

Tozer Kemsley and Millbourn Automotive Limited
(Registered Number: 893104)

Annual Report and Accounts

For the year ended 31 December 2001



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 for the year ended 31 December 2001.

Principal activities

The principal activity of the Company is that of an intermediate holding company. There were no discontinued activities.

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 £ 1,283,000 (2000: £8,537,000 profit). There were no dividends paid throughout the year (2000: nil), and the directors do not recommend the payment of a final dividend (2000: nil).

Directors and their interests

The directors who held office during the year were as follows:

D S Green
M P Wheatley

No director had any interest in the shares of the Company (or any of its subsidiaries or intermediate parent undertaking) at either 1 January 2001 or 31 December 2001.

The table below shows the interests, other than options, including family interests, in the ordinary shares of Inchcape plc, the ultimate parent undertaking, of the persons who were directors at 31 December 2001.

	Ordinary shares of 150p each	
	31 December 2001	1 January 2001
D Green	54	54
M Wheatley	Nil	Nil

Tozer Kemsley and Millbourn Automotive Limited

Director's Report (continued)

Director's share options

	Held at 31.12.01	Granted during the year	Lapsed, cancelled or waived during the year	Held at 1.1.01 or date of appointment	Exercise price (c)	When exercisable
D Green	238 (b)	-	-	238	£3.25	Dec 2002 - Jun 2003
	488 (b)	-	-	488	£2.38	Nov 2003 - May 2004
	251 (b)	251 (b)	-	-	£3.08	Jun 2004 - Nov 2004
M Wheatley	2,577 (a)	-	-	2,577	£3.88	Aug 2000 - Feb 2001
	7,042 (a)	-	-	7,042	£2.84	Sept 2002 - Sept 2009
	5,208 (a)	5,208 (a)	-	-	£3.84	Aug 2003 - Aug 2010

(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.

No options under any of the Company's share option schemes were exercised by the directors' during the period. All options were granted for nil consideration.

Notes on share options

The table above shows directors' options over ordinary shares of 150p at 1 January 2001 and 31 December 2001. The mid-market price of shares of 150p each at 31 December 2001 was £6.06p. The price range during the period was £2.75p to £6.15p.

Options under the 1999 Plan are granted on a discretionary basis to full time senior executives based within, and outside, the UK including executive directors of Inchcape plc. Such options are exercisable between three and ten years of grant.

The Inchcape SAYE Share Option Scheme is open to employees with at least three months service.

Tozer Kemsley and Millbourn Automotive Limited

Director's Report (continued)

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year, which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

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 have indicated their willingness to remain in office.

By order of the board



M Wheatley
Secretary

Date *20 May 2002*

Tozer Kemsley and Millbourn Automotive Limited

Report of the Independent Auditors to the Members of Tozer Kemsley and Millbourn Automotive Limited

We have audited the financial statements on pages 5 to 11.

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 on page 3.

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.

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.

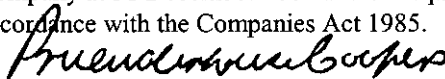
Basis of audit opinion

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 of the Company at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
Date *23 May 2002*

Tozer Kemsley and Millbourn Automotive Limited

Profit and Loss Account for the Year Ended 31 December 2001

	<i>Note</i>	2001 £'000	2000 £'000
Administrative expenses	2	(1,511)	(2,500)
Operating loss		(1,511)	(2,500)
Income from shares in group undertakings		2,790	10,732
Profit on ordinary activities before interest and taxation		1,279	8,232
Interest receivable and similar income		5	436
Profit on ordinary activities before taxation		1,284	8,668
Taxation	4	(1)	(131)
Retained profit for the financial year	9	1,283	8,537

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.

There were no discontinued operations in the current year.

All the activities of the Company are continuing.

Tozer Kemsley and Millbourn Automotive Limited

Balance Sheet at 31 December 2001

	<i>Note</i>	2001 £'000	2000 £'000
Fixed assets			
Investments	5	78,736	80,247
Current assets			
Debtors	6	-	93
Creditors – Amounts falling due within one year	7	(58,175)	(61,062)
Net current liabilities		(58,175)	(60,969)
Net assets		20,561	19,278
Capital and reserves			
Called up share capital	8	13,775	13,775
Share premium account	9	78,234	78,234
Profit and loss account	9	(71,448)	(72,731)
Equity shareholders' funds	10	20,561	19,278

The financial statements on pages 5 to 11 were approved by the Board of directors on the 20th day of May 2002 and were signed on its behalf by:



Director

Tozer Kemsley and Millbourn Automotive Limited

Notes to the Accounts For the Year Ended 31 December 2001

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 accounts have been prepared.

