

Mann Egerton and Company Limited

(Registered Number: 83780)

Annual Report and Financial Statements

For the year ended 31 December 2008



Inchcape House
Langford Lane
Kidlington
Oxford
OX5 1HT

Mann Egerton and Company Limited

Directors' report

Directors' report for the year ended 31 December 2008

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2008.

Principal activities

The Company's principal activity during the year was that of an intermediate holding company.

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.

Financial and principal risks

The Directors of Inchcape plc manage the Group's risk at a group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a disclosure of the Group's risks would not be appropriate for an understanding of the development, performance or position of Mann Egerton and Company Limited.

Financial instruments

The Directors consider that the Company's key financial instruments are inter-company loans. Financial exposures exist to the extent that a change in the underlying base rate of interest will affect the level of income received or paid on the inter-company loans. The risk is not considered material and the Company does not employ the use of hedging instruments.

Results and dividends

The Company's profit for the financial year is £17,951,000 (2007: £1,432,000).

An interim dividend of £16,500,000 (2007: £nil) was paid on 31 October 2008, which makes a total of 10.95 pence per ordinary share (2007: nil). The Directors do not recommend the payment of a final dividend (2007: £nil).

Directors and their interests

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

A C Jeary

M P Wheatley

No Director had any interest in the shares of the Company (or any of its subsidiary undertakings) at either 1 January 2008 or 31 December 2008.

Transaction with directors

No transaction, arrangement or agreement required to be disclosed under the terms of the Companies Act 1985 was outstanding at 31 December 2008, or occurred during the year for any Director or connected person (2007: none).

Auditors and disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware.

The Directors have taken all the steps that they ought to have taken as Directors in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Mann Egerton and Company Limited

Directors' report (continued)

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.

By order of the Board



M P Wheatley

Secretary

20th July 2009

Mann Egerton and Company Limited

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that 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 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 UK 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, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

Mann Egerton and Company Limited

Independent auditors' report to the members of Mann Egerton and Company Limited

We have audited the financial statements of Mann Egerton and Company Limited for the year ended 31 December 2008 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:

- 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 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
London

23/7/2009

Mann Egerton and Company Limited

Profit and loss account for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Administrative expense		(11)	-
Operating loss		(11)	-
Income from shares in group undertakings		16,500	-
Profit on ordinary activities before interest and taxation		16,489	-
Interest receivable and similar income	3	2,069	2,053
Interest payable and similar charges	4	(24)	(11)
Profit on ordinary activities before taxation		18,534	2,042
Tax on profit on ordinary activities	5	(583)	(610)
Profit for the year		17,951	1,432

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 material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

All the activities of the Company are continuing.

Mann Egerton and Company Limited

Balance sheet as at 31 December 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Investments	7	6,000	6,000
Current assets			
Debtors – amounts falling due within one year	8	17	11
Debtors – amounts falling due after more than one year	9	40,243	38,190
Debtors		40,260	38,201
Creditors – amounts falling due within one year	10	(1,197)	(614)
Net current assets		39,063	37,587
Total assets less current liabilities		45,063	43,587
Creditors – amounts falling due after more than one year	11	(483)	(458)
Net assets		44,580	43,129
Capital and reserves			
Called up share capital	12	37,679	37,679
Share premium account	13	1,925	1,925
Profit and loss reserve	13	4,976	3,525
Equity shareholders' funds	14	44,580	43,129

The financial statements on pages 5 to 12 were approved by the Board of Directors on 20th July 2009 and were signed on its behalf by:



A C Jeary
Director

Mann Egerton and Company Limited

Notes to the financial statements for the year ended 31 December 2008

1. Accounting policies

The financial statements have been prepared on a going concern basis, and in accordance with applicable United Kingdom Accounting Standards. The principal accounting policies of the Company are described below.

The principal accounting policies of the Company have been reviewed in accordance with Financial Reporting Standard 18 'Accounting Policies'.

No new accounting standards have been adopted during the year.

Accounting convention

The financial statements are prepared under the historical cost convention, and in accordance with the Companies Act 1985.

Group financial statements

In accordance with the exemption permitted by Section 228 of the Companies Act 1985 no Group financial statements have been prepared.

Fixed asset investments

Fixed asset investments are stated at cost less provision for impairment in value.

Interest

Interest is included in the profit and loss account on an accruals basis.

Deferred taxation

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 taxation is not provided on timing differences arising from the revaluation of fixed assets where there is no binding commitment to sell the asset.

Post-retirement benefits

FRS 17 Retirement Benefits has been adopted in full with effect from 1 January 2005. However, since it is not possible for the Company to separately identify its share of the underlying assets and liabilities of the various pension schemes in which it participates on a reasonable and consistent basis, the Company, as a subsidiary of Inchcape plc, has taken advantage of the multi-employer exemption provided by FRS 17 and accounted for the schemes as if they were a defined contribution scheme whereby contributions are charged to the profit and loss account on an accruals basis as they fall due.

2. Directors' emoluments and employee information

As in 2007, the Company has no employees except the Directors and hence has no salary, social security or pension costs. The Directors do not receive any remuneration from the Company as their services to the Company are deemed to be non-qualifying for the purposes of the Companies Act 1985 (as amended).

As in 2007, auditors' remuneration has been borne by a fellow subsidiary undertaking on behalf of the Company.

