

The British Car Auction Group Limited
Registered No: 72544

Annual Report

For the Year Ended 31 December 2006

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The British Car Auction Group Limited

Annual Report For the Year Ended 31 December 2006

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The British Car Auction Group Limited

Directors and adviser

Directors

R I Collard
A Gannon
A D Hulme
J R Olsen
S C D Hosking

Secretary and registered office

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

Registered auditors

PricewaterhouseCoopers LLP
First Point
Buckingham Gate
London Gatwick Airport
Gatwick
West Sussex
RH6 0NT

The British Car Auction Group Limited

Directors' Report

For the Year Ended 31 December 2006

The directors present their report and the audited financial statements for the year ended 31 December 2006

Business review

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 2006 are shown in note 9 to the financial statements.

Risk management and key performance indicators are undertaken at the group level as described in the Directors' report of the BCA Holdings Annual Report.

Results and dividends

The Company's profit for the year after taxation was £21,100,000 (2005 £19,924,475). The company has paid a dividend of £21,100,000 for the year ended 31 December 2006 (2005 £19,906,000).

Directors

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

R I Collard
A Gannon
A D Hulme
J R Olsen
S C D Hosking

Directors' interests

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

The interests of J R Olsen, A D Hulme and S C D Hosking in the ordinary share capital of BCA Holdings Limited, the intermediate parent company, and their interests in options to acquire ordinary shares in BCA Holdings Limited, at 31 December 2006 are disclosed in the Annual Report of BCA Holdings Limited.

The interests of the other directors in the ordinary share capital of BCA Holdings Limited were as follows:

	Ordinary shares of 1p each 1 January 2006 Number	Ordinary shares of 1p each 31 December 2006 Number
R I Collard	600,000	-
A Gannon	100,000	-

The British Car Auction Group Limited

Directors' Report

For the Year Ended 31 December 2006 (Continued)

The interests of the directors in options to acquire ordinary shares in BCA Holdings Limited were as follows

	Ordinary shares of 1p each 1 January 2006 Number	Ordinary shares of 1p each 31 December 2006 Number
R I Collard	800,000	-
A Gannon	800,000	-

Financial risks

The Company's operations expose it to a variety of financial risks that include liquidity risk and interest risk. The Company does not actively seek to manage these risks. BCA Holdings Limited, the ultimate parent company, manages financial risks on a Group basis.

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 2006 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.

The British Car Auction Group Limited


Auditors and disclosure of information to auditors

In accordance with Section 234ZA of the Companies Act 1985, the Directors who held office at the date of approval of this Directors' Report confirm that

- so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and
- each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

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
29 June 2007

The British Car Auction Group Limited

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

We have audited the financial statements of The British Car Auction Group Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

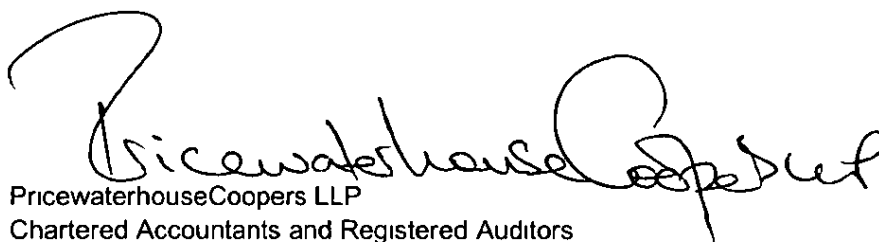
The British Car Auction Group Limited

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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its result for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Gatwick
29 June 2007

The British Car Auction Group Limited

Profit and Loss Account For the Year Ended 31 December 2006

	<i>Notes</i>	2006 £'000	2005 £'000
Income from fixed asset investments	2	21,100	14,806
Operating profit		21,100	14,806
Interest receivable and similar income	4	-	18,528
Interest payable and similar charges	5	-	(13,408)
Profit on ordinary activities before taxation	6	21,100	19,926
Tax on profit on ordinary activities	7	-	(2)
Profit on ordinary activities after taxation		21,100	19,924
Dividends	8	(21,100)	(19,906)
Retained profit for the year	13,14	-	18

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

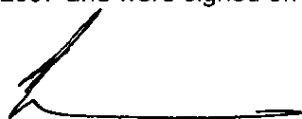
There is no difference between the profit on ordinary activities before taxation and the retained result for the year stated above and their historical cost equivalents

The British Car Auction Group Limited

Balance Sheet At 31 December 2006

	Notes	2006 £'000	2005 £'000
Fixed assets			
Investments	9	223,030	6,216
Current assets			
Debtors	10	-	250,478
Cash at bank and in hand		-	316
		-	250,794
Creditors amounts falling due within one year	11	(7)	(184,220)
Net current (liabilities) / assets		(7)	66,574
Net assets		223,023	72,790
Capital and reserves			
Called up share capital	12	163,554	13,321
Share premium account	13	28,055	28,055
Capital reserve	13	10,658	10,658
Capital redemption reserve	13	52	52
Profit and loss account	13	20,704	20,704
Equity shareholders' funds	14	223,023	72,790

The financial statements on pages 7 to 13 were approved by the board of directors on 29 June 2007 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 2006

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 and paid.

