes and their funds are independent of the group's assets. The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the period benefiting from the employees' services.

**Lancaster Luxury Vehicles Limited**  
**(formerly Appleyard Limited)**

**Notes to the financial statements**  
**for the year ended 31 December 2002**

**1 Cost of sales and operating expenses**

	2002	2002	2002	2001	2001	2001
	Continuing	Discontinued	Total	restated Continuing	restated Discontinued	restated Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost of sales	125,084	116,858	241,942	90,737	168,116	258,853
<b>Net operating expenses</b>						
Distribution costs	6,690	4,751	11,441	4,937	7,648	12,585
Administration expenses	4,244	2,412	6,656	2,674	3,744	6,418
	10,934	7,163	18,097	7,611	11,392	19,003

The total figures for continuing operations in 2002 include the following amounts relating to acquisitions: cost of sales £21,731,000, distribution costs £1,090,000 and administration expenses £527,000.

**2 Operating profit**

	2002	2001
	£'000	£'000
<b>Operating profit is stated after charging:</b>		
Management charge payable to group undertakings	770	1,233
Auditors' remuneration – audit services	66	71
Depreciation of tangible fixed assets	652	680
Unrealised deficit on revaluation of property	87	-
Amortisation of goodwill	152	60
(Profit)/ loss on disposal of tangible fixed assets	(68)	17
Operating lease rentals - land and buildings	2,257	2,683
- plant and machinery	82	40

# **Lancaster Luxury Vehicles Limited** **(formerly Appleyard Limited)**

## **3 Exceptional item**

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Profit on sale of operations	<b>8,435</b>	-

As part of Mercedes Benz's decision to reorganise the franchise structure within the United Kingdom the company disposed of a number of dealerships in excess of the book value of the underlying assets.

## **4 Employees**

The average number employed by the company within each category of persons was:

	<b>2002</b>	<b>2001</b>
	<b>No.</b>	<b>No.</b>
Sales staff	<b>141</b>	178
After-sales staff	<b>384</b>	470
Administration staff	<b>72</b>	84
	<b>597</b>	732

The costs incurred in respect of these employees were:

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	<b>15,257</b>	15,972
Social security costs	<b>1,495</b>	1,564
Other pensions costs	<b>452</b>	499
<b>Staff costs</b>	<b>17,204</b>	18,035

## **5 Directors**

No emoluments or fees were paid to directors during the year (2001: £nil) in respect of their services to the company.

**Lancaster Luxury Vehicles Limited**  
**(formerly Appleyard Limited)**

**6 Interest payable**

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Bank overdrafts	<b>108</b>	42
Stocking loans	<b>1,137</b>	1,843
Amounts payable to fellow group undertakings	-	128
	<b>1,245</b>	2,013

**7 Taxation on profit on ordinary activities**

**(a) Analysis of charge in period**

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax:</b>		
UK corporation tax on profits of the period	<b>1,508</b>	1,340
Adjustment in respect of previous periods	<b>877</b>	(15)
Total current tax	<b>2,385</b>	1,325
<b>Deferred tax:</b>		
Decelerated capital allowances	<b>(176)</b>	-
Total deferred tax	<b>(176)</b>	-
<b>Tax on profit on ordinary activities</b>	<b>2,209</b>	1,325

**Lancaster Luxury Vehicles Limited**  
**(formerly Appleyard Limited)**

**7 Taxation on profit on ordinary activities (continued)**

**(b) Factors affecting tax charge for period**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002 £'000	2001 £'000
<b>Profit on ordinary activities before tax:</b>	<b>15,057</b>	<b>6,420</b>
<b>Profit on ordinary activities multiplied by the standard rate in UK</b>		
Corporation tax at 30% (2001: 30%)	4,517	1,926
Effects of:		
Advanced corporation tax recoverable	(400)	(741)
Expenses not deductible for tax purposes	86	135
Utilisation of group losses not paid for	(2,681)	-
Corporation tax movements relating to prior years	877	(15)
Capital allowances in excess of depreciation	(14)	20
<b>Current tax charge for period</b>	<b>2,385</b>	<b>1,325</b>

