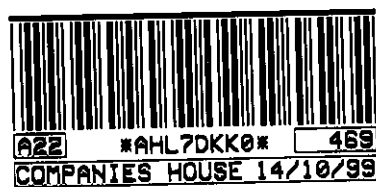


MANN EGERTON AND COMPANY LIMITED

REPORT AND ACCOUNTS

31 DECEMBER 1998



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

MANN EGERTON AND COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 1998.

PRINCIPAL ACTIVITIES

The company is an investment holding company. A list of principal subsidiary undertakings is set out on page 9.

RESULTS AND DIVIDENDS

The results for the year are disclosed in the profit and loss account on page 6. The dividend declared for the year was £15,000,000 (1997: £nil).

DIRECTORS

The names of the present directors of the Company are shown on page 1.

PW Johnson retired as director on 17 March 1999, and was replaced by RD Boulton, who was appointed on the same date.

No director was materially interested in any contract of significance.

DIRECTORS' INTERESTS

No director had any interests in the shares of the Company (or any of its subsidiaries or intermediate parent undertaking) at either 1.1.98 or 31.12.98.

The interests of the other director in the Ordinary shares of Inchcape plc are as below:

	31.12.98 (or date of appointment)			1.1.98
Executive Options		Granted	Exercised	
J W James	29,700	-	-	29,700
R D Boulton	19,800	-	-	19,800
SAYE Options		Granted	Exercised	
None				

Interests shown above under Executive Options refer to options granted under the Inchcape Executive Share Option Scheme and Inchcape International Executive Share Option Scheme and those shown under SAYE Options refer to options granted under the Inchcape SAYE Share Option Scheme.

MANN EGERTON AND COMPANY LIMITED

REPORT OF THE DIRECTORS (Continued)

AUDITORS

Pursuant to the Companies Act 1985, Section 386, the Company has elected to dispense with the obligation to appoint auditors annually. Our auditors Messrs Coopers & Lyband merged with Price Waterhouse on 1 July 1998 and a resolution to appoint the new firm, PricewaterhouseCoopers, as auditors will be proposed at the forthcoming annual general meeting.

YEAR 2000 AND EUROPEAN MONETARY UNION

The company did not incur any expenditure in the year, and does not expect to incur significant expenditure in the coming year, relating to the year 2000. The directors are of the opinion that the risks and uncertainties associated with the year 2000 problem are minimal for the company.

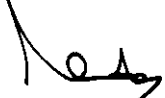
There were no significant costs incurred during the year relating to the introduction of the EMU on 1st January 1999, and it has not had a material affect on the operation of the business.

ELECTIVE RESOLUTIONS

Elective resolutions, passed by the members, remain in force. These resolutions remove the requirement for the company to:

- (i) hold Annual General Meetings;
- (ii) lay Report and Accounts before a general meeting and
- (iii) appoint auditors at a general meeting.

BY ORDER OF THE BOARD



M P Wheatley
Secretary

Date: 16 May 1999

MANN EGERTON AND COMPANY 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 result 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.

MANN EGERTON AND COMPANY LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF MANN EGERTON AND COMPANY LIMITED

We have audited the financial statements on pages 6 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the Annual Report, including as described on page 4 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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 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 1998 and of the result 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: 17 May 1999

MANN EGERTON AND COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1998

	Notes	1998 £000	1997 £000
Provisions against balances with group undertakings		(1,825)	-
Dividends received from group undertakings		-	3,714
Administrative expenses		<u>(31)</u>	<u>(21)</u>
Operating profit	2	(1,856)	3,693
Profit on sale of subsidiary undertaking	6	<u>3,212</u>	<u>-</u>
Profit on ordinary activities before interest		1,356	3,693
Interest receivable	3	<u>3,163</u>	<u>3,122</u>
Profit on ordinary activities before taxation		4,519	6,815
Taxation	4	<u>(982)</u>	<u>(966)</u>
Profit on ordinary activities after taxation		3,537	5,849
Dividends payable		<u>(15,000)</u>	<u>-</u>
Retained (loss)/profit for the financial year		(11,463)	5,849
Balance brought forward - 1 January		<u>15,862</u>	<u>10,013</u>
Balance carried forward - 31 December		<u>4,399</u>	<u>15,862</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 8 to 10 form part of these accounts.

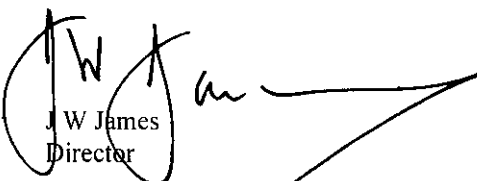
MANN EGERTON AND COMPANY LIMITED

BALANCE SHEET

AT 31 DECEMBER 1998

	Notes	1998 £000	1997 £000
Fixed Assets			
Investments	6	-	<u>2,044</u>
Current Assets			
Debtors	7	12,572	12,566
Cash at bank and in hand		<u>53,655</u>	<u>46,497</u>
		66,227	59,063
Current liabilities			
Creditors - amounts falling due within one year	8	<u>(22,224)</u>	<u>(5,641)</u>
Net current assets		<u>44,003</u>	<u>53,422</u>
Total assets less current liabilities		<u>44,003</u>	<u>55,466</u>
Net Assets		<u>44,003</u>	<u>55,466</u>
FINANCED BY:			
Capital and Reserves			
Called up share capital	9	37,679	37,679
Share premium account	10	1,925	1,925
Profit and loss account		<u>4,399</u>	<u>15,862</u>
Equity Shareholders' Funds	11	<u>44,003</u>	<u>55,466</u>

ON BEHALF OF THE BOARD


 J W James
 Director
 Date: 16 May 1999

The notes on pages 8 to 10 form part of these accounts.

MANN EGERTON AND COMPANY LIMITED

NOTES TO THE ACCOUNTS

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 company prepares its annual accounts 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.

Deferred taxation

Provision for deferred taxation is calculated on the liability method at current taxation rates on timing differences to the extent that it is probable that a liability will crystallise in the foreseeable 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 statements of Inchcape plc. The directors consider that there are no other relationships, transactions or balances which are required to be disclosed by FRS8.

2. OPERATING PROFIT

The auditors' remuneration has been borne by the parent company (1997: Nil).

3. INTEREST RECEIVABLE

	1998	1997
	£000	£000
On bank deposits	<u>3,163</u>	<u>3,122</u>

4. TAXATION

	1998	1997
	£000	£000
On profit on ordinary activities:		
Corporation tax at 31% (1997: 31.5%)	<u>982</u>	<u>966</u>

5. DIRECTORS AND EMPLOYEES

The company had no employees during the year.

None of the directors received any remuneration for services rendered to the company (1997: Nil).

MANN EGERTON AND COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued)

6. FIXED ASSET INVESTMENTS

	Investments in Subsidiaries £000
Cost at 1 January 1998 and 31 December 1998	2,044
Disposals	<u>(2,044)</u>
	<u>—</u>

During the year the company sold its investment in HA Saunders Limited to another group undertaking, yielding a profit of £3,212,000. The profit was made by selling the investment at its net asset value. The carrying value of the remaining investments does not exceed £1,000.

At the year end the company held 100% of the ordinary share capital of the following subsidiaries, all incorporated within Great Britain and registered in England and Wales.

Subsidiary	Principal Activity
Mann Egerton Vehicle Contracts Limited	Vehicle contract hire
Ternstar Limited	Property holding

In the opinion of the directors the value of the company's interest in its subsidiaries is not less than the amounts at which they are stated in the balance sheet.

7. DEBTORS

	1998 £000	1997 £000
Amounts falling due within one year:		
Amounts due from Group undertakings	12,525	12,527
Prepaid expenses and accrued income	<u>47</u>	<u>39</u>
	<u>12,572</u>	<u>12,566</u>

8. CREDITORS

	1998 £000	1997 £000
Amounts falling due within one year:		
Amounts owed to Group undertakings	21,237	4,672
Corporation tax	971	966
Other creditors	<u>16</u>	<u>3</u>
	<u>22,224</u>	<u>5,641</u>

9. SHARE CAPITAL

	1998 Number	1997 Number	1998 £000	1997 £000
Allotted and fully paid:				
Ordinary shares of 25p each	150,714,788	150,714,788	37,679	37,679
Unissued:				
Ordinary shares of 25p each	<u>9,285,212</u>	<u>9,285,212</u>	<u>2,321</u>	<u>2,321</u>
Total authorised	<u>160,000,000</u>	<u>160,000,000</u>	<u>40,000</u>	<u>40,000</u>

MANN EGERTON AND COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued)

10. SHARE PREMIUM ACCOUNT

	£000
Balance at 1 January 1998 and 31 December 1998	<u>1,925</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £000	1997 £000
(Loss)/profit for the financial year	(11,463)	5,849
Opening Shareholders' funds	<u>55,466</u>	<u>49,617</u>
Closing Shareholders' funds	<u>44,003</u>	<u>55,466</u>

12. 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 1998 was £53,655,000 (1997: £46,497,275).

13. CASH FLOW STATEMENT

A cash flow statement is not required as Inchcape plc, the company's ultimate parent undertaking, has complied with Financial Reporting Standard 1 Revised by including a consolidated cash flow statement in its Report and Financial Statements for the year ended 31 December 1998.

14. ULTIMATE PARENT UNDERTAKING

The directors regard the ultimate parent undertaking as Inchcape plc which is incorporated in Great Britain.

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

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