

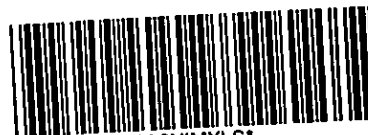
Inchcape Estates Limited

(Registered number: 293551)

Directors' Report and Financial Statements

For the year ended 31 December 2010

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COMPANIES HOUSE

Inchcape House
Langford Lane
Kidlington
Oxford
OX5 1HT

Inchcape Estates Limited

Directors' Report

The Directors submit their report together with the audited financial statements for the year ended 31 December 2010

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 Group

During the year the Company made an exceptional impairment charge of £549,000 in respect of two properties now deemed surplus to requirements. Adjustments to exceptional property impairments charged in 2008 realised a net release of £1,155,000

During the year the Company made a net loss of £212,000 from disposals of surplus property, details of significant transactions are as follows

On 29 November 2010 the property at Stockton Volvo, owned by the Company was sold by the Inchcape Group for proceeds of £1,250,000 realising a profit of £8,000

On 30 December 2010 the property at Ipswich BMW, owned by the Company was sold by the Inchcape Group for proceeds of £1,000,000 realising a loss of £220,000

On 21 October 2010, it was announced that there would be a restructuring of Inchcape's UK business. As a result of this programme certain sites have been identified for disposal. A review of the carrying values of the sites identified for disposal resulted in a net impairment charge of £5,188,000. As the 2009 financial statements were approved in March 2011, this net impairment charge was recorded in the 2009 financial statements of the Company

Results and dividends

The results for the Company show a profit / (loss) for the financial year of £5,351,000 (2009 (£2,775,000))

The Directors do not recommend the payment of a final dividend (2009 £nil)

Future developments

The Company will continue to dispose of properties which are deemed surplus to requirements, but the Directors do not foresee any significant changes in the Company or its activities over the coming year

Key performance indicators (KPIs)

The Company is part of the Inchcape Group. The development, performance and position of the UK segment, which includes this Company, is discussed on page 12 of the Group's 2010 Annual Report and Accounts which does not form part of this report

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. Further discussion of these risks and uncertainties, in the context of the Inchcape Group as a whole, is provided on pages 22 to 23 of the Group's 2010 Annual Report and Accounts which does not form part of this report

Inchcape Estates Limited

Directors' Report

..... continued

Financial risk management

The Directors consider that the Company's key financial instruments are inter-company loans. Financial exposures exist to the extent that a change in the underlying base rate of interest will affect the level of income received or paid on the inter-company loans. The risk is not considered material and the Company does not employ the use of hedging instruments.

Directors

The directors who held office during the year and up to the date of signing the Financial Statements were as follows:

Martin Wheatley

Connor McCormack

Marc Ronchetti

Transactions with Directors

No transaction, arrangement or agreement required to be disclosed under the terms of the Companies Act 2006 was outstanding at 31 December 2010, or occurred during the financial year for any Director or connected person (2009: none).

Directors' indemnity

A Qualifying Third Party Indemnity (QTPI), as permitted by the Company's Articles of Association and section 234 of the Companies Act 2006, has been granted by the Company to each of the Directors of the Company. Under the provisions of the QTPI, the Company undertakes to indemnify each director against liability to third parties (excluding criminal and regulatory penalties) and to pay the Director's costs as incurred, provided that they are reimbursed to the Company if the Director is found guilty or, in an action brought by the Company, judgement is given against the Director. A QTPI was in force throughout the financial year and also at the date of approval of these financial statements.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, as it has the continuing support of the ultimate parent company. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

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 plc 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.

Inchcape Estates Limited

Directors' Report

..... continued

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. Employees are regularly consulted upon matters concerning their employment.

Employees are provided with information on the performance of the pension fund. Company employees are eligible to participate in the Inchcape plc SAYE share option scheme, subject to the rules of that scheme. Employees are also offered an Inchcape Employee Advantage Scheme to promote their well-being.

Employment and training policy

The Company is committed to a policy of treating all its colleagues and job applicants equally. We are committed to the employment of people with disabilities and will interview all those candidates who meet the minimum selection criteria. We provide training and career development for our employees, tailored where appropriate to their specific needs, to ensure they achieve their potential. If an individual becomes disabled while in our employment, we will do our best to ensure continued employment in their role, including consulting them about their requirements, making adjustments and providing alternative suitable positions.