**8 Intangible fixed assets**

	Goodwill £'000
<b>Cost</b>	
At 1 January 2002	617
Acquisition (note 18(a))	924
<b>At 31 December 2002</b>	<b>1,541</b>
<b>Amortisation</b>	
At 1 January 2002	135
Provided for the year	152
<b>At 31 December 2002</b>	<b>287</b>
<b>Net book amount</b>	
<b>At 31 December 2002</b>	<b>1,254</b>
At 31 December 2001	482

**Lancaster Luxury Vehicles Limited**  
**(formerly Appleyard Limited)**

**9 Tangible fixed assets**

	Land and buildings	Plant and machinery	Computer equipment	Furniture, equipment and motor vehicles	Total
Cost or valuation	£'000	£'000	£'000	£'000	£'000
At 1 January 2002	989	768	452	1,177	3,386
Additions	-	360	195	532	1,087
Acquisitions (note 18(a))	-	145	16	125	286
Deficit on revaluation	(109)	-	-	-	(109)
Disposals	(297)	(536)	(120)	(941)	(1,894)
Intergroup transfers	(91)	-	-	(113)	(204)
<b>At 31 December 2002</b>	<b>492</b>	<b>737</b>	<b>543</b>	<b>780</b>	<b>2,552</b>
<b>Depreciation</b>					
At 1 January 2002	106	364	103	390	963
Provided for the year	33	159	112	348	652
Depreciation written back on revaluation	(22)	-	-	-	(22)
Disposals	(88)	(423)	(96)	(510)	(1,117)
Intergroup transfers	(29)	-	-	(109)	(138)
<b>At 31 December 2002</b>	<b>-</b>	<b>100</b>	<b>119</b>	<b>119</b>	<b>338</b>
<b>Net book amount</b>					
<b>At 31 December 2002</b>	<b>492</b>	<b>637</b>	<b>424</b>	<b>661</b>	<b>2,214</b>
At 31 December 2001	883	404	349	787	2,423

In accordance with FRS 15 "Tangible Fixed Assets" the company's policy is to hold all freehold land and buildings at valuation with external valuations being undertaken every three years.

The company's properties were valued as at 31 December 2002 by Atis Real Weatheralls, Chartered Surveyors, on an open market basis in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors. The company has revalued its property assets as at 31 December 2002 on the basis of these professional valuations.

All non-core businesses held at the year-end were reviewed for possible impairment in accordance with FRS 11 "Impairment of Fixed Assets and Goodwill". No impairment has been booked into these financial statements.

**Lancaster Luxury Vehicles Limited**  
**(formerly Appleyard Limited)**

**9 Tangible fixed assets (continued)**

Cost or valuation is represented by:

	Long leasehold £'000	Short leasehold £'000	Total £'000
<b>Cost or valuation</b>			
Valuation at 31 December 2002	435	57	492
Cost	-	-	-
	<b>435</b>	<b>57</b>	<b>492</b>

If long leasehold land and buildings had not been revalued the assets held at valuation would have been included at the following amounts:

	£'000
<b>Historical cost</b>	
At 1 January 2002	989
<b>At 31 December 2002</b>	<b>712</b>
<b>Depreciation based on historical cost</b>	
At 1 January 2002	106
<b>At 31 December 2002</b>	<b>73</b>
<b>Net book amount based on historical cost</b>	
<b>At 31 December 2002</b>	<b>639</b>
At 31 December 2001	883

Analysis of net book value of land and buildings:

	2002 £'000	2001 £'000
Long leasehold	435	709
Short leasehold	57	174
<b>Net book amount</b>	<b>492</b>	<b>883</b>



**Lancaster Luxury Vehicles Limited**  
**(formerly Appleyard Limited)**

**10 Stock**

	2002	2001
	£'000	£'000
Vehicles - held on consignment	13,522	17,841
- other	10,250	20,365
Parts and other stocks	1,687	2,154
	<b>25,459</b>	<b>40,360</b>

Stock held on consignment is interest-bearing stock, for which there is a corresponding liability included in trade creditors.

**11 Repurchase commitments**

	2002	2001
	£'000	£'000
Within one year (note 13)	28	19
Over one year (note 14)	78	126
	<b>106</b>	<b>145</b>

The above amounts represent the contractual commitment to repurchase vehicles, predominantly under the "Motability" scheme. The corresponding liabilities are included in creditors.

