

**Kenning Motor Group Limited**  
**(Company Number: 249065)**

**Annual Report**

**For the year ended 31 December 1999**



Suite 3, Rushmoor Court  
Croxley Business Park  
Hatters Lane  
Watford  
Hertfordshire  
WD18 8PY

# Kenning Motor Group Limited

## Report of the Directors

The directors present their report and the audited financial statements for the year ended 31 December 1999.

### Principal activities and review of business and future developments

Kenning Motor Group Limited ("the company") is an investment holding company. A list of principal investments and associated undertakings is set out in note 6.

There is not expected to be any change in these activities in the foreseeable future.

### Results and dividends

Loss on ordinary activities before taxation amounted to £1,131,000 (1998: profit £2,487,000). After taxation the absorbed loss attributable to shareholders was £1,452,000 (1998: retained profit £1,639,000).

The directors do not recommend the payment of an ordinary dividend (1998: £nil).

### Acquisitions and disposals

Details of investments in subsidiaries and movements in fixed asset investments are given in note 6 to the financial statements.

### Directors

A Ferguson	(Resigned 21 September 1999)
D Green	(Appointed 21 September 1999)
J James	(Resigned 1 March 2000)
M Wheatley	(Appointed 1 March 2000)

No director was materially interested in any contract of significance.

### Directors' Interests

No director had any interests in the shares of the Company (or any of its subsidiaries or intermediate parent undertaking) at either 1 January 1999 or 31 December 1999.

The table below shows the interests in the ordinary shares of Inchcape plc, the ultimate parent undertaking, of the persons who were directors at 31 December 1999:

	31 December 1999 150p shares	12 July 1999 (a) (or date of appointment) 150p shares	1 January 1999 (or date of appointment) 25p shares
D Green	54	54	324

(a) Interests held after the share consolidation of 12 July 1999. One new consolidated share with a nominal value of 150p was issued in replacement of every six ordinary shares with a nominal value of 25p each.

# Kenning Motor Group Limited

## Directors' Report (Continued)

### Directors' share options

#### Executive options (a)

	31 December 1999	Granted	Waived	1 January 1999 (or date of appointment)
	(options over shares of 150p each)	(over shares of 150p each)	(over shares of 150p each)	(options over shares of 25p each)
J James	10,308	10,308	4,950	29,700

#### SAYE options (b)

	31 December 1999	Granted	12 July 1999	1 January 1999 (or date of appointment)
	(options over shares of 150p each)	(over shares of 150p each)	(over shares of 150p each)	(options over shares of 25p each)
D Green	295	238	57	345

(a) Under the Inchcape Executive Share Option Scheme, Inchcape International Executive Share Option Scheme, and Inchcape 1999 Share Option Plan.

(b) Under the Inchcape SAYE Share Option Scheme.

No options were exercised during the year.

#### Long term incentive plan

No awards were made during the year.

#### Notes on share options

The table shows Directors' options over ordinary shares of 25p at 1 January 1999 and over ordinary shares of 150p at 31 December 1999. The mid-market price of shares of 150p at 31 December 1999 was £2.75. The price range during 1999 was £0.595 (25p shares) to £4.08 (150p shares).

Options under the Inchcape Executive Share Option Scheme, the Inchcape International Executive Share Option Scheme and Long Term Incentive Plan have been waived as a pre-condition of receiving options under the Inchcape 1999 Share Option Plan. Options under the 1999 Plan are granted on a discretionary basis to full time senior executives based within, and outside, the UK including executive directors of Inchcape plc. Such options are exercisable between three and ten years of grant.

The Inchcape SAYE Share Option Scheme is open to employees with at least three months service.

# **Kenning Motor Group Limited**

## **Directors' Report** (Continued)

### **Year 2000**

Business critical systems continued to operate effectively and no significant disruption to the Company occurred as a result of the Year 2000. No expenditure has been incurred during the year (1998: nil).

### **EMU**

There were no significant costs incurred during the year relating to the introduction of the EMU on 1 January 1999. The introduction has not had a material effect on the operation of the business.

### **Creditor payment policy**

The Company is responsible for agreeing the terms and conditions including terms of payment under which business transactions with the Company's suppliers are conducted. While the Company does not follow any single external code or standard, in line with Inchcape Group policy, payments to suppliers are made in accordance with the agreed terms, provided that the supplier is also complying with all relevant terms and conditions.

