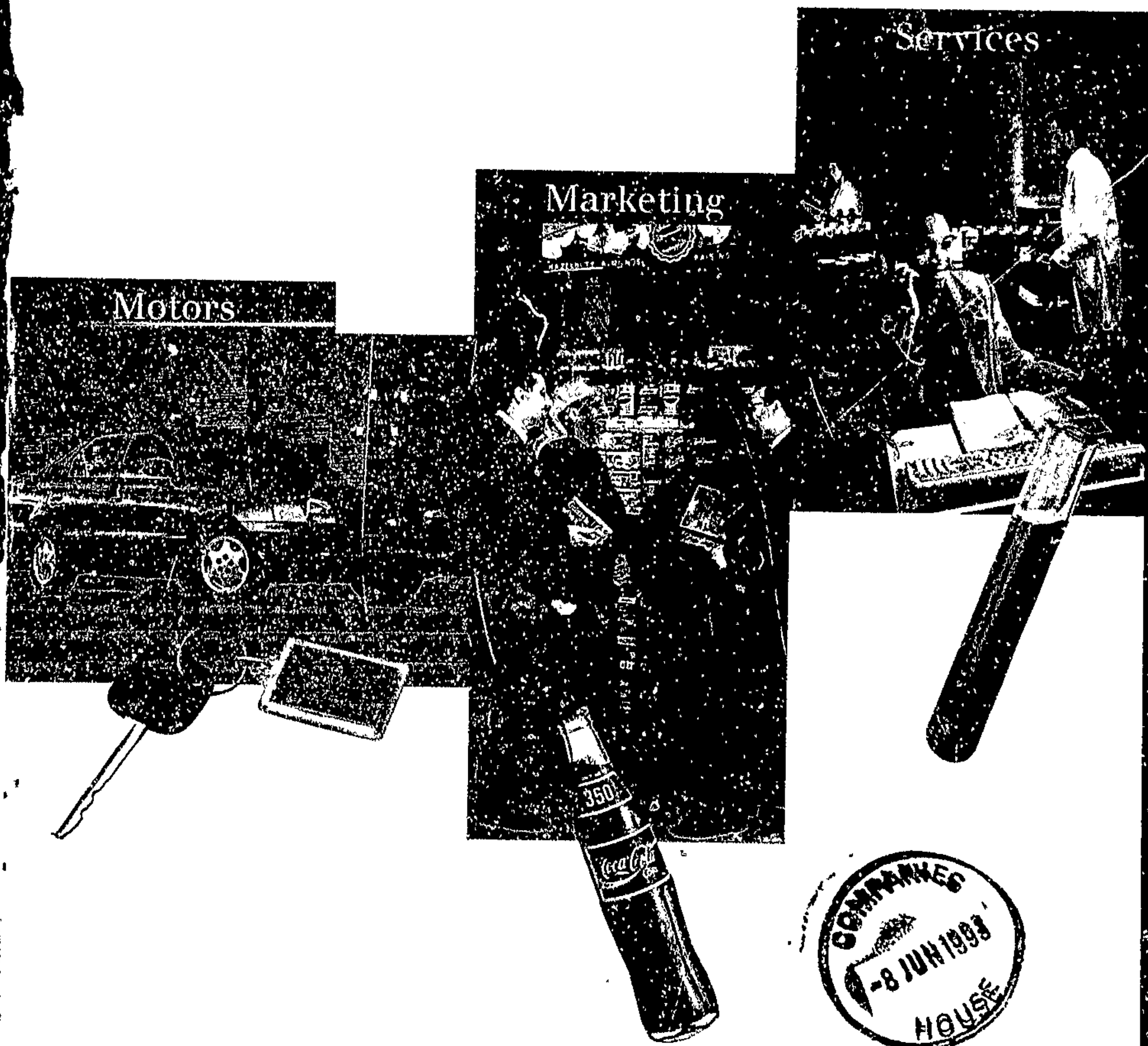
REGISTERED NO. 609782

Inchcape

Report & Accounts 1992



PLEASE NOTE THAT DUE TO THE POOR QUALITY OF THE FICHE SOME OF THE FOLLOWING IMAGES ARE ALSO OF POOR QUALITY

Contents

Report of the Directors

for the year ended 31st December 1992

To be submitted to the members at the thirty-fifth Annual General Meeting to be held on Thursday 27th May 1993.

Group results and dividends

The profit for the financial year amounted to £155.2m.

The following ordinary dividends have been paid or recommended:

	1992 £m	1991 £m
Interim 5.4 pence per share paid 2nd January 1993	27.7	19.0
Final 8.35 pence per share payable 2nd July 1993	42.9	28.6
	70.6	47.6

The effect of issues of new shares under the Company's scrip dividend scheme is shown in note 15 to the Accounts.

Retained profits amounting to £78.1m have been carried to reserves (1991 – £75.6m).

Book value of shareholdings in subsidiaries

The book value of the Company's shareholdings in subsidiaries is held at cost. This represents a change from previous years when the book value was stated at the Company's share of the net tangible assets of subsidiaries which the directors believe gives a fairer presentation of the financial position of the Company. The opening valuation of shares in subsidiaries (note 19(b)) has been restated accordingly.

Changes in fixed assets

Particulars of changes in fixed assets of the Company and its subsidiary undertakings during the year are detailed in note 18 to the Accounts.

Freehold and leasehold land and buildings

It is Group policy to value properties every three years. Under this policy the majority of the properties owned by Group companies were professionally valued during 1990. The next valuation will be during 1993.

Principal activities and business review

A list of the principal subsidiaries and their activities is given on page 40. A list of the principal associated companies and their activities is given on page 41. A review of the activities of the Group and the businesses of the major companies, their development during the year and, where appropriate, the likely future developments in these businesses is contained in the Review of Activities set out on pages 11 to 28 of the Annual Review.

Principal acquisitions during the year

During the year, the following principal acquisitions were made:

		£m
January	Spinneys	33.7
March	TKM	391.7
August	CECAR (25%)	21.9
October	Warnock Hersey	5.4

There were no significant disposals during the year.

COMPANIES HOUSE -8 JUN 1993

COMPANIES HOUSE -8 JUN 1993

Report of the Directors

for the year ended 31st December 1992

Post year end events

On 25th February 1993, Inchcape Berhad, the Group's 63% owned subsidiary in Singapore, disposed of its timber interests in South East Asia for a consideration of approximately £24m. On 30th March 1993 the Company announced the proposed issue of £125m 6¾% Convertible Subordinated Bonds, due 2008. The Bonds were issued at par and are convertible into ordinary shares with effect from 26th May 1993 at a price (subject to adjustment) of 689p per share.

Directors

Sir Peter Baxendell and Lord Armstrong of Ilminster retire by rotation and are eligible for re-election in accordance with the Articles of Association. Neither of them has a service contract of more than one year's duration.

During the year the following directors were appointed to the board:

Mr A. J. S Marsh	1st January 1992
Mr R. F. Heath	2nd March 1992
Mr P. E. Cushing	1st May 1992
Sir David Plastow	5th June 1992
Mr A D Cummins	5th June 1992

On 29th January 1993 Mr A. G. L. Alexander and Mr L. G. Strong were appointed to the board.

The directors appointed to the board since the Annual General Meeting held on 5th June 1992 become eligible for re-election in accordance with the Articles of Association. Other than Mr A. D. Cummins, who has a contract terminable on two years' notice, none of the directors eligible for re-election has a service contract of more than one year's duration.

During the year the following directors retired from the board:

Mr H. D. S. Ellis	5th June 1992
Sir David Orr	30th September 1992

Lord Tanlaw and Mr Peter Laister resigned from the board on 1st January 1993 and 18th March 1993 respectively. Mr D. J. Whittaker will retire at the conclusion of the Annual General Meeting on 27th May 1993.

The names of the directors are given on pages 32 to 34 of the Annual Review. Except as stated above they all held office throughout the year.

Directors' and officers' liability insurance

During the year the Company has maintained insurance in respect of its directors and officers against liabilities in relation to the Company.

Interest in shares and debentures of Group companies

Interests in shares and debentures of Group companies held according to the registers kept by the Company for the purposes of the Companies Act 1985 are shown on page 43.

Corporate governance

The directors firmly support the principles of good corporate governance and welcome the Report of the Cadbury Committee on the Financial Aspects of Corporate Governance. A statement of the Group's system of corporate governance is set out on pages 30 and 31 of the Annual Review.

Employee involvement

The Group has a policy of involving employees at all levels. Around the Group employee involvement is adapted to accommodate local customs and employment legislation.

The in-house magazine, "Inchcape World", is distributed internationally to employees. In addition, the major Group subsidiaries have their own employee magazines.

Most of our companies throughout the world operate team briefing sessions in which heads of departments and their staff discuss progress of the business and matters directly affecting their work.

UK employees are encouraged to become shareholders through the Inchcape SAYE Share Option Scheme, which is open to all employees with at least one year's service. In addition, Executive Share Options are granted under the Company's Executive Share Option Schemes to senior executives around the world.

Share capital

On 9th December 1991 the Board approved a Rights Issue to provide one new Ordinary Share for every three Ordinary Shares held on 4th December 1991 at a subscription price equivalent to 310p per new Ordinary Share. For technical reasons the Rights Issue was made in the form of non-interest bearing Convertible Unsecured Loan Stock Units, payable in two instalments by 7th January 1992 and 24th February 1992 respectively, which were converted into an equivalent number of new Ordinary Shares.

On 13th January 1992 the Board also approved the issue of additional Convertible Unsecured Loan Stock Units on equivalent terms to a number of applicants under the Rights Issue whose acceptances had not been delivered in time due to an error by the Post Office.

A total of 128,405,931 new Ordinary Shares were allotted in respect of the above.

At an Extraordinary General Meeting held on 6th January 1992 approval was given for the authorised share capital of the Company to be increased from £120,400,000 to £169,000,000 by the creation of an additional 194,400,000 Ordinary Shares of 25p each.