**12 Debtors**

	2002	2001
	£'000	£'000
Trade debtors	8,929	8,128
Amount owed by parent undertaking	5,636	-
Amounts owed by fellow group undertakings	16,009	-
Prepayments and accrued income	890	1,009
Deferred tax asset (note 15)	176	-
Other debtors	2,118	1,662
	<b>33,758</b>	<b>10,799</b>

**Lancaster Luxury Vehicles Limited**  
**(formerly Appleyard Limited)**

**13 Creditors – amounts falling due within one year**

	2002	2001
	£'000	£'000
Bank overdrafts	-	6,692
Stocking loans	739	-
Repurchase commitments (note 11)	28	19
Trade creditors	17,832	24,114
Amounts owed to fellow group undertakings	17,968	4,352
Corporation tax	3,725	2,424
Other taxation and social security	1,726	1,149
Accruals and deferred income	4,518	3,150
Other creditors	561	1,536
	<b>47,097</b>	<b>43,436</b>

Trade creditors includes amounts due arising from the purchase of stocks from suppliers where, under the terms of trade, ownership thereof does not pass to the company until sums due to those suppliers are settled.

**14 Creditors – amounts falling due after more than one year**

	2002	2001
	£'000	£'000
Repurchase commitments (note 11)	78	126

**15 Deferred tax**

	2002	2001
	£'000	£'000
<b>Deferred tax asset comprises:</b>		
Accelerated capital allowances	176	-
	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
<b>At 1 January</b>	-	-
Amount credited to profit and loss (note 7)	176	-
<b>At 31 December</b>	<b>176</b>	<b>-</b>

The deferred tax asset is included in debtors (note 12).

**Lancaster Luxury Vehicles Limited**  
**(formerly Appleyard Limited)**

**15 Deferred tax (continued)**

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

**16 Provision for liabilities and charges**

	At 1 January 2002 £'000	Provision made during the year £'000	Utilised £'000	At 31 December 2002 £'000
Provision on termination of operations	-	500	(388)	112

Provisions have been made for the costs of terminating dealerships. The termination costs are not anticipated to exceed the amount provided and comprise redundancy payments and other closure costs.

**17 Reconciliation of movements in shareholders' funds**

	Share capital £'000	Profit and loss account £'000	Total 2002 £'000	2001 £'000
At 1 January	1,500	9,156	10,656	5,561
Retained profit for the year	-	12,848	12,848	5,095
<b>At 31 December</b>	<b>1,500</b>	<b>22,004</b>	<b>23,504</b>	<b>10,656</b>

The company has 1,500,000 (2001: 1,500,000) authorised ordinary shares of £1 each and has 1,500,000 (2001: 1,500,000) allotted, issued and fully paid ordinary shares of £1 each. There were no movements in share capital during the year.

# **Lancaster Luxury Vehicles Limited** **(formerly Appleyard Limited)**

## **18 Acquisitions and disposals**

### **(a) Acquisitions**

On 4 January 2002, the company acquired the business and certain assets of a Mercedes-Benz dealership in Southend. The fair value of the net assets acquired were as follows:

	<b>£'000</b>
Tangible fixed assets	286
Stock	1,107
Debtors	11
Creditors – amounts falling due within one year	(124)
<b>Net assets acquired</b>	<b>1,280</b>
Goodwill	924
<b>Consideration: Cash</b>	<b>2,204</b>

The acquisition has been accounted for under the acquisition method of accounting.

From the date of acquisition to 31 December 2002, the acquired business contributed £24,071,000 to turnover and profit of £722,500 to operating profit.

### **(b) Disposals**

During the year the company disposed of a number of Mercedes-Benz dealerships, the book values are summarised below:

	<b>£'000</b>
Tangible fixed assets	691
Stock	5,497
Debtors	137
Creditors – amounts falling due within one year	(1,122)
<b>Net assets disposed</b>	<b>5,203</b>
Profit on disposals	8,435
<b>Consideration: Cash</b>	<b>13,638</b>

# **Lancaster Luxury Vehicles Limited (formerly Appleyard Limited)**

## **19 Pension schemes**

Until 28 February 2002, the company's parent undertaking, Appleyard Group PLC, operated a defined benefit pension scheme for the benefit of employees of Lancaster Luxury Vehicles Limited, called the Appleyard Pension Fund. The company also participated in a defined contribution pension scheme operated by another group company, Lancaster plc, for the benefit of its employees and those of the company, called the Jardine Motors Group UK Defined Contribution Pension Plan (formerly the Lancaster plc Defined Contribution Pension Plan).

