

The British Car Auction Group Limited
Registered No: 72544

Annual Report

For the Year Ended 31 December 2003



The British Car Auction Group Limited

Annual Report For the Year Ended 31 December 2003

Contents	Pages
Directors and adviser	1
Directors' report	2 - 3
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 11

The British Car Auction Group Limited

Directors and adviser

Directors

R I Collard
A Gannon
A D Hulme
B L Murrell
J R Olsen
S C D Hosking (appointed 30 April 2003)

Secretary and registered office

J N Watts
Expedier House
Portsmouth Road
Hindhead
Surrey
GU26 6TJ

Registered auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

The British Car Auction Group Limited

Directors' Report

For the Year Ended 31 December 2003

The directors present their report and the audited financial statements for the year ended 31 December 2003.

Principal activities and review of business

The Company acts as an intermediate holding company for the Group's motor vehicle auctions and allied businesses. The principal subsidiaries of the Company at 31 December 2003 are shown in note 7 to the financial statements.

Results and dividends

The Company's profit for the year after taxation was £36,654,109 (2002: £32,011,692). The directors have declared a dividend of £36,634,620 for the year ended 31 December 2003 (2002: £32,000,000).

Directors

The directors of the Company during the year and since the year end were:

T J Gibson (resigned 30 April 2003)
R I Collard
A Gannon
A D Hulme
B L Murrell
J R Olsen
S C D Hosking (appointed 30 April 2003)

Directors' interests

The directors do not have any interests in the share capital of the Company.

The interests of T J Gibson, B L Murrell, J R Olsen and A D Hulme in the ordinary share capital and loan stock 2010 of BCA Holdings Limited, the ultimate parent company, and their interests in options to acquire ordinary shares in BCA Holdings Limited, at 31 December 2003 are disclosed in the Annual Report of BCA Holdings Limited. The interests of R I Collard and A Gannon in the ordinary share capital and loan stock 2010 of BCA Holdings Limited, and their interests in options to acquire ordinary shares in BCA Holdings Limited, at 31 December 2003 are disclosed in the Annual Report of British Car Auctions Limited. The interests of S C D Hosking in options to acquire ordinary shares in BCA Holdings Limited, at 31 December 2003 are disclosed in the Annual Report of British Car Auctions Limited.

The British Car Auction Group Limited

Directors' Report

For the Year Ended 31 December 2003 (Continued)

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.

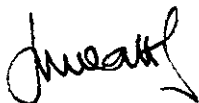
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003 and that applicable accounting standards have 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

The independent 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



J N Watts
Secretary
18 June 2004

Independent auditors' report to the members of The British Car Auction Group Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

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 into 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.

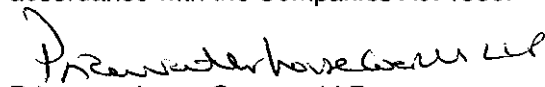
Basis of audit opinion

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 2003 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
London

18 June 2004

The British Car Auction Group Limited

Profit and Loss Account For the Year Ended 31 December 2003

	<i>Notes</i>	2003 £'000	2002 £'000
Income from fixed asset investments	2	36,635	32,000
Administrative income		21	14
Operating profit		36,656	32,014
Profit on ordinary activities before taxation	4	36,656	32,014
Tax on profit on ordinary activities	5	(2)	(2)
Profit on ordinary activities after taxation		36,654	32,012
Dividends	6	(36,635)	(32,000)
Retained profit for the year	11, 12	19	12

All operations are continuing.

The Company has no recognised gains and losses other than those reported above, and therefore no separate statement of total recognised gains and losses has been presented.

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

The British Car Auction Group Limited

Balance Sheet At 31 December 2003

	Notes	2003 £'000	2002 £'000
Fixed assets			
Investments	7	10,138	10,138
Current assets			
Debtors	8	218,500	201,815
Cash at bank and in hand		315	43
		218,815	201,858
Creditors: amounts falling due within one year	9	(156,181)	(139,243)
Net current assets		62,634	62,615
Total assets less current liabilities		72,772	72,753
Capital and reserves			
Called up share capital	10	13,321	13,321
Share premium account	11	28,055	28,055
Capital reserve	11	10,658	10,658
Capital redemption reserve	11	52	52
Profit and loss account	11	20,686	20,667
Equity shareholders' funds	12	72,772	72,753

The financial statements on pages 5 to 11 were approved by the board of directors on 18 June 2004 and were signed on its behalf by:



S C D Hosking
Director

The British Car Auction Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2003

1 Principal accounting policies

The financial statements have been prepared in accordance with the Companies Act 1985 and Accounting Standards applicable in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

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

Investment income

Dividends received are from subsidiaries of the Company and are accounted for in the period in which they are declared.