Statement of directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that 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. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they 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 these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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.

Inchcape Estates Limited

Directors' Report

..... continued

Disclosure of information to the auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware

The Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

By Order of the Board

A handwritten signature in black ink, appearing to be 'ABP', written over a horizontal line.

For and on behalf of
Inchcape UK Corporate Management Limited
Company secretary

Date 31 August 2011

Inchcape Estates Limited

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 2010 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 3 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Inchcape Estates Limited

Independent auditors' report to the members of Inchcape Estates Limited

..... continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Mark Gill (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date 2 September 2011

Inchcape Estates Limited

Profit and loss account

For the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Turnover	2	19,761	19,677
Cost of sales		<u>(10,479)</u>	<u>(10,766)</u>
Gross profit		<u>9,282</u>	<u>8,911</u>
Administrative expenses		(974)	(1,408)
Administrative exceptional items	6	<u>606</u>	<u>-</u>
Net operating expenses		<u>(368)</u>	<u>(1,408)</u>
Operating profit	3	<u>8,914</u>	<u>7,503</u>
(Loss)/profit on disposal of fixed assets		(212)	338
Costs of reorganisation and restructuring		<u>-</u>	<u>(8,722)</u>
Non-operating exceptional items	6	<u>(212)</u>	<u>(8,384)</u>
Profit/(loss) on ordinary activities before interest and tax		8,702	(881)
Interest receivable and similar income	7	-	198
Interest payable and similar charges	8	<u>(1,662)</u>	<u>(1,254)</u>
Profit/(loss) on ordinary activities before tax		7,040	(1,937)
Tax on profit/(loss) on ordinary activities	9	<u>(1,689)</u>	<u>(838)</u>
Profit/(loss) for the financial year		<u><u>5,351</u></u>	<u><u>(2,775)</u></u>

Turnover and operating profit derived wholly from continuing operations

There are no recognised gains or losses for the current and preceding financial years other than the profit/(loss) of £5,351,000 (2009 (£2,775,000)) shown above. There is no material difference between the profit / (loss) on ordinary activities before tax and the retained profit / (loss) for the year stated above and their historical cost equivalents.

Inchcape Estates Limited

Balance sheet

As at 31 December 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	11	154,816	153,372
Current assets			
Debtors amounts falling due within one year	12	7,259	7,274
Cash at bank and in hand		2,672	25,480
		9,931	32,754
Current liabilities			
Creditors amounts falling due within one year	13	(105,808)	(130,354)
Net current liabilities		(95,877)	(97,600)
Total assets less current liabilities		58,939	55,772
Provisions for liabilities and charges	15	(8,491)	(10,675)
Net assets		50,448	45,097
Capital and reserves			
Called up share capital	17	9,000	9,000
Share premium account	18	3,487	3,487
Profit and loss account	18	37,961	32,610
Total shareholders' funds	19	50,448	45,097

The financial statements on pages 7 to 23 were approved by the Board of Directors on 31 August 2011

Signed on behalf of the Board of Directors by



Marc Ronchetti
Director

Registered no. 293551

Inchcape Estates Limited

Notes to the financial statements

For the year ended 31 December 2010

1 Accounting policies

Basis of accounting

The financial statements have been prepared on a going concern basis in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. The principal accounting policies of the Company have been applied consistently and are set out below.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue as a going concern for the foreseeable future as it has the continuing support of the ultimate parent company. For this reason, the Company continues to adopt the going concern basis in preparing the financial statements.

Cash flow statement and related party disclosures

The Company is a wholly owned subsidiary of Inchcape plc, a company registered in England and Wales, and is included in the consolidated financial statements of Inchcape plc which are publicly available. Consequently, the Company has taken advantage of the exemption in paragraph 5(a) of FRS 1 (Revised 1996), 'Cash Flow Statements', and not published its own cash flow statement. The Company is also exempt under the terms of paragraph 3 of FRS 8, 'Related Party Disclosures', from disclosing related party transactions with entities that are part of the Inchcape plc group or investees of the Inchcape plc group.

Turnover

Turnover represents the revenue from the letting of land and buildings, and is wholly derived in the United Kingdom. In addition, the Company receives a management charge from Inchcape International Holdings Limited, a fellow subsidiary of Inchcape plc, for the monthly accounting and maintenance of its property portfolio.

Inchcape Estates Limited

Notes to the financial statements

For the year ended 31 December 2010

..... continued

Tangible fixed assets

Tangible fixed assets are stated at historical cost less depreciation. Cost includes the original net purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use. The Company took advantage of the transitional arrangements available in FRS 15, 'Tangible Fixed Assets', 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. Following the implementation of FRS 15, the Company has adopted a policy of not revaluing fixed assets.

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

From 1 January 2008 the Company adopted a policy of capitalising finance costs that are directly attributable to the construction of tangible fixed assets and are capitalised as part of the cost of those assets. This has been applied consistently to all tangible fixed assets.

Tangible fixed assets are subject to impairment tests where, in the opinion of the Directors, there has been an indication of impairment. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

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.

Financial assets and liabilities

The Company classifies its financial instruments in the following categories: loans and receivables, and amortised cost. The classification is determined at initial recognition and depends on the purpose for which the financial instruments are required.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except where the maturity date is more than twelve months after the end of the reporting period. They are initially recorded at fair value and subsequently recorded at net realisable value.

Amortised cost includes non-derivative financial assets and liabilities which are held at original cost, less amortisation.

Inchcape Estates Limited

Notes to the financial statements

For the year ended 31 December 2010

..... continued

Taxation

Current tax, including UK corporation 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 tax 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' 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

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

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 substantively enacted by the balance sheet date

Provisions

A provision is recognised when the Company has a present obligation that arises from a past event, when it is more likely than not to result in the transfer of economic benefits and where the amount can be reliably estimated Provisions are discounted where the time value of money is considered to be material

Pension and other post retirement benefits

The Company participates in various group pension schemes, which are defined benefit in nature with assets held in separately administered funds The cost of providing such benefits is determined separately for each plan using the projected unit credit actuarial valuation method, in accordance with the advice of an independent qualified actuary

The schemes are valued every three years by a professionally qualified independent actuary For accounting purposes, a valuation is prepared annually for each scheme under IAS 19, 'Employee Benefits' No separate valuation is performed under FRS 17, 'Retirement Benefits'

FRS 17 has been adopted in full with effect from 1 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

Dividends

Interim dividends are recognised in the period in which they are paid Final dividends are recognised in the period they are approved by the Company's shareholder

Inchcape Estates Limited
Notes to the financial statements
For the year ended 31 December 2010
..... continued

2 Turnover

	2010	2009
	£'000	£'000
Rental income	19,581	19,497
Management charge receivable	180	180
	<u>19,761</u>	<u>19,677</u>

3 Operating loss

	2010	2009
	£'000	£'000
Employee costs	753	672
Depreciation of tangible fixed assets	2,710	2,870
Operating lease rentals - land and buildings	<u>10,917</u>	<u>11,049</u>

Auditors' remuneration in 2010, as in 2009, has been borne by a fellow group undertaking on behalf of the Company

4 Employees

	2010	2009
	£'000	£'000
Wages and salaries	651	550
Social security costs	36	62
Pension costs	<u>66</u>	<u>60</u>
	<u>753</u>	<u>672</u>

The average monthly number of persons (Excluding directors) employed by the Company throughout the financial year was as follows

	2010	2009
	Number	Number
Administration and management	<u>6</u>	<u>6</u>

Inchcape Estates Limited

Notes to the financial statements

For the year ended 31 December 2010

..... continued

5 Directors' emoluments

Only one Director provides services to this Company. All other Directors' emoluments are stated in Inchcape Retail Limited, where they provide their services in full.

The emoluments of the Director in respect of qualifying services to the Company are as follows:

	2010 £'000	2009 £'000
Aggregate emoluments	<u>201</u>	<u>201</u>

Retirement benefits of £16,000 (2009: £150,000) are accruing to one (2009: one) director under a defined benefit pension scheme.

The Director is a director of Inchcape Estates Limited and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of his emoluments in respect of the services rendered to each of the subsidiaries. Accordingly, the emoluments disclosed above are the total emoluments for this Director.

The emoluments of two of the Company's Directors are paid by Inchcape Retail Limited. All three are Directors of Inchcape Retail Limited and Inchcape Estates Limited and a number of fellow subsidiaries, and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of two Directors.

Inchcape Estates Limited

Notes to the financial statements

For the year ended 31 December 2010

..... continued

6 Exceptional items

	2010 £'000	2009 £'000
Administrative exceptional item - Impairment of properties	(606)	-
Non-operating exceptional item - Loss/(profit) on disposal of properties	212	(338)
Non-operating exceptional item - Impairment of properties	-	5,188
Non-operating exceptional item - Increase in vacant property provision	-	3,534
	<u>(394)</u>	<u>8,384</u>

Property impairment

During the year the Company made an exceptional impairment charge of £549,000 in respect of two properties now deemed surplus to requirements. Adjustments to exceptional property impairments charged in 2008 realised a net release of £1,155,000.

Disposal of properties

During the year the Company made a net loss of £212,000 from disposals of surplus property, details of significant transactions are as follows:

On 29 November 2010, the property at Stockton Volvo, owned by the Company was sold by the Inchcape Group for proceeds of £1,250,000 realising a profit of £8,000.

On 30 December 2010, the property at Ipswich BMW, owned by the Company was sold by the Inchcape Group for proceeds of £1,000,000 realising a loss of £220,000.

During 2009 the company made a net profit of £338,000 from disposals of surplus property as follows:

On 26 February 2009 the Southampton Renault dealership was sold by the Inchcape Group. The property, owned by the Company, was sold on the same date for proceeds of £900,000 realising a profit of £352,000.

On 30 June 2009 the property at Mansfield Mercedes, owned by the Company was sold by the Inchcape group for proceeds of £1,200,000 realising a profit of £168,000.

On 10 July 2009 the property at West Bridgford Toyota, owned by the Company was sold by the Inchcape group for proceeds of £960,000 realising a profit of £141,000.

On 1 September 2009, the Maidstone BMW dealership was sold by the Inchcape group. Improvements to the property leased by the Company were sold on the same date for proceeds of £150,000 realising a loss of £168,000.

On 30 December 2009 the property at Harrogate Jaguar and Volvo, owned by the Company was sold by the Inchcape group for proceeds of £1,500, realising a loss of £169,000.

The Company also received a refund of £14,000 during the 2009 from a property agent in respect of a reduction in commission on a property transaction completed during 2008.

Inchcape Estates Limited

Notes to the financial statements

For the year ended 31 December 2010

..... continued

During 2009 the Company made a charge of £3,534,000 in respect of two onerous leasehold commitments:

In 2009 Camden Automotive Group went into administration. A provision was made for £3,063,000 in respect of an onerous lease commitment on a property leased to Camden.

On 1 September 2009, the Maidstone BMW dealership was sold by the Inchcape group. A provision of £471,000 was made in respect of an onerous lease commitment on the property where Inchcape remains responsible for the head lease.

Property impairment

On 21 October 2010, it was announced that there would be a restructuring of Inchcape's UK business. As a result of this programme certain sites have been identified for disposal. A review of the carrying values of the sites identified for disposal resulted in a net impairment charge of £5,188,000. As the 2009 financial statements were approved in March 2011, this net impairment charge was recorded in the 2009 financial statements of the Company.

7 Interest receivable and similar income

	2010 £'000	2009 £'000
Bank interest receivable	-	24
Interest receivable from group undertakings	-	174
	<u>-</u>	<u>198</u>

8 Interest payable and similar charges

	2010 £'000	2009 £'000
Interest on bank loans and overdrafts	-	9
Unwinding of discount factor in vacant properties provision	426	159
Interest payable to group undertakings	1,117	1,275
Less Interest capitalised	<u>119</u>	<u>(189)</u>
	<u>1,662</u>	<u>1,254</u>

Inchcape Estates Limited

Notes to the financial statements

For the year ended 31 December 2010

..... continued

9 Tax on the profit/(loss) on ordinary activities

a) Tax charge / (credit) on profit/loss on ordinary activities

The tax charge / (credit) based on the results for the year is made up as follows

	2010 £'000	2009 £'000
Current tax.		
UK corporation tax on profits / (losses) for the year	2,617	796
UK corporation tax adjustments in respect of previous years	(421)	(890)
Total current tax	2,196	(94)
Deferred tax.		
Origination and reversal of timing differences	(316)	932
Adjustments in respect of previous years	(191)	-
Total deferred tax	(507)	932
Tax charge / (credit) for the year	1,689	838

b) Factors affecting tax charge for the year

The tax assessed for the year is higher than (2009 - higher than) the standard rate of corporation tax in the UK of 28% (2009 - 28%) The differences are explained below

