

INCHCAPE ESTATES LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2007
Registered in England and Wales No 293551

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Watford
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FRIDAY



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31/10/2008
COMPANIES HOUSE

INCHCAPE ESTATES LIMITED

Report of the directors

The Directors submit their report together with the audited accounts for the year ended 31 December 2007

1 Business review and principal activities

The principal activity of the Company during the year under review is that of owning and letting property. The majority of properties are let to fellow subsidiaries of the Inchcape plc group.

The results for the company show a profit after tax of £8,770,000 (2006: £1,958,000) for the year.

The Directors do not recommend the payment of a dividend (2006: £Nil).

On 1st August 2007 a number of properties were sold at NBV from the company to Inchcape International Holdings Limited, a fellow subsidiary of the Inchcape plc group.

On 31 December 2007 all properties from the European Motor Holdings Limited (formerly Plc) group, which became part of the Inchcape Plc group on 1 February 2007, were sold at FV to the company.

2 Future outlook

On 9 January 2008 a number of Vauxhall dealerships were sold by the Inchcape Group. The properties occupied by these dealerships, owned by the Company, were sold on the same date for proceeds of £6,500,000 realising a profit of £1,758,368.

On 11 September 2008 a number of Volvo dealerships were sold by the Inchcape Group at fair value. The properties occupied by these dealerships, owned by the Company, were not included in the sale but the buyer retains an option to purchase the freehold properties within five years of the purchase.

The directors do not foresee any significant changes in the Company or its activities during 2008.

The Company will continue to dispose of properties, which are deemed surplus to requirements.

3 Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the company are considered to relate to competition from both franchise and non-franchise retailers, employee retention and the general slowdown in the economic environment. Consumer confidence has fallen and this is affecting purchase decisions, particularly on big ticket items like property. Inchcape has a strong and resilient business model and is taking appropriate actions to right-size the overall cost base.

Through the execution of Inchcape's proven strategy we expect the company will mitigate the industry downturn in the short term and place it in a position of strength when the market rebounds to the benefits of its People, Customers, Brand Partners and Shareholders. Further discussion on this specific risk is found in the interim management statement from Andre Lacroix, Group Chief Executive dated 17 October 2008.

Further discussion of these risks and uncertainties, in the context of the Inchcape group as a whole, is provided on pages 34-37 of the group's annual report which does not form part of this report.

4 Key performance indicators (KPIs)

The Company is part of the Inchcape group. The development, performance and position of the UK retail division, which includes this company, is discussed on page 30 of the group's annual report which does not form part of this report.

5 Directors

The directors who held office throughout the year, except as noted, were:

Mr M P Wheatley
Mr C McCormack
Mr S Lock
Ms K Milliken (appointed 31 May 2007 Resigned 24 September 2008)

6 Transactions with directors

No transaction, arrangement or agreement required to be disclosed in terms of the Companies Act 1985 was outstanding at 31 December 2007, or occurred during the year for any director or connected person (2006: None).

INCHCAPE ESTATES LIMITED

Report of the directors

7 Going Concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

8 Employee involvement

Arrangements exist to keep all employees informed on matters of concern to them and, following the publication of the results of Inchcape plc, information is disseminated widely. This includes performance statistics for both the Inchcape Group and individual business streams. Employee bulletins, the Group Intranet "the Pulse" and UK in-house magazine "Customer 1st" facilitate communication with employees throughout the world. Employees are regularly consulted upon matters concerning their employment.

Information is given on the performance of the pension fund. Company employees are eligible to participate in the Inchcape plc savings share option scheme, subject to the rules of that scheme. Employees are also offered Inchcape Benefits to promote their well-being.

9 Employment and training policy

The Company is an equal opportunities employer and it is committed, where practicable and safe to do so, to the employment of disabled staff. The Company is committed to the training and development of its staff. In the event of members of staff becoming disabled, every effort is made to ensure that their employment continues and that appropriate training is arranged.

10 Supplier 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.

The number of days' purchases outstanding as at 31 December 2007, calculated by reference to the amount owed to trade creditors at the year end as a proportion of the amounts invoiced by suppliers during the year, was 91 days (2006 - 72 days).