Investments

Fixed asset investments in subsidiary undertakings are stated at cost less any provision required for permanent impairment in value.

2 Income from fixed asset investments

	2003 £'000	2002 £'000
Dividend income from subsidiary undertakings	36,635	32,000

3 Directors' emoluments and employee information

The directors received no emoluments from the Company during the year (2002: £Nil). The Company has no employees (2002: Nil).

4 Profit on ordinary activities before taxation

	2003 £'000	2002 £'000
Profit on ordinary activities before taxation is stated after crediting:		
Profit on foreign currency translation	21	14

The audit fee was borne by a fellow group undertaking.

The British Car Auction Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2003

5 Taxation

	2003 £'000	2002 £'000
Current tax		
UK corporation tax on profits of the period	2	2
Total current tax	2	2

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

	2003 £'000	2002 £'000
Profit on ordinary activities before taxation	36,656	32,014
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002: 30%)	10,997	9,604
Effects of:		
Dividend income from subsidiary undertakings	(10,991)	(9,600)
Small companies tax rate adjustment	(1)	(1)
Group relief surrendered from fellow subsidiary	(3)	(1)
Current tax charge for the period	2	2

No payment is to be made for the surrender of losses from a fellow subsidiary undertaking.

6 Dividends

	2003 £'000	2002 £'000
Dividends payable on equity shares	36,635	32,000

The British Car Auction Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2003

7 Fixed asset investments

	Investments in group undertakings £'000
Cost and net book value:	
At 1 January 2003	10,138
Additions	-
At 31 December 2003	10,138

Interests in principal group undertakings

The following information details the two investments in subsidiaries which, in the opinion of the directors, are material to the Company. Both of these investments are held by a subsidiary of the Company.

Name	Activity	Country of registration	Class of shares held	Percentage of equity capital held
British Car Auctions Limited	Motor vehicle auctioneers	England	Ordinary	100%
BCA Automotiv Limited	Electronic customer services for the motor industry	England	Ordinary	100%

The Company is exempt from the obligation to prepare and deliver group accounts as it is a wholly owned subsidiary of a larger group drawing up consolidated accounts to the same date, as detailed in Note 16. As a consequence, these financial statements present information about the Company as an individual undertaking and not about its group.

8 Debtors

	2003 £'000	2002 £'000
Amounts falling due within one year:		
Amounts owed by fellow group undertakings	218,500	201,815

The British Car Auction Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2003

9 Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Amounts owed to parent undertakings	156,177	139,241
Amounts owed to fellow group undertakings	2	-
Corporation tax	2	2
	156,181	139,243

10 Called up share capital

	2003 £'000	2002 £'000
Authorised		
140,000,000 (2002: 140,000,000) ordinary shares of 10p each	14,000	14,000
1,000 (2002: 1,000) preference shares of US\$1 each	1	1
	14,001	14,001
Allotted, called up and fully paid		
133,204,999 (2002: 133,204,999) ordinary shares of 10p each	13,320	13,320
1,000 (2002: 1,000) preference shares of US\$1 each	1	1
	13,321	13,321

11 Reserves

	Share premium account £'000	Capital reserve £'000	Capital redemption reserve £'000	Profit and loss account £'000
At 1 January 2003	28,055	10,658	52	20,667
Movement in year	-	-	-	19
At 31 December 2003	28,055	10,658	52	20,686

The British Car Auction Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2003

12 Reconciliation of movements in shareholders' funds

	2003 £'000	2002 £'000
Opening shareholders' funds at 1 January	72,753	72,741
Retained profit for the year	19	12
Closing shareholders' funds at 31 December	72,772	72,753

13 Contingent liabilities

On 25 June 2002 the Company granted as security, for the payment and performance of a group banking facility, a fixed and floating charge over all of its present and future assets and undertakings to a group of banks which entered into a credit agreement with BCA Holdings Limited, the Company's ultimate parent company. The Company has also entered into an agreement to guarantee the bank overdrafts of certain fellow group undertakings.

14 Cash flow statement

The Company is a wholly owned indirect subsidiary of BCA Holdings Limited, and the cash flows of the Company are included in the consolidated group cash flow statement of BCA Holdings Limited. Consequently, the Company is exempt under the terms of Financial Reporting Standard 1 (Revised) "Cash flow statements" from publishing a cash flow statement.

15 Related party transactions

The Company is a wholly owned indirect subsidiary of BCA Holdings Limited and, as permitted by Financial Reporting Standard 8 "Related Party Transactions", transactions with other entities in the Group are not disclosed.

16 Parent companies

The immediate parent company is BCA Group Europe Limited. The ultimate parent company is BCA Holdings Limited. Copies of the consolidated financial statements of BCA Holdings Limited are available at that company's registered office: Expedier House, Portsmouth Road, Hindhead, Surrey GU26 6TJ.