

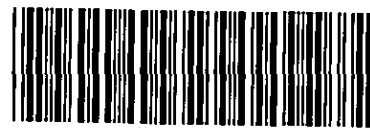
**EUROPEAN MOTOR HOLDINGS LIMITED  
(FORMERLY EUROPEAN MOTOR HOLDINGS PLC)**

**REPORT AND ACCOUNTS**

**FOR THE PERIOD ENDED 31 DECEMBER 2007**

**Registered in England and Wales No. 122207**

MONDAY



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## **EUROPEAN MOTOR HOLDINGS LIMITED (FORMERLY EUROPEAN MOTOR HOLDINGS PLC)**

### **Report of the directors**

The Directors submit their report together with the audited accounts for the period ended 31 December 2007.

Following the acquisition of the Company, by Inchcape plc in January 2007, the accounting reference date was amended to 31 December to align it with the parent entity. Consequently, the financial information is for the 10 month period ended 31 December 2007 with comparatives for the year ended 28 February 2007.

#### **1. Business review and principal activities**

The principal activities of the Company is that of a holding company.

The results for the company show a loss after tax for the period of £650,000 (year ended 28 February 2007: £17,180,000). The Directors do not recommend the payment of a dividend (year ended 28 February 2007: £6,212,000).

The company disposed of three investments during the period. These being Michael Powles Limited on 27 April 2007, J & S Component Engineering Limited and European Motor Services Limited on 10 October 2007 and Telford Motor Auctions Limited on 1 June 2007. This resulted in a profit on the sale of investments of £4,738,000.

The company impaired other investments as part of Inchcape UK's re-organisation programme, resulting in a loss on impairment of £10,184,000. Due to the sale of Wilcomatic, the only trading entity within Casemount Holdings Limited, the Company impaired its investment in Casemount accordingly. This generated a loss on impairment of £6,302,000. In addition, the company incurred a loss on impairment in a number of dormant entities due to the UK re-organisation programme, most notably in Automobiles of Distinction Limited (£2,068,000) and Seaton Limited (£1,576,000). The total loss on impairment of dormant entities is £3,882,000.

On 30 June 2007 the company sold its property at Craigmare House externally to Henley Motors Limited for consideration of £1,250,000 generating a loss of £164,000.

#### **2. Future outlook**

The directors do not foresee any significant changes in the Company or its activities during 2008.

#### **3. Principal risks and uncertainties**

The management of the business and the execution of the company's strategy are subject to a number of risks.

Further discussion of these risks and uncertainties, in the context of the Inchcape group as a whole, is provided on pages 34-37 of the group's annual report which does not form part of this report.

#### **4. Key performance indicators (KPIs)**

The Company is part of the Inchcape group. The development, performance and position of the UK Retail division, which includes this company, is discussed on page 30 of the group's annual report which does not form part of this report.

#### **5. Directors**

The directors who held office throughout the period were:

B Richmond (resigned 7 July 2008)  
S Lock  
C McCormack  
K Milliken (resigned 24 September 2008)  
M Wheatley (appointed 24 September 2008)  
R Smith (resigned 16 March 2007)  
R Abrahams (resigned 16 March 2007)  
R Putnam (resigned 16 March 2007)

#### **6. Transactions with directors**

No transaction, arrangement or agreement required to be disclosed in terms of the Companies Act 1985 was outstanding at 31 December 2007, or occurred during the year for any director or connected person (28 February 2007: £Nil).

## EUROPEAN MOTOR HOLDINGS LIMITED (FORMERLY EUROPEAN MOTOR HOLDINGS PLC)

### Report of the directors

#### 7. Directors' indemnity

A qualifying third party indemnity (QTPI), as permitted by the Company's Articles of Association and sections 309A to 309C 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 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.

#### 8. Going concern

After making enquiries, 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 accounts.

#### 9. Employee involvement

Arrangements exist to keep all employees informed on matters of concern to them and, following the publication of the results of Inchcape plc, information is disseminated widely. This includes performance statistics for both the Inchcape Group and individual business streams. Employee bulletins, the Group Intranet "the Pulse" and UK in-house magazine "Customer 1st" facilitate communication with employees throughout the world. Employees are regularly consulted upon matters concerning their employment.

Information is given on the performance of the pension fund. Company employees are eligible to participate in the Inchcape plc savings share option scheme, subject to the rules of that scheme. Employees are also offered Inchcape Benefits to promote their well-being.

#### 10. Employment and training policy

The Company is an equal opportunities employer and it is committed, where practicable and safe to do so, to the employment of disabled staff. The Company is committed to the training and development of its staff. In the event of members of staff becoming disabled, every effort is made to ensure that their employment continues and that appropriate training is arranged.

#### 11. Supplier payment policy

The company is responsible for agreeing the terms and conditions including terms of payment under which business transactions with the company's suppliers are conducted. While the company does not follow any single external code or standard, in line with Inchcape Group policy, payments to suppliers are made in accordance with the agreed terms, provided that the supplier is also complying with all relevant terms and conditions.

#### 12. Statement of disclosure of information to auditors

As at the date of this report, as far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware. Each director has taken such steps as 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.

#### 13. Auditors

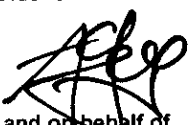
Pursuant to Section 386 of the Companies Act 1985, the Company has elected to dispense with the obligation to appoint auditors annually. Accordingly, PricewaterhouseCoopers LLP have indicated their willingness to remain in office.

#### 14. Elective resolutions

In addition to the aforementioned election to dispense with the obligation to appoint auditors annually, further elective resolutions passed by the members, remain in force. These resolutions remove the requirement for the company to:-

- (i) Hold Annual General Meetings; and
- (ii) Lay Report and Accounts before a General Meeting

By Order of the Board

  
For and on behalf of  
Inchcape UK Corporate Management Limited  
Company Secretary

Date: 14/5/2009

## **EUROPEAN MOTOR HOLDINGS LIMITED (FORMERLY EUROPEAN MOTOR HOLDINGS PLC)**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of that company for the period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable United Kingdom Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue its business.

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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EUROPEAN MOTOR HOLDINGS LIMITED (FORMERLY EUROPEAN MOTOR HOLDINGS PLC)**

We have audited the financial statements of European Motor Holdings Limited for the period ended 31 December 2007 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:

- i) 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 2007 and of its loss for the period then ended;
- ii) the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- iii) the information given in the Directors' Report is consistent with the financial statements.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London  
Date: 15 May 2009

**EUROPEAN MOTOR HOLDINGS LIMITED (FORMERLY EUROPEAN MOTOR HOLDINGS PLC)**

**Profit and loss account**  
**For the period ended 31 December 2007**

	Note	10 months to 31 December 2007 £'000	12 months to 28 February 2007 £'000
<i>Continuing operations:</i>			
Turnover	1	350	4,288
Administrative expenses		(181)	(13,206)
Operating profit / (loss)	2	<u>169</u>	<u>(8,918)</u>
Other income		-	5,000
Exceptional Items	9		
Profit on disposal of businesses		4,738	-
Loss on impairment of investments		(10,184)	(13,810)
Profit on write off of inter company balances		4,420	-
Loss on sale of Fixed Assets		(184)	-
Interest payable	6	-	(261)
Interest receivable	7	554	640
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(487)</u>	<u>(17,349)</u>
Tax (charge) / credit on loss on ordinary activities	8	(163)	169
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL PERIOD</b>		<u>(650)</u>	<u>(17,180)</u>

There are no recognised gains or losses for either the current financial period or the preceding financial year other than the loss of £650,000 (year ended 28 February 2007: loss of £17,180,000) shown above.

# EUROPEAN MOTOR HOLDINGS LIMITED (FORMERLY EUROPEAN MOTOR HOLDINGS PLC)

## Balance sheet

As at 31 December 2007

	Note	31 December 2007 £'000	28 February 2007 £'000
<b>Fixed assets</b>			
Investments	11	53,204	68,371
Tangible assets	12	-	1,463
		<u>53,204</u>	<u>69,834</u>
<b>Current Assets</b>			
Debtors	13	1,357	3,891
Cash at bank and in hand		<u>15,080</u>	<u>-</u>
		16,437	3,891
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	14	(13,601)	(11,659)
<b>Net current assets / (liabilities)</b>		<u>2,836</u>	<u>(7,768)</u>
<b>Total assets less current liabilities</b>		56,040	62,066
<b>Creditors: amounts falling due after more than one year</b>	16	-	(5,064)
<b>Provisions for liabilities and charges</b>	17	-	(312)
<b>Net assets</b>		<u>56,040</u>	<u>56,690</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	22,911	22,911
Share premium	19	33,259	33,259
Capital redemption reserve	19	926	926
Other reserves	19	1,834	1,834
Profit and loss account	19	(2,890)	(2,240)
<b>EQUITY SHAREHOLDERS' FUNDS</b>	20	<u>56,040</u>	<u>56,690</u>

The financial statements on pages 5 to 13 were approved by the Board of Directors on

14 May 2009.

Signed on behalf of the Board of Directors



C McCormack  
Director

## **EUROPEAN MOTOR HOLDINGS LIMITED**

**Notes to the accounts for the period ended 31 December 2007**

### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards. The particular accounting policies adopted have been applied consistently throughout the period and are as described below:

#### **Turnover**

Turnover represents the supply and provision of management services. The turnover is attributable to the principal activities of the Company, and is wholly derived in the United Kingdom.

#### **Revenue recognition**

Dividend income and management fee income are recognised when the right to receive payment is established.

#### **Tangible fixed assets**

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Plant and equipment	10% - 33% on cost
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#### **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.

Investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued.

#### **Taxation**

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 future except as otherwise required by FRS 19.

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.



## **EUROPEAN MOTOR HOLDINGS LIMITED**

**Notes to the accounts for the period ended 31 December 2007**

### **1. ACCOUNTING POLICIES (CONTINUED)**

#### **Leased assets**

Rentals under operating leases are charged on a straight line basis to the profit and loss account as incurred.

#### **Pension and other post retirement benefits**

The company has a defined contribution pension scheme under which contributions are charged to the profit and loss account on an accruals basis as they fall due.

#### **Cash flow statement**

The Company's ultimate parent undertaking is Inchcape plc, a company registered in England and Wales. Accordingly, the Company has taken advantage of the exemption in paragraph 5(a) of Financial Reporting Standard 1 (Revised), Cash Flow Statements and not published its own cash flow statement.

#### **Related Party Transactions**

The directors regard Inchcape plc, a company registered in England and Wales, as the ultimate controlling party. Therefore the Company has applied the exemption in paragraph 3 of FRS 8 "Related Party Disclosure". 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 which are required to be disclosed by FRS 8.

#### **Group accounts**

In accordance with the exemption permitted by Section 228 of the Companies Act 1985 the company is exempt from preparing and delivering to the Registrar of Companies consolidated financial statements.

#### **Going concern**

After making enquiries, 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 accounts.

# EUROPEAN MOTOR HOLDINGS LIMITED (FORMERLY EUROPEAN MOTOR HOLDINGS PLC)

Notes to the accounts for the period ended 31 December 2007

## 2. Operating profit/ (loss)

The operating profit/(loss) is stated after charging:

	10 months to 31 December 2007 £'000	Year ended 28 February 2007 £'000
Employee costs (see Note 3)	198	8,856
Depreciation of tangible fixed assets	20	80
Fees payable to company's auditors for audit of financial statements	4	20
Operating lease rentals - land and buildings	136	-

## 3. Employees

Staff costs during the period amounted to:

	10 months to 31 December 2007 £'000	Year ended 28 February 2007 £'000
Salaries and wages	144	3,192
Social security costs	34	1,474
Pension costs	20	49
Compensation for loss of office	-	4,141
	198	8,856

The average monthly number of persons employed by the Company throughout the period was made up as follows:

	10 months to 31 December 2007 No.	Year ended 28 February 2007 No.
Directors	-	2
Administration & management	4	11
	4	13

## 4. Directors' emoluments

Remuneration in respect of Directors, who are the key management personnel of the Group, was as follows:

	10 months to 31 December 2007 £'000	Year ended 28 February 2007 £'000
Emoluments	-	1,846
Compensation for loss of office	-	4,141
Pension contributions to money purchase pension schemes	-	6
Share based payments	-	358
	-	6,351

During the period no Directors (28 February 2007, 2) participated in money purchase pension schemes.  
The amounts set out above include remuneration in respect of the highest paid director as follows:

	10 months to 31 December 2007 £'000	Year ended 28 February 2007 £'000
Emoluments	-	878
Compensation for loss of office	-	2,063
Pension contributions to money purchase pension schemes	-	3
Share based payments	-	179
	-	3,123

# **EUROPEAN MOTOR HOLDINGS LIMITED (FORMERLY EUROPEAN MOTOR HOLDINGS PLC)**

## **Notes to the accounts for the period ended 31 December 2007**

### **5. Pensions and other post retirement benefits**

The company contributes to a personal pension plan for individuals. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge for the period to 31 December 2007 was £20,000 (year ended 28 February 2007: £49,000). At 31 December 2007 there were no outstanding or prepaid contributions (28 February 2007: £nil).

	10 months to 31 December 2007 £'000	Year ended 28 February 2007 £'000
<b>6. Interest payable</b>		

Interest on bank loans and overdrafts	-	261
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	10 months to 31 December 2007 £'000	Year ended 28 February 2007 £'000
<b>7. Interest receivable</b>		

Interest received on bank balances	554	640
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### **8. Taxation**

#### **a) Taxation charge for the period**

The taxation charge based on the results for the period is made up as follows:

	10 months to 31 December 2007 £'000	Year ended 28 February 2007 £'000
UK Corporation Tax at 30% (28 February 2007: 30%)	215	(169)
Corporation tax - prior year adjustments	(45)	-
	170	(169)
Deferred tax: origination and reversal of timing differences	(7)	-
Tax charge/(credit) for the period	163	(169)

#### **b) Factors affecting tax charge for the period:**

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

	10 months to 31 December 2007 £'000	Year ended 28 February 2007 £'000
Loss on ordinary activities before tax	(487)	(17,349)
Tax at 30% (year end 28 February 2007: 30%)	(146)	(5,205)
Non-taxable income	357	-
Accelerated capital allowances	4	-
Utilisation of Group Relief	-	5,036
Corporation tax prior year adjustments	(45)	-
Current tax charge/(credit) for the period (as above)	170	(169)

#### **c) Factors that may affect future tax charges**

The anticipated future effective rate of tax for the company will be slightly above or below the UK nominal rate (28 February 2007: 30%) representing a current year tax charge calculated as the UK nominal rate of tax multiplied by the accounting profit or loss for the year plus or minus ordinary permanently disallowed items of income and expense.

The UK budget announcement of 21 March 2007 included a number of changes to the UK tax rules to be phased in over the financial years 2008/09 - 2010/11 (inclusive). The announcements that will have the most immediate impact to UK companies are the reduction in the rate of UK corporation tax from 30% to 28% and the reduction in tax allowances on plant and machinery from 25% to 20% (plant) and 25% to 10% (building fixtures) for the 2008/09 financial year, followed by the phased abolition of tax allowances (4% pa) on buildings used for an industrial use. As at the balance sheet date these changes have not been substantially enacted and hence the deferred tax has not been restated to reflect the reduced tax rates and allowances that have been proposed.

# EUROPEAN MOTOR HOLDINGS LIMITED (FORMERLY EUROPEAN MOTOR HOLDINGS PLC)

Notes to the accounts for the period ended 31 December 2007

9. Exceptional Costs	10 months to 31 December 2007 £'000	Year ended 28 February 2007 £'000
Profit on disposal of businesses	4,738	-
Loss on impairment of investments	(10,184)	(13,810)
Profit on write off of inter company balances	4,420	-
Loss on sale of Fixed Assets (note 12)	(184)	-
	<u>(1,210)</u>	<u>(13,810)</u>

The company disposed of a number of businesses during the period resulting in an overall profit on sale of businesses of £4,738,000. On 27 April 2007 the company disposed of Michael Powles Limited for a loss of £291,000, on 1 June 2007 the company disposed of Telford Motor Auctions Limited for a profit of £3,367,000, and on the 10 October 2007 the company disposed of J & S Component Engineering Limited and European Motor Services Limited for profit on the sale of business of £1,500,000 and £162,000 respectively.

The company impaired its investments due to the disposal of businesses and as part of Inchcape UK's re-organisation programme, resulting in a loss on impairment of £10,184,000. Due to the sale of Wilcomatic, the only trading entity within Casemount Holdings Limited, the Company impaired its investment in Casemount accordingly. This generated a loss on impairment of £6,302,000. In addition, the company incurred a loss on impairment in a number of dormant entities due to the UK re-organisation programme, most notably in Automobiles of Distinction Limited (£2,068,000) and the impairment of the loan notes in Seaton Limited (£1,576,000). The total loss on impairment of dormant entities is £3,882,000.

## 10. Dividends

No dividends were paid during the period (Year ended 28 February 2007: £6,212,000).

## 11. Investments

Cost	Investment £'000	Loan £'000	Total £'000
At 1 March 2007	84,256	7,334	91,590
Disposals	(9,820)	-	(9,820)
At 31 December 2007	<u>74,436</u>	<u>7,334</u>	<u>81,770</u>
Provisions for impairment			
At 1 March 2007	17,461	5,758	23,219
Impairment	8,608	1,576	10,184
Disposals	(4,837)	-	(4,837)
At 31 December 2007	<u>21,232</u>	<u>7,334</u>	<u>28,566</u>
Net Book Value			
At 31 December 2007	<u>53,204</u>	<u>-</u>	<u>53,204</u>
At 28 February 2007	<u>66,795</u>	<u>1,576</u>	<u>68,371</u>

	% of shares held	Aggregate of share capital and reserves £'000	Profit for the period £'000
Dane Motor Company (Chester) Limited	100%	7,043	3,440
Goodyer Motor Company Limited	100%	914	456
Malton Motors Limited	100%	25,103	6,274
Malton Motors Fleet Limited	100%	1,199	-
Mill Garages Limited	100%	13,822	7,543
Normand Motor Group Limited	100%	23,029	7,234
Northfield Garage (Tetbury) Limited	100%	8,867	3,990
Smith Knight Fay Limited	100%	33,716	12,924

All shareholdings are held directly by the Company. All of the above subsidiary undertakings are incorporated in Great Britain and registered in England and Wales. Their principal country of operation is England.

# **EUROPEAN MOTOR HOLDINGS LIMITED (FORMERLY EUROPEAN MOTOR HOLDINGS PLC)**

Notes to the accounts for the period ended 31 December 2007

## **12. Tangible fixed assets**

	Freehold Property £'000	Leasehold Property £'000	Plant and equipment £'000	Total £'000
<i>Cost</i>				
At 1 March 2007	1,680	61	182	1,923
Disposals	(1,680)	(61)	(182)	(1,923)
<b>At 31 December 2007</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Depreciation</i>				
At 1 March 2007	250	39	171	460
Charged in the period	16	2	2	20
Disposals	(266)	(41)	(173)	(480)
<b>At 31 December 2007</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net book value</i>				
<b>At 31 December 2007</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 28 February 2007</b>	<b>1,430</b>	<b>22</b>	<b>11</b>	<b>1,463</b>

The freehold property, Craigmere House, was sold to Henley Motor Holdings on 30 June 2007 for sales proceeds of £1,250,000 generating a loss on disposal of £164,000. The leasehold property was sold to Inchcape Estates on 31 December 2007 at fair value resulting in a loss on sale of £20,000.

<b>13. Debtors</b>	<b>31 December 2007 £'000</b>	<b>28 February 2007 £'000</b>
Amounts owed by group undertakings	1,092	3,500
Deferred tax (see note 15)	135	142
Other debtors	28	154
Other taxation and social security costs	20	-
Prepayments and accrued income	82	95
	<b>1,357</b>	<b>3,891</b>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and repayable on demand.

<b>14. Creditors : amounts falling due within one year</b>	<b>31 December 2007 £'000</b>	<b>28 February 2007 £'000</b>
Bank loans and overdrafts	-	6,064
Trade creditors	-	71
Amounts owed to group undertakings	11,353	682
Corporation tax	145	1,385
Other creditors	1,040	261
Other taxation and social security costs	-	2,080
Accruals and deferred income	1,063	1,116
	<b>13,601</b>	<b>11,659</b>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

<b>15. Deferred taxation</b>	<b>31 December 2007 £'000</b>	<b>28 February 2007 £'000</b>
As at 1 March 2007		142
Credited to profit and loss account (note 8)		(7)
As at 31 December 2007		<b>135</b>
<i>Deferred taxation can be analysed as</i>		
Depreciation in excess of capital allowances	(9)	(5)
Short term timing differences	(126)	(137)
Deferred taxation asset	<b>(135)</b>	<b>(142)</b>

# EUROPEAN MOTOR HOLDINGS LIMITED (FORMERLY EUROPEAN MOTOR HOLDINGS PLC)

Notes to the accounts for the period ended 31 December 2007

16. Creditors :amounts falling due after more than one year	31 December 2007 £'000	28 February 2007 £'000
Bank loans and overdrafts	-	5,064

17. Provisions for liabilities	Vacant Leasehold £'000
As at 1 March 2007	312
Transferred to Inchcape Estates Limited	(312)
As at 31 December 2007	-

18. Called up share capital	31 December 2007 £'000	28 February 2007 £'000
Authorised 72,400,000 ordinary shares of 40p each	28,960	28,960
Allotted, called-up and fully paid 57,277,088 ordinary shares of 40p each	22,911	22,911

19. Reserves	Share premium account £'000	Capital redemption reserve £'000	Other reserves £'000	Profit & Loss £'000
At 1 March 2007	33,259	926	1,834	(2,240)
Retained loss for the period	-	-	-	(650)
At 31 December 2007	33,259	926	1,834	(2,890)

The Company's other reserves comprise a special reserve created in March 1992 following a capital reorganisation approved by the High Court. The special reserve is not distributable, but is available, and has been used, for the partial elimination of goodwill arising on consolidation in the Group balance sheet.

At 28 February 2007 share options expensed of £723,000 were posted directly to equity.

20. Reconciliation of movements in shareholders' funds	31 December 2007 £'000	28 February 2007 £'000
Retained loss for the period	(650)	(17,180)
Dividends	-	(6,212)
Opening shareholders' funds	56,690	80,082
Closing shareholders' funds	56,040	56,690

## 21. Parent Undertaking and Controlling Party

The Directors regard the immediate and ultimate parent undertaking 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 Accounts are drawn up is that of Inchcape plc. Copies of the Report and Accounts for that company are available from:

The Company Secretary  
Inchcape plc  
22A St James's Square  
London  
SW1Y 5LP