

Inchcape Motors International Limited
(Registered number: 453390)

Annual Report and Financial Statements

For the year ended 31 December 2013

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Inchcape House
Langford Lane
Kidlington
Oxford
OX5 1HT

Inchcape Motors International Limited

Strategic Report

The Directors present their strategic report for the year ended 31 December 2013.

Fair review of the business

The results for the Company show a profit for the financial year of £245,000 (2012: a profit of £1,000).

The Company's principal activity during the year was that of an intermediate holding company and remains unchanged from prior years.

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 in the Group's 2013 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. The Directors of Inchcape plc manage the Group's risks at a group level rather than at an individual business unit or company level. Further discussion on these risks and uncertainties, in the context of the Inchcape Group as a whole, is provided in the Group's Annual Report and Accounts which does not form part of this report.

Approved by the Board on 10 September 2014 and signed on its behalf by:



.....
Inchcape UK Corporate Management Limited
Company secretary

Inchcape Motors International Limited

Directors' Report

The Directors present their Directors' report together with the audited financial statements for the year ended 31 December 2013.

The Directors have paid an interim dividend for the year ended 31 December 2013 of 497p per share (2012: £nil), totalling £51,209,000 (2012: £nil).

The Directors do not recommend the payment of a final dividend (2012: £nil).

Future developments

The Directors do not foresee any significant changes in the Company or its activities during 2014.

Capital reduction

On 2 September 2013, the shareholder(s) passed a special resolution, supported by a solvency statement under Section 641 of the Companies Act 2006, to reduce the Company's issued share capital to 10,300,010 shares of £0.20 each. The resolution, together with the solvency statement, was registered by Companies House on 19 September 2013 and therefore the reduction in share capital became effective as of that date.

Financial risk management

The Directors consider that the Company's key financial instruments are intercompany 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 intercompany 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:

Anton Jeary (Appointed 5 February 2013)

Christopher Parker (Resigned 22 January 2013)

Tamsin Waterhouse (Appointed 5 February 2013)

Martin Wheatley

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 2013, or occurred during the year for any Director or connected person (2012: 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 Directors' 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. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Inchcape Motors International Limited

Directors' Report (continued)

Disclosure of information to the auditor

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.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, 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 prepared 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.

By Order of the Board



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

Date: 10 September 2014

Inchcape Motors International Limited

Independent auditors' report to the members of Inchcape Motors International Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Inchcape Motors International Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of the financial statements involves

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

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

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

Inchcape Motors International Limited

Independent auditors' report to the members of Inchcape Motors International Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

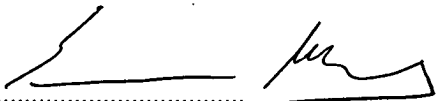
Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

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 ISAs (UK & 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.



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

Date: 10 September 2014

Inchcape Motors International Limited

Profit and loss account

For the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Administrative expenses		<u>186</u>	<u>-</u>
Operating profit	2	186	-
Income from shares in group undertakings		<u>59</u>	<u>-</u>
Profit on ordinary activities before taxation		245	-
Tax on profit on ordinary activities	4	<u>-</u>	<u>1</u>
Profit for the financial year		<u>245</u>	<u>1</u>

All results derive from continuing operations.

The company has no recognised gains and losses for the current or preceding financial years other than the profit of £245,000 (2012: £1,000) shown above. There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents, and therefore no separate statement of total recognised gains and losses has been presented.

Inchcape Motors International Limited

Balance sheet

As at 31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Fixed asset investments	6	<u>2,246</u>	<u>2,060</u>
		<u>2,246</u>	<u>2,060</u>
Current assets			
Debtors	7	<u>-</u>	<u>51,150</u>
Net current assets		<u>-</u>	<u>51,150</u>
Total assets less current liabilities		<u>2,246</u>	<u>53,210</u>
Net assets		<u>2,246</u>	<u>53,210</u>
Capital and reserves			
Called up share capital	8	2,060	48,038
Share premium account	9	-	1,070
Capital redemption reserve	10	-	2,528
Profit and loss account	11	<u>186</u>	<u>1,574</u>
Total Shareholders' Funds	12	<u>2,246</u>	<u>53,210</u>

The financial statements on pages 6 to 13 were approved by the Board of Directors on 10 September 2014.

Signed on behalf of the Board of Directors


.....
Martin Wheatley
Director
Inchcape Motors International Limited

Registered no. 453390

Inchcape Motors International Limited

Notes to the financial statements

For the year ended 31 December 2013

1 Accounting policies

Basis of accounting

The financial statements have been prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. The particular accounting policies adopted are as described below. The principal accounting policies of the Company have been applied consistently and reviewed in accordance with Financial Reporting Standard 18 'Accounting Policies'.

Group financial statements

The Company is a wholly-owned subsidiary of Inchcape plc and is included in the consolidated financial statements of Inchcape plc which are publicly available. In accordance with the exemption permitted by Section 400 of the Companies Act 2006 no Group financial statements have been prepared.

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.

The Directors consider that there are no other relationships, transactions or balances which are required to be disclosed by FRS 8.

Investments

Fixed asset investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value. Net realisable value is that price at which the investments can be sold in the normal course of business after allowing for the costs of realisation.

Fixed asset investments are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount and is charged to the profit and loss account, the recoverable amount being the higher of net realisable value and value in use.