11 Statement of disclosure of information to auditors

As at the date of this report, as far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware. Each director has taken such steps as they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

12 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 LLP have indicated their willingness to remain in office.

13 Elective resolutions

In addition to the aforementioned election to dispense with the obligation to appoint auditors annually, further elective resolutions passed by the members, remain in force. These resolutions remove the requirement for the company to -

- (i) Hold Annual General Meetings, and
- (ii) Lay Report and Accounts before a General Meeting

By Order of the Board



For and on behalf of
Inchcape UK Corporate Management Limited
Company Secretary
Date 29/10/2008

INCHCAPE ESTATES LIMITED

Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable laws and regulations

Company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of that company for the period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make reasonable and prudent judgements and estimates,
- state whether applicable United Kingdom Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue its business.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INCHCAPE ESTATES LIMITED

We have audited the financial statements of Inchcape Estates Limited for the year ended 31 December 2007 which comprise the Profit and Loss account, the Balance Sheet, note of historical profit and losses 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 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 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 judgments 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:

- i) 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 2007 and of its profit for the year then ended,
- ii) the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- iii) the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

Date 30/10/08

INCHCAPE ESTATES LIMITED

Profit and loss account for the year ended 31 December 2007

<i>Continuing operations</i>	Note	2007 £'000	2006 £'000
Turnover	2	18,575	19,764
Cost of sales	3	(9,046)	(11,113)
Gross profit		<u>9,529</u>	<u>8,651</u>
Administrative (expenses)/income	4	<u>(1,431)</u>	<u>150</u>
Operating profit	5	8,098	8,801
Net profit on disposal of properties	9	6,374	649
Interest receivable and similar income	10	3,341	282
Interest payable and similar charges	11	<u>(9,891)</u>	<u>(7,061)</u>
Profit on ordinary activities before taxation		7,922	2,671
Tax credit/(charge) on profit on ordinary activities	12	848	(713)
Profit for the financial year		<u>8,770</u>	<u>1,958</u>
Profit and loss account brought forward		<u>25,569</u>	<u>23,611</u>
Profit and loss account carried forward	20	<u>34,339</u>	<u>25,569</u>

There are no recognised gains or losses for the current and preceeding financial years other than the profit of £8,770,000 (2006 £1,958,000) shown above

INCHCAPE ESTATES LIMITED

Note of historical cost profits and losses
For the period ended 31 December 2007

	2007 £'000	2006 £'000
Reported profit on ordinary activities before taxation	7,922	2,671
Realisation of property revaluation gains of previous years (note 20)	144	-
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	<u>8,066</u>	<u>2,671</u>
	<hr/>	<hr/>
Historical cost profit for the year retained after taxation and dividends	<u>8,914</u>	<u>1,958</u>

INCHCAPE ESTATES LIMITED

Balance sheet
As at 31 December 2007

	Note	2007 £'000	2006 £'000
Fixed assets			
Tangible assets	14	<u>147,134</u>	<u>198,500</u>
		147,134	198,500
Current Assets			
Debtors			
- due within one year		12,421	7,959
- due after more than one year		<u>127,545</u>	<u>2,005</u>
	15	139,966	9,964
Current Liabilities			
Creditors - amounts falling due within one year	16	(232,954)	(163,285)
Net current liabilities		<u>(92,988)</u>	<u>(153,321)</u>
Total assets less current liabilities		54,146	45,179
Provisions for liabilities and charges	18	(7,320)	(7,123)
Net assets		<u>46,826</u>	<u>38,056</u>
CAPITAL AND RESERVES			
Called up share capital	19	9,000	9,000
Share premium account	20	3,487	3,487
Revaluation reserve	20	-	144
Profit and loss account	20	<u>34,339</u>	<u>25,425</u>
EQUITY SHAREHOLDERS' FUNDS	21	<u>46,826</u>	<u>38,056</u>

The financial statements on pages 5 to 15 were approved by the Board of Directors on *29 October 2008*

Signed on behalf of the Board of Directors



M Wheatley
Director

INCHCAPE ESTATES LIMITED

Notes to the accounts for the year ended 31 December 2007

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards. The particular accounting policies adopted are as described below. They have all been applied consistently throughout the year and the preceding year.

