

Tozer Kemsley and Millbourn Automotive Limited

(Registered Number: 893104)

Annual Report and Accounts

For the year ended 31 December 2004



Suite 3, Rushmoor Court
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Watford
Hertfordshire WD18 8PY

Tozer Kemsley and Millbourn Automotive Limited

Directors' Report

The directors present their report and the audited financial statements of the company for the year ended 31 December 2004.

Principal activities

The company's principal activity during the year was that of an intermediate holding company.

Review of business and future developments

It is not envisaged that there will be any change in the company's activities in the foreseeable future.

Results and dividends

The company's profit for the financial year is £25,311,000 (2003: £17,279,000).

There were no dividends paid throughout the year (2003: £nil). The directors do not recommend the payment of a final dividend (2003: £nil).

Directors and their interests

The directors who held office during the year are given below:

A C Jeary
M P Wheatley

No director had any interest in the shares of the company (or any of its subsidiary undertakings) at either 1 January 2004 or 31 December 2004.

The table below shows the beneficial interests, other than share options, including family interests, on the dates indicated, in the ordinary shares of 150.0p each of Inchcape plc, the ultimate parent undertaking, of the persons who were directors at 31 December 2004.

	Ordinary shares of 150.0p each	
	31 December 2004	1 January 2004
M P Wheatley	1,528	2,778

Directors' share options

Details of share options held by directors, including those held under the Inchcape 1999 Share Option Plan and the Inchcape SAYE Share Option Scheme, are shown on page 2.

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Directors' Report (continued)

Directors' share options (continued)

	Held at 31.12.04	Granted during the year	Exercised/ lapsed during the year	Held at 1.1.04	Exercise price (c)	Exercisable between
A C Jeary	-	-	1,302 (a)	1,302 (a)	384.0p	Mar 2004 – Mar 2011
	729 (a)	-	-	729 (a)	685.0p	Mar 2005 – Mar 2012
	171 (b)	-	-	171 (b)	554.0p	Jun 2005 – Dec 2005
	656 (a)	-	-	656 (a)	762.0p	Mar 2006 – Mar 2013
	154 (b)	-	-	154 (b)	610.0p	Jun 2006 – Dec 2006
	160 (b)	160 (b)	-	-	1171.0p	Jun 2007 – Dec 2007
	636 (a)	636 (a)	-	-	1572.0p	May 2007 – May 2014
	141 (b)	141 (b)	-	-	1336.0p	Nov 2007 – May 2008
M P Wheatley	-	-	5,208 (a)	5,208 (a)	384.0p	Mar 2004 – Mar 2011
	2,919 (a)	-	-	2,919 (a)	685.0p	Mar 2005 – Mar 2012
	1,371 (b)	-	-	1,371 (b)	554.0p	Jun 2005 – Dec 2005
	2,099 (a)	-	-	2,099 (a)	762.0p	Mar 2006 – Mar 2013
	309 (b)	-	-	309 (b)	610.0p	Jun 2006 – Dec 2006
	2,862 (a)	2,862 (a)	-	-	1572.0p	May 2007 – May 2014

(a) Under the Inchcape 1999 Share Option Plan.

(b) Under the Inchcape SAYE Share Option Scheme.

(c) Exercise prices are determined in accordance with the Rules of the relevant share option scheme.

Notes on share options

(i) All options were granted for nil consideration.

(ii) The table shows directors' options over ordinary shares of 150.0p each of Inchcape plc at 1 January 2004 and 31 December 2004. The mid market price of the shares at the close of business on 31 December 2004 was 1955.0p. The price range during 2004 was 1287.0p to 1955.0p.

(iii) Options under the Inchcape 1999 Share Option Plan are granted on a discretionary basis to certain full time senior executives based within and outside the UK including the Executive Directors of Inchcape plc. Such options are normally exercisable between three and ten years of grant.

(iv) Options may normally only be exercised if the performance target has been met. For all options granted in 1999, 2000, 2001, 2002 and 2003 under the Inchcape 1999 Share Option Plan, growth in Inchcape plc's earnings per share over a three year period must exceed the increase in the UK Retail Price Index ("RPI") over the same period by 3.0% per annum. Options granted after the 2004 AGM vest according to a sliding scale: 25.0% of the option will vest if EPS growth of RPI +3.0% per annum is achieved over the initial three year period, with all of the option vesting if EPS growth is RPI +8.0% per annum. Options will vest on a straight line basis between these points and there is no opportunity to retest.