Fixed Asset Investments

Fixed Asset Investments are stated at cost, less provision for impairment in value.

Foreign currencies

Transactions in overseas currencies have been translated into sterling at the rate ruling at the date of the transaction. Assets and liabilities are translated into sterling at the rates ruling on 31 December 2001, except where rates are fixed by contract.

Changes in accounting policies

FRS 18 has been adopted in the current year but this did not require any change in accounting policy.

2 Operating loss

	2001 £'000	2000 £'000
Operating loss is stated after charging:		
Provision for impairment of investments	(1,511)	(2,500)

As in 2000, auditors' remuneration has been borne by a fellow subsidiary undertaking on behalf of the Company.

3 Directors' emoluments and employee information

The Company has no employees and hence has no salary, social security or pension costs. As in 2000, remuneration to the Company's directors for services to the company is paid for and borne by other group companies.

Tozer Kemsley and Millbourn Automotive Limited

Notes to the Accounts For the Year Ended 31 December 2001

4 Tax on profit on ordinary activities

The taxation charge is made up as follows:

	2001 £'000	2000 £'000
UK Corporation Tax at 30% (2000 – 30%):	1,399	4,843
Double tax relief	(1,398)	(4,712)
	<u>1</u>	<u>131</u>

5 Fixed asset investments

	Investment in subsidiary undertakings £'000	Investment in quoted company £'000	Total £'000
Cost			
At 1 January and 31 December 2001	110,535	2,997	113,532
Amounts provided for			
At 1 January 2001	(30,785)	(2,500)	(33,285)
Provided in year	(1,511)	-	(1,511)
At 31 December 2001	(32,296)	(2,500)	(34,796)
Net book value			
At 31 December 2001	<u>78,239</u>	<u>497</u>	<u>78,736</u>
At 31 December 2000	79,750	497	80,247

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, a company listed on NASDAQ. The market value at 31 December 2001 was £446,243 (2000 - £635,550). An additional provision has not been taken up on the grounds that this is not deemed to be a permanent impairment.

Tozer Kemsley and Millbourn Automotive Limited

Notes to the Accounts For the Year Ended 31 December 2001

5 Fixed asset investments (Continued)

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

	Country of incorporation or registration	Proportion of nominal value of share held	Principal activity
Subsidiary undertakings			
Almangel SA	Columbia	94%	Dormant
Deepsoval Services Limited	UK	100%	Dormant
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

6 Debtors

	2001 £'000	2000 £'000
Other debtors	-	93

All of the above amounts are due within one year.

7 Creditors - Amounts falling due within one year

	2001 £'000	2000 £'000
Amounts owed to group undertakings	58,139	60,931
Corporation tax	1	131
Bank loans and overdrafts	35	-
	58,175	61,062

Tozer Kemsley and Millbourn Automotive Limited

Notes to the Accounts For the Year Ended 31 December 2001

8 Called up share capital

	2001 £'000	2000 £'000
Authorised		
20,000,000 ordinary shares of 100p each	20,000	20,000
Allotted, called up and fully paid		
13,775,000 ordinary shares of 100p each	13,775	13,775

9 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 January 2001	78,234	(72,731)
Retained profit for the financial year	-	1,283
As at 31 December 2001	78,234	(71,448)

10 Reconciliation of movements in shareholders' funds

	2001 £'000	2000 £'000
Profit for the financial year	1,283	8,537
Net increase in shareholders' funds	1,283	8,537
Opening shareholders' funds	19,278	10,741
Closing shareholders' funds	20,561	19,278

11 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 2001 was £nil (2000: £nil).

Tozer Kemsley and Millbourn Automotive Limited

Notes to the Accounts For the Year Ended 31 December 2001

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 (revised) by including a consolidated cash flow statement in its Report and Accounts for the year ended 31 December 2001.

13 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.

14 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 Secretary at the Company's registered office, 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.