Share in other Group companies are stated at cost, less provision for impairment in value.

Interest

Interest is included in the profit and loss account on an accruals basis.

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 Motors International Limited

Notes to the financial statements

For the year ended 31 December 2013

..... *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 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. 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 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 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.

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.

2 Operating profit

Operating profit is stated after (crediting):

	2013 £'000	2012 £'000
Reversal of impairment of investment	<u>(186)</u>	<u>-</u>

Auditors' remuneration has been borne by a fellow subsidiary undertaking. Of this remuneration £5,000 (2012: £5,000) is deemed to be attributable to the Company.

3 Directors and employees

The Company has no employees except the Directors and hence no salary, social security or pensions costs (2012: £nil).

No emoluments (2012: £nil) were paid to the Directors of the Company whose services are provided to a number of Group companies. The proportion of their emoluments attributable to the Company can not be reasonably estimated and these costs are borne entirely within the Inchcape Group.

Inchcape Motors International Limited

Notes to the financial statements

For the year ended 31 December 2013

..... continued

4 Tax on profit on ordinary activities

a) Taxation credit for the year

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

	2013 £'000	2012 £'000
Current tax:		
Adjustments in respect of prior years	-	(1)
Current tax charge / (credit) for the year	-	(1)

b) Factors affecting tax credit for the year

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below:

	2013 £'000	2012 £'000
Profit on ordinary activities before taxation	245	-
Corporation tax at standard rate	57	-
Adjustments in respect of prior years	-	(1)
Non-taxable income	(57)	-
Current tax charge / (credit) for the year (as above)	-	(1)

5 Dividends

Equity - ordinary

	2013 £'000	2012 £'000
Interim dividend paid: 497p per share (2012: £nil)	51,209	-
	51,209	-

Inchcape Motors International Limited

Notes to the financial statements

For the year ended 31 December 2013

..... *continued*

6 Fixed asset investments

	Shares in subsidiary undertakings £'000	Joints ventures and associates £'000	Total £'000
Cost			
At 1 January 2013	91,967	2,060	94,027
At 31 December 2013	91,967	2,060	94,027
Provisions			
At 1 January 2013	(91,967)	-	(91,967)
Reversal of provisions for impairment	186	-	186
At 31 December 2013	(91,781)	-	(91,781)
Net book value			
At 31 December 2013	186	2,060	2,246
At 31 December 2012	-	2,060	2,060

The carrying value of the investments is supported by their underlying net assets. During the year, the Company reversed £186,000 of a previously held provision for impairment against its investment in Tozer Kemsley and Millbourn Automotive Limited.

Principal subsidiaries and other investments

The Company has investments in the following undertakings:

Company	Country of incorporation or registration	Proportion of nominal value of shares held	Principal activity
Subsidiary undertakings			
Inchcape Motors Pension Trust Limited	England & Wales	100%	Dormant
Tozer Kemsley and Millbourn Automotive Limited	England & Wales	100%	Investment holding
Penta Watford Limited	England & Wales	87.5%	Dormant
Joint ventures			
Enterprise Car Finance Limited	England & Wales	49.9%	Financial Services
Inchcape Financial Services Limited	England & Wales	49%	Financial Services

Inchcape Motors International Limited

Notes to the financial statements

For the year ended 31 December 2013

..... continued

7 Debtors

	2013 £'000	2012 £'000
Amounts owed by group undertakings	-	51,150
	<u>-</u>	<u>51,150</u>

8 Called up share capital

Allotted, called up and fully paid

	2013 £'000	2012 £'000
10,300,010 ordinary shares of £0.20 each (2012: 240,191,465)	<u>2,060</u>	<u>48,038</u>

On 2 September 2013, the shareholder(s) passed a special resolution, supported by a solvency statement under Section 641 of the Companies Act 2006, to reduce the Company's issued share capital to 10,300,010 shares of £0.20 each. The resolution, together with the solvency statement, was registered by Companies House on 19 September 2013 and therefore the reduction in share capital became effective as of that date.

9 Share premium account

	Share premium account £'000
At 1 January 2013	1,070
Capital reduction	<u>(1,070)</u>
At 31 December 2013	<u>-</u>

10 Other reserves

	Capital redemption reserve £'000
At 1 January 2013	2,528
Capital reduction	<u>(2,528)</u>
At 31 December 2013	<u>-</u>

Inchcape Motors International Limited

Notes to the financial statements

For the year ended 31 December 2013

..... *continued*

11 Profit and loss account

	Profit and loss account £'000
At 1 January 2013	1,574
Profit for the financial year	245
Capital reduction	49,576
Dividends	(51,209)
At 31 December 2013	<u>186</u>

12 Reconciliation of movement in shareholders' funds

	2013 £'000	2012 £'000
Profit for the financial year	245	1
Dividends	<u>(51,209)</u>	<u>-</u>
Net (reduction from) / addition to shareholders' funds	<u>(50,964)</u>	<u>1</u>
Shareholders' funds at 1 January	<u>53,210</u>	<u>53,209</u>
Shareholders' funds at 31 December	<u>2,246</u>	<u>53,210</u>

13 Parent undertaking and controlling party

The Company's immediate parent is Inchcape Investments and Asset Management, 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:

The Company Secretary
Inchcape plc
22A St James's Square
London
SW1Y 5LP