The 5¼% 1990/92 Cumulative Redeemable Preference Shares of £1 each and the 8½% 1990/92 Cumulative Redeemable Preference Shares of £1 each were redeemed at par on 31st March 1992.

The Inchcape (Bermuda) Limited 6¾% US$ Convertible Guaranteed Bonds 1992 were redeemed on 15th April 1992 at 100% of their principal amount.

At the Annual General Meeting resolutions will be proposed to authorise the directors to allot securities in the Company.

Resolution 4 provides the directors with authority to allot securities in the Company up to an aggregate nominal value of £38,087,892. Resolution 8 is a special resolution disapplying pre-emption rights and granting authority to the directors, without the need for further specific Stock Exchange or shareholder approval, to make allotments of equity securities for cash by way of (a) rights issues and (b) other issues up to an aggregate nominal value of £6,421,468. The authority conferred by Resolution 8 is limited as regards issues of shares other than by way of rights issues to 5% of the current issued Ordinary Share Capital of the Company. In relation to the exercise of this authority the Company will have regard to the guidelines published by the Investor protection committees of the Association of British Insurers and the National Association of Pension Funds.

The authorities sought by these resolutions replace the existing powers of the directors which expire at the conclusion of the Annual General Meeting.

Special business at the AGM

At the Annual General Meeting on 27th May 1993 resolutions will be proposed as special business covering the allotment of securities and disapplication of pre-emption rights referred to above, certain changes to the Company's Articles of Association and amendments to the Company's Share Option Schemes. Explanatory notes on these resolutions are set out in the Notice of Meeting and the Chairman's letter to shareholders accompanying this Annual Report. Resolutions 7 and 8 will be proposed as special resolutions.

Scrip dividend scheme
Under the above Scheme shareholders will once again be able to elect to receive new Ordinary Shares in Inchcape plc as an alternative to cash in respect of the final dividend for the year ended 31st December 1992. Details of the Scheme are given in the shareholders' circular enclosed with this Annual Report.

Charitable and political donations
The Company and its subsidiaries have given money during the year for charitable purposes in the United Kingdom amounting to £404,000 (1991 – £201,000). The total charitable donations made by the Group worldwide during the year was £590,000 (1991 – £547,000). Donations for political purposes in the United Kingdom to the Conservative Party amounted to £28,000 (1991 – £28,000).

Close company provisions
The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company.

Auditors
A resolution to reappoint Coopers & Lybrand as the Company's auditors will be proposed at the Annual General Meeting.

By order of the Board
R. C. Williams, *Secretary* 13th April 1993

R.C. Williams

Note
Ordinary Dividend
If approved at the Annual General Meeting the final ordinary dividend will be paid on 2nd July 1993 to ordinary shareholders registered on the books of the Company at the close of business on 29th April 1993.

Directors' Responsibilities

in relation to the preparation of the 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 and of the Group as at the end of that financial year and of the profit 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 Group, and for preventing and detecting fraud and other irregularities.

The directors confirm, in respect of the preparation of the financial statements, that:

- suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used; and
- applicable accounting standards have been followed.

Report of the Auditors

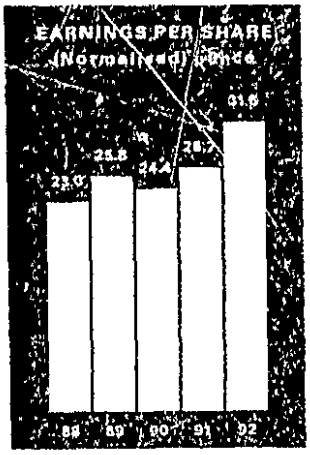
to the members of Inchcape plc

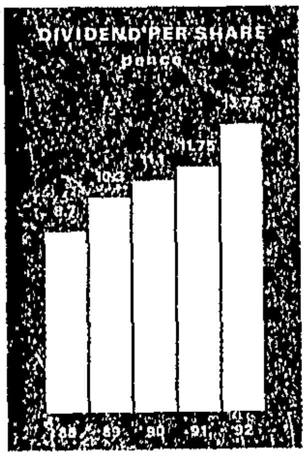
We have audited the accounts on pages 10 to 41 in accordance with Auditing Standards.

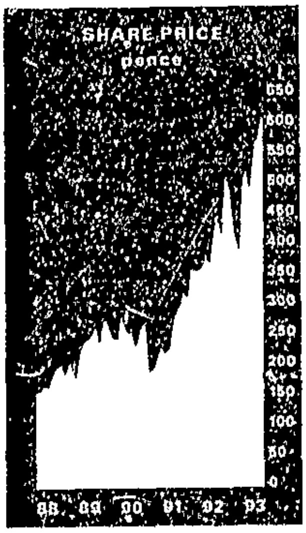
In our opinion, the accounts give a true and fair view of the state of affairs of the Company and of the Group at 31st December 1992 and of the profit, total recognised gains and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand Coopers & Lybrand
Chartered Accountants and Registered Auditors
London, 13th April 1993

Financial Review







Introduction

This Financial Review provides further financial analysis as a supplement to the information supplied in the Accounts. It is also intended to give background to financial policies and controls employed by the Group.

Accounting standards

The 1992 financial year marks major changes in the way in which the Group's Accounts have been presented. In anticipation of the introduction of FRS3 for companies with year ends after 22nd June 1993, Inchcape has chosen to apply this standard immediately. In addition, the Source and Application of Funds statement has been replaced by the Statement of Cashflow in line with FRS1.

The most significant effects of adopting FRS3 are visible in the comparison of 1991 and 1992 profit before tax and earnings per share. The standard primarily redefines the old extraordinary items as exceptional items and requires them to be taken 'above the line', thus having an impact on reported profit before tax and the calculation of earnings per share. The effect increases the volatility of both reported items, making year on year comparisons less meaningful as a measure of the company's progress.

Inchcape has therefore adopted a 'normalised' convention (which excludes exceptional items), as the principal tool for analysing profits and earnings progression on a consistent basis. This corresponds to the definition of profits and earnings which we have traditionally used.

The recent proposal from the Institute of Investment Management & Research as to the content of 'headline' earnings differs from our normalised convention in one main respect. We have traditionally included profits on disposals of properties and investments in normal profits and earnings, and have continued the practice this year in the interest of creating the least amount of confusion. When market practice achieves a consistent approach we will reconsider ours. In the interim we have provided full data on property profits and earnings in the notes to these accounts.

Financial performance

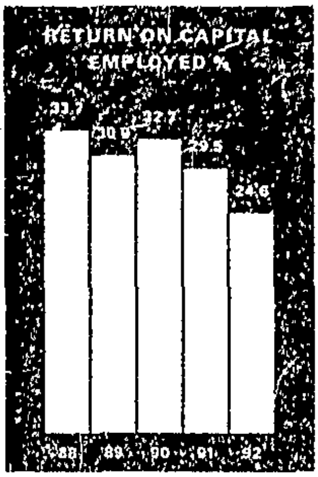
Against the background of another difficult year for many of the world's economies, the Group was able to demonstrate growth in normalised profit before tax of 36%. This compares with FRS3 reported profit before tax which was up slightly less due to exceptional items amounting to a net loss of £2.1m in 1992, arising from a number of small disposals and closures, while in 1991 there had been a net gain of £10.6m of which £16.2m related to the sale of the Group's tea interests.

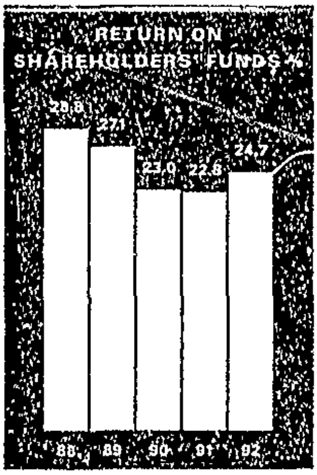
Similarly, normalised earnings per share were strongly ahead at 31.6p, an increase of 18%, but EPS reported under FRS3 increased at a slower rate to 31.0p.

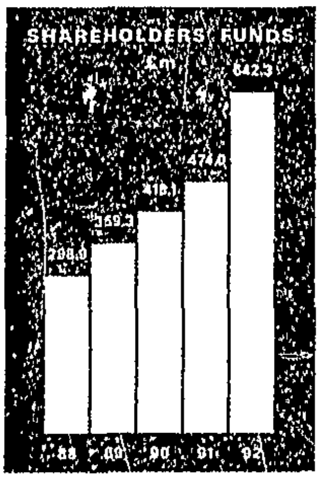
The exclusion of property profits would increase the growth in normalised EPS to 20%.

With more than 50% of the Group's earnings denominated in US dollars or dollar-related currencies, the other major factor influencing reported profit is the effect of currency movements. Inchcape uses average exchange rates to translate profits earned in overseas currencies into sterling and despite the dramatic depreciation of the

Financial Review







**Definitions are shown on page 45 of the Report and Accounts.*

pound in the autumn, the average exchange rate for the year, compared with 1991, was unchanged at £1:US$1.76. The strength of certain European currencies contributed to a small year on year translation gain of about £5m in respect of normalised profits.

The current depreciated level of sterling, if maintained, should benefit the translation of profits in 1993. However, the other side of the coin is the erosion of profit margins where goods are imported from countries with strengthening currencies and where local price increases are unable to offset this increased cost fully.

Operating profit plus associates recorded a strong growth of 39.5% and have for the first time been broken down into three elements – profit from continuing operations, from acquisitions during the year and from operations sold or otherwise discontinued.

Continuing operations were 9.8% ahead and the Motors business stream was an outstanding feature of this performance. Acquisitions – principally TKM and Spinneys – added £61.5m to operating profits.

Discontinued operations recorded a small loss compared with a small profit last year.