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

	2006 £'000	2005 £'000
Dividend income from subsidiary undertakings	21,100	14,806

3 Directors' emoluments and employee information

The directors received no emoluments from the Company during the year (2005: £Nil). The Company has no employees (2005: Nil).

4 Interest receivable and similar income

	2006 £'000	2005 £'000
Interest receivable from fellow subsidiary undertaking	-	18,528

The British Car Auction Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2006

5 Interest payable and similar charges

	2006 £'000	2005 £'000
Interest payable to fellow parent undertaking	-	13,408

6 Profit on ordinary activities before taxation

The audit fee was borne by a fellow group undertaking

7 Taxation

	2006 £'000	2005 £'000
Current tax		
UK corporation tax on profits of the period	-	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

	2006 £'000	2005 £'000
Profit on ordinary activities before taxation	21,100	19,926
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004 30%)	6,330	5,978
Effects of		
Dividend income from subsidiary undertakings	(6,330)	(4,442)
Small companies tax rate adjustment	-	(1)
Group relief surrendered from fellow subsidiary	-	(1,533)
Current tax charge for the period	-	2

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

8 Dividends

	2006 £'000	2005 £'000
Interim dividend paid on equity shares – 15.84 pence (2005 14.94 pence) per ordinary share	21,100	19,906

The British Car Auction Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2006

9 Fixed asset investments

	Investments in group undertakings £'000
Cost and net book value	
At 1 January 2006	6,216
Additions	216,814
At 31 December 2006	223,030

During the year the company increased its investment in its subsidiary, BCA Trading Limited, through the purchase of additional shares issued by that company

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 British car Auctions Limited is 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 remarketing	England	Ordinary	100%
BCA Trading Limited	Intermediate holding company	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 18 As a consequence, these financial statements present information about the Company as an individual undertaking and not about its group

10 Debtors

	2006 £'000	2005 £'000
Amounts falling due within one year.		
Amounts owed by fellow group undertakings	-	250,478

The British Car Auction Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2006

11 Creditors: amounts falling due within one year

	2006 £'000	2005 £'000
Amounts owed to parent undertakings	-	184,213
Amounts owed to fellow group undertakings	7	5
Corporation tax	-	2
	7	184,220

12 Called up share capital

	2006 £'000	2005 £'000
Authorised		
1,648,000,000 (2005 140,000,000) ordinary shares of 10p each	164,800	14,000
1,000 (2005 1,000) preference shares of US\$1 each	1	1
	164,501	14,001
Allotted, called up and fully paid		
1,635,532,499 (2005 133,204,999) ordinary shares of 10p each	163,553	13,320
1,000 (2005 1,000) preference shares of US\$1 each	1	1
	163,554	13,321

13 Reserves

	Share premium account £'000	Capital reserve £'000	Capital redemption reserve £'000	Profit and loss account £'000
At 1 January 2006	28,055	10,658	52	20,704
Movement in year	-	-	-	-
At 31 December 2006	28,055	10,658	52	20,704

The British Car Auction Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2006

14 Reconciliation of movements in shareholders' funds

	2006 £'000	2005 £'000
Opening shareholders' funds at 1 January	72,790	72,772
Shares issued	150,233	
Retained profit for the year	-	18
Closing shareholders' funds at 31 December	223,023	72,790

15 Contingent liabilities

On 20 October 2006 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 intermediate parent company and Falcon Propco Ltd, a related company. The Company has also entered into an agreement to guarantee the bank overdrafts of certain fellow group undertakings.

16 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 FRS 1 (Revised) "Cash flow statements" from publishing a cash flow statement.

17 Related party transactions

The Company is a wholly owned indirect subsidiary of BCA Holdings Limited and, as permitted by FRS8 "Related Party Transactions", transactions with other entities in the Group are not disclosed.

18 Parent companies

In the opinion of the Directors the ultimate parent company is Auction EquityCo S A, a company registered in Luxembourg.

The ultimate UK parent company is Falcon Holdco Limited whose first accounting period will be to 31st December 2007.

The immediate parent company is BCA Group Europe Limited. The ultimate parent company for which accounts have been prepared for 2006 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.