

Tozer Kemsley and Millbourn Automotive Limited

(Registered Number: 893104)

Annual Report and Accounts

For the year ended 31 December 2005



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COMPANIES HOUSE 31/10/2006

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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 2005.

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. With effect from 1 January 2005 interest has been charged on inter-company balances.

Results and dividends

The company's profit for the financial year is £13,418,000 (2004: £25,311,000).

There were no dividends paid throughout the year (2004: £nil). The directors do not recommend the payment of a final dividend (2004: £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 2005 or 31 December 2005.

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 2005.

	Ordinary shares of 150.0p each	
	31 December 2005	1 January 2005
M P Wheatley	668	1,528

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 31.12.05	Granted during the year	Exercised/ lapsed during the year	Held at 1.1.05	Exercise price (c)	Exercisable between
A C Jeary	-	-	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
	486 (a)	486 (a)	-	-	2056.0p	Mar 2008 – Mar 2015
M P Wheatley	-	-	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
	2,188 (a)	2,188 (a)	-	-	2056.0p	Mar 2008 – Mar 2015

- (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 2005 and 31 December 2005. The mid market price of the shares at the close of business on 31 December 2005 was 2281.0p. The price range during 2005 was 1759.0p to 2442.0p.
- (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 (EPS) 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 award vesting if EPS growth of RPI +3.0% per annum is achieved over the initial three year period, with all of the award vesting if EPS growth is RPI +8.0% per annum or greater. 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.
- (vi) On 15 May 2006 Inchcape Plc effected a six for one share split reducing the nominal value of its ordinary share capital from 150.0p per share to 25.0p per share.

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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 2005, or occurred during the year for any director or connected person (2004: 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

26 October 2006

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 judgments and estimates have been made in preparing the financial statements for the year ended 31 December 2005;
- 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 of Tozer Kemsley and Millbourn Automotive Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 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

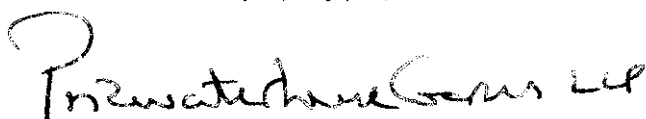
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 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 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

26 October 2006

Tozer Kemsley and Millbourn Automotive Limited

Profit and Loss Account for the Year Ended 31 December 2005

	Note	2005 £'000	2004 £'000
Administrative (expenses)/income		(104)	19,384
Operating (Loss)/profit	2	(104)	19,384
Income from shares in group undertakings		14,300	6,070
Profit on ordinary activities before interest and taxation		14,196	25,454
Interest receivable and similar income	4	3	6
Interest payable and similar expenditure	5	(875)	-
Profit on ordinary activities before taxation		13,324	25,460
Tax on profit on ordinary activities	6	94	(149)
Profit on ordinary activities after taxation		13,418	25,311
Retained profit for the financial year	12	13,418	25,311

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.

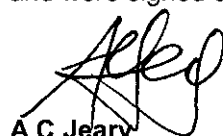
All the activities of the company are continuing.

Tozer Kemsley and Millbourn Automotive Limited

Balance Sheet at 31 December 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Investments	7	99,090	99,194
Current assets			
Debtors - amounts due within one year	8	94	-
Cash at bank		118	112
		212	112
Creditors – amounts falling due within one year	9	(1)	(149)
Net current assets/(liabilities)		211	(37)
Total assets less current liabilities		99,301	99,157
Creditors – amounts falling due after more than one year	10	(9,843)	(23,117)
Net assets		89,458	76,040
Capital and reserves			
Called up share capital	11	13,775	13,775
Share premium account	12	78,234	78,234
Profit and loss account	12	(2,551)	(15,969)
Equity shareholders' funds	13	89,458	76,040

The financial statements on pages 7 to 13 were approved by the Board of Directors on 26 October 2006 and were signed on its behalf by:



A C Jeary
Director

Tozer Kemsley and Millbourn Automotive Limited

Notes to the Accounts For the Year Ended 31 December 2005

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.

The principal accounting policies of the company have been reviewed in accordance with Financial Reporting Standard 18 'Accounting Policies'.

The company has adopted FRS 21 'Events after the balance sheet date', the parts of FRS 25 'Financial instruments: disclosure and presentation' applicable for companies with year ends of 31 December 2005, and FRS28 'Corresponding amounts' during the year.

FRS 21, FRS 25, and FRS 28 have not resulted in the restatement of retained earnings and have had no impact on the results or net assets for the current or prior year.

Accounting convention

The financial statements are prepared under the historical cost convention, 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

Dividends

Income from investments is included in the profit and loss account on a receipt basis.

2. Operating (Loss)/profit

	2005 £'000	2004 £'000
Operating profit/(loss) is stated after crediting/(charging):		
Provision against impairment of investment	(104)	-
Release of provision for impairment of investment	-	19,384

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

As in 2004, 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 2004, auditors' remuneration has been borne by a fellow subsidiary undertaking on behalf of the company.

Tozer Kemsley and Millbourn Automotive Limited

Notes to the Accounts For the Year Ended 31 December 2005

4. Interest receivable

	2005 £'000	2004 £'000
Bank interest	3	6

5. Interest payable

	2005 £'000	2004 £'000
Interest payable to group companies	875	-

6. Taxation

a) Analysis of tax credit in the year

The taxation (credit)/charge is made up as follows:

	2005 £'000	2004 £'000
UK corporation tax at 30% (2004: 30%):	5,795	2,540
Double tax relief	(5,889)	(2,391)
Total current tax (credit)/charge	(94)	149
Tax (credit)/charge on ordinary activities	(94)	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:

	2005 £'000	2004 £'000
Profit on ordinary activities before tax	13,324	25,460
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2004: 30%)	3,997	7,638
Effects of:		
Non taxable income	(4,091)	(7,489)
Current tax credit for the year	(94)	149

Tozer Kemsley and Millbourn Automotive Limited

Notes to the Accounts For the Year Ended 31 December 2005

7. Fixed asset investments

	Investment in subsidiary undertakings £'000	Investment in quoted company £'000	Total £'000
Cost			
At 1 January 2005	107,193	2,997	110,190
Amounts provided for			
At 1 January 2005	(9,191)	(1,805)	(10,996)
Provided during the year	-	(104)	(104)
31 December 2005	(9,191)	(1,909)	(11,100)
Net book value			
At 31 December 2005	98,002	1,088	99,090
At 31 December 2004	98,002	1,192	99,194

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 2005 was £1,087,914 (2004: £1,191,604).

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 below:

	Country of incorporation or registration	Proportion of nominal value of shares held	Principal activity
Subsidiary undertakings			
Inchcape Motors (Australia) Limited	Australia	97.61%	Motors import and distribution
Inchcape Motors (Switzerland) SA	Switzerland	100%	Motors import and distribution
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

Tozer Kemsley and Millbourn Automotive Limited

Notes to the Accounts For the Year Ended 31 December 2005

8. Debtors – amounts due within one year

	2005 £'000	2004 £'000
Taxation recoverable	94	-

9. Creditors - amounts falling due within one year

	2005 £'000	2004 £'000
Taxation	1	149

10. Creditors - amounts falling due after more than one year

	2005 £'000	2004 £'000
Amounts owed to group undertakings	9,843	23,117

11. Share capital

	2005 £'000	2004 £'000
Authorised		
20,000,000 ordinary shares of 100.0p each	20,000	20,000
Allotted, called up and fully paid		
13,775,255 ordinary shares of 100.0p each	13,775	13,775

12. Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2005	78,234	(15,969)	62,265
Retained profit for the financial year	-	13,418	13,418
At 31 December 2005	78,234	(2,551)	75,683

Tozer Kemsley and Millbourn Automotive Limited

Notes to the Accounts For the Year Ended 31 December 2005

13. Reconciliation of movements in shareholders' funds

	2005 £'000	2004 £'000
Profit for the financial year	13,418	25,311
Net increase in shareholders' funds	13,418	25,311
Opening shareholders' funds	76,040	50,729
Closing shareholders' funds	89,458	76,040

14. 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 2005 was £117,995 (2004: £112,092).

15. 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 2005.

16. 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 consolidated 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.

17. 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.