Interest costs increased to £12.1m (£6.9m) due primarily to the increased borrowings taken on through the TKM acquisition. The fact that most interest rates fell sharply during 1992 did give a net benefit to profit with lower borrowing costs but these were offset to a degree by the negative impact on the profits of Shipping Services and Insurance Services, both of which include interest earned on funds held on behalf of third parties.

The tax rate on normalised profits was reduced to 32.0% (34.4%) due to the mix of profits and a reduced ACT write-off of £1.4m (£2.8m).

The amount deducted for normalised minority interests was £12.8m and represented 7.5% (11.1%) of pre minorities normalised profits. This figure will increase from 1st July 1993 when Toyota Motor Corporation's stake in Toyota (GB) rises from the current 5% to 25% as part of the agreements negotiated in 1990.

Last year's overall operating profit margin was 4.4%. This year it was 4.2%. The Group's return on capital employed* deteriorated to 24.6% from last year's 29.5%.

In two important respects this latter movement requires further analysis. Currency translation has significantly reduced this year's return as net assets are valued at the year end rate which in US$ terms was $1.51 (1991 $1.87) compared with profits which are at the average rate of $1.76 for both years. If this effect is excluded the return would be 27.8%. In addition TKM profits are only included for ten months but full year end net assets are used. If twelve months profits were applied the return increases to 28.7%. The remaining shortfall from 1991's return arises from margin reduction in Marketing and Shipping and an increased proportion of lower returning Motor retail business.

Return to shareholders

However, the after tax return on shareholders' funds was 24.7% up over 1991's 22.8% due to higher gearing and a lower tax and minorities rate.

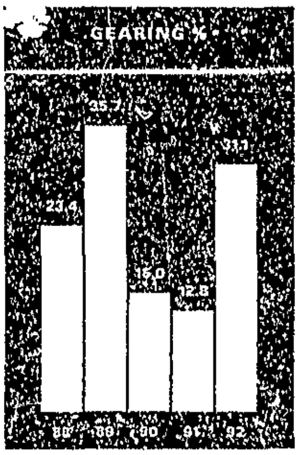
This year the dividend per share has been raised 17.0% and this payout is covered 2.3 times by normalised earnings per share – the same ratio as 1991.

Shareholders' funds have increased to £642.3m reflecting primarily new equity issued offset by a total of £342.4m goodwill arising from the year's acquisitions, which was mitigated by retained earnings of £78.1m and positive currency translation of £34.1m.

Fair value adjustments totalling £76.5m have been made in relation to the TKM acquisition which is in line with our expectations at the time of the acquisition. These were mainly in respect of properties, last valued in May 1990, for which write downs totalling £60.1m have been required. In addition, restructuring provisions of £15.0m have been made.

Financial condition

Cashflow from operations at £272.0m rose 12.7% over last year. After interest, tax and dividends the funds available for investment totalled £161.1m of which £85.8m was spent on operational capital expenditure – assets required to help our existing businesses achieve organic growth.

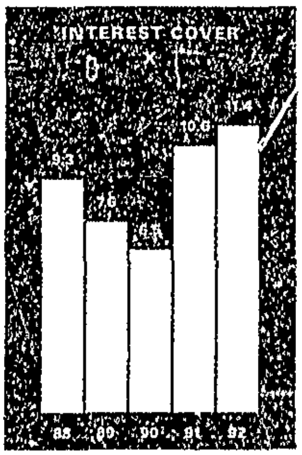


An important contribution to cash flow from operations was achieved by the Group's continuing close attention to the management of working capital. Despite substantial organic turnover growth working capital reduced by £21.6m. As a result, despite a heavy acquisition and capital investment programme, capital gearing* levels continue to be modest at 31% after absorbing the debt assumed through the TKM acquisition. This debt includes the TKM contract hire balances (£53m at 31.12.92) which did not conform with Group off balance sheet accounting policies and which are discussed more fully later in this review. Excluding these balances gearing would have been only 24%.

Capital gearing varies through the year, reaching a seasonal peak during the first half of the year, reflecting the build-up of motors stocks in advance of the July and August new car registrations in France and the UK.

Working capital is now funded to a greater extent by trade finance arrangements. This supports our policy of directing the Group's borrowing capacity to investment in new businesses rather than in core working capital.

Trade finance provided by manufacturers or suppliers, or finance houses related to them, is treated as creditors and any finance charges payable are included in cost of sales.



Trade finance provided by finance houses unrelated to the manufacturer or supplier covers conditions where the credit is granted in respect of a specific shipment of goods and is not capable of being applied for more general purposes. We have been advised that this form of credit should not be categorised as borrowings and it therefore is not now included in the calculation of gearing. However, finance charges on these balances are treated as interest and are included in the calculation of interest cover.*

Net interest charges are well covered at 11.4 times – very comfortably within our own stringent internal control level of 5 times and the more generous constraints imposed by our articles of association, public debt instruments and banking agreements.

Group policy is to lease property and some other fixed assets, wherever operationally and economically feasible, in order to minimise the commitment of Group funds to investments whose return on capital employed is inferior to Inchcape requirements. Including rentals and operating leases the Group's net fixed charge cover is 3.2 times, much the same as for 1991.

**Definitions are shown on page 45 of the Report and Accounts.*

Off balance sheet finance

It is central to the Group's strategy that our debt capacity is used to support our core business activities and not in the provision of lower return financing services to dealers or consumers. Commercial arrangements are, therefore, negotiated for these services which ensure strictly limited recourse to the Group whilst maximising the return for the Group's business introduction and placing capability.

A number of these off balance sheet finance schemes are in place, primarily in support of the Group's Motors activities worldwide. Future commercial arrangements will be structured to ensure continuing off balance sheet treatment, under any new accounting standards, in line with Group strategy. In the interim we are guided by the principles of the new exposure draft FRED 4.

As highlighted in the circular published in December 1991 for the TKM acquisition, TKM's off balance sheet contract hire operations did not conform to Group accounting policy and were potentially on balance sheet in Inchcape's hands. Action has since been taken to bring these TKM schemes into line with Group policy and all transactions from December 1992 conform. The outstanding balances prior to that date have been brought on balance sheet for this year and will progressively run off to the close of the specific contracts.

Debt management

During the course of the last year the Group's funding needs were re-examined and as a result we have consolidated our banking lines with a smaller number of relationship banks. We have also put in place £300m of committed medium term funding which has extended the maturity profile of our available finance lines.

On 30th March 1993 we also announced the launch of £125m Convertible Subordinated Bonds due 2008. The proceeds of the issue will be used to replace short-term borrowings, thus further extending the maturity profile of our debt.

Risk management

The Group seeks to manage risks actively and has a clearly defined methodology for assessing and managing foreign currency and interest rate exposures.

It is Group policy not to hedge the translation of overseas profits before tax, but after tax earnings exposures, remitted and unremitted, are actively managed.

In this context, the remittance of overseas dividends also serves to minimise local net asset exposures by increasing local borrowings and supports our objective of matching foreign currency assets and liabilities wherever possible.

Summary

Central to Group strategy is a prudent and open approach to all aspects of financial management. The Group employs a strong and effective framework of financial and risk management controls which are subjected to continuous review.

Consolidated Profit and Loss Account

For the year ended 31st December 1992

	Notes (pages 17 – 39)	£m	1992 £m	£m	1991 £m
Turnover	1(k) and 2				
Continuing operations		4,002.4		3,461.5	
Acquisitions		956.1		82.8	
		4,958.5		3,544.3	
Discontinued operations		78.2		80.6	
			5,036.7		3,624.9
Cost of sales	3		(3,911.8)		(2,793.5)
Gross profit			1,124.9		831.4
Net operating expenses	3		(915.2)		(672.2)
Operating profit			209.7		159.2
Share of profits of associates	1(i) and 4		51.4		28.0
Operating profit plus share of associates	2				
Continuing operations		201.4		183.4	
Acquisitions		61.5		3.2	
Discontinued operations		(1.8)		0.6	
		261.1		187.2	
Profit on sale of properties and investments of continuing operations	13		3.2		4.9
Profit on disposal of discontinued businesses	13	–		12.9	
Provisions for loss on sale or termination of discontinued businesses	13	(2.1)		(2.3)	
			(2.1)		10.6
Profit on ordinary activities before interest			262.2		202.7
Interest	6		(12.1)		(6.9)
Profit on ordinary activities before taxation	1(o)		250.1		195.8
Tax on profit on ordinary activities	10		(80.8)		(63.3)
Profit on ordinary activities after taxation			169.3		132.5
Minority interests	11		(14.1)		(11.9)
Profit for the financial year	14		155.2		120.6
Dividends	15		(77.1)		(45.0)
Transferred to reserves	33		78.1		75.6
Earnings per ordinary share – note (b)	16				
– on profit for the financial year			31.0p		29.9p
– normalised – note (a)			31.6p		26.7p
Dividend per ordinary share – note (b)	15		13.75p		11.75p

Notes:
(a) Normalised earnings per ordinary share exclude the earnings effect of exceptional items as described in note 13.
(b) Earnings and dividend per ordinary share for 1991 have been adjusted for subsequent scrip dividends and the January 1992 rights issue.

Statement of Total Recognised Gains and Losses

For the year ended 31st December 1992

	Notes (pages 17 – 39)	1992 £m	1991 £m
Profit for the financial year	14	155.2	120.6
Unrealised deficit on revaluation of properties		–	(0.8)
Total gain before exchange translation adjustments		155.2	119.8
Exchange translation effect on			
– results for the year		(3.1)	(0.4)
– foreign currency net investments		37.2	10.7
Total recognised gains and losses for the year		189.3	130.1

Note:
The difference between the profit on ordinary activities before taxation as disclosed in the consolidated profit and loss account and that calculated on an unmodified historical cost basis is immaterial for both years.