Turnover

Turnover represents the revenue from the letting of land and buildings, and is wholly derived in the United Kingdom.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Following the implementation of FRS 15 the Company has adopted a policy of not revaluing fixed assets. The company took advantage of the transitional arrangements available and retained the book amounts at that date of the land and buildings that had previously been revalued in accordance with the company's accounting policies. Tangible fixed assets are subject to impairment tests when necessary. Diminution in value of individual properties below cost is charged to the profit and loss account.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. No depreciation is charged on freehold land. The principal annual rates used for this purpose are:

Freehold and long leasehold buildings	2% per annum
Short leasehold properties	over the period of the lease

Land and buildings - operating leases

Operating lease charges in respect of all premises are expensed on an accruals basis. In cases where a property held under an operating lease is vacant or is sublet at a discount, full provision is made for any expected future losses.

Taxation

Current tax, including UK corporation tax and foreign tax, is 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 taxation is provided in full (without discounting) based on current tax rates and law, on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax in future except as otherwise required by FRS 19.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding commitment to sell the asset.

INCHCAPE ESTATES LIMITED

Notes to the accounts for the year ended 31 December 2007

1 ACCOUNTING POLICIES (CONTINUED)

Leased assets

Annual rentals under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease

Pension and other post retirement benefits

The group contribute to a group personal pension plan for individuals and the contributions are accounted in the period to which they relate

The funds are valued every three years on an IAS 19 basis by a professionally qualified independent actuary. No separate valuation is performed on an FRS 17 basis

FRS 17 Retirement Benefits has been adopted in full with effect from 1st January 2005 however since it is not possible for the company to separately identify its share of the underlying assets and liabilities of the pension scheme on a reasonable and consistent basis, the Company, as a subsidiary to Inchcape plc, has taken advantage of the multi-employer exemption provided by FRS 17 and accounted for the scheme as if it was a defined contributions scheme whereby contributions are charged to the profit and loss account on an accruals basis as they fall due

Cash flow statement

The Company's ultimate parent undertaking is Inchcape plc, a company registered in England and Wales. Accordingly, the Company has taken advantage of the exemption in paragraph 5(a) of Financial Reporting Standard 1 (Revised), Cash Flow Statements and not published its own cash flow statement

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 of FRS 8 "Related Party Disclosure". 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 there are no other relationships, transactions or balances which are required to be disclosed by FRS 8

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts

INCHCAPE ESTATES LIMITED

Notes to the accounts for the year ended 31 December 2007

2 Turnover

	2007	2006
	£'000	£'000
Rental income	18,500	19,764
Management charge receivable	75	-
	<u>18,575</u>	<u>19,764</u>

3 Cost of sales

	2007	2006
	£'000	£'000
Depreciation	2,808	2,754
Rents payable	6,401	8,063
Service charges, security and rates	(163)	296
Total cost of sales	<u>9,046</u>	<u>11,113</u>

4 Administration expenses/(income)

	2007	2006
	£'000	£'000
Administration expenses	762	832
Change in vacant property provisions	669	(981)
	<u>1,431</u>	<u>(150)</u>

5 Operating profit

The operating profit is stated after charging

	2007	2006
	£'000	£'000
Depreciation of tangible fixed assets	2,808	2,754
Net profit on disposal of properties (Note 9)	(6,374)	(649)
Operating lease rentals - land and buildings	<u>7,706</u>	<u>8,063</u>

Auditors' remuneration in 2007, as in 2006, has been borne by a fellow group undertaking on behalf of the company

6 Employees

Staff costs during the year amounted to

	2007	2006
	£'000	£'000
Salaries and wages	319	304
Social security costs	27	23
Pension costs	48	53
	<u>394</u>	<u>380</u>

The average number of persons employed by the company throughout the year was as follows

	2007	2006
	No	No
Administration & management	<u>5</u>	<u>5</u>

7 Directors' emoluments

None of the directors received emoluments during the year in respect of their service to the Company (2006 £nil)

INCHCAPE ESTATES LIMITED

Notes to the accounts for the year ended 31 December 2007

8 Pensions and other post retirement benefits

Pension benefits

The Company participates in the Inchcape Group (UK) Pension Scheme (including the UK cash plan) and Inchcape Motors Pension Scheme which are group schemes with assets held in separately administered funds. Employees are admitted to a scheme dependent on their seniority and the date they joined the group. The following weighted average assumptions have been used to determine the total Inchcape Group balance sheet liability and the Group profit and loss account charge in the reporting period.