(v) The Inchcape SAYE Share Option Scheme is open to employees in the UK with at least three months service. Participants make monthly savings for a three year period. At the end of the savings period options become exercisable within a six month period.

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Directors' Report (continued)

Transactions with Directors

No transaction, arrangement or agreement required to be disclosed under the terms of the Companies Act 1985 was outstanding at 31 December 2004, or occurred during the year for any director or connected person (2003: none).

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.

By order of the Board



M P Wheatley
Secretary

31.10.

2005

Tozer Kemsley and Millbourn Automotive Limited

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that:

- suitable accounting policies have been used and applied consistently;
- reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2004;
- applicable accounting standards have been followed, and applied consistently.

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.

Tozer Kemsley and Millbourn Automotive Limited

Independent auditors' report to the members of Tozer Kemsley and Millbourn Automotive Limited

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report, and the statement of directors' responsibilities.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
London

31/10/2005

Tozer Kemsley and Millbourn Automotive Limited

Profit and Loss Account for the Year Ended 31 December 2004

	Note	2004 £'000	2003 £'000
Administrative income/(expenses)		19,384	(779)
Operating profit/(loss)	2	19,384	(779)
Income from shares in group undertakings		6,070	18,057
Profit on ordinary activities before interest and taxation		25,454	17,278
Interest receivable and similar income	4	6	1
Profit on ordinary activities before taxation		25,460	17,279
Tax on profit on ordinary activities	5	(149)	-
Retained profit for the financial year	10	25,311	17,279

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

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

All the activities of the company are continuing.

Tozer Kemsley and Millbourn Automotive Limited

Balance Sheet at 31 December 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Investments	6	99,194	79,810
Current assets			
Cash at bank		112	109
Creditors – amounts falling due within one year	7	(149)	(143)
Net current liabilities		(37)	(34)
Total assets less current liabilities		99,157	79,776
Creditors – amounts falling due after more than one year	8	(23,117)	(29,047)
Net assets		76,040	50,729
Capital and reserves			
Called up share capital	9	13,775	13,775
Share premium account	10	78,234	78,234
Profit and loss account	10	(15,969)	(41,280)
Equity shareholders' funds	11	76,040	50,729

The financial statements on pages 6 to 12 were approved by the Board of Directors on 31.10. 2005 and were signed on its behalf by:



Director

Tozer Kemsley and Millbourn Automotive Limited

Notes to the Accounts For the Year Ended 31 December 2004

1. Accounting policies

The financial statements have been prepared on a going concern basis, and in accordance with applicable United Kingdom Accounting Standards. The principal accounting policies of the company are described below.

Accounting convention

The financial statements are prepared under the historical cost basis, and in accordance with the Companies Act 1985.

Group accounts

In accordance with the exemption permitted by Section 228 of the Companies Act 1985 no group accounts have been prepared.

Fixed Asset investments

Fixed asset investments are stated at cost, less provision for impairment in value.

Interest

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

2. Operating profit/(loss)

	2004 £'000	2003 £'000
Operating profit/(loss) is stated after crediting/(charging):		
Provision against impairment of investment	-	(779)
Release of provision for impairment of investment	19,384	(779)

3. Directors' emoluments, employee information and auditors' remuneration

The company has no employees except the directors and hence has no salary, social security or pension costs. The directors do not receive any remuneration from the company as their services to the company are deemed to be non-qualifying for the purposes of the Companies Act 1985 (as amended).

As in 2003, auditors' remuneration has been borne by a fellow subsidiary undertaking on behalf of the company.