### **Auditors**

Pursuant to Section 386 of the Companies Act 1985, the Company has elected to dispense with the obligation to appoint auditors annually. Accordingly, PricewaterhouseCoopers have indicated their willingness to remain in office.

### **By order of the board**



DS Green  
**Secretary**

Date: 23 October 2000

# **Kenning Motor Group Limited**

## **Statement of Directors' Responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

## **Report of the Auditors to the Members of Kenning Motor Group Limited**

We have audited the financial statements on pages 6 to 12.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report, including as described on page 4, the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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.

### **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 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**

Chartered Accountants and

Registered Auditors

London

Date 25/10/00

# Kenning Motor Group Limited

## Profit and Loss Account for the Year Ended 31 December 1999

	<i>Note</i>	1999 £000	1998 £000
Administrative expenses		(1,707)	(22)
<b>Operating loss</b>	<b>2</b>	<b>(1,707)</b>	<b>(22)</b>
Dividends received from associated undertakings		<b>324</b>	223
Interest receivable and similar income		<b>253</b>	2,286
Interest payable and similar charges	<b>4</b>	<b>(1)</b>	-
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(1,131)</b>	2,487
Tax on (loss)/profit on ordinary activities	<b>5</b>	<b>(321)</b>	(848)
<b>(Loss)/profit for the financial year</b>		<b>(1,452)</b>	1,639
<b>Retained (loss)/profit for the financial year</b>	<b>10</b>	<b>(1,452)</b>	1,639

The Company has no recognised gains or losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

There were no discontinued operations in the current year.

The notes on pages 8 to 12 form part of these financial statements.

# Kenning Motor Group Limited

## Balance Sheet as at 31 December 1999

	Note	1999 £000	1998 £000
<b>Fixed assets</b>			
Investments	6	18,493	18,493
<b>Current assets</b>			
Debtors - amounts falling due within one year	7	35,899	179
Cash at bank and in hand		-	36,257
		35,899	36,436
Creditors - Amounts falling due within one year	8	(4,470)	(3,555)
<b>Net current assets</b>		31,429	32,881
<b>Total assets less current liabilities</b>		49,922	51,374
<b>Net assets</b>		49,922	51,374

### Capital and reserves

Called up share capital	9	16,600	16,600
Share premium account	10	15,476	15,476
Capital redemption reserve	10	1,168	1,168
Profit and loss account	10	16,678	18,130

### Equity shareholders' funds

49,922	51,374
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On behalf of the board

DS Green  
Director

MP Wheatley  
Director

Date: 23 October 2000

The notes on pages 8 to 12 form part of these financial statements.



# **Kenning Motor Group Limited**

## **Notes to the Financial Statements**

### **1 Accounting policies**

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. The principal accounting policies are described below.

#### **(a) Accounting convention**

The financial statements have been prepared on the historical cost basis.

#### **(b) Group accounts**

In accordance with the exemption permitted by Section 228 of the Companies Act 1985 no group financial statements have been prepared.

#### **(c) Cash flow statement**

A cash flow statement is not required as Inchcape plc, the company's ultimate holding company, has complied with FRS 1 revised by including a consolidated cash flow statement in its Report and Accounts for the year ended 31 December 1999.

#### **(d) Investments**

Shares in group companies are stated at cost, less provision for impairment in value.

#### **(e) Translation of foreign currencies**

Transactions in overseas currencies have been translated into sterling at the rate ruling at the date of the transaction. Assets and liabilities are translated into sterling at the rates ruling on 31 December 1999, except where rates of exchange are fixed under contractual agreements.

#### **(f) Deferred taxation**

Provision for deferred taxation is calculated on the liability method at current taxation rates on timing differences to the extent that it is probable that a liability will crystallise.

# Kenning Motor Group Limited

## Notes to the Financial Statements

### 1 Accounting policies (Continued)

#### (g) Related party transactions

The directors regard Inchcape plc, a company registered in England and Wales, as the ultimate controlling party. Therefore the company has applied the exemption in paragraph 3(c) of FRS8 "Related Party Disclosures". This exemption permits the non-disclosure of transactions and balances with related parties that are included in the consolidated financial statements of Inchcape plc. The directors consider that, except for the transaction below (see note 11), there are no other relationships, transactions or balances which are required to be disclosed by FRS8.

### 2 Operating (Loss)/Profit

Operating (loss)/profit is stated after charging £1,697,000 (1998: Nil) in respect of additional liabilities of an associated undertaking.