	2007	2006
Rate of increase in salaries	5.1%	4.9%
Rate of increase in pensions	3.3%	2.9%
Discount rate	5.8%	5.1%
Expected return on plan assets	6.2%	6.6%
Inflation	3.3%	2.9%

Inchcape Group (UK) Pension Scheme (including UK cash plan)

The latest triennial actuarial valuation for this scheme was carried out at 31 March 2006 on a market related basis and determined in accordance with the advice of independent professionally qualified actuaries based on the project unit method.

No valuation has been performed for this scheme under FRS 17. Under IAS 19 at 31 December 2007 the total surplus for this group scheme amounted to £22.8m (2006: £3.9m).

Further details relating to this scheme can be found in the financial statements of Inchcape Plc.

Inchcape Motors Pension Scheme

The latest triennial actuarial valuation for this scheme was carried out at 5 April 2006 on a market related basis and determined in accordance with the advice of independent professionally qualified actuaries based on the project unit method.

No valuation has been performed for this scheme under FRS 17. Under IAS 19 at 31 December 2007, the total surplus for this group scheme amounted to £22.2m (2006: £2.8m).

Further details relating to this scheme can be found in the financial statements of Inchcape plc.

Contributions

A pension cost of £48,000 has been charged in 2007 (2006: £53,000) in respect of the aforementioned UK pension schemes and outstanding contributions at 31 December 2007 amounted to £nil (2006: £nil). Participating employers are only required to fund the scheme to the extent of the charge put through their profit and loss account (i.e. their ongoing service costs).

9 Net profit on disposal of properties

	2007 £'000	2006 £'000
Net profit on disposal of properties	6,374	649
	<u>6,374</u>	<u>649</u>

10 Interest receivable and similar income

	2007 £'000	2006 £'000
Bank interest receivable	5	282
Interest receivable on loans due from group undertakings	3,336	
	<u>3,341</u>	<u>282</u>

INCHCAPE ESTATES LIMITED

Notes to the accounts for the year ended 31 December 2007

11 Interest payable and similar charges

	2007	2006
	£'000	£'000
Unwinding of discount factor in vacant properties provision	217	68
Interest payable on bank overdraft	783	1 254
Interest payable on loans due to group undertakings	8,891	5,739
	<u>9,891</u>	<u>7,061</u>

12 Taxation on the profit for the year

a) Taxation charge for the year

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

	2007	2006
	£'000	£'000
UK Corporation Tax at 30% (2006 30%)	1,312	(1,338)
Corporation tax - prior year adjustment	(616)	-
	<u>696</u>	<u>(1,338)</u>
Deferred tax origination and reversal of timing differences	(1,544)	2,051
Tax (credit) / charge for the year	<u>(848)</u>	<u>713</u>

b) Factors affecting tax charge for the year

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

	2007	2006
	£'000	£'000
Profit on ordinary activities before tax	<u>7 922</u>	<u>2,671</u>
Tax at 30% (2006 30%)	2 376	801
<i>Factors affecting charge for the year</i>		
(Non taxable income) / non-deductible expense	(2,650)	346
Depreciation in excess of capital allowances	1,586	(1,115)
Prior year adjustments	(616)	(1,370)
Current tax charge for the year (as above)	<u>696</u>	<u>(1,338)</u>

c) Factors that may affect future tax charges

The anticipated future effective rate of tax for the company will be slightly above or below the UK nominal rate (2006 30%) representing a current year tax charge calculated as the UK nominal rate of tax multiplied by the the accounting profit or loss for the year plus or minus ordinary permanently disallowed items of income and expense