On 1 March 2002, the assets and liabilities of the Appleyard Pension Fund were transferred to the Jardine Motors Group UK Pension Scheme. The name of the Lancaster plc Retirement Benefits Scheme was changed to Jardine Motors Group UK Pension Scheme with effect from 1 January 2002.

On 16 August 2002, a deed was signed to transfer responsibility for both the Jardine Motors Group UK Pension Scheme and the Jardine Motors Group UK Defined Contribution Pension Plan from Lancaster plc to Jardine Motors Group plc.

Contributions to the schemes were determined following the latest actuarial valuation of the scheme, carried out on 6 April 2002 by independent actuaries using the projected unit method. This valuation is used as the basis for accounting for pension costs under SSAP 24. During the year, the company contributed £432,000 (2001: £479,000) to the defined benefit schemes and a further £20,000 (2001: £20,000) to the defined contribution scheme.

For the purposes of FRS 17, "Retirement Benefits", the contributions paid by the company to both schemes are accounted for as though to defined contribution schemes. This arises since the share of assets and liabilities relating to the company cannot be separately identified. Full details of the schemes are given in the financial statements of the ultimate United Kingdom parent undertaking, Jardine Motors Group plc.

## **20 Contingent liabilities**

There were contingent liabilities at 31 December 2002 in respect of cross guarantees covering bank loans and overdrafts in the holding company and fellow subsidiaries. These loans and overdrafts amounted to £90,328,000 at 31 December 2002 (2001: £25,894,000).

## **21 Financial commitments**

### **(a) Future capital expenditure**

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Contracted for but not provided	-	5,218
Authorised but not contracted or provided for	<b>2,000</b>	106

# **Lancaster Luxury Vehicles Limited** **(formerly Appleyard Limited)**

## **21 Financial commitments (continued)**

### **(b) Operating leases**

At 31 December 2002 the company had annual commitments under non-cancellable operating leases which expire as follows:

	<b>Land and buildings</b>	<b>2002 Other</b>	<b>Land and buildings</b>	<b>2001 Other</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within one year	-	45	61	45
In two to five years	-	37	-	37
After more than five years	-	-	691	-
	-	82	752	82

Included in the above amounts are land and building operating lease payments due in respect of the acquisitions during 2001, Lancaster Europa Limited and Appleyard Commercial Vehicles Limited. These operating leases have not been assigned to the company, although the company has undertaken to settle the liabilities as and when they fall due. At 31 December 2002, the total of these commitments amounted to £nil (2001: £315,000).

## **22 Cash flow statement**

The company is a wholly owned subsidiary of Jardine Motors Group plc, which prepares a consolidated cash flow statement. The company has therefore elected to make use of the exemption provided in FRS 1 Revised "Cash Flow Statements" not to produce a cash flow statement.

## **23 Related party transactions**

No disclosure has been made of transactions with other group companies in accordance with Paragraph 3 (c) of FRS 8 "Related Party Disclosures" as the company is a wholly owned subsidiary of Jardine Motors Group plc.

# **Lancaster Luxury Vehicles Limited** **(formerly Appleyard Limited)**

## **24 Ultimate parent company**

The largest and smallest groups for which group financial statements are prepared and of which the company is a member are as follows:

	<b>Largest</b>	<b>Smallest</b>
<b>Name</b>	<b>Jardine Matheson Holdings Limited</b>	<b>Jardine Motors Group plc</b>
<b>Country of incorporation</b>	<b>Bermuda</b>	<b>England and Wales</b>

There is no ultimate controlling interest.

Copies of the consolidated financial statements for both can be obtained from:

Company Secretary  
Jardine Motors Group plc  
Charter Court  
Colchester  
Essex  
CO4 9XB