

Inchcape Pension Trustee Limited
(Company Number 3405112)

Annual Report and Accounts

For the year ended 31 December 2002



22a St James's Square
London
SW1Y 5LP

Directors' Report

The directors present their report and the financial statements for the year ended 31 December 2002.

Principal activities, business review and future developments

The principal activity of the Company is that of a pension trustee. The Company did not trade during the year and therefore no profit and loss account has been prepared. It is not envisaged that there will be any change in the Company's activities in the foreseeable future.

Dividends

The directors do not recommend the payment of a final dividend (2001: nil).

Directors

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

R J Baker	(alternate to AA Macaskill)
I W Creek	(resigned 30 April 2003)
A A Macaskill	
H E Norton	
D F Butcher	(appointed 16 January 2002)
R B J Wheeler	(resigned 31 December 2002)
P S Wilson	

Mr S Lock and Mr N S Smith were appointed as directors with effect from 1 May 2003.

Directors' Interests

No director had any interests in the shares of the Company (or any of its subsidiaries undertakings) at either 1 January 2002 or 31 December 2002.

The table below shows the interests, other than options, including family interests, on the dates indicated, in the ordinary shares of 150p each of Inchcape plc, the ultimate parent undertaking, of the persons who were directors at 31 December 2002.

	Ordinary shares of 150p each	
	31 December 2002	1 January 2002 (or date of appointment)
D F Butcher	16,625	13,841
I W Creek	166	166
A A Macaskill	85	85
H E Norton	500	500
P S Wilson	15,233	13,162

Directors' Report (Continued)

Directors' Interests (Continued)

Directors' share options

Details of options held by Directors, including under the Inchcape 1999 Share Option Plan and the Inchcape SAYE Share Option Scheme, together with details of awards under the Inchcape Deferred Bonus Plan, are shown on pages 3 and 4.

	Held at 31.12.02	Granted during the year	Exercised during the year	Held at 1.1.02 (or date of appointment, if later)	Exercise price (c)	Exercisable Between
D F Butcher	-	-	30,437 (a)	30,437 (a)	£3.88	Sept 2002 - Sept 2009
	22,887 (a)	-	-	22,887 (a)	£2.84	Aug 2003 - Aug 2010
	16,927 (a)	-	-	16,927 (a)	£3.84	Mar 2004 - Mar 2011
	3,145 (b)	-	-	3,145 (b)	£3.08	Jun 2004 - Dec 2004
	11,842 (a)	11,842 (a)	-	-	£6.85	Mar 2005 - Mar 2012
I W Creek	-	-	10,308 (a)	10,308 (a)	£3.88	Sept 2002 - Sept 2009
	7,042 (a)	-	-	7,042 (a)	£2.84	Aug 2003 - Aug 2010
	6,510 (a)	-	-	6,510 (a)	£3.84	Mar 2004 - Mar 2011
	5,112 (a)	5,112 (a)	-	-	£6.85	Mar 2005 - Mar 2012
	4,070 (b)	-	-	4,070 (b)	£2.38	Nov 2003 - May 2004
R B J Wheeler	-	-	10,308 (a)	10,308 (a)	£3.88	Sept 2002 - Sept 2009
	7,042 (a)	-	-	7,042 (a)	£2.84	Aug 2003 - Aug 2010
	5,208 (a)	-	-	5,208 (a)	£3.84	Mar 2004 - Mar 2011
	2,919 (a)	2,919 (a)	-	-	£6.85	Mar 2005 - Mar 2012
	4,070 (b)	-	-	4,070 (b)	£2.38	Nov 2003 - May 2004
P S Wilson	-	-	33,504 (a)	33,504 (a)	£3.88	Sept 2002 - Sept 2009
	24,031 (a)	-	-	24,031 (a)	£2.84	Aug 2003 - Aug 2010
	17,773 (a)	-	-	17,773 (a)	£3.84	Mar 2004 - Mar 2011
	12,434 (a)	12,434 (a)	-	-	£6.85	Mar 2005 - Mar 2012

(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 above shows Directors' options over ordinary shares of 150p of Inchcape plc at 1 January 2002 and 31 December 2002. The mid-market price of the shares at 31 December 2002 was 714.25p. The price range during 2002 was 593.5p to 876.5p.