### 3 Directors' emoluments, auditors' remuneration

The directors are the sole employees of the company (as in 1998). None of the directors received or waived any emoluments in respect of their services to the company during the year ended 31 December 1999 (1998: nil).

Auditors' remuneration was borne by a fellow group company.

### 4 Interest payable and similar charges

	1999 £000	1998 £000
Interest payable on overdrafts and bank loans	1	-
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# Kenning Motor Group Limited

## Notes to the Financial Statements

### 5 Taxation

The taxation charge based on the results for the year is made up as follows:

	1999 £000	1998 £000
UK Corporation Tax at 30.25% (1998 : 31.5%)	73	574
Tax credit on dividends received	-	44
Prior year adjustments	147	-
	220	618
Consortium relief payments for tax losses of associated undertaking: For current year losses	101	230
Total tax charge in the Profit and Loss account	321	848

### 6 Fixed asset investments

	Investments in subsidiary undertakings £000	Investments in associated undertakings £000	Total £000
<b>Cost:</b>			
At 1 January 1999 and 31 December 1999	19,104	1,957	21,061
<b>Amounts provided:</b>			
At 1 January 1999 and 31 December 1999	(611)	(1,957)	(2,568)
<b>Net book value:</b>			
At 31 December 1998 and 31 December 1999	18,493	-	18,493

Principal subsidiary undertakings and associated undertakings are listed below. Only those companies that principally affect profit or assets are included. Unless otherwise shown, the capital of each company is wholly owned and is in ordinary shares. All companies are incorporated in and operate in England. Where a company is not wholly owned, the percentage of the capital held is shown in brackets.

	Nature of business
* Kenning Leaseline Limited	Vehicle leasing
Inchcape Estates plc	Property
* Atlantic Leisure Group Limited	Holding company
+*The Lakeland Village Limited	Leisure
Issued capital : 1,300,000 ordinary shares of £1 each (49% owned)	
* MEVC Finance Limited	Finance
Issued capital : 100 ordinary shares of £1 each (25% owned)	

\* Indicates that the shares in the company are directly owned by Kenning Motor Group Limited.

+ Indicates that the accounts of the associated undertaking are audited by auditors other than PricewaterhouseCoopers,

# Kenning Motor Group Limited

## Notes to the Financial Statements

who are the auditors of Kenning Motor Group Limited.

### 7 Debtors - amounts falling due within one year

	1999 £000	1998 £000
Amounts due from Group undertakings	35,897	142
Other debtors	2	14
Prepayments and accrued income	-	23
	<b>35,899</b>	<b>179</b>

### 8 Creditors - amounts falling due within one year

	1999 £000	1998 £000
Trade creditors	40	40
Amounts due to Group undertakings	797	290
Bank loans and overdrafts	-	96
Corporation tax payable	29	560
Consortium relief payable to associated undertaking	283	328
Other creditors	-	617
Provision for liabilities of associated undertaking	3,321	1,624
	<b>4,470</b>	<b>3,555</b>

### 9 Share capital

	Authorised		Allotted and fully paid	
	1999 £000	1998 £000	1999 £000	1998 £000
<b>Equity shares:</b>				
Ordinary shares of 25p each:				
70,000,000 authorised and 66,400,000 allotted	17,500	17,500	16,600	16,600

# Kenning Motor Group Limited

## Notes to the Financial Statements

### 10 Reserves

	Capital redemption reserve £000	Share premium account £000	Profit and loss account £000
At 1 January 1999	1,168	15,476	18,130
Transfer to profit and loss account	-	-	(1,452)
<b>At 31 December 1999</b>	<b>1,168</b>	<b>15,476</b>	<b>16,678</b>

### 11 Related party transactions

The company makes payments to its associated undertaking, The Lakeland Village Ltd, for the surrender of the latter's tax losses under a consortium relief arrangement. These payments amounted to £190,000 in 1999 (£250,000 in 1998).

### 12 Ultimate parent undertaking

The immediate parent undertaking is Inchcape Motors International Limited.

The Company's ultimate parent undertaking is Inchcape plc, a public company incorporated in England and Wales. Copies of Inchcape's plc's consolidated financial statements may be obtained from the Secretary at the company's registered office, 33 Cavendish Square, London W1G 0PW. The parent undertaking, which heads the smallest and largest groups for which consolidated financial statements are prepared is Inchcape plc.