

Penta Watford Limited

(Registered Number: 1794529)

Annual Report and Accounts

For the year ended 31 December 2003



Suite 3, Rushmoor Court
Croxley Business Park
Hatters Lane
Watford
Hertfordshire WD18 8PY

Penta Watford Limited

Directors' Report

The Directors present their report and the unaudited financial statements of the Company for the year ended 31 December 2003.

Principal activities

The Company did not trade during the year. There were no discontinued activities.

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.

Results and dividends

The Company did not trade during the year, therefore no profit and loss account has been prepared.

There were no dividends paid throughout the year (2002: Nil). The Directors do not recommend the payment of a final dividend (2002: Nil).

Directors and their interests

The Directors who held office during the year are given below:

D S Green	(resigned 27 August 2003)
A C Jeary	(appointed 27 August 2003)
M P Wheatley	

No Director had any interest in the shares of the Company (or any of its subsidiary undertakings) at either 1 January 2003 or 31 December 2003.

The table below shows the beneficial interests, other than share options, including family interests, on the dates indicated, in the ordinary shares of 150.0p each of Inchcape plc, the ultimate parent undertaking, of the persons who were Directors at 31 December 2003.

	Ordinary shares of 150.0p each	
	31 December 2003	1 January 2003 (or date of appointment, if later)
M P Wheatley	2,778	Nil

Directors' share options

Details of share options held by Directors, including under the Inchcape 1999 Share Option Plan and the Inchcape SAYE Share Option Scheme, are shown on page 2.

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Directors' Report (continued)

Directors' share options (continued)

	Held at 31.12.03	Granted during the year	Exercised/ lapsed during the year	Held at 1.1.03 (or, date of appointment, if later)	Exercise price (c)	Exercisable between
A C Jeary	1,302 (a)	-	-	1,302 (a)	384.0p	Mar 2004 - Mar 2011
	729 (a)	-	-	729 (a)	685.0p	Mar 2005 - Mar 2012
	171 (b)	-	-	171 (b)	554.0p	Jun 2005 - Dec 2005
	656 (a)	-	-	656 (a)	762.0p	Mar 2006 - Mar 2013
	154 (b)	-	-	154 (b)	610.0p	Jun 2006 - Dec 2006
M P Wheatley	-	-	7,042 (a)	7,042 (a)	284.0p	Aug 2003 - Aug 2010
	5,208 (a)	-	-	5,208 (a)	384.0p	Mar 2004 - Mar 2011
	2,919 (a)	-	-	2,919 (a)	685.0p	Mar 2005 - Mar 2012
	1,371 (b)	-	-	1,371 (b)	554.0p	Jun 2005 - Dec 2005
	2,099 (a)	2,099 (a)	-	-	762.0p	Mar 2006 - Mar 2013
	309 (b)	309 (b)	-	-	610.0p	Jun 2006 - Dec 2006

(a) Under the Inchcape 1999 Share Option Plan.

(b) Under the Inchcape SAYE Share Option Scheme.

(c) Exercise prices are determined in accordance with the Rules of the relevant share option scheme.

Notes on share options

- (i) All options were granted for nil consideration.
- (ii) The table shows Directors' options over ordinary shares of 150.0p of Inchcape plc at 1 January 2003 and 31 December 2003. The mid-market price of the shares at 31 December 2003 was 1302.0p. The price range during 2003 was 1386.0p to 665.0p.
- (iii) Options under the Inchcape 1999 Share Option Plan are granted on a discretionary basis to full time certain other senior executives based within and outside the UK including the Executive Directors of Inchcape plc. Such options are normally exercisable between three and ten years of grant.
- (iv) Options may normally be exercised only if the performance target has been met. For all options granted under the Inchcape 1999 Share Option Plan, growth in Inchcape plc's, the ultimate parent undertaking, earnings per share over a three year period must exceed the increase on the UK Retail Prices Index over the same period by 3% per annum.
- (v) The Inchcape SAYE Share Option Scheme is open to employees in the UK with at least three months service. Participants make monthly savings for a three-year period. At the end of the savings period options become exercisable within a six-month period.
- (vi) No options were cancelled or waived during the year.

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Directors' Report (continued)

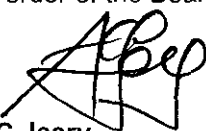
Transactions with Directors

No transaction, arrangement or agreement required to be disclosed in terms of Companies Act 1985 was outstanding at 31 December 2003, or occurred during the year for any Director (2002: Nil).

Auditors

Under the provisions of Section 249AA(1) of the Companies Act 1985, the Directors have taken advantage of the exemption available not to appoint Auditors while the Company remains dormant.

By order of the Board



A C Jeary
Secretary

14 July 2004

Penta Watford Limited

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that:

- suitable accounting policies have been used and applied consistently;
- reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003;
- applicable accounting standards have been followed

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.

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Balance Sheet at 31 December 2003

	Note	2003 £'000	2002 £'000
Creditors – Amounts falling due within one year	3	(459)	(459)
Net current liabilities		(459)	(459)
Net liabilities		(459)	(459)
Capital and reserves			
Called up share capital	4	350	350
Share premium account		23	23
Profit and loss account		(832)	(832)
Equity shareholders' funds		(459)	(459)

For the year ended 31 December 2003 the Company was entitled to the exemption under section 249AA(1) of the Companies Act 1985.

Members have not required the Company to obtain an audit in accordance with section 249(B)(2) of the Companies Act 1985.

The directors acknowledge their responsibility for:

- (i) ensuring the company keeps accounting records which comply with section 221; and
- (ii) preparing accounts 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 its profit or loss for the financial year, in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

The financial statements on pages 5 to 6 were approved by the Board of Directors on 14 July 2004 and were signed on its behalf by:


M P Wheatley
Director

Penta Watford Limited

Notes to the Accounts For the Year Ended 31 December 2003

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

2. Directors' emoluments and employee information

The Company has no employees except the Directors, and hence has no salary, social security or pension costs. As in 2002, remuneration to the Company's Directors for services to the Company is paid for and borne by other group companies.

3. Creditors - Amounts falling due within one year

	2003 £'000	2002 £'000
Amounts owed to group companies	459	459

4. Called up share capital

	2003 £'000	2002 £'000
Authorised		
350,000 ordinary shares of 100.0p each	350	350
Allotted, called up and fully paid		
350,000 ordinary shares of 100.0p each	350	350

5. 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 Accounts for the year ended 31 December 2003.

6. Related party transactions

The Company's ultimate parent undertaking is Inchcape plc and it has applied the exemption in paragraph 3(c) of Financial Reporting Standard 8 ("FRS8") "Related Party Disclosures". This exemption permits the non-disclosure of transactions and balances with related parties that are included in the financial statements of Inchcape plc. The Directors consider that there are no other relationships, transactions or balances that are required to be disclosed by FRS8.

7. Immediate and ultimate parent undertakings

The immediate parent undertaking is Inchcape Motors International Limited, a company incorporated in England and Wales.

The Company's 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.