(iii) Options under the Inchcape 1999 Share Option Plan are granted on a discretionary basis to full time senior executives based within, and outside, the UK including Executive Directors of Inchcape plc. Such options are normally exercisable between three and ten years of grant.

(iv) Options may normally only be exercised if the performance target has been met. For 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 Price Index over the same period by 3.0% 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.

Report of the Directors (Continued)

Directors' Interests (Continued)

Deferred Bonus Plan

The number of ordinary shares of 150p each of Inchcape plc awarded to Directors under the Inchcape Deferred Bonus Plan are:

	Awarded ordinary shares 31.12.02	Ordinary shares awarded during the year	Awarded ordinary shares 1.1.02	Market value of shares awarded	Exercise Period
D F Butcher	13,684	-	13,684	285p	Sept 2003 - Mar 2004
	8,333	-	8,333	390p	Apr 2004 - Oct 2004
	4,661	4,661	-	724p	Apr 2005 - Oct 2005
P S Wilson	13,450	-	13,450	285p	Sept 2003 - Mar 2004
	8,547	-	8,547	390p	Apr 2004 - Oct 2004
	3,453	3,453	-	724p	Apr 2005 - Oct 2005

- (i) No awards vested in the year (2001 - none).
- (ii) The executive will become entitled to the awarded ordinary shares if he remains employed by the Inchcape Group for three years and retains the ordinary shares purchased with his bonus throughout that period. The awards made will normally vest within three years of award. Special rules apply on termination of employment and on a change of control.

Mr Baker had no interests in the ultimate parent undertaking, Inchcape plc.

Mr Norton is a Director of the ultimate parent undertaking, Inchcape plc, his interests in the ordinary shares of 150p each of Inchcape plc are disclosed in the accounts of that company.

Transactions with Directors

No transaction, arrangement or agreement required to be disclosed in terms of the Companies Act 1985 was outstanding at 31 December 2002, or occurred during the year for any Director and/or connected person (2001 - none).

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


Inchcape Corporate Services Limited
Secretaries

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year, which 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 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.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

Balance Sheet
At 31 December 2002

	<i>Note</i>	2002 £	2001 £
Current assets			
Debtor: amount falling due within one year	3	2	2
Net assets		2	2
Capital and reserves			
Called up share capital	4	2	2
Shareholders' funds		2	2

For the year ended 31 December 2002 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 6 to 8 were approved by the board of directors on 23 October 2003 and were signed on its behalf by:

Director

Notes to the Financial Statements

For the year ended 31 December 2002

1 Accounting Policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. The principle accounting policies are described below.

Accounting convention

The financial statements have been prepared 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.

Changes in accounting policies

FRS18 has been adopted in the current year but this did not require any change in accounting policy.

2 Directors' emoluments and employee information

The Company has no employees and hence has no salary, social security or pension costs. As in 2001, remuneration to the Company's directors for services to the Company is paid for and borne by other group companies.

3 Debtors: amounts falling due within one year

	2002 £	2001 £
Amounts owed by group undertaking	2	2

4 Share capital

	2002 £	2001 £
Authorised		
100 ordinary shares of £1 each	100	100
Allotted called up and fully paid		
2 ordinary shares of £1 each	2	2

Notes to the Financial Statements

For the year ended 31 December 2002

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 cashflow statement in its Report and Accounts for the year ended 31 December 2002.

6 Related party transactions

The Company's ultimate parent undertaking is Inchcape plc and has applied the exemption in paragraph 3(c) of FRS 8. This exemption permits the non-disclosure of transactions and balances with related parties that are included in the financial statements or balances which are required to be disclosed by FRS 8.

7 Ultimate parent undertaking

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 Secretary at the Company's registered office, 22A St. James Square, London SW1Y 5LP. The parent undertaking, which heads the smallest and largest groups for which consolidated financial statements are prepared is Inchcape plc.