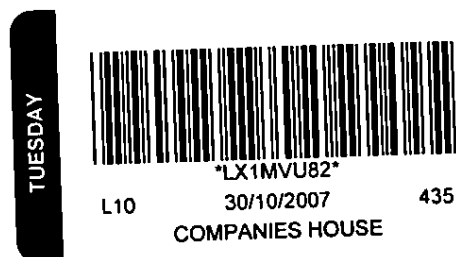


# **Tozer Kemsley and Millbourn Automotive Limited**

(Registered Number 893104)

## **Annual Report and Accounts**

**For the year ended 31 December 2006**



Suite 3, Rushmoor Court  
Croxley Business Park  
Hatters Lane  
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 2006

### **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

### **Principal risks and uncertainties**

The Directors of Inchcape plc manage the Inchcape Group's risks at a group level, rather than at an individual business unit level. For this reason, the Company's Directors believe that disclosure of the groups risk would not be appropriate for an understanding of the development, performance or position of Tozer Kemsley and Millbourn Automotive Limited. The principal risks and uncertainties of Inchcape Group plc are disclosed in its Annual Report and Accounts

### **Financial instruments**

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

### **Results and dividends**

The company's profit for the financial year is £28,937,000 (2005 £13,418,000)

There were no dividends paid throughout the year (2005 £nil). The directors do not recommend the payment of a final dividend (2005 £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 2006 or 31 December 2006

# **Tozer Kemsley and Millbourn Automotive Limited**

## **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 2006, or occurred during the year for any director or connected person (2005 none)

### **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

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

25 October 2007

# **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, in the preparation of the financial statements,
- reasonable and prudent judgments and estimates have been made in preparing the financial statements for the year ended 31 December 2006,
- applicable accounting standards have been followed

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 2006 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

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

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

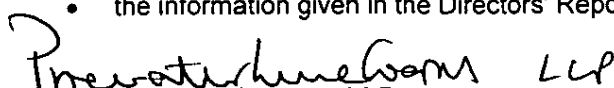
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

### Opinion

In our opinion:

- 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 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

  
PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

29/10/ 2007

## Tozer Kemsley and Millbourn Automotive Limited

### Profit and Loss Account for the Year Ended 31 December 2006

	Note	2006 £'000	2005 £'000
Administrative expenses		(412)	(104)
<b>Operating loss</b>	<b>2</b>	<b>(412)</b>	<b>(104)</b>
Income from shares in group undertakings		29,387	14,300
<b>Profit on ordinary activities before interest and taxation</b>		<b>28,975</b>	<b>14,196</b>
Interest receivable and similar income	4	175	3
Interest payable and similar expenditure	5	(440)	(875)
<b>Profit on ordinary activities before taxation</b>		<b>28,710</b>	<b>13,324</b>
Tax on profit on ordinary activities	6	227	94
<b>Profit for the financial year</b>	<b>14</b>	<b>28,937</b>	<b>13,418</b>

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 material difference between the profit on ordinary activities before taxation and the 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 as at 31 December 2006

	Note	2006 £'000	2005 £'000
<b>Fixed assets</b>			
Investments	7	98,678	99,090
<b>Current assets</b>			
Debtors - amounts due within one year	8	-	94
Debtors - amounts due after more than one year	9	19,738	-
<b>Debtors</b>		19,738	94
Cash at bank		122	118
		19,860	212
<b>Creditors – amounts falling due within one year</b>	10	-	(1)
<b>Net current assets</b>		19,860	211
<b>Total assets less current liabilities</b>		118,538	99,301
<b>Creditors – amounts falling due after more than one year</b>	11	(143)	(9,843)
<b>Net assets</b>		118,395	89,458
<b>Capital and reserves</b>			
Called up share capital	12	13,775	13,775
Share premium account	13	78,234	78,234
Profit and loss account	13	26,386	(2,551)
<b>Total shareholders' funds</b>	14	118,395	89,458

The financial statements on pages 5 to 11 were approved by the Board of Directors on 25 October 2007 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 2006

### 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'.

No new accounting standards have been adopted during the 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 shares in group undertakings relates to dividends received, and is included in the profit and loss account on a receipt basis.

### 2. Operating loss

	2006 £'000	2005 £'000
<b>Operating loss is stated after charging:</b>		
Provision for impairment of investment	412	104

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

As in 2005, 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 2005, auditors' remuneration has been borne by a fellow subsidiary undertaking on behalf of the company.

### 4. Interest receivable

	2006 £'000	2005 £'000
Bank interest	175	3

# Tozer Kemsley and Millbourn Automotive Limited

## Notes to the Accounts For the Year Ended 31 December 2006

### 5. Interest payable

	2006 £'000	2005 £'000
Interest payable to group companies	440	875

### 6. Taxation

#### a) Analysis of tax credit in the year

The taxation credit is made up as follows

	2006 £'000	2005 £'000
UK corporation tax at 30% (2005 30%)	12,514	5,795
Double tax relief	(12,594)	(5,889)
Corporation tax - prior year adjustments	(147)	-
Total current tax credit	(227)	(94)
Tax credit on ordinary activities	(227)	(94)

#### b) Factors affecting the tax charge for the year

The tax assessed for the year is lower (2005 lower) than the standard rate of corporation tax in the UK (30%) The differences are explained below

	2006 £'000	2005 £'000
Profit on ordinary activities before tax	28,710	13,324
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2005 30%)	8,613	3,997
Effects of		
Non-tax deductible expenses	123	-
Non taxable income	(8,816)	(4,091)
Corporation tax – prior year adjustments	(147)	-
Current tax credit for the year	(227)	(94)

# Tozer Kemsley and Millbourn Automotive Limited

## Notes to the Accounts For the Year Ended 31 December 2006

### 7 Fixed asset investments

	Investment in subsidiary undertakings £'000	Investment in quoted company £'000	Total £'000
<b>Cost</b>			
At 1 January 2006	107,193	2,997	110,190
<b>Amounts provided for</b>			
At 1 January 2006	(9,191)	(1,909)	(11,100)
Provided during the year	-	(412)	(412)
31 December 2006	(9,191)	(2,321)	(11,512)
<b>Net book value</b>			
At 31 December 2006	98,002	676	98,678
At 31 December 2005	98,002	1,088	99,090

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 2006 was £676,407 (2005 £1,087,914)

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
<b>Subsidiary undertakings</b>			
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 2006

### 8. Debtors – amounts due within one year

	2006 £'000	2005 £'000
Taxation recoverable	-	94

### 9. Debtors – amounts due after more than one year

	2006 £'000	2005 £'000
Amounts due from group companies	19,738	-

### 10. Creditors - amounts falling due within one year

	2006 £'000	2005 £'000
Taxation	-	1

### 11. Creditors - amounts falling due after more than one year

	2006 £'000	2005 £'000
Amounts owed to group undertakings	143	9,843

### 12. Share capital

	2006 £'000	2005 £'000
<b>Authorised</b>		
20,000,000 ordinary shares of 100 0p each	20,000	20,000
<b>Allotted, called up and fully paid</b>		
13,775,255 ordinary shares of 100 0p each	13,775	13,775

### 13. Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2006	78,234	(2,551)	75,683
Profit for the financial year	-	28,937	28,937
<b>At 31 December 2006</b>	<b>78,234</b>	<b>26,386</b>	<b>104,620</b>

# Tozer Kemsley and Millbourn Automotive Limited

## Notes to the Accounts For the Year Ended 31 December 2006

### 14. Reconciliation of movements in shareholders' funds

	2006 £'000	2005 £'000
Profit for the financial year	28,937	13,418
Net increase in shareholders' funds	28,937	13,418
Opening shareholders' funds	89,458	76,040
<b>Closing shareholders' funds</b>	<b>118,395</b>	<b>89,458</b>

### 15. 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 2006 was £121,584 (2005 £117,995)

### 16. 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 2006

### 17. 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

### 18. 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

### 19. Post balance sheet events

On 21 March 2007, the Chancellor of the Exchequer announced in his Budget Statement that the rate of UK corporation tax is to be reduced from 30% to 28% with effect from April 2008. As this change was announced after the balance sheet date, it is a non-adjusting event