Reconciliation of Movements in Shareholders' Funds

For the year ended 31st December 1992

	Notes (pages 17 – 39)	1992 £m	1991 £m
Profit for the financial year	14	155.2	120.6
Dividends	15	(77.1)	(45.0)
		78.1	75.6
Other recognised gains and losses relating to the year (net)		34.1	9.5
New share capital issued		392.1	10.4
Goodwill acquired during the year	34	(342.4)	(40.9)
Goodwill transferred to the profit and loss account in respect of disposals of businesses	33	6.4	1.3
Net addition to shareholders' funds		168.3	55.9
Shareholders' funds at 31st December 1991		474.0	418.1
Shareholders' funds at 31st December 1992		642.3	474.0

Consolidated Balance Sheet

As at 31st December 1992

	Notes (pages 17 – 39)	£m	1992 £m	£m	1991 £m
Fixed assets:					
Intangible assets	*1(f) and 17*		5.4		3.6
Tangible assets	*1(g)(h) and 18*		581.5		356.2
Investments	*1(i) and 19(a)*		123.4		67.1
			710.3		426.9
Current assets:					
Stocks	*1(j) and 20*	711.9		438.3	
Debtors	*1(h)(ii) and 21*	1,105.3		761.3	
Cash at bank and in hand	*23*	271.5		347.6	
		2,088.7		1,547.2	
Creditors – amounts falling due within one year:	*1(n) and 24*				
Borrowings		(349.5)		(300.4)	
Other		(1,556.2)		(1,014.1)	
Net current assets			183.0		232.7
Total assets *less* current liabilities			893.3		659.6
Creditors – amounts falling due after more than one year:	*25*				
Borrowings		(63.8)		(24.8)	
Other		(42.3)		(53.8)	
		(106.1)		(78.6)	
Provisions for liabilities and charges	*27*	(51.6)		(28.7)	
			(157.7)		(107.3)
Net assets			735.6		552.3
Capital and reserves:					
Called-up share capital	*32*		128.4		97.6
Share premium account	*33(a)*		58.9		63.0
Non-distributable reserve – Inchcape plc	*33(a)*		365.4		-
Revaluation reserve	*33(a)*		146.7		117.5
Profit and loss account	*33(a)*		531.6		437.7
			1,231.0		715.8
Goodwill on consolidation	*33(a)*		(588.7)		(241.8)
Shareholders' funds			642.3		474.0
Minority interests			93.3		78.3
			735.6		552.3

Balance Sheet

As at 31st December 1992

	Notes (pages 17 – 39)	£m	1992 £m	£m	1991 £m
Fixed assets:					
Investments – shares in subsidiaries	*19(b)*		230.2		214.1
Current assets:					
Debtors – amounts falling due within one year:	*21*	69.0		138.6	
– amounts falling due after more than one year:	*21*	472.4		2.2	
Deferred taxation asset	*22*	18.7		15.5	
		560.1		156.3	
Creditors – amounts falling due within one year:	*24*	(97.3)		(63.0)	
Net current assets			462.8		93.3
Total assets *less* current liabilities			693.0		307.4
Creditors – amounts falling due after more than one year:	*25*				
Borrowings	*26*		(6.0)		(6.0)
Net assets			687.0		301.4
Capital and reserves:					
Called-up share capital	*32*		128.4		97.6
Share premium account	*33(b)*		58.9		63.0
Special capital reserve	*33(b)*		56.2		56.2
Non-distributable reserve	*33(b)*		365.4		–
Profit and loss account	*33(b)*		78.1		84.6
Shareholders' funds			687.0		301.4

The accounts on pages 10 to 39 were approved by the Board of Directors on 13th April 1993 and were signed on its behalf by:

DIRECTORS
Charles Mackay
Rod O'Donoghue

Charles Mackay
R O'Donoghue

Group Cash Flow Statement

For the year ended 31st December 1992

	1992 £m	1992 £m	1991 £m	1991 £m
Net cash inflow from operating activities – note 1, page 15		272.0		241.3
Continuing	272.9		233.9	
Discontinued	(0.9)		7.4	
Returns on investments and servicing of finance				
Interest received	38.4		43.9	
Interest paid	(49.5)		(52.6)	
Interest element of finance lease rentals payments	(1.5)		(0.9)	
Dividends received from associates	28.6		16.1	
Dividends paid to minority interests	(5.9)		(9.0)	
Dividends paid to shareholders	(53.0)		(41.5)	
Net cash outflow from returns on investments and servicing of finance		(42.9)		(44.0)
Taxation				
UK corporation tax paid	(13.8)		(18.6)	
Overseas tax paid	(54.2)		(37.8)	
Tax paid		(68.0)		(56.4)
Investing activities				
Purchase of tangible fixed assets	(96.9)		(98.1)	
Purchase of intangible fixed assets	(3.1)		(2.2)	
Purchase of subsidiaries – note 6, page 16	(528.4)		(60.1)	
Purchase of associates	(21.6)		(0.2)	
Loans to associates	(4.3)		(2.0)	
Purchase of other fixed asset investments	(2.0)		(3.7)	
Acquisition provisions payments	(13.0)		(1.6)	
	(669.3)		(167.9)	
Sale of tangible fixed assets	36.0		32.4	
Sale of subsidiaries	1.9		25.6	
Sale of associates	1.4		2.5	
Loan repayments from associates	–		0.1	
Sale of other fixed asset investments	2.2		7.4	
Net cash outflow from investing activities		(627.8)		(99.9)
Net cash outflow (1991 – inflow) before financing		(466.7)		41.0
Financing				
Issue of ordinary share capital	405.0		10.4	
Expenses paid in connection with share issues	(10.6)		–	
Redemption of preference share capital	(2.3)		–	
Capital subscribed by minority interests	0.4		0.2	
Increase in Insurance Services short-term investments	(6.9)		(15.9)	
New short-term loans	38.7		8.4	
Repayment of amounts borrowed	(31.4)		(10.0)	
Capital element of finance lease rental payments	(13.9)		(1.2)	
Net cash inflow (1991 – outflow) from financing		379.0		(8.1)
Net (decrease) increase in cash and cash equivalents		(87.7)		32.9

Notes to the Cash Flow Statement

1. Reconciliation of operating profit to net cash inflow from operating activities	1992 £m	1991 £m
Operating profit as consolidated profit and loss account	**209.7**	159.2
Depreciation	**51.1**	41.0
Loss on sale of fixed assets other than property	**1.0**	-
(Increase) in stocks	**(63.6)**	(29.9)
(Increase) in debtors	**(40.9)**	(97.8)
Increase in creditors	**126.1**	160.1
Other items	**(10.5)**	1.3
Net cash inflow from continuing operating activities	**272.9**	233.9
Net cash outflow (1991 – inflow) in respect of discontinued activities	**(0.9)**	7.4
Net cash inflow from operating activities	**272.0**	241.3

2. Analysis of changes in cash and cash equivalents during the year	£m
Balance at 1st January 1992	**11.7**
Net cash outflow before exchange adjustments	**(87.7)**
Exchange adjustments	**(21.7)**
Balance at 31st December 1992	**(97.7)**

3. Analysis of the balances of cash and cash equivalents as shown in the balance sheet	1992 £m	1991 £m	Change in Year £m
Cash at bank and in hand including short-term deposit and loans	**271.5**	347.6	(76.1)
Insurance Services short-term deposits	**(58.6)**	(51.7)	(6.9)
Bank loans, overdrafts and other borrowings	**(307.4)**	(266.1)	(41.3)
Loans from associates	**(3.2)**	(18.1)	14.9
	(97.7)	11.7	(109.4)

4. Analysis of changes in financing during the year	Share Capital (including premium) £m	Loans and Finance lease obligations £m
Balance at 1st January 1992	**160.6**	**40.9**
Cash inflows from financing	**394.4**	**(6.6)**
Redemption of preference shares	**(2.3)**	-
Loans and finance lease obligations of subsidiaries – acquired during the year	-	**59.9**
– sold during the year	-	**(0.1)**
Inception of finance lease contracts	-	**4.6**
Exchange adjustments	-	**4.0**
Balance at 31st December 1992	**552.7**	**102.7**

Notes to the Cash Flow Statement

5. Net assets acquired on the acquisition of shares in subsidiaries	£m
Fixed assets – tangible assets	164.2
Fixed assets – investments	30.6
Stocks	145.0
Debtors (including pension fund surplus of £55.0m)	191.8
Cash at bank and in hand	12.3
Bank overdrafts	(94.9)
Loans and finance leases	(59.9)
Other creditors and provisions including fair value	(253.5)
Minority shareholders' interests	(4.2)
	131.4
Goodwill	314.4
	445.8
Satisfied by	
Cash	445.8

Subsidiaries acquired during the year contributed £52.4m to the Group's net cash inflow from operating activities, paid £25.3m in respect of net returns on investments and servicing of finance, paid £14.2m in respect of taxation and utilised £32.0m for investing activities.

6. Analysis of the net outflow of cash and cash equivalents in respect of the purchase of subsidiaries	
Cash consideration paid	445.8
Cash at bank and in hand of subsidiaries acquired	(12.3)
Bank overdrafts of subsidiaries acquired	94.9
Net outflow of cash and cash equivalents in respect of the purchase of subsidiaries	528.4

7. Net assets disposed of by the sale of shares in subsidiaries	
Fixed assets – tangible assets	3.6
Fixed assets – investments	3.0
Stocks	3.0
Debtors	8.6
Cash at bank and in hand	2.1
Bank overdrafts	(1.6)
Other creditors and provisions	(13.2)
	5.5
Profit on disposal	2.2
Consideration received	7.7
Satisfied by	
Loan notes	5.3
Cash	2.4
	7.7

Subsidiaries sold during the year contributed £2.8m to the Group's net cash inflow from operating activities, contributed £0.3m in respect of net returns on investments and servicing of finance, paid £0.1m in respect of taxation and utilised £1.1m for investing activities.

Notes to the Accounts

1 *ACCOUNTING POLICIES*

(a) Accounting date – The consolidated accounts comprise the accounts of Inchcape plc and subsidiaries all made up to 31st December 1992.

