

Company No. 893104

**TOZER KEMSLEY AND MILLBOURN AUTOMOTIVE LIMITED**

**REPORT AND ACCOUNTS**

**31 DECEMBER 1996**



Suite 3, Rushmoor Court  
Croxley Business Park  
Hatters Lane  
Watford  
Hertfordshire WD1 8YL

# TOZER KEMSLEY AND MILLBOURN AUTOMOTIVE LIMITED

## REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 December 1996.

### 1. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Tozer Kemsley and Millbourn Automotive Limited ("the company") is an investment holding company and owns subsidiaries and interests in associated companies (based both in the United Kingdom and overseas) whose activities primarily relate to automotive retailing, distribution and associated services. A list of principal subsidiary and associated undertakings is set out on page 8.

### 2. RESULTS AND DIVIDENDS

The results for the year are disclosed in the profit and loss account on page 5. The Company has paid or proposed dividends amounting to £7,635,000 (1995 : £39,753,000) during the year.

### 3. ACQUISITIONS AND INVESTMENTS

During the year the French motors businesses of Stewart & Arden S.A. and Angers Motors S.A. were sold.

In Australia, subsidiary companies have ceased to distribute Ferrari and Proton and are in the process of divesting Audi.

### 4. DIRECTORS AND DIRECTORS' INTERESTS

The names of the present directors of the company and those who held office during the year are as follows:

Mr J.M.H. Light	Resigned 22 August 1996
Mr A.M. Ferguson	
Mr J.M. Cross	Appointed 26 July 1996

The company's Articles of Association do not require directors to retire by rotation.

No director during the year, or at the end of the year, had any material interest in any contract of significance to the business of the company or its subsidiaries.

None of the directors holds any shares in the company.

The interests of the other directors in office at 31 December 1996 in the Ordinary 25p share capital of Inchcape plc are set out in the table below:

	<u>Ordinary shares of 25p each</u>					
	<u>At 1 January 1996</u> (or date of appointment)		<u>Granted during the year</u>		<u>At 31 December 1996</u>	
	<u>Shares</u>	<u>Options to subscribe for shares</u>	<u>Shares</u>	<u>Options to subscribe for shares</u>	<u>Shares</u>	<u>Options to subscribe for shares</u>
A.M. Ferguson	2,696	5,804 (a)	23	-	2,719	5,804
	-	54,234 (b)	-	11,100 (b)	-	65,334
J.M. Cross	-	-	-	4,148 (a)	-	4,148

(a) Under the Inchcape SAYE Share Option Scheme

(b) Under the Inchcape Executive Share Option Scheme

**TOZER KEMSLEY AND MILLBOURN AUTOMOTIVE LIMITED**

**REPORT OF THE DIRECTORS (continued)**

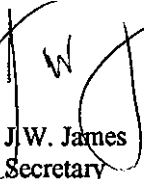
**5. PROMPT PAYMENT POLICY**

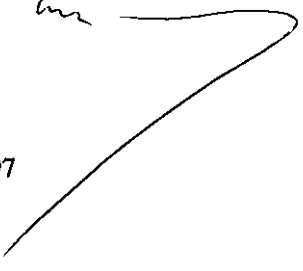
The company is responsible for agreeing the terms and conditions under which business transactions with its suppliers are conducted. In line with Inchcape Group policy, payments to suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions.

**6. AUDITORS**

In accordance with Section 384 of the Companies Act 1986, a resolution will be put to the Annual General Meeting proposing the re-appointment of Coopers & Lybrand as auditors to the company, and to authorise the directors to fix their remuneration.