4. Interest receivable

	2004 £'000	2003 £'000
Bank interest	6	1

Tozer Kemsley and Millbourn Automotive Limited

Notes to the Accounts For the Year Ended 31 December 2004

5. Taxation

a) Analysis of tax charge in the year

The taxation charge is made up as follows:

	2004 £'000	2003 £'000
UK corporation tax at 30% (2003: 30%):	2,540	7,739
Double tax relief	(2,391)	(7,739)
Total current tax	149	-
Tax on profit on ordinary activities	149	-

b) Factors affecting the tax charge for the year

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

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	25,460	17,279
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2003: 30%)	7,638	5,184
Effects of:		
Non taxable income	(7,489)	(5,184)
Current tax charge for the year	149	-

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Notes to the Accounts For the Year Ended 31 December 2004

6. Fixed asset investments

	Investment in subsidiary undertakings £'000	Investment quoted company £'000	Total £'000
Cost			
At 1 January 2004	109,735	2,997	112,732
Liquidated	(2,542)	-	(2,542)
31 December 2004	107,193	2,997	110,190
Amounts provided for			
At 1 January 2004	(30,422)	(2,500)	(32,922)
Release of provision	21,231	695	21,926
31 December 2004	(9,191)	(1,805)	(10,996)
Net book value			
At 31 December 2004	98,002	1,192	99,194
At 31 December 2003	79,313	497	79,810

In the opinion of the directors of the company the aggregate market value of the shares in and the amounts owing from the company's subsidiaries is not less than the amount as shown in the balance sheet.

The company owns 378,788 shares in Auto-By-Tel Corporation, a company listed on NASDAQ. The market value at 31 December 2004 was £1,191,604 (2003: £1,927,798).

Shares in subsidiaries and quoted investments are stated at cost less provision for impairment in value. A list of subsidiary undertakings, their country of incorporation, proportion of the nominal value of shares held and principal activity is given on the next page:

	Country of incorporation or registration	Proportion of nominal value of shares held	Principal activity
Subsidiary undertakings			
Inchcape Motors (Australia) Limited	Australia	98%	Motors import and distribution
Inchcape Motors (Switzerland) SA	Switzerland	100%	Dormant
Nexus Corporation Limited	UK	100%	Investment holding
Tozer Kemsley & Millbourn Finland Oy	Finland	100%	Motors import and distribution
Tozer International Holdings Limited	UK	100%	Investment holding

The company had a fully provided 94% investment in Almangel SA which is now liquidated and therefore the investment has been written off.

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Notes to the Accounts For the Year Ended 31 December 2004

7. Creditors - amounts falling due within one year			
	2004	2003	
	£'000	£'000	
Amounts owed to group undertakings	-	143	
Corporate Taxation	149	-	
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8. Creditors - amounts falling due after more than one year			
	2004	2003	
	£'000	£'000	
Due between 1 – 2 years			
Amounts owed to group undertakings	23,117	29,047	
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9. Share capital			
	2004	2003	
	£'000	£'000	
Authorised			
20,000,000 ordinary shares of 100.0p each	20,000	20,000	
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Allotted, called up and fully paid			
13,775,255 ordinary shares of 100.0p each	13,775	13,775	
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10. Reserves			
	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2004	78,234	(41,280)	36,954
Retained profit for the financial year	-	25,311	25,311
At 31 December 2004	78,234	(15,969)	62,265
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11. Reconciliation of movements in shareholders' funds			
	2004	2003	
	£'000	£'000	
Profit for the financial year	25,311	17,279	
Net increase in shareholders' funds	25,311	17,279	
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Opening shareholders' funds	50,729	33,450	
Closing shareholders' funds	76,040	50,729	
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Notes to the Accounts For the Year Ended 31 December 2004

12. 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 31 December 2004 was £112,092 (2003: £109,035).

13. Cash flow statement

A cash flow statement is not required as Inchcape plc, the company's ultimate holding company, has complied with Financial Reporting Standard 1 (revised) by including a consolidated cash flow statement in its Report and Accounts for the year ended 31 December 2004.

14. Related party transactions

The company's ultimate parent undertaking is Inchcape plc and it has applied the exemption in paragraph 3(c) of Financial Reporting Standard 8 ("FRS 8") "Related Party Disclosures". This exemption permits the non-disclosure of transactions and balances with related parties that are included in the financial statements of Inchcape plc. The directors consider that there are no other relationships, transactions or balances that are required to be disclosed by FRS 8.

15. Immediate and ultimate parent undertakings

The immediate parent undertaking is Inchcape Motors International Limited, a company incorporated in England and Wales.

The company's ultimate parent undertaking is Inchcape plc, a public company incorporated in England and Wales. Copies of Inchcape plc's consolidated financial statements may be obtained from the Group Company Secretary at 22a St James's Square, London SW1Y 5LP. The parent undertaking, which heads the smallest and largest groups for which consolidated financial statements are prepared is Inchcape plc.