	2010 £'000	2009 £'000
Profit/(loss) on ordinary activities before taxation	7,040	(1,937)
Corporation tax at standard rate	1,971	(542)
Depreciation in excess of capital allowances	328	(756)
Non-deductible expense	318	2,094
Prior year adjustments	(421)	(890)
Total current tax	2,196	(94)

Inchcape Estates Limited

Notes to the financial statements

For the year ended 31 December 2010

..... continued

c) Factors that may affect future tax charges

The anticipated future effective rate of tax for the Company will be slightly above / below the UK nominal rate of 28% (2009 28%) representing a current year tax charge calculated as the UK nominal rate of tax multiplied by the accounting profit or loss for the year plus or minus ordinary permanently disallowed items of income and expense

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement Finance Act (No 2) 2010, which was substantively enacted at the balance sheet date, included legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. The deferred tax balances have been adjusted to reflect this change in corporation tax rate.

A further corporation tax rate reduction has been proposed to 26% from 1 April 2011 and further reductions are proposed to reduce the tax rate further to 23% by 1 April 2014. These changes had not been substantively enacted at the balance sheet date and are therefore not included in these financial statements.

10 Dividends

No dividends were paid in 2010 (2009 £nil)

Inchcape Estates Limited

Notes to the financial statements

For the year ended 31 December 2010

..... continued

11 Tangible fixed assets

	Freehold £'000	Long leasehold £'000	Short leasehold £'000	Total £'000
Cost				
At 1 January 2010	129,752	39,178	6,521	175,451
Additions	3,602	526	1,817	5,945
Disposals	(2,973)	-	(409)	(3,382)
Reclassification	(3,266)	1,152	2,114	-
Group transfers	25	-	24	49
At 31 December 2010	127,140	40,856	10,067	178,063
Accumulated depreciation				
At 1 January 2010	16,596	3,218	2,265	22,079
Depreciation charge for the year	1,490	583	637	2,710
Impairment charge for the year	(1,155)	549	-	(606)
Eliminated on disposals	(548)	-	(409)	(957)
Reclassification	(1,102)	386	716	-
Group transfers	10	-	11	21
At 31 December 2010	15,291	4,736	3,220	23,247
Net book value				
At 31 December 2010	111,849	36,120	6,847	154,816
At 31 December 2009	113,156	35,960	4,256	153,372

On first time adoption of FRS 15, Tangible Fixed 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 use basis by Grimley (International Property Advisers) on 31 July 1996 and are carried at their valuation at that date. As at 31 December 2009 the Company held £9,645,000 of the land and buildings independently valued in 1996.

The Company capitalised finance costs of £nil during the year (2009 £189,000)

Inchcape Estates Limited
Notes to the financial statements
For the year ended 31 December 2010
..... continued

12 Debtors

	2010 £'000	2009 £'000
Amounts falling due within one year		
Trade debtors	395	359
Deferred tax asset	1,901	1,394
Other debtors	505	803
Prepayments and accrued income	<u>4,458</u>	<u>4,718</u>
	<u><u>7,259</u></u>	<u><u>7,274</u></u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

13 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Trade creditors	1,559	2,173
Amounts owed to group undertakings	101,569	126,307
Accruals and deferred income	<u>2,680</u>	<u>1,874</u>
	<u><u>105,808</u></u>	<u><u>130,354</u></u>

Included within amounts owed to group undertakings is a loan due to Inchcape Retail Limited of £80,000,000 (2009 £114,000,000) The loan bears interest at Bank of England base rate plus 0.5%, resulting in an interest charge of £1,117,000 (2009 £1,275,000)

Inchcape Estates Limited
Notes to the financial statements
For the year ended 31 December 2010
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14 Deferred tax

	£'000
At 1 January 2010	1,394
Tax charge / (credit) to profit and loss	507
At 31 December 2010	<u>1,901</u>

	2010 £'000	2009 £'000
Difference between accumulated depreciation and amortisation and capital allowances	1,901	1,394
	<u>1,901</u>	<u>1,394</u>

15 Provisions for liabilities and charges

	Vacant property provision £'000	Total £'000
At 1 January 2010	10,675	10,675
Charged to the profit and loss account	733	733
Released to profit and loss account	(683)	(683)
Utilised during the year	(2,660)	(2,660)
Effect of unwinding of discount factor	426	426
	<u>(2,184)</u>	<u>(2,184)</u>
At 31 December 2010	<u>8,491</u>	<u>8,491</u>

Vacant property provision

The Company is committed to the head lease on 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 and expected future 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.

