

Registration number: 893104

Tozer Kemsley and Millbourn Automotive Limited

Annual Report and Financial Statements

for the year ended 31 December 2016

Registered Office
Inchcape House
Langford Lane
Kidlington
Oxford
OX5 1HT



Tozer Kemsley and Millbourn Automotive Limited
Strategic Report for the Year Ended 31 December 2016

The Directors present their strategic report for the year ended 31 December 2016.

Fair review of the business

The results for the Company show a profit for the financial year of £811,000 (2015: £nil). The Company had net assets at the end of the year of £997,000 (2015: £186,000).

The Company's principal activity during the year is that of an intermediate holding company, and remains unchanged since prior years. Principal activity is that of an intermediate holding company.


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 Annual Report and Accounts 2016 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 risk 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 2016 which does not form part of this report.

Approved by the Board on 28 September 2017 and signed by order of the Board by:


.....
Martin Wheatley
Company secretary and director

Tozer Kemsley and Millbourn Automotive Limited

Directors' Report for the Year Ended 31 December 2016

The Directors present their report and the audited financial statements for the year ended 31 December 2016.

Incorporation and Domicile

The Company is incorporated and domiciled in the United Kingdom, registration number 893104. The registered office of the Company is Inchcape House, Langford lane, Kidlington, Oxford, OX5 1HT.

Directors of the Company

The Directors who held office during the year and up to the date of signing were as follows:

Anton Jeary

Martin Wheatley - Company secretary and director

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 2016, or occurred during the year for any Director or connected person (2015: none).

Dividends

The Directors do not recommend the payment of a final dividend (2015: £nil).

No dividends were paid during the year (2015: £nil).

Future developments

The Directors do not foresee any significant changes in the Company or its activities in 2017.

Financial instruments 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.

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.

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.

Disclosure of information to the auditors

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Tozer Kemsley and Millbourn Automotive Limited
Directors' Report for the Year Ended 31 December 2016

Approved by the Board on 28 September 2017 and signed by order of the Board by:


.....
Martin Wheatley
Company secretary and director

Tozer Kemsley and Millbourn Automotive Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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.

The Directors 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 Auditor's Report to the Members of Tozer Kemsley and Millbourn Automotive Limited

Report on the financial statements

Our opinion

In our opinion, Tozer Kemsley and Millbourn Automotive Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- Balance Sheet as at 31 December 2016;
- Profit and Loss Account for the year then ended;
- Statement of Changes in Equity 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 the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Tozer Kemsley and Millbourn Automotive Limited

Independent Auditor's Report to the Members of Tozer Kemsley and Millbourn Automotive Limited

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 4), 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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.

Tozer Kemsley and Millbourn Automotive Limited

Independent Auditor's Report to the Members of Tozer Kemsley and Millbourn Automotive Limited

What an audit of financial statements involves

We conducted our audit in accordance with 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.

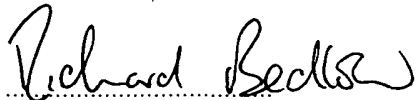
We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report 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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Other Matter

The comparative information as at, and for the period ended 31 December 2015 has not been audited.



Richard Bedlow (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP, Statutory Auditor

28 September 2017

Tozer Kemsley and Millbourn Automotive Limited

Profit and Loss Account for the Year Ended 31 December 2016

	Note	2016 £ 000	Unaudited 2015 £ 000
Turnover		-	-
Other operating income		<u>1,475</u>	<u>-</u>
Operating profit		<u>1,475</u>	<u>-</u>
Profit on ordinary activities before taxation		1,475	-
Tax on profit on ordinary activities	5	<u>(664)</u>	<u>-</u>
Profit for the financial year		<u>811</u>	<u>-</u>

The above results were derived from continuing operations.

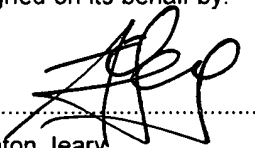
There is no other comprehensive income for the year (2015: £nil).

Tozer Kemsley and Millbourn Automotive Limited

Balance Sheet as at 31 December 2016

	Note	2016 £ 000	Unaudited 2015 £ 000
Fixed assets			
Investments	6	186	186
Current assets			
Debtors: Amounts falling due within one year	7	811	-
Net assets		<u>997</u>	<u>186</u>
Capital and reserves			
Profit and loss account		<u>997</u>	<u>186</u>
Total shareholders' funds		<u>997</u>	<u>186</u>

The financial statements on pages 8 to 18 were approved by the Board on 28 September 2017 and signed on its behalf by:



 Anton Jeary
 Director

Tozer Kemsley and Millbourn Automotive Limited

Statement of Changes in Equity for the Year Ended 31 December 2016

	Profit and loss account £ 000	Total shareholders' funds £ 000
At 1 January 2016	<u>186</u>	<u>186</u>
Profit for the year	<u>811</u>	<u>811</u>
Total comprehensive income	<u>811</u>	<u>811</u>
At 31 December 2016	<u><u>997</u></u>	<u><u>997</u></u>
	Profit and loss account £ 000	Total shareholders' funds £ 000
At 1 January 2015	<u>186</u>	<u>186</u>
At 31 December 2015	<u><u>186</u></u>	<u><u>186</u></u>

Tozer Kemsley and Millbourn Automotive Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1 Accounting policies

Basis of preparation

These financial statements were prepared under the historical cost convention and in accordance with the Companies Act 2006 and the Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The principal accounting policies of the Company have been applied consistently.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise of share options, and how the fair value of goods and services received was determined)
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - paragraph 73(e) of IAS 16 Property, plant and equipment;
 - paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows)
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 40A-D (requirements for a third statement of financial position),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue as a going concern for the foreseeable future. As such, the Company continues to adopt the going concern basis in preparing the financial statements.