The UK budget announcement of 21 March 2007 included a number of changes to the UK tax rules to be phased in over the financial years 2008/09 - 2010/11 (inclusive) The announcements that will have the most immediate impact to UK companies are the reduction in the rate of UK corporation tax from 30% to 28% and the reduction in tax allowances on plant and machinery from 25% to 20% (plant) and 25% to 10% (building fixtures) for the 2008/09 financial year, followed by the phased abolition of tax allowances (4% pa) on buildings used for an industrial use As at the balance sheet date these changes have not been substantially enacted and hence the deferred tax has not been restated to reflect the reduced tax rates and allowances that have been proposed

13 Dividends

No dividends were paid in 2007 or 2006

INCHCAPE ESTATES LIMITED

Notes to the accounts for the year ended 31 December 2007

14 Tangible fixed assets

	Freehold land and property £'000	Long leasehold property £'000	Short leasehold property £'000	Total £'000
<i>Cost</i>				
At 1 January 2007	183,983	23,361	4,442	211,786
Transfers from Group Companies	60,944	13,026	3,367	77,337
Additions	23,013	2,137	67	25,217
Transfers to Group Companies	(130,487)	-	(327)	(130,814)
Disposals	(20,038)	-	(15)	(20,053)
At 31 December 2007	117,415	38,524	7,534	163,473
<i>Depreciation</i>				
At 1 January 2007	10,407	1,445	1,434	13,286
Transfers from Group Companies	4,547	1,002	1,563	7,112
Charged in the year	1,899	634	275	2,808
Transfers to Group Companies	(5,063)	-	(119)	(5,182)
Disposals	(1,670)	-	(15)	(1,685)
At 31 December 2007	10,120	3,081	3,138	16,339
<i>Net book value</i>				
At 31 December 2007	107,295	35,443	4,396	147,134
At 31 December 2006	173,576	21,916	3,008	198,500

Finance Act 2007 introduced a number of prospective changes to certain UK tax rules. These include the reduction of the UK Corporation Tax rate from 30% to 28% from 1 April 2008, and the repeal of balancing charges for industrial buildings allowances for 2007. As at the balance sheet date Finance Act 2007 has been enacted. The impact of this has been the reversal of a deferred tax liability on industrial buildings allowances. This has resulted in a decrease in the company's deferred tax liability by £1,104,000 with a corresponding credit of £1,104,000 to tax on ordinary activities. The opening deferred tax liability has also been remeasured to reflect the Corporation Tax rate at which the timing differences are expected to reverse (28%). This has resulted in a reduction in the company's deferred tax liability by £156,000 with a corresponding credit of £156,000 to tax on ordinary activities.

On 1 August 2007 the sale of a number of freehold properties to Inchcape International Holdings Limited (a fellow subsidiary of the Inchcape Plc group) was agreed with a completion date of 30 September 2009. Under the terms of the agreement Inchcape Estates Limited would remain responsible for the day to day management of the properties. Inchcape International Holdings Limited would benefit from all rental income and bear the costs of depreciation, interest on an intercompany loan due to Inchcape Estates Limited and a management charge representing the proportion of overhead costs relating to the management of these properties. All other costs would be borne by the tenants of these properties.

On 31 December 2007 Inchcape Estates Limited bought all of the existing properties from the European Motor Holdings Limited (formerly Plc) Group, which Inchcape Plc had acquired on 1 February 2007.

On first time adoption of FRS 15 'Tangible assets', in the financial statements for the year ended 31 December 2001 the company took advantage of the transitional arrangements available and retained the book amounts at that date of the land and buildings that had previously been revalued in accordance with the company's accounting policies. The land and buildings concerned were independently valued on an existing basis by Gmley (International Property Advisers) on 31 July 1996 and are carried at their valuation at that date of £45,339,000.

INCHCAPE ESTATES LIMITED

Notes to the accounts for the year ended 31 December 2007

15 Debtors

	2007	2006
	£'000	£'000
Trade debtors	89	153
Amounts owed by group undertakings	127,545	4,074
Other taxation and social security debtors	-	176
Other debtors	8,350	2,651
Prepayments and accrued income	3,982	2,910
	<u>139,966</u>	<u>9,964</u>

Amounts owed by group undertakings includes £127,545,348 (2006 £nil) falling due after more than one year consisting of a loan due from Inchcape International Holdings Limited of £124,924,348 (2006 £nil) which is unsecured, bears interest at 6% and is repayable on the 30 September 2009, and a loan of £2,621,000 (2006 £2,005,000) due from Inchcape Overseas Limited which is unsecured, interest free and is repayable on demand

16 Creditors - amounts falling due within one year

	2007	2006
	£'000	£'000
Bank loans and overdrafts	5,120	20,389
Trade creditors	1,925	1,616
Amounts owed to group undertakings	223,348	139,531
Other taxation and social security	350	-
Accruals and deferred income	2,212	1,749
	<u>232,954</u>	<u>163,285</u>

Included within amounts owed to group undertakings is a loan due to Inchcape Finance plc of £147,409,148 (2006 £138,543,986) The loan bears interest at 6.0%, resulting in an interest charge of £8,891,217 (2006 £6,993,937) as set out in Note 11

17 Deferred taxation

	2007	2006
	£'000	£'000
Accelerated capital allowances	325	2,332
Deferred taxation liability (note 18)	<u>325</u>	<u>2,332</u>

18 Provisions for liabilities and charges

	Deferred taxation (note 17)	Vacant leasehold provision	Total
	£'000	£'000	£'000
At 1 January 2007	2,332	4,791	7,123
Charged to Profit and Loss	-	1,194	1,194
Released to Profit & Loss	(1,544)	(525)	(2,069)
Unwinding discount factor in vacant properties provision	-	217	217
Transfers (to) / from a fellow Group company	(463)	2,623	2,160
Utilised during the year	-	(1,305)	(1,305)
At 31 December 2007	<u>325</u>	<u>6,995</u>	<u>7,320</u>

Vacant leasehold

The Company is committed to certain leasehold premises that it no longer has a commercial use for. Provision has been made for the residual lease commitments, together with other outgoings, after taking into account existing sub tenant arrangements. In determining the provision, the cash flows have been discounted on a pre-tax basis using appropriate government bond rates. The properties are leased for periods of 1 to 15 years.

Included within the acquisition of properties from the European Motor Holdings Group, a subsidiary of Inchcape Plc, are a number of vacant and partly sub-let properties. The existing vacant leasehold provisions on these properties, calculated in line with Inchcape Plc accounting policy, were transferred to the Company on the date of acquisition.

INCHCAPE ESTATES LIMITED

Notes to the accounts for the year ended 31 December 2007

19 Called up share capital

	2007 £'000	2006 £'000
Authorised 10,000 000 ordinary shares of £1 each	10 000	10,000
Allotted, called up and fully paid 9,000 000 Ordinary shares of £1 each	9,000	9,000

20 Share premium account and reserves

	Share Premium £'000	Revaluation Reserve £'000	Profit & Loss £'000
At 1 January 2007	3 487	144	25,425
Transfer to profit and loss reserve	-	(144)	144
Retained profit for the year	-	-	8 770
At 31 December 2007	3 487	-	34 339

21 Reconciliation of movements in shareholders' funds

	2007 £'000	2006 £'000
Retained profit for the year	8,770	1,958
Opening shareholders' funds	38 056	36,098
Closing shareholders' funds	46 826	38 056

22 Contingent liabilities

The Company is party to composite cross guarantees between banks its ultimate parent undertaking and fellow subsidiaries. The Company's contingent liability under these guarantees at the year end was £nil (2006 £nil)

23 Commitments under operating leases

Annual commitments under operating leases, analysed over the period when the lease expires are as follows

	2007 £'000	2006 £'000
Land and buildings		
Within one year	-	-
Between two and five years	2,284	2,034
After more than five years	8,177	5 738
	10 461	7,772

Included in the above figures are gross rents on premises which are vacant, for which the value of rentals through to termination of the leases (net of actual and anticipated sublet income) amounts to approximately £7.0 million (2006 £4.8 million)

24 Parent Undertaking and Controlling Party

The company's immediate parent is Kenning Motor Group Limited, a company registered in England and Wales

The Directors regard the ultimate parent undertaking to be Inchcape plc a company registered in England and Wales

Both the smallest and the largest group of which the Company is a member and for which Group Accounts are drawn up is that of Inchcape plc. Copies of the Report and Accounts for that company are available from

The Company Secretary
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