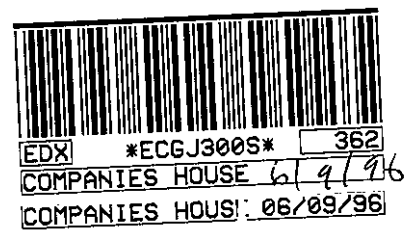


TGB VEHICLE CONTRACTS LIMITED
ANNUAL REPORT AND ACCOUNTS 1995

REGISTERED NO: 2023797



TGB Vehicle Contracts Ltd

ANNUAL REPORT AND ACCOUNTS
31st December 1995

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TGB Vehicle Contracts Ltd

Directors

R G Smith (Managing Director)
A P Singer

Secretary and Registered Office

H Jones
The Quadrangle
Redhill
Surrey
RH1 1PX

Registered Auditors

Coopers & Lybrand
Chartered Accountants and Registered Auditors

TGB Vehicle Contracts Ltd

Report of the Directors

The Directors present their report and the audited financial statements of the Company for the year ended 31st December 1995.

Principal activity and business review

The principal activities of the Company are:

- the marketing and administration of new and used vehicle warranties and maintenance contracts.
- the provision of wholesale and retail finance for Toyota dealers and customers respectively through TGB Finance Ltd, a joint venture company with Lloyds Bowmaker Ltd.
- the sale of quality used cars on behalf of its immediate holding company.

The Company increased its profit before tax by 2.94% over 1995 despite difficult trading conditions in the new and used car markets affecting the income from both warranties and the sale of used vehicles. With effect from 1996, the warranty income will cease as the administration has now been outsourced. This loss of income is unlikely to be fully recovered by the other activities and therefore no growth in the Company's earnings is anticipated in 1996.

Results and dividends

The profit after taxation for the year was £3,619,265 (1994: £3,470,949) which the Directors recommend be distributed as a final dividend amounting to £36,193 per ordinary share.

Directors

The present Directors of the Company are listed on Page 2. Mr R G Smith replaced Mr T H Taylor as Managing Director on 1 January 1996. No remuneration was paid to the Directors of the Company for their services during the year.

Directors' interest in shares

Messrs R G Smith and A P Singer had no interest in the shares of the Company or its immediate holding company as at 31st December 1995. The interests of Mr R G Smith, and Mr A P Singer in the shares of Inchcape plc are disclosed in the financial statements of the immediate holding company.

There were no contracts during the year in which any Director had a material interest.

Insurance of Directors

Inchcape plc maintains insurance for the Directors of the Company in respect of their duties as Directors.

TGB Vehicle Contracts Ltd

Employees

The Company had no direct employees during the year under review. The immediate holding company bears all employee costs and recharges that portion applicable to the Company.

Taxation status

The company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

Directors' responsibilities

The Directors are required by UK company law to prepare financial statements for each financial year that 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 or loss of the Company for that period.

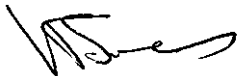
The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1995. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the reappointment of Coopers & Lybrand as the Company's Auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



H JONES
Secretary

16 April 1996

TGB Vehicle Contracts Ltd

Report of the Auditors to the members of TGB Vehicle Contracts Ltd

We have audited the financial statements on pages 6 to 11.

Respective responsibilities of Directors and Auditors

As stated on page 4 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

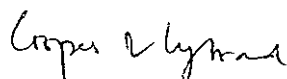
Basis of opinion

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 the Company's affairs at 31st December 1995 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

16 April 1996

TGB Vehicle Contracts Ltd

Profit and Loss Account for the year ended 31st December 1995

	<u>Note</u>	1995 £'000	1994 £'000
Turnover			
continuing operations	1	60639	36582
Cost of sales			
continuing operations		(57091)	(34117)
Gross profit		3548	2465
Net operating expenses			
continuing operations	3	(2493)	(2033)
Operating profit			
continuing operations		1055	432
Dividend receivable	4	2854	2635
Interest receivable		1582	1542
Interest payable	5	(1495)	(727)
Profit on ordinary activities			
before taxation		3996	3882
Taxation on ordinary activities	6	(377)	(411)
Profit on ordinary activities			
after taxation		3619	3471
Dividends	7	(3619)	(3471)
Retained profit for the year	13	-	-
		====	====

The Company has no recognised gains and losses other than those included in 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 profit for the year stated above, and their historical cost equivalent.

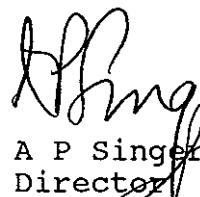
TGB Vehicle Contracts Ltd

Balance Sheet

at 31st December 1995

	<u>Note</u>	1995 £'000	1994 £'000
Fixed assets			
Investment in Associated Undertaking	8	<u>23025</u>	<u>23025</u>
Current assets			
Stocks	9	21235	18519
Debtors	10	<u>10765</u>	<u>6531</u>
		32000	25050
Creditors: amounts due within one year	11	<u>(53835)</u>	<u>(46885)</u>
Net current liabilities		<u>(21835)</u>	<u>(21835)</u>
Net assets		<u>1190</u> =====	<u>1190</u> =====
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account	13	<u>1190</u>	<u>1190</u>
Equity shareholders' funds	14	<u>1190</u> =====	<u>1190</u> =====

The financial statements on pages 6 to 11 were approved by the board of directors on 16 April 1996 and were signed on its behalf by


A P Singer
Director

TGB Vehicle Contracts Ltd

Notes to the financial statements for the year ended 31st December 1995

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

- Basis of accounting

The accounts are prepared in accordance with the historic cost convention.

- Associated undertaking

The Company's investment in TGB Finance Ltd is stated at cost. The dividend, representing the Company's share of net profit from the undertaking is included in the profit and loss account on an accruals basis. The share of profit and net assets attributable to the Company are equity accounted in the consolidated financial statements of the immediate holding company.

- Turnover

Turnover represents the net commission earned from the sale of new and used vehicle warranties, maintenance contracts and the commission from the previous joint venture with Lloyds Bowmaker Ltd which provided wholesale and retail finance to Toyota dealers and customers. The Company also purchases used vehicles for its own account. There were no overseas earnings.

- Stocks

Stocks are valued at the lower of cost and net realisable value.

2. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation does not include a charge in respect of auditors remuneration as this charge is borne by the immediate holding company.

3. Net operating expenses

	1995 £'000	1994 £'000
Continuing operations		
Administrative expenses	2493 ====	2033 =====

TGB Vehicle Contracts Ltd

4. Dividend receivable

The Company's share of the final dividend from the joint venture company amounts to £2,853,567 (1994: £2,635,534) and this has been taken to the profit and loss account.

5. Interest payable and similar charges

	1995 £'000	1994 £'000
--	---------------	---------------

On bank loans, overdrafts and other loans repayable within 5 years not by instalments	1495 =====	727 =====
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6. Taxation

Corporation tax of £377,000 (1994: £411,000) has been calculated at the rate of 33% (1994: 33%) on the profit for the year.

7. Dividends

	1995 £'000	1994 £'000
Proposed:		
A final dividend of £36,193 (1994: £34,709) per ordinary share	3619 =====	3471 =====

8. Associated undertaking

At 31st December 1995 the Company held 50% of the ordinary share capital of TGB Finance Ltd, a company incorporated in Great Britain and registered in England and Wales. This company, jointly owned with Lloyds Bowmaker Ltd, provides wholesale and retail finance to the Toyota dealer network and customers respectively.

The Company's interest in the net assets of TGB Finance Ltd is made up as follows:-

	1995 £'000	1994 £'000
Current assets	255826	234636
Trade and other creditors:		
Amounts due within one year	(208894)	(190881)
Amounts due in more than one year	<u>(23907)</u>	<u>(20730)</u>
Net assets	23025 =====	23025 =====

There are no retained reserves as all profits are fully distributed.

TGB Vehicle Contracts Ltd

9. Stocks

	1995 £'000	1994 £'000
Used motor vehicles	21235 =====	18519 =====

Within the stock of used motor vehicles are vehicles sold to external customers with whom the Company has entered into a commitment to buy the vehicles back at a predetermined value at some time in the future. The liability arising from this transaction is held in trade creditors.

10. Debtors

	1995 £'000	1994 £'000
Amounts falling due within one year:		
Trade debtors	4461	3814
Amounts owed by a fellow undertaking	3293	21
Amounts owed by Inchcape undertakings	55	60
Other debtors	101	-
Amounts owed by an undertaking in which the Company has a participating interest	<u>2855</u> 10765 =====	<u>2636</u> 6531 =====

11. Creditors

	1995 £'000	1994 £'000
Amounts falling due within one year:		
Bank loans and overdraft	24314	17599
Trade creditors	20941	18444
Amounts owed to the parent undertaking	3613	2256
Amount owed to a fellow subsidiary undertaking	8	-
Corporation tax	104	154
Dividend owed to the parent undertaking	3619	7547
Other creditors	<u>1236</u> 53835 =====	<u>885</u> 46885 =====

	1995 £	1994 £
12. Called up share capital		
100 Ordinary shares of £1 each:		
Authorised	100 ===	100 ===
Allotted, called up and fully paid	100 ===	100 ===

TGB Vehicle Contracts Ltd

13. Reserves

Profit and Loss
Account
£'000

Balance as at 1st January 1995	1190
Profit for the year	<u>-</u>
Balance as at 31st December 1995	<u>1190</u>
	=====

14. Reconciliation of movements in shareholders' funds

	1995 £'000	1994 £'000
Opening shareholders' funds	1190	1190
Profit for the financial year	<u>-</u>	<u>-</u>
Closing shareholders' funds	<u>1190</u>	<u>1190</u>
	=====	=====

15. Cash Flow Statement

As the Company is a wholly owned subsidiary no cash flow statement has been prepared for the Company as its cash flow movements are consolidated into those of the immediate holding company.

16. VAT Group

The Company and certain other Inchcape companies form a group for VAT purposes and, as such, are jointly and severally liable for VAT.

17. Bank guarantee

The Company has entered into a composite bank balance offset agreement with Toyota (GB) Ltd and TGB Computer Services Ltd.

18. Holding Company

The Company's immediate holding company is Toyota (GB) Ltd, a company incorporated in Great Britain and registered in England and Wales. The ultimate holding company is Inchcape plc, a company incorporated in Great Britain and registered in England and Wales. The ultimate holding company's financial statements can be obtained from the Company Secretary, Inchcape plc, St James's House, 23 King Street, London SW1Y 6QY.