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Notes to the financial statements for the year ended 31 December 2008 (continued)

3. Interest receivable and similar income

	2008 £'000	2007 £'000
Interest receivable from group undertakings	2,069	2,053

4. Interest payable and similar charges

	2008 £'000	2007 £'000
Interest payable to group undertakings	24	11

5. Tax on profit for the year

	2008 £'000	2007 £'000
Current tax:		
UK Corporation tax on profits for the year	583	613
	583	613
Deferred tax:		
Origination and reversal of timing differences	-	(3)
Tax on profit on ordinary activities	583	610

The tax assessed for the year is equal to the profits at the effective large companies' rate of Corporation tax in the UK of 28.5% (2007: 30%).

The standard rate of Corporation tax in the UK changed to 28% with effect from 1 April 2008. Accordingly, the Company's profits for the year have been taxed at an effective rate of 28.5% and will be taxed at 28% in the future.

The expected tax charge is reconciled to the actual charge below:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	18,534	2,042
Profit on ordinary activities multiplied by effective rate of Corporation tax in the UK of 28.5% (2007: 30%)	5,282	613
Effects of:		
Non-taxable income	(4,699)	-
Current tax charge for the year	583	613

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Notes to the financial statements for the year ended 31 December 2008 (continued)

6. Dividends

	2008 £'000	2007 £'000
Equity - ordinary		
Interim paid – 10.95p (2007: nil) per 25.00p ordinary share	16,500	-

There is no proposal to pay a final dividend for the year ended 31 December 2008.

7. Fixed asset investments

	Investment in subsidiary undertakings £'000
Cost	
At 1 January 2008 and 31 December 2008	6,000
Net book value	
At 31 December 2008 and 31 December 2007	6,000

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.

Shares in subsidiaries are stated at cost less provision for impairments. Detail of the principal subsidiary undertaking is as follows:

	Country of incorporation of registration	Proportion of nominal value of shares held	Principal activity
Subsidiary undertaking			
Inchcape Fleet Solutions Limited	England & Wales	100%	Vehicle contract hire

8. Debtors – amounts falling due within one year

	2008 £'000	2007 £'000
Amounts owed by group undertakings	-	11
Other debtors	17	-
	17	11

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Notes to the financial statements for the year ended 31 December 2008 (continued)

9. Debtors – amounts falling due after more than one year

	2008 £'000	2007 £'000
Amounts owed by group undertakings	40,243	38,190

Amounts owed by group undertakings are unsecured, bear interest at rates linked to LIBOR and are due for repayment in 2010.

10. Creditors – amounts falling due within one year

	2008 £'000	2007 £'000
Amounts due to group undertakings	1,196	613
Other creditors and accruals	1	1
	1,197	614

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

11. Creditors – amounts falling due after more than one year

	2008 £'000	2007 £'000
Amounts due to group companies	483	458

Amounts due to group undertakings are unsecured, bear interest at rates linked to LIBOR and fall due for repayment in 2010.

12. Called up share capital

	2008 £'000	2007 £'000
Authorised		
160,000,000 ordinary shares of 25.0p each	40,000	40,000
Allotted and fully paid		
150,714,788 ordinary shares of 25.0p each	37,679	37,679

13. Reserves

	Share premium account £'000	Profit and loss reserve £'000
At 1 January 2008	1,925	3,525
Profit for the financial year (note 14)	-	1,451
As at 31 December 2008	1,925	4,976

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Notes to the financial statements for the year ended 31 December 2008 (continued)

14. Reconciliation of movements in shareholders' funds

	2008 £'000	2007 £'000
Profit for the year	17,951	1,432
Dividends	(16,500)	-
Profit for the financial year	1,451	1,432
Opening shareholders' funds	43,129	41,697
Closing shareholders' funds	44,580	43,129

15. Pensions

The Company is the Sponsoring Employer for two sections of an industry wide defined benefit scheme, called Motor Industry Pension Plan, which covers a small number of employees at two dealerships.

The Company has no employees, and is not currently paying contributions. Current funding costs of the schemes are met by the participating employers of the schemes as agreed with the Trustee. The Company retains the ultimate responsibility for the funding of the plan and may be required to fund benefits in the future.

Contributions are based on triennial actuarial valuations and in 2007 both schemes reported a deficit.

The latest actuarial valuation of both schemes was carried out by an independent qualified actuary at 5 April 2007 on a market related basis.

The main assumptions for both schemes are expected return on plan assets of 5.7%, salary increases of 4.7%, inflation rate of 3.2%, discount rate of 5.7%, and pension increases of 3.2%.

The market value of assets covered 72% and 83% of the funding target at the valuation date for the two schemes respectively.

The market value of the schemes was £1.4m and there was a funding deficit of £491,000 at the valuation date.

The Company has no employees and therefore the net pension cost charged for 2008 and 2007 was £nil. In addition the Company has no pension provision (2007: £nil).

16. 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 2008. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1.

17. Contingent liabilities

The Company is part composite cross guarantees between banks, its ultimate parent company and fellow subsidiaries. The Company's contingent liability under these guarantees as at 31 December 2008 was £nil (2007: £nil).

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Notes to the financial statements for the year ended 31 December 2008 (continued)

18. Related party transactions

The Company is exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Inchcape plc group or investees of the Inchcape plc group. The Company has no other relationships, transactions or balances that are required to be disclosed under FRS 8.

19. Immediate and ultimate parent undertakings

The Company's immediate and 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 Group Company Secretary at 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.