**BY ORDER OF THE BOARD**

  
J.W. James  
Secretary  
8 July 1997



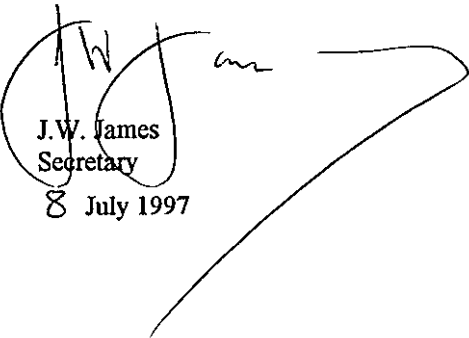
## TOZER KEMSLEY AND MILLBOURN AUTOMOTIVE LIMITED

### DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION OF FINANCIAL STATEMENTS

The directors are required by law to prepare financial statements for the financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit for that period. The financial statements must be prepared in compliance with the required formats and disclosures of the Companies Act 1985 and with applicable Accounting Standards. The directors are additionally responsible for maintaining adequate accounting records, for safeguarding the assets of the company, and for preventing and detecting fraud and other irregularities. The directors confirm, in respect of the preparation of the financial statements, that:

- they have been prepared on a going concern basis,
- suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used; and
- applicable Accounting Standards have been followed.

### BY ORDER OF THE BOARD



J.W. James  
Secretary

8 July 1997

**TOZER KEMSLEY AND MILLBOURN AUTOMOTIVE LIMITED**

**REPORT OF THE AUDITORS TO THE MEMBERS OF TOZER KEMSLEY AND MILLBOURN AUTOMOTIVE LIMITED**

We have audited the financial statements on pages 5 to 10.

**Respective Responsibilities of Directors and Auditors**

As described on page 3, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

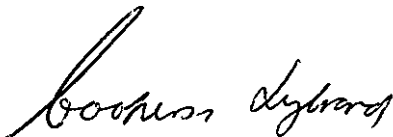
**Basis of Opinion**

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 affairs of the company at 31 December 1996 and of the profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



COOPERS & LYBRAND  
Chartered Accountants and Registered Auditors

London

8 July 1997

**TOZER KEMSLEY AND MILLBOURN AUTOMOTIVE LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 1996**

	Notes	1996 £000	1995 £000
Dividends received from group companies		6,864	46,627
Provision against investment in subsidiaries		-	(9,287)
Profit on ordinary activities before interest	2	<u>6,864</u>	<u>37,340</u>
Net interest receivable	3	<u>3,144</u>	<u>1,347</u>
Profit on ordinary activities before taxation		10,008	38,687
Taxation	4	<u>(1,263)</u>	<u>(443)</u>
Profit for the financial year		8,745	38,244
Dividends paid to holding company		<u>(7,635)</u>	<u>(39,753)</u>
Retained profit/(loss) for the financial year		1,110	(1,509)
Balance brought forward - 1 January		<u>4,042</u>	<u>5,551</u>
Balance carried forward - 31 December		<u><u>5,152</u></u>	<u><u>4,042</u></u>

There were no discontinued activities during the year.

The company has no recognised gains or losses other than the profits 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 loss for the year stated above, and their historical cost equivalents.

The notes on pages 7 to 10 form part of these financial statements.

**TOZER KEMSLEY AND MILLBOURN AUTOMOTIVE LIMITED**

**BALANCE SHEET**

**AT 31 DECEMBER 1996**

	Notes	1996 £000	1995 £000
<b>Fixed Assets</b>			
Investments	5	<u>182,674</u>	<u>165,619</u>
<b>Current Assets</b>			
Debtors	6	24,906	45,183
Cash at bank and in hand		<u>9,643</u>	<u>7,755</u>
		34,549	52,938
<b>Current Liabilities</b>			
Creditors - amounts falling due within one year	7	<u>120,062</u>	<u>122,506</u>
<b>Net Current Liabilities</b>		<u>(85,513)</u>	<u>(69,568)</u>
<b>Total Assets less Current Liabilities</b>		<u>97,161</u>	<u>96,051</u>

**FINANCED BY:**

<b>Capital and Reserves</b>			
Called up share capital	8	13,775	13,775
Share premium account	9	78,234	78,234
Profit and loss account		<u>5,152</u>	<u>4,042</u>
<b>Equity Shareholders' Funds</b>	10	<u>97,161</u>	<u>96,051</u>

**ON BEHALF OF THE BOARD**



A.M. Ferguson  
Director

8 July 1997

The notes on pages 7 to 10 form part of these financial statements.

# TOZER KEMSLEY AND MILLBOURN AUTOMOTIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

### 1. ACCOUNTING POLICIES

The financial statements have been prepared 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 financial statements have been prepared.

#### Fixed asset investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

#### Overseas currencies

Assets and liabilities in foreign currencies are converted into sterling at the rates ruling on 31 December 1996 or forward contract rates, where appropriate.

#### Deferred taxation

Deferred taxation is accounted for under the liability method, to the extent that it is probable that a liability will crystallise in the future.

#### Related Party Transactions

The company is a wholly owned subsidiary in the Inchcape plc group and has applied the exemption in paragraph 3(c) of FRS8 "Related Party Disclosures". This exemption permits the non-disclosure of transactions and balances with related parties that are included in the consolidated financial statement of Inchcape plc. The directors consider that there are no other relationship transactions or balances which are required to be disclosed by FRS8.

### 2. PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST

None of the directors received any remuneration for services rendered to the company (1995:nil).

Auditors' remuneration has been borne by the parent company (1995:nil).

### 3. INTEREST

	1996	1995
	£000	£000
Interest receivable from group companies	3,083	2,354
Interest payable to group companies	(20)	(1,146)
Other interest receivable	81	139
Other interest payable	-	-
	<u>3,144</u>	<u>1,347</u>

### 4. TAXATION

	1996	1995
	£000	£000
The taxation credit / (charge) based on the results for the year is made up as follows:		
UK Corporation tax at 33% (1995:33%)	(1,303)	(21,088)
Double tax relief	<u>310</u>	<u>20,921</u>
	(993)	(167)
Overseas tax	<u>(310)</u>	<u>(236)</u>
	(1,303)	(403)
Deferred tax	<u>40</u>	<u>(40)</u>
	<u>(1,263)</u>	<u>(443)</u>

Deferred tax is provided in the accounts as follows:

Accelerated capital allowances	-	-
Short term timing differences	<u>(40)</u>	<u>40</u>
	<u>40</u>	<u>40</u>



**TOZER KEMSLEY AND MILLBOURN AUTOMOTIVE LIMITED**

**NOTES TO THE ACCOUNTS (Continued)**

<b>5. FIXED ASSET INVESTMENTS</b>	<b>Investments in Subsidiary Undertakings £000</b>	<b>Loans to Subsidiary Undertakings £000</b>	<b>Total £000</b>
<b>Cost:</b>			
At 1 January 1996	174,906	1	174,907
Additions	<u>17,055</u>	<u>-</u>	<u>17,055</u>
At 31 December 1996	<u>191,961</u>	<u>1</u>	<u>191,962</u>
	=====	=====	=====
<b>Amounts provided for:</b>			
At 1 January 1996 and 31 December 1996	(9,288)	-	(9,288)
	=====	=====	=====
<b>Net Book value:</b>			
At 31 December 1996	<u>182,673</u>	<u>1</u>	<u>182,674</u>
	=====	=====	=====
At 31 December 1995	<u>165,618</u>	<u>1</u>	<u>165,619</u>
	=====	=====	=====

Principal subsidiary and associated undertakings are listed below. Unless otherwise shown, the capital of each company is wholly owned and is in ordinary shares, and the principal country of operation is the country of incorporation. Where a company is not wholly owned, the percentage of the capital held is shown in brackets.

		<b>Country of Incorporation</b>
* Inchcape France S.A.	(£91.1m preference (100%); £18.7m ordinary (100%))	France
Inchcape Automobiles S.A.		France
Inchcape Shipping Services S.A.		France
Gellatly France S.A.		France
Marseille Liner Agency S.A.		France
Tozer Kemsley & Millbourn Holding France S.A		France
n.v. Autoproducts S.A.		Belgium
France Motors SARL	(95%)	France
Kennings S.A.		France
* Deepsoval Services Limited		England
* Tozer International Holdings Limited	(90%)	England
* Inchcape Motors (Australia) Limited (formerly Tozer Kemsley & Millbourn Automotive (Australia) Limited)	(91%)	Australia
Ateco Holdings Limited		Australia
# Subaru (Aust) Pty. Limited		Australia
TKM Automotive Australia Pty. Limited		Australia
* Nexus Corporation Limited		England
Automotive Group Limited	(40%)	England
The Cooper Group Limited		England
Tozer Kemsley & Millbourn Automotive (Ireland) Limited		Ireland
MCL Group Limited	(40%)	England
Wadham Kenning Motor Group Limited		England
* Tozer Kemsley & Millbourn Finland Oy		Finland
Haka-Auto Oy		Finland
* Daewoo Auto Import (Suisse) SA		Switzerland
* Inchcape Autos Conthey SA		Switzerland
* Inchcape Motors (Switzerland) SA		Switzerland
* Indicates that shares in the company are directly owned by Tozer Kemsley and Millbourn Automotive Limited		
# This company operates in both Australia and New Zealand.		

**TOZER KEMSLEY AND MILLBOURN AUTOMOTIVE LIMITED**

**NOTES TO THE ACCOUNTS (Continued)**

<b>6. DEBTORS</b>	<b>1996</b>	<b>1995</b>
	<b>£000</b>	<b>£000</b>
Due from subsidiary undertakings	24,624	35,483
Interest receivable	89	121
ACT recoverable	<u>193</u>	<u>9,579</u>
	<u><b>24,906</b></u>	<u><b>45,183</b></u>

<b>7. CREDITORS - amounts falling due within one year</b>	<b>1996</b>	<b>1995</b>
	<b>£000</b>	<b>£000</b>
Due to holding company	118,876	112,720
Corporation tax payable	993	167
Deferred tax	-	40
Due to subsidiary undertakings	-	-
Due to fellow subsidiary undertakings	-	-
ACT payable	<u>193</u>	<u>9,579</u>
	<u><b>120,062</b></u>	<u><b>122,506</b></u>

<b>8. SHARE CAPITAL</b>	<b>1996</b>	<b>1995</b>
	<b>£000</b>	<b>£000</b>
Ordinary shares of £1 each:		
Authorised	<u>20,000</u>	<u>20,000</u>
Issued and fully paid	<u><b>13,775</b></u>	<u><b>13,775</b></u>

On 19 December 1995 the company increased its authorised share capital by the creation of 19,000,000 Ordinary Shares of £1 each. On the same date 12,825,255 Ordinary Shares of £1 each were issued to the immediate holding company, Inchcape Motors International plc, to finance the additional investment in Inchcape France S.A.

**9. SHARE PREMIUM ACCOUNT**

At 1 January 1996 and 31 December 1996	<u><b>78,234</b></u>
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<b>10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</b>	<b>1996</b>	<b>1995</b>
	<b>£000</b>	<b>£000</b>
Profit for the financial year	8,745	38,244
Dividends paid	(7,635)	(39,753)
Share Capital Issued	-	<u>91,059</u>
Net increase in Shareholders' funds	<u>1,110</u>	89,550
Opening Shareholders' funds	<u><b>96,051</b></u>	<u><b>6,501</b></u>
Closing Shareholders' funds	<u><b>97,161</b></u>	<u><b>96,051</b></u>

**TOZER KEMSLEY AND MILLBOURN AUTOMOTIVE LIMITED**

**NOTES TO THE ACCOUNTS (Continued)**

**11. CONTINGENT LIABILITIES**

The company is party to composite cross guarantees between banks, its ultimate parent company and fellow subsidiaries. The company's contingent liability under these guarantees at 31 December 1996 was £9,643,407 (1995:£7,755,247).

**12. 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 by including a consolidated cash flow statement in its Report and Accounts for the year ended 31 December 1996.

**13. ULTIMATE HOLDING COMPANY**

The directors regard the ultimate holding company as Inchcape plc which is incorporated in Great Britain.

The largest and the smallest group of which the company is a member and for which Group Financial Statements are drawn up is that of Inchcape plc which is registered in England. Copies of the Report and Financial Statements of that company are available from:

The Company Secretary  
Inchcape plc  
33 Cavendish Square  
London  
W1M 9HF