(b) *Basis of consolidation* – The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom (see also note (o)). They are prepared on the historical cost basis of accounting modified to include the revaluation of certain fixed assets. The results of businesses acquired or sold are included in the consolidated profit and loss account from, or up to, the date control passes. All undertakings over which the Group exercises a dominant influence, being the right to direct the operating and financial policies, are consolidated as subsidiary undertakings.

(c) Translation of foreign currencies – Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling on 31st December except where rates of exchange are fixed under contractual arrangements. The results of overseas subsidiaries and associates are translated into sterling at average rates of exchange for the year except those for subsidiaries and associates operating in hyperinflationary economies for which the rates of exchange ruling at 31st December are used.

Exchange gains and losses arising from translating the following are dealt with as a movement in reserves:

(i) opening net assets of overseas subsidiaries and associates.

(ii) foreign currency borrowings used to finance overseas investments including goodwill arising on acquisition.

(iii) foreign currency borrowings to the extent that they provide a hedge against opening net assets and

(iv) the difference between translating the profit and loss account retained balance for the year at average and at 31st December rates of exchange.

All other exchange differences are dealt with in the profit and loss account.

(d) Treasury accounting – The Group undertakes hedging actions in respect of net assets, earnings from overseas companies and interest rate exposure. These are designed to protect the Group from fluctuations in respect of exchange and interest rate levels. Costs incurred are accounted for in the year to which the hedge relates.

(e) Goodwill – The difference between the cost of acquisitions and the fair value of attributable net identifiable assets at the date of the acquisitions is eliminated against reserves. The gain or loss on disposal of subsidiary and associated undertakings included in exceptional items within discontinued operations is calculated after taking into account any goodwill previously eliminated against reserves.

(f) Intangible fixed assets and amortisation – Expenditure on timber concession rights and deferred start-up costs is capitalised and stated at cost less amortisation. Amortisation is provided on a basis to write off the former over the life of the concession and for start-up costs on a development project over a period of three years from the date of commencement of operation.

(g) Tangible fixed assets and depreciation – Tangible fixed assets are stated at cost or valuation less depreciation except for freehold land which is not depreciated. Depreciation is provided on other tangible fixed assets on a straight line basis over the estimated useful lives of the assets mainly at the following annual rates:

Freehold buildings and long leasehold land and buildings	2%
Short leasehold land and buildings	term of lease
Plant machinery and equipment	10% – 33⅓%
Major computer software applications	33⅓%

Land and buildings are professionally valued every three years. The next triennial valuation is due in 1993.

(h) *Leases* –

(i) As Lessee – Assets held under finance leases are treated as if they had been purchased at the present value of the minimum lease payments. This cost is included under tangible fixed assets and depreciation is provided accordingly. The corresponding obligations under these leases are included with borrowings. The finance charge element of rentals payable is charged to the profit and loss account. Rental payments arising from operating leases are charged to the profit and loss account.

(ii) As Lessor – The net investment in finance leases and hire purchase contracts is included under debtors and represents the total amount outstanding under lease agreements and hire purchase contracts less unearned income. Finance lease and hire purchase income is allocated to accounting periods to give a constant periodic rate of return on the net cash investment. Rentals receivable

1 ACCOUNTING POLICIES (CONTINUED)

from operating leases are credited to the profit and loss account.

(i) Associated undertakings – For the purpose of these accounts an associated undertaking is a company, not being a subsidiary, in which the Group's interest is held for the long term and over which the Group is in a position to exercise a significant influence, including participation in operating and financial policy decisions. The principal associated undertakings are included in the list on page 41. The consolidated profit and loss account on page 10 includes the Group's share of profits less losses of associated undertakings as shown in note 4. The consolidated balance sheet on page 12 includes interests in associated undertakings at the amount of the Group's share of the net tangible assets of those undertakings. Associated undertakings include related undertakings as defined in the Companies Act 1985.

(j) Stocks and work in progress – Stocks and work in progress are valued at the lower of cost and net realisable value. Cost, which comprises expenditure incurred in the normal course of business in bringing stocks and work in progress to their location and condition, including appropriate overheads, is calculated on bases appropriate to the various businesses carried on by the Group.

(k) Turnover – Turnover represents the total amount receivable for goods sold and services provided, excluding intra-Group transactions. Nothing is included in respect of the Group's share of the turnover of associated undertakings.

(l) 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 or asset will crystallise. Deferred taxation is provided on pension surpluses of subsidiaries acquired.

(m) Pension commitments – The Group has a number of defined benefit pension schemes for employees and contributions to these schemes are based on triennial actuarial valuations. Pension surpluses of subsidiaries acquired are recorded in debtors over one year and are amortised to profit and loss account in line with a regular pension cost calculation advised by actuaries. Pension costs charged in the consolidated profit and loss account have been calculated, such that regular pension costs are a substantially level percentage of current and expected future pensionable payroll, by spreading variations from regular costs over the expected remaining service lives of employees (note 28). Additionally the Group makes payments to meet the liabilities under defined contribution schemes.

(n) Trade finance – Trade finance provided by manufacturers or suppliers, or finance houses, is treated as creditors. Any charges are included in cost of sales except where a charge is made by a finance house or bank unrelated to the supplier of goods when the charge is included in the profit and loss account as interest.

(o) Change in accounting formats – The accounts comply with FRS1 "Cash Flow Statements" issued in September 1991 in respect of accounting periods ending after 23rd March 1992. Comparative figures have been provided for the calendar year 1991.

The accounts comply with FRS3 "Reporting Financial Performance" issued in October 1992 for which early adoption was encouraged. Extraordinary items have been reclassified as exceptional (note 13) in line with the new standard. Comparative figures have been restated for the calendar year 1991 and also in respect of the historic summary of profit information in the five year record.

2 ANALYSIS OF TURNOVER, PROFIT AND NET ASSETS

	TURNOVER BY ORIGIN† 1992 £m	1991 £m	OPERATING PROFIT PLUS SHARE OF ASSOCIATES 1992 £m	1991 £m	YEAR END NET OPERATING ASSETS 1992 £m	1991 £m	CONTRIBUTION TO PROFIT 1992 %	1991 %
By class of business:								
Motors	3,350.3	2,145.2	177.3	110.5	693.6	390.6	60.4	49.9
Marketing	1,044.5	931.5	58.9	56.2	372.3	258.8	20.1	25.4
Services:								
Insurance Services	134.9	129.5	19.2	18.8	43.7	32.5	6.5	8.5
Shipping Services	184.9	136.2	10.2	12.2	21.3	11.1	3.5	5.5
Testing Services	139.6	155.3	13.1	9.4	55.3	42.2	4.5	4.3
Buying Services	30.4	44.8	3.4	2.9	8.7	13.5	1.2	1.3
Total Services	559.8	465.8	45.9	43.3	129.0	99.3	15.7	19.6
Other	3.9	1.8	9.7	5.9	12.8	14.5	3.3	2.6
Property and investment disposal profits	–	–	3.2	4.9	–	–	1.1	2.2
Discontinued operations*	78.2	80.6	(1.8)	0.6	19.4	18.1	(0.6)	0.3
	5,036.7	3,624.9	293.2	221.4	1,227.1	781.3	100.0	100.0
Central charges			(14.5)	(14.3)				
			278.7	207.1				

†Nothing is included in respect of the Group's share of associated undertakings' turnover. Inter-segment turnover by class of business and by geographical market was minimal.
*Discontinued operations relate mainly to Timber (1992 and 1991 comparative) and to Tea in 1991.

Contribution from material acquisitions	£m
Tozer Kemsley & Millbourn from 2nd March 1992 included in Motors**	
– turnover	908.6
– operating profit plus share of associates	48.3
Spinneys from 22nd January 1992 included in Marketing	
– turnover	11.6
– operating profit plus share of associates	8.4

**Results of Tozer Kemsley & Millbourn prior to acquisition are shown in note 35.

Notes to the Accounts

2 ANALYSIS OF TURNOVER, PROFIT AND NET ASSETS (CONTINUED)

	TURNOVER BY ORIGIN† 1992 £m	TURNOVER BY ORIGIN† 1991 £m	OPERATING PROFIT PLUS SHARE OF ASSOCIATES 1992 £m	OPERATING PROFIT PLUS SHARE OF ASSOCIATES 1991 £m	YEAR END NET OPERATING ASSETS 1992 £m	YEAR END NET OPERATING ASSETS 1991 £m	CONTRIBUTION TO PROFIT 1992 %	CONTRIBUTION TO PROFIT 1991 %
By geographical market:								
Europe								
United Kingdom	1,741.7	1,085.3	67.5	42.1	379.6	172.9	23.0	19.0
Continent	844.7	610.3	55.1	31.4	144.3	99.0	18.8	14.2
Far East	1,257.3	1,056.6	76.5	71.4	250.0	199.8	26.1	32.2
South East Asia	652.6	472.8	46.6	45.6	269.7	195.8	15.9	20.6
The Americas	268.0	192.3	22.8	16.5	75.4	46.6	7.8	7.5
Middle East	19.1	4.3	15.6	6.6	26.4	14.9	5.3	3.0
Rest of the World	275.1	122.7	7.7	2.3	62.4	34.2	2.6	1.0
Property and investment disposal profits	–	–	3.2	4.9	–	–	1.1	2.2
Discontinued operations*	78.2	80.6	(1.8)	0.6	19.4	18.1	(0.6)	0.3
	5,036.7	3,624.9	293.2	221.4	1,227.1	781.3	100.0	100.0
Central charges			(14.5)	(14.3)				
			278.7	207.1				

†Nothing is included in respect of the Group's share of associated undertakings' turnover. Inter-segment turnover by class of business and by geographical market was minimal.
*Discontinued operations relate mainly to Timber (1992 and 1991 comparative) and to Tea in 1991.

Notes

1. Profit reconciliation	1992 £m	1991 £m
Total profit by class of business and geographical market	278.7	207.1
Net interest receivable by Insurance Services and Shipping Services subsidiaries	(14.4)	(15.0)
Property and investment disposal profits	(3.2)	(4.9)
Operating profit plus share of associates as consolidated profit and loss account	261.1	187.2
Operating profit includes investment income of	0.3	0.6

2. Net assets reconciliation	1992 £m	1991 £m
Total net operating assets by class of business and geographical market	1,227.1	781.3
Net borrowings – other than cash balances relating to insurance and shipping activities	(302.9)	(121.0)
Interest bearing trade finance creditors	(92.2)	(28.6)
Holding company tax and dividends	(77.8)	(43.7)
Toyota (GB) net proceeds of disposal	(47.2)	(47.2)
Pension fund surplus of companies acquired – net of tax	22.8	–
Assets held exclusively for resale	23.4	–
Capital distribution to minority interests	(16.1)	–
Fixed asset investments and other unallocated assets	(1.5)	11.5
Net assets as consolidated balance sheet	735.6	552.3

2 ANALYSIS OF TURNOVER, PROFIT AND NET ASSETS (CONTINUED)

	Turnover by Destination 1992 £m	1991 £m
Europe:		
United Kingdom	1721.2	1,080.8
Continent	917.5	661.0
Far East	1,194.7	1,033.3
South East Asia	512.7	415.9
The Americas	288.6	203.3
Middle East	24.4	10.6
Rest of the World	299.4	139.4
Discontinued operations	78.2	80.6
	5,036.7	3,624.9

3 COST OF SALES AND NET OPERATING EXPENSES

	1992 £m	1991 £m
Cost of sales:		
continuing operations	3,094.8	2,655.4
acquisitions	744.3	66.0
discontinued operations	72.7	72.1
	3,911.8	2,793.5
Distribution costs:		
continuing operations	259.3	240.9
acquisitions	28.7	5.5
discontinued operations	1.0	1.5
Administrative expenses:		
continuing operations	490.1	416.1
acquisitions	138.9	11.5
discontinued operations	5.4	5.2
Other operating income:		
continuing operations	(6.8)	(8.5)
acquisitions	(1.4)	-
discontinued operations	-	-
Total net operating expenses	915.2	672.2

4 ASSOCIATED UNDERTAKINGS

	1992 £m	1991 £m
Profit on ordinary activities before taxation	51.4	28.0
Exceptional item	2.6	-
	54.0	28.0
Taxation	(11.2)	(5.7)
Profit after taxation	42.8	22.3
Dividends	(29.8)	(17.1)
Balance	13.0	5.2
Attributable to minority interests	1.1	0.5
Attributable to Inchcape plc	11.9	4.7
	13.0	5.2

5 INVESTMENT INCOME

	1992 £m	1991 £m
Income from fixed asset investments:		
Unlisted	30.1	17.7
Less: dividends from associates – note 4	(29.8)	(17.1)
Income from other fixed asset investments	0.3	0.6

6 INTEREST

	1992 £m	1991 £m
Interest payable and similar charges:		
On bank loans and overdrafts and other loans:		
– repayable within 5 years not by instalments	40.0	41.1
– repayable within 5 years by instalments	2.8	2.0
	42.8	43.1
– repayable wholly or partly in more than 5 years	0.7	0.8
Other interest	6.8	5.8
	50.3	49.7
Interest receivable	(38.2)	(42.8)
	12.1	6.9

Interest includes £1.5m (1991 – £0.9m) payable in respect of finance leases.

7 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is some £3m more than it would have been if the results of overseas subsidiaries and associates had been translated into sterling at the same rates of exchange as those applying for the previous financial year.

7 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (CONTINUED)

Profit on ordinary activities before taxation is stated after the following charges (credits):

	1992 £m	1991 £m
Depreciation of tangible fixed assets – owned	46.9	36.5
– held under finance leases	3.0	4.2
Amortisation of intangible fixed assets	1.2	0.3
Loss on sale of tangible fixed assets other than property	0.6	–
Loss on sale of intangible fixed assets	0.4	–
Hire of plant, machinery and equipment	20.8	8.7
Other operating lease rentals payable	62.0	52.0
Rentals receivable from operating leases	(7.8)	(8.0)
Audit fees and expenses – Coopers & Lybrand	3.1	2.8
– Other firms	0.3	0.7
Accounting and other advisory services provided to United Kingdom Group companies by Coopers & Lybrand, certain of which have been capitalised (£1.5m), amounted to	1.9	

8 DIRECTORS' REMUNERATION, LOANS AND OTHER TRANSACTIONS

	1992 £000	1991 £000
(a) Total employment costs in note 9 include the following remuneration in respect of directors of Inchcape plc:		
Fees paid to non-executive directors	101	92
Other emoluments:		
Remuneration (excluding bonus payments)	2,041	1,882
Bonus payments	606	617
Pension scheme contributions	689	775
Payments in connection with retirement	160	115
Pensions to former directors	29	29
	3,626	3,510

The emoluments of executive directors are determined by the Remuneration Committee, which is chaired by Sir David Plastow and consists of the non-executive directors. In discharging its responsibilities the Remuneration Committee takes advice from independent, external consultants.

The executive directors all participate in an annual bonus plan, which has a bonus potential of 50% of base salary against pre-determined Group or business stream financial and strategic objectives which are reviewed

8 DIRECTORS' REMUNERATION, LOANS AND OTHER TRANSACTIONS (CONTINUED)

and approved by the Remuneration Committee. The bonus shown for 1992 is the bonus relating to the performance of the Group in 1992 and paid in March 1993.

The salary of the Chairman in 1992 was at the rate of *£195,000 per annum. The figure shown below is pro-rated* for the period from 15th September to 31st December. The chairman does not have a contract or receive a performance bonus or share options.

The highest paid director was the Chief Executive who had emoluments excluding bonus for 1992 of £304,000; a bonus of £114,000 was paid in March 1993 relating to the 1992 performance in terms of both Group earnings per share and strategic objectives.

(b) Directors' remuneration (excluding pension scheme contributions and payments in connection with retirement):

	1992 £000	1991 £000
Chairman and Chief Executive to 21.11.91	–	450
Chairman from 21.11.91	–	16
Chairman to 15.9.92	112	–
Chairman from 15.9.92	62	–
Highest paid director (1991 as Chairman and Chief Executive)	418	–

Other directors, but excluding the remuneration of one director (1991 – two) who discharged his duties mainly outside the United Kingdom.

	1992 Number	1991 Number
Not more than £5,000	1	–
£5,001 – £10,000	1	–
£10,001 – £15,000	–	1
£15,001 – £20,000	6	5
£35,001 – £40,000	1	–
£120,001 – £125,000	–	1
£125,001 – £130,000	1	–
£135,001 – £140,000	1	–
£170,001 – £175,000	–	1
£200,001 – £205,000	–	1
£215,001 – £220,000	–	2
£250,001 – £255,000	–	1
£255,001 – £260,000	1	–
£260,001 – £265,000	1	–
£265,001 – £270,000	1	–
£295,001 – £300,000	1	–
£335,001 – £340,000	1	–

No transaction, arrangement or agreement required to be disclosed in terms of the Companies Act 1985 was outstanding at 31st December 1992 or occurred during the year other than referred to on page 42 for any director and/or connected person (1991 – none).

9 EMPLOYEES

The average weekly number of persons employed by the Group during the year analysed by activity was:

	1992	1991
Motors	13,468	8,412
Marketing	11,209	10,836
Services:		
Insurance Services	3,208	3,189
Shipping Services	3,594	2,634
Testing Services	5,327	5,156
Buying Services	1,108	1,072
Other	12	12
Discontinued businesses	540	5,409
	38,466	36,720
Corporate	107	117
	38,573	36,837
Employed in associates	9,812	6,470
	48,385	43,307

The total employment costs incurred by subsidiaries were:	£m	£m
Wages and salaries	466.7	354.9
Social security costs	40.2	30.2
Other pension costs	18.6	15.6
	525.5	400.7

10 TAXATION

	1992 £m	1991 £m
United Kingdom corporation tax	91.2	47.0
Double taxation relief	(68.3)	(29.2)
	22.9	17.8
Advance corporation tax written off	1.4	2.8
	24.3	20.6
Overseas taxes	51.7	41.4
Deferred tax	(2.3)	(1.2)
	73.7	60.8
Adjustments to prior year liabilities	(4.1)	(3.2)
Inchcape plc and subsidiaries	69.6	57.6
Associates	11.2	5.7
	80.8	63.3
Relating to exceptional items – note 13	–	(0.5)

The creditor for corporate taxation, shown in note 24, includes estimated United Kingdom corporation tax at 33% (1991 – 33.25%) payable on the taxable profits for the year ended 31st December 1992, less relief for double taxation.

11 MINORITY INTERESTS

	1992 £m	1991 £m
Paid or payable as dividends	6.4	6.8
Retained profit for the year	7.7	5.1
	14.1	11.9

12 TOYOTA (GB) LIMITED – DISPOSAL

The Group has agreed to sell 51% of Toyota (GB) to the Toyota Motor Corporation in three phases for a total consideration of £60m which was received in March 1990. The initial disposal of 5% took place on 30th March 1990 and gave rise to an extraordinary profit after taxation of £5.0m in the 1990 accounts. The net balance of the consideration of £53.6m less the related tax charge of £6.4m is included in creditors within one year and after more than one year as appropriate. The profit attributable to the future disposals in 1993 and 1998 will be recognised in the appropriate accounting periods.

13 EXCEPTIONAL ITEMS

	1992 £m	1991 £m
Arising from discontinued activities:		
Profit on disposal of Assam Company and other Tea interests	–	16.2
(Loss) on disposal of other businesses	–	(3.3)
	–	12.9
Provisions for loss on sale or termination of businesses	(2.1)	(2.3)
(Loss) profit	(2.1)	10.6
Overseas taxation	–	0.5
	(2.1)	11.1
Minority interests	(1.3)	1.6
	(3.4)	12.7

Note – property and investment disposal profits are included in the Group's definition of normalised profit. Their contribution to earnings after a nil taxation charge (1991 – £Nil) and minority interests of £0.6m (1991 – £1.7m) was £2.6m and £3.2m respectively.

14 PROFIT FOR THE FINANCIAL YEAR

	1992 £m	1991 £m
Dealt with in the accounts of Inchcape plc	70.6	66.5
Transfer to reserves of subsidiaries	72.7	49.3
Transfer to reserves of associates	11.9	4.8
	155.2	120.6

As permitted by Section 230 of the Companies Act 1985, no separate profit and loss account is presented for Inchcape plc.

15 DIVIDENDS

	1992 £m	1991 £m
Ordinary:		
Interim paid of 5.4p per share (1991 – 4.7p per share)	27.7	19.0
Proposed final of 8.35p per share (1991 – 7.05p per share)	42.9	28.6
	70.6	47.6
Adjustments arising from:		
– the final dividend in respect of 1991 payable on shares issued in 1992	9.6	–
– the exercise of scrip dividend options in respect of the 1991 final and 1992 interim dividends	(3.1)	(2.7)
Preference paid and payable	–	0.1
	77.1	45.0

1991 dividends per ordinary share have been restated for subsequent scrip dividends and the January 1992 rights issue.

16 EARNINGS PER ORDINARY SHARE

	1992 £m	1991 £m
Based on the profit for the financial year:		
Earnings	155.2	120.6
Less: Preference dividend	–	(0.1)
	155.2	120.5
Weighted average fully paid ordinary shares in issue during the year	501,221,382	378,344,924
Earnings per ordinary share:		
– on profit for the financial year	31.0p	29.9p
– normalised excluding exceptional items (note 13)	31.6p	26.7p

1991 earnings per ordinary share have been restated for subsequent scrip dividends and the January 1992 rights issue.

The dilution in earnings per ordinary share that would arise from full conversion of the convertible guaranteed bonds of Inchcape (Bermuda) Limited and the issue of shares under the share option schemes is not material.

17 FIXED ASSETS – INTANGIBLE ASSETS

	£m
Cost at 1st January 1992	4.9
Exchange adjustments	1.1
Additions	3.1
Disposals	(1.0)
Cost at 31st December 1992	8.1
Amortisation at 1st January 1992	1.3
Exchange adjustments	0.5
Provided for the year	1.2
Disposals	(0.3)
Amortisation at 31st December 1992	2.7
Book value at 31st December 1992	5.4
Book value at 31st December 1991	3.6

18 FIXED ASSETS – TANGIBLE ASSETS

	Freehold and Leasehold Land and Buildings £m	Plant, Machinery and Equipment £m	Total £m
Cost or valuation at 1st January 1992	224.2	248.7	472.9
Exchange adjustments	33.6	41.9	75.5
Assets of subsidiaries acquired	97.5	102.7	200.2
Assets of subsidiaries sold	(1.3)	(4.4)	(5.7)
Additions	22.4	73.7	96.1
Disposals	(20.2)	(43.9)	(64.1)
Transfers	0.9	(0.9)	–
Cost or valuation at 31st December 1992	357.1	417.8	774.9
Valuation 1987 and earlier	1.6	–	1.6
Valuation 1990	199.1	–	199.1
Cost	156.4	417.8	574.2
	357.1	417.8	774.9
Depreciation at 1st January 1992	6.7	110.0	116.7
Exchange adjustments	1.2	19.8	21.0
Subsidiaries acquired	3.6	32.4	36.0
Subsidiaries sold	(0.1)	(2.0)	(2.1)
Provided for the year	7.1	42.8	49.9
Disposals	(1.0)	(27.1)	(28.1)
Transfers	0.1	(0.1)	–
Depreciation at 31st December 1992	17.6	175.8	193.4
Book value at 31st December 1992	339.5	242.0	581.5
Book value at 31st December 1991	217.5	138.7	356.2

Payments on account and assets in course of construction included above amounted to £4.9m (1991 – £10.8m).

18 FIXED ASSETS – TANGIBLE ASSETS (CONTINUED)

	1992 £m	1991 £m
Book value of land and buildings:		
Freehold	181.0	113.9
Leasehold with over 50 years unexpired	126.2	81.6
Short leasehold	32.3	22.0
	339.5	217.5
If land and buildings had not been revalued they would have been stated at the following amounts:		
Cost	349.1	151.7
Less: depreciation	(37.6)	(24.6)
	311.5	127.1
Depreciation provided for the year on land and buildings at cost would have been	6.4	3.6
The book value of tangible fixed assets held for use under operating leases amounted to:		
Cost	25.3	21.2
Less: depreciation	(8.2)	(3.7)
	17.1	17.5

The book value of tangible fixed assets includes £14.8m (1991 – £21.6m) in respect of assets held under finance leases, and £52.9m (1991 – £Nil) of assets relating to TKM's contract hire operations the legal title of which is retained by financiers.

19 FIXED ASSETS – INVESTMENTS

	Shares in Associated Undertakings £m	Loans to Associated Undertakings £m	Other Investments £m	Total £m
(a) Group				
Cost at 1st January 1992	23.1	18.7	6.3	48.1
Exchange adjustments	7.3	2.0	0.7	10.0
Assets of subsidiaries acquired	28.3	1.1	1.6	31.0
Assets of subsidiaries sold	–	–	(3.0)	(3.0)
Additions	27.3	4.3	2.0	33.6
Disposals	(0.8)	(0.6)	(1.6)	(3.0)
Transfers to subsidiaries	5.0	(6.5)	–	(1.5)
Cost at 31st December 1992	90.2	19.0	6.0	115.2
Share of post acquisition reserves of associates:				
Balance at 1st January 1992	24.7	–	–	24.7
Exchange adjustments	7.1	–	–	7.1
Disposals	(1.1)	–	–	(1.1)
Balance of profit and loss account for the year	13.0	–	–	13.0
Transfers to subsidiaries	0.6	–	–	0.6
Balance at 31st December 1992	44.3	–	–	44.3

The share of post acquisition reserves attributable to Inchcape plc as at 31st December 1992 is £40.0m (1991 – £22.0m).

Provision for diminution in value:				
Balance at 1st January 1992	0.4	–	0.7	1.1
Exchange adjustments	–	–	0.2	0.2
Provisions of subsidiaries acquired	–	–	0.4	0.4
Disposals	(0.1)	–	–	(0.1)
Balance at 31st December 1992	0.3	–	1.3	1.6
Adjustment to cost of shares of associates in respect of net goodwill at dates of acquisition:				
Balance at 1st January 1992	4.6	–	–	4.6
Exchange adjustments	2.1	–	–	2.1
For acquisitions in year	28.0	–	–	28.0
Disposals	(0.2)	–	–	(0.2)
Balance at 31st December 1992	34.5	–	–	34.5
Book value at 31st December 1992	99.7	19.0	4.7	123.4
Book value at 31st December 1991	42.8	18.7	5.6	67.1

The book value comprises cost and share of post acquisition reserves less provisions and net goodwill.

	Other Investments 1992 £m	Other Investments 1991 £m
Book value of investments includes:		
Listed on the London Stock Exchange	0.1	–
Listed on stock exchanges overseas	0.2	0.1
	0.3	0.1
Market value	0.6	0.3

19 FIXED ASSETS – INVESTMENTS (CONTINUED)

Certain associates provide finance in support mainly of the Group's motors activities. These associates are financed mainly by bank borrowings without recourse to any other Group company.

The Group's interests in these companies and their activities are described on page 41. At 31st December 1992 borrowings without recourse to any other Group company included:

- TGB Finance Limited, whose other shareholder is Lloyds Bowmaker Limited, – £244.6m (1991 – £197.5m)
- MEVC Finance Limited, whose other shareholder is Lloyds Bowmaker Limited, – £33.7m (1991 – £29.9m)
- InchRoy Credit Corporation, whose other shareholder is Security Pacific Limited, – £99.7m (1991 – £98.6m).

	£m
(b) Inchcape plc	
Shares in subsidiaries:	
Valuation at 1st January 1992	386.7
Restatement of investments at cost	(172.6)
	214.1
Additions	16.1
Cost at 31st December 1992	230.2

Shares in subsidiaries are stated at cost to Inchcape plc.

A list of the principal subsidiaries, their country of incorporation and identity and proportion of the nominal value of shares held is given on page 40.

20 STOCKS

	£m	1992 £m	£m	1991 £m
Raw materials and stores		11.7		9.4
Work in progress:				
Cost	12.9		6.3	
Payment on account	(3.7)		(2.9)	
		9.2		3.4
Finished goods and merchandise		691.0		425.5
		711.9		438.3

The replacement cost of stocks is not materially different from the amounts stated above.

Notes to the Accounts

21 DEBTORS

	Group 1992 £m	Group 1991 £m	Inchcape plc 1992 £m	Inchcape plc 1991 £m
Amounts falling due within one year:				
Trade debtors	799.2	562.7	–	–
Net investment in finance leases and hire purchase contracts	17.9	13.3	–	–
Amounts owed by subsidiaries	–	–	69.0	138.6
Amounts owed by associates	23.2	20.1	–	–
Assets held exclusively for resale	23.4	–	–	–
Other debtors	66.5	51.7	–	–
Prepayments and accrued income	91.0	64.5	–	–
	1021.2	712.3	69.0	138.6
Amounts falling due after more than one year:				
Trade debtors	4.4	4.2	–	–
Net investment in finance leases and hire purchase contracts	21.5	17.2	–	–
Amounts owed by subsidiaries	–	–	472.4	2.2
Amounts owed by associates	0.2	0.3	–	–
Pension fund surplus of companies acquired	34.0	–	–	–
Other debtors	16.3	13.2	–	–
Prepayments and accrued income	0.5	0.2	–	–
	76.9	35.1	472.4	2.2
Deferred taxation asset – note 22	7.2	13.9	18.7	15.5
Total debtors	1,105.3	761.3	560.1	156.3

	Group 1992 £m	Group 1991 £m
Net investment in finance leases and hire purchase contracts comprises:		
Total amounts receivable	48.2	38.2
Less: Interest allocated to future periods	(8.8)	(7.7)
	39.4	30.5
Finance leases and hire purchase contracts:		
Rentals receivable during the year	25.4	19.8
Assets acquired during the year	18.9	18.2

22 DEFERRED TAXATION ASSET

	Group 1992 £m	1991 £m
Deferred taxation movements during the year comprise:		
Balance at 1st January 1992	13.9	11.3
Exchange adjustments	0.2	(0.1)
Credited to profit and loss account	2.3	1.2
Credited to reserves in respect of revaluation of fixed assets	–	0.2
Subsidiaries acquired	(11.6)	0.7
Subsidiaries sold	–	(0.6)
Adjustment of advance corporation tax recoverable	2.4	1.2
Balance at 31st December 1992	7.2	13.9

The potential amount of deferred taxation on timing differences and the amount which has been provided in the accounts comprise:

	Potential 1992 £m	1991 £m	Provided 1992 £m	1991 £m
Excess capital allowances	(4.7)	(4.1)	(1.1)	(0.9)
Revalued assets	(20.7)	(10.8)	(0.1)	(0.1)
Pension fund surplus of companies acquired	(11.3)	–	(11.3)	–
Other timing differences	(0.7)	2.2	(0.4)	(2.8)
Advance corporation tax recoverable	20.1	17.7	20.1	17.7
	(17.3)	5.0	7.2	13.9

In addition to the advance corporation tax recoverable included above, a further £22.2m has been written off up to 31st December 1992 (1991 – £14.7m), and is available for set-off against future UK corporation tax liabilities.

	Inchcape plc 1992 £m	1991 £m
Advance corporation tax recoverable	18.6	15.4
Other timing differences	0.1	0.1
	18.7	15.5

23 CASH AT BANK AND IN HAND

Included in cash at bank and in hand are the undernoted amounts in accounts required by The Corporation of Lloyd's and local statutory regulations to be designated Insurance Broking Accounts. Such funds are held for the benefit of the insurance creditors of the respective companies of the Bain Clarkson group.

	£m
At 31st December 1992	87.0
At 31st December 1991	93.1

24 CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 1992 £m	Group 1991 £m	Inchcape plc 1992 £m	Inchcape plc 1991 £m
Borrowings: – note 26				
Bank loans and overdrafts (secured £4.5m – 1991 £17.1m)	291.1	257.5	–	–
Loans from associates	3.2	18.1	–	–
Net obligations under finance leases	5.3	12.9	–	–
Other borrowings (secured £24.5m – 1991 £Nil)	49.9	11.9	–	–
	349.5	300.4	–	–
Other:				
Payments received on account	121.6	77.4	–	–
Trade creditors (secured £Nil – 1991 £2.3m)	991.5	666.8	–	–
Bills of exchange payable (secured £18.2m – 1991 £11.5m)	31.0	21.2	–	–
Amounts owed to subsidiaries	–	–	1.9	0.9
Amounts owed to associates	1.5	2.8	–	–
Interim ordinary dividend since paid	27.5	17.8	27.5	17.8
Proposed final ordinary dividend	42.9	28.6	42.9	28.6
Dividends payable to minority interests	4.0	2.9	–	–
Corporate taxation	34.4	35.0	1.3	–
Other taxation and social security	54.3	50.6	23.5	15.5
Capital distribution to minority interests	16.1	–	–	–
Other creditors	26.2	10.5	–	–
Accruals and deferred income	184.7	100.5	0.2	0.2
Net disposal proceeds of Toyota (GB) – note 12	20.5	–	–	–
	1,556.2	1,014.1	97.3	63.0
Total creditors falling due within one year	1,905.7	1,314.5	97.3	63.0

Interest bearing trade finance creditors included above amount to £92.2m (1991 – £28.6m) – note 1(n).
Secured creditors are secured on land and buildings, specific stocks or by floating charges on assets.

25 CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 1992 £m	Group 1991 £m	Inchcape plc 1992 £m	Inchcape plc 1991 £m
Borrowings: – note 26				
Bank loans and secured overdrafts (secured £5.8m – 1991 £4.3m)	8.9	5.8	–	–
Loans from associates	–	0.7	–	–
Net obligations under finance leases	12.6	10.1	–	–
Other borrowings (Group – secured £33.5m – 1991 £0.1m)	42.3	8.2	6.0	6.0
	63.8	24.8	6.0	6.0
Other:				
Trade creditors	13.1	1.2	–	–
Corporate taxation	1.2	1.5	–	–
Other creditors	1.3	3.6	–	–
Accruals and deferred income	–	0.3	–	–
Net disposal proceeds of Toyota (GB) – note 12	26.7	47.2	–	–
	42.3	53.8	–	–
Total creditors falling due after more than one year	106.1	78.6	6.0	6.0

26 BORROWINGS

	1992 £m	1991 £m
Bank loans and overdrafts are repayable as follows:		
In one year or less or on demand	291.1	257.5
After more than one year:		
Between one and two years	5.3	1.9
Between two and five years	3.0	1.5
In five years or more	0.6	2.4
	8.9	5.8
Total bank loans and overdrafts	300.0	263.3

The Group operates a cash management system for its UK subsidiaries and cash balances and bank borrowings are shown gross.

The Group has committed bank stand-by credit facilities, raised by Inchcape Finance plc under an Inchcape plc guarantee, of £300m expiring within the years 1995 to 1997. Bank loans repayable above include £Nil (1991 – £Nil) drawn under these facilities.

Bank loans:		
Repayable by instalments some of which fall due after five years:		
Before five years	1.7	0.2
After five years	9.4	0.9
	11.1	1.1

The above bank loans are at rates of interest up to 8.5% repayable at various dates up to 2009.

Loans from associates are repayable as follows:		
In one year or less or on demand	3.2	18.1
After more than one year:		
Between one and two years	–	0.5
Between two and five years	–	0.2
	–	0.7
Total loans from associates	3.2	18.8
Net obligations under finance leases are repayable as follows:		
In one year or less	5.3	12.9
After more than one year:		
Between one and two years	5.5	5.4
Between two and five years	7.0	4.4
In five years or more	0.1	0.3
	12.6	10.1
Total net obligations under finance leases	17.9	23.0
Net obligations under finance leases:		
Repayable by instalments some of which fall due after five years:		
Before five years	0.9	0.8
After five years	0.1	0.3
	1.0	1.1

The above net obligations under finance leases are at various rates of interest up to 1% over the offered rate in the London Interbank market repayable at various dates up to 2037.

26 BORROWINGS (CONTINUED)

Other borrowings are repayable as follows:

	Group 1992 £m	Group 1991 £m	Inchcape plc 1992 £m	Inchcape plc 1991 £m
In one year or less or on demand:				
*6¼% Convertible Guaranteed Bonds 1992 (US$Nil – 1991 US$0.2m)	–	0.1	–	–
Other	49.9	11.8	–	–
	49.9	11.9	–	–
After more than one year:				
Between one and two years:				
Other	18.9	–	–	–
Between two and five years:				
10½% Unsecured Loan Stock 1990/95	1.7	1.7	1.7	1.7
**8% Convertible Guaranteed Bonds 1995 (US$2.8m – 1991 US$3.2m)	1.8	1.7	–	–
Other	15.5	0.2	–	–
In five years or more	4.4	4.6	4.3	4.3
	42.3	8.2	6.0	6.0
Total other borrowings	92.2	20.1	6.0	6.0
Loans:				
Repayable otherwise than by instalments wholly after five years:				
12½% Unsecured Loan Stock 1993/98	4.3	4.3	4.3	4.3
Other	0.1	0.3	–	–
	4.4	4.6	4.3	4.3

*The 6¼% Convertible Guaranteed Bonds were redeemed at par on 15th April 1992.

**Issued by Inchcape (Bermuda) Limited in August 1980 and guaranteed by Inchcape plc. The bonds are convertible on or prior to 15th July 1995 into fully paid ordinary shares of 25p each of Inchcape plc at 108 pence per share with a fixed rate of exchange applicable upon conversion of the bonds of US$2.3565 = £1. This conversion price represents an adjustment to the conversion price (113p) pursuant to the Trust Deed constituting the bonds and was necessitated by the January 1992 rights issue. If the conversion rights attaching to the bonds outstanding at 31st December 1992 are exercised 1,096,259 ordinary shares of 25p each of Inchcape plc will fall to be issued.

27 PROVISIONS FOR LIABILITIES AND CHARGES

	Pensions and Similar Obligations £m	Other Provisions £m	Total £m
Balance at 1st January 1992	6.6	22.1	28.7
Exchange adjustments	0.8	2.5	3.3
Charged to profit and loss account	18.6	11.3	29.9
Fair value provisions on acquisition	–	29.9	29.9
Utilised during the year	(17.6)	(25.3)	(42.9)
Transfers	–	2.7	2.7
Balance at 31st December 1992	8.4	43.2	51.6

Other provisions at 31st December 1992 are mainly in respect of acquisition provisions, various staff costs, claims, closure costs and guarantees.

28 PENSIONS

The Group operates pension schemes for its employees in most subsidiaries throughout the world. Schemes are mainly of the defined benefit type with assets held under trust in separately administered accounts. A number of overseas employees are covered by defined contribution schemes which are principally linked to local statutory arrangements.

UK schemes

The pension costs for the main defined benefit schemes operated in the UK were determined in accordance with the advice of independent professionally qualified actuaries based on the projected unit method.

The market value of the assets held by the Group's UK schemes at 31