Inchcape Estates Limited

Notes to the financial statements

For the year ended 31 December 2010

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16 Pensions and other post retirement benefits

Pension benefits

The Company participates in the Inchcape Group (UK) Pension Scheme (including the UK cash plan) and the 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 date they joined the Group. The following weighted average assumptions have been used to determine the total Inchcape plc group balance sheet liability and the Group profit and loss account charge in the reporting period:

	2010	2009
Rate of increase in salaries	4.9%	5.2%
Rate of increase in pensions	3.4%	3.7%
Discount rate	5.4%	5.7%
Expected return on plan assets	3.4%	6.1%
Inflation	6.1%	3.7%
Life expectancy (current pensioners at age 65 years)	23	23
Life expectancy (current non pensioners at age 65 years)	<u>25</u>	<u>25</u>

Open schemes

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

The latest triennial actuarial valuation for this scheme was carried out at 31 March 2009 on a market related basis and determined in accordance with the advice of independent professionally qualified actuaries based on the projected unit method.

No valuation has been performed for this scheme under FRS 17, 'Retirement Benefits'. At 31 December 2010 the total surplus for this Group scheme under IAS 19, 'Employee Benefits', amounted to £14.7m (2009: £4.0m deficit)

Further details relating to this scheme can be found in the Group's 2010 Annual Report and Accounts.

Inchcape Motors Pension Scheme

The latest triennial actuarial valuation for this scheme was carried out at 5 April 2009 on a market related basis and determined in accordance with the advice of independent professionally qualified actuaries based on the projected unit method.

No valuation has been performed for this scheme under FRS 17, 'Retirement Benefits'. At 31 December 2010 the total surplus for this Group scheme under IAS 19, 'Employee Benefits' amounted to £6.6m (2009: £9.6m deficit)

Further details relating to this scheme can be found in the Group's 2010 Annual Report and Accounts.

Inchcape Estates Limited

Notes to the financial statements

For the year ended 31 December 2010

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Contributions

A pension cost of £66,000 has been charged in 2010 (2009 £60,000) in respect of the aforementioned UK pension schemes and outstanding contributions at 31 December 2010 amounted to £nil (2009 £nil)

17 Called up share capital

Authorised

	No.	2010 £'000	No.	2009 £'000
Ordinary shares of £1 00 each	10,000,000	10,000	10,000,000	10,000

Allotted, called up and fully paid

	No.	2010 £'000	No.	2009 £'000
Ordinary shares of £1 00 each	9,000,000	9,000	9,000,000	9,000

18 Other reserves

	Share premium account £'000	Profit and loss account £'000
At 1 January 2010	3,487	32,610
Profit for the financial year	-	5,351
At 31 December 2010	3,487	37,961

19 Reconciliation of movement in shareholders' funds

	2010 £'000	2009 £'000
Profit/(loss) attributable to shareholders	5,351	(2,775)
Net addition/(reduction) to shareholders' funds	5,351	(2,775)
Shareholders' funds at 1 January	45,097	47,872
Shareholders' funds at 31 December	50,448	45,097

Inchcape Estates Limited

Notes to the financial statements

For the year ended 31 December 2010

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20 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 £2,672,000 (2009 £25,480,000)

21 Operating lease commitments

	2010	2009
	£ 000	£ 000
Land and buildings		
Within one year	164	447
Within two and five years	1,413	1,751
Over five years	8,617	8,307
	<u>10,194</u>	<u>10,505</u>

22 Post balance sheet events

There have been no post balance sheet events after the 31 December 2010

23 Parent undertaking and controlling party

The Company's immediate parent is Inchcape International Holdings Limited, a company registered in England and Wales

The Directors regard the ultimate parent undertaking and controlling party 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 financial statements are drawn up is that of Inchcape plc. Copies of the Annual Report and Accounts for that company are available from

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