

Company No. 83780

MANN EGERTON AND COMPANY LIMITED

REPORT AND ACCOUNTS

31 DECEMBER 1997



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 1997.

PRINCIPAL ACTIVITIES

The company is now 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 directors do not recommend that a dividend be paid.

DIRECTORS

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

A F Dick resigned as director of the Company on 17 September 1997.

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 1.1.97 or 31.12.97.

The interests of the directors in the Ordinary Shares of Inchcape plc, the ultimate parent undertaking, are as shown below:

	31.12.97 (or date of appointment)			1.1.97
Executive Options		Granted	Exercised	
J W James	29,700	9,500	-	20,200
P W Johnson	192,300	-	-	192,300
SAYE Options		Granted	Exercised	
P W Johnson	4,314	4,314	-	-

Interests shown above under Executive Options refer to options granted under the Inchcape Executive Share Option Scheme and Inchcape Overseas 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)

DIRECTORS' INTERESTS (continued)

Awards under the Long Term Incentive Plan

Interests above refer to Inchcape plc Ordinary Shares contingently awarded during the year under the Inchcape plc Long Term Incentive Plan. The total as at 31 December 1997 is the maximum number of shares which will transfer to the director at the end of five years provided that Inchcape plc performance criteria are fully met.

	Total at 31.12.97 transferable at end of five years (b)	Award in the year	Notional increase for dividends in the year	Total 1.1.97 (a)	Total value at 31.12.97 (c) £'000
P W Johnson	144,192	74,117	7,639	62,436	236

(a) Includes notional increase for dividends.

(b) The maximum figure represents all the shares, (excluding future notional increases for dividends) which will transfer to the Director in 2001 (1996 awards) and 2002 (1997 awards) provided Inchcape plc's performance criteria are fully met.

(c) Based on mid-market price of the shares on 31.12.97 - £1.615p.

CREDITOR PAYMENT POLICY


The company is responsible for agreeing the terms and conditions under which business transactions with its suppliers are conducted. In line with Inchcape Group policy, payments to suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions.

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


J W James
~~Director~~ Secretary
6 May 1998

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 11.

Respective Responsibilities of Directors and Auditors

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

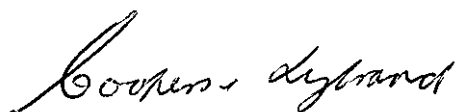
Basis of Opinion

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 affairs of the company at 31 December 1997 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

6 May 1998

MANN EGERTON AND COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1997

	Notes	1997 £000	1996 £000
Dividends received from group undertakings		3,714	3,175
Administrative expenses		<u>(21)</u>	<u>-</u>
Operating profit	2	3,693	3,175
Interest receivable	3	<u>3,122</u>	<u>2,698</u>
Profit on ordinary activities before taxation		6,815	5,873
Taxation	4	<u>(966)</u>	<u>(650)</u>
Retained profit for the financial year		5,849	5,223
Balance brought forward - 1 January		<u>10,013</u>	<u>4,790</u>
Balance carried forward - 31 December		<u>15,862</u>	<u>10,013</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 profit for the year stated above, and their historical cost equivalents.

The notes on pages 8 to 11 form part of these accounts.

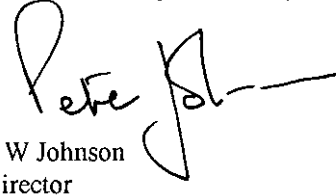
MANN EGERTON AND COMPANY LIMITED

BALANCE SHEET

AT 31 DECEMBER 1997

	Notes	1997 £000	1996 £000
Fixed Assets			
Investments	6	<u>2,044</u>	<u>2,044</u>
Current Assets			
Debtors	7	12,566	3,019
Cash at bank and in hand		<u>46,497</u>	<u>52,753</u>
		59,063	55,772
Current liabilities			
Creditors - amounts falling due within one year	8	<u>(5,641)</u>	<u>(8,199)</u>
Net current assets		<u>53,422</u>	<u>47,573</u>
Total assets less current liabilities		<u>55,466</u>	<u>49,617</u>
Net Assets		<u>55,466</u>	<u>49,617</u>
FINANCED BY:			
Capital and Reserves			
Called up share capital	11	37,679	37,679
Share premium account	12	1,925	1,925
Profit and loss account		<u>15,862</u>	<u>10,013</u>
Equity Shareholders' Funds	13	<u>55,466</u>	<u>49,617</u>

ON BEHALF OF THE BOARD


P W Johnson
Director

6 May 1998

The notes on pages 8 to 11 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 (1996 : Nil).

3. INTEREST RECEIVABLE

	1997 £000	1996 £000
On bank deposits	<u>3,122</u>	<u>2,698</u>

4. TAXATION

	1997 £000	1996 £000
On profit on ordinary activities:		
Corporation tax at 31.5% (1996:33%)	966	943
Deferred taxation	<u>-</u>	<u>(293)</u>
	<u>966</u>	<u>650</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 (1996 : Nil).

MANN EGERTON AND COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued)

6. FIXED ASSET INVESTMENTS

Investments in
Subsidiaries
£000

Cost at 1 January 1997 and 31 December 1997 2,044

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
H.A. Saunders 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

	1997 £000	1996 £000
Amounts falling due within one year:		
Amounts due from Group undertakings	12,527	2,293
Prepaid expenses and accrued income	39	726
	<u>12,566</u>	<u>3,019</u>

8. CREDITORS

	1997 £000	1996 £000
Amounts falling due within one year:		
Amounts owed to Group undertakings	4,672	7,064
Corporation tax	966	1,135
Other creditors	3	-
	<u>5,641</u>	<u>8,199</u>

9. PROVISIONS

	1997 £000	1996 £000
At 1 January	-	293
Deferred tax provision released in the year (see note 10)	-	(293)
At 31 December	<u>-</u>	<u>-</u>

MANN EGERTON AND COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued)

10. DEFERRED TAXATION

The total potential asset/(liability) for deferred tax is as stated below (see also note 9).

	<u>Potential</u>		<u>Provided</u>	
	1997 £000	1996 £000	1997 £000	1996 £000
Accrued interest receivable	=	<u>18</u>	=	=

11. SHARE CAPITAL

	1997 Number	1996 Number	1997 £000	1996 £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>

12. SHARE PREMIUM ACCOUNT

	£000
Balance at 31 December 1996 and 31 December 1997	<u>1,925</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £000	1996 £000
Profit for the financial year	5,849	5,223
Opening Shareholders' funds	<u>49,617</u>	<u>44,394</u>
Closing Shareholders' funds	<u>55,466</u>	<u>49,617</u>

14. CONTINGENT LIABILITIES

The company is party to composite cross guarantees between banks, its ultimate parent company and fellow subsidiaries. The company's contingent liability under these guarantees at 31 December 1997 was £ 46,497,275 (1996: £52,753,000).

MANN EGERTON AND COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued)

15. 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 Financial Statements for the year ended 31 December 1997.

16. ULTIMATE HOLDING COMPANY

The directors regard the ultimate holding company 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