Tozer Kemsley and Millbourn Automotive Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1 Accounting policies (continued)

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.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 the future. 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.

Tangible fixed assets are subject to impairment tests where, in the opinion of the Directors, there has been an indication of impairment. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

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.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term bank deposits.

Tozer Kemsley and Millbourn Automotive Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1 Accounting policies (continued)

Provisions

A provision is recognised when the Company has a present obligation that arises from a past event, when it is more likely than not to result in the transfer of economic benefits and where the amount can be reliably estimated. Provisions are discounted where the time value of money is considered to be material.

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.

2 Critical accounting judgements and key sources of estimation uncertainty

The Directors have made some estimates and judgements in applying the Group's accounting policies. The most significant relate to:

Impairment of investments

Investments are reviewed for impairment on an annual basis. Carrying value at the end of the year is compared to recoverable value for each investment. The recoverable value is determined based on the higher of net asset value or value in use. Value in use calculations require estimates to be made of future cash flows.

3 Operating result

The auditors' remuneration has been borne by a fellow subsidiary undertaking. Of this remuneration £3,000 (2015: £nil) is deemed to be attributable to the Company. The auditors' remuneration does not include any non-audit services.

4 Directors' remuneration

No emoluments (2015: £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.

Tozer Kemsley and Millbourn Automotive Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

5 Income tax

The Finance Act 2013 included legislation to reduce the rate of UK Corporation Tax from 21% to 20% with effect from 1 April 2015. This gives an overall blended Corporation Tax rate for the company for the full year of 20% (2015: 20.25%).

	2016 £ 000	Unaudited 2015 £ 000
Current taxation		
UK corporation tax	<u>664</u>	<u>-</u>

The tax on profit/(loss) before tax for the year is higher than the standard rate of corporation tax in the UK (2015 - the same as the standard rate of corporation tax in the UK) of 20% (2015 - 20.25%).

The differences are explained below:

	2016 £ 000	Unaudited 2015 £ 000
Profit before tax	<u>1,475</u>	<u>-</u>
Corporation tax at standard rate	295	-
Increase from effect of different UK tax rates on some earnings	<u>369</u>	<u>-</u>
Total tax charge	<u>664</u>	<u>-</u>

Factors that may affect future tax charges

The Finance Act 2015 included legislation to reduce the rate of UK corporation tax from 20% to 19% from 1 April 2017, and to 18% from 1 April 2020. In addition, the Finance Act 2016 was passed in the year which further reduced the rate of corporation tax by 1% to 17% from 1 April 2020. This further rate reduction was enacted at the balance sheet date and hence this rate is now relevant for measuring deferred tax balances in the UK.

Tozer Kemsley and Millbourn Automotive Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

5 Income tax (continued)

Franked Investment Income Group Litigation Order and Tax Rate Differential Note

Tozer Kemsley and Millbourn Automotive Limited is a claimant in an action in the United Kingdom against HM Revenue and Customs (HMRC) in the Franked Investment Income Group Litigation Order (FII GLO). There are 25 corporate groups in the FII GLO. The action concerns the treatment for UK corporation tax purposes of profits earned overseas and distributed to the UK. The resolution of test cases is incomplete.

In September 2015 an application that included Tozer Kemsley and Millbourn Automotive Limited was filed at the High Court for summary judgment in respect of the Foreign Income Dividend (FID) component of the FII GLO. This is a claim for restitution of Advance Corporation Tax (ACT) paid under the FID regime and is a subsidiary component of the FII GLO. In January 2016, Henderson J handed down judgment in favour of a number of claimants in the GLO who had brought similar applications. HMRC agreed that that judgment should also apply to Tozer Kemsley and Millbourn Automotive Limited. Subsequently, Tozer Kemsley and Millbourn Automotive Limited received a payment from HMRC. The award under the summary judgment has been reported within other operating income and is taxable at 45%. This net payment is subject to refund if HMRC are granted leave to appeal to the Supreme Court on the issue concerning FID claims and that appeal is then successful.

6 Investments

Shares in subsidiary undertakings	£ 000
Cost	
At 1 January 2016	31,381
At 31 December 2016	31,381
Provisions	
At 1 January 2016	(31,381)
At 31 December 2016	(31,381)
Net book value	
At 31 December 2016	-
At 31 December 2015	-

Tozer Kemsley and Millbourn Automotive Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

6 Investments (continued)

Details of the subsidiaries as at 31 December 2016 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2016	2015
Nexus Corporation Limited	Dormant	England & Wales	100%	100%
Tozer International Holdings Limited	Dormant	England & Wales	100%	100%

Tozer Kemsley and Millbourn Automotive Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

6 Investments (continued)

Associates

£ 000

Cost or valuation

At 1 January 2016	2,997
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At 31 December 2016	2,997
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Provision

At 1 January 2016	2,811
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At 31 December 2016	2,811
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Carrying amount

At 31 December 2016	186
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At 31 December 2015	186
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7 Debtors: Amounts falling due within one year

Unaudited

2016	2015
£ 000	£ 000

Amounts owed by group undertakings	811	-
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8 Share capital

Allotted, called up and fully paid shares

	2016		2015	
No. 000	£ 000		No. 000	£ 000

Ordinary shares of £1 each	-	-	-	-
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Tozer Kemsley and Millbourn Automotive Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

9 Parent and ultimate parent undertaking

The Company's immediate parent is Inchcape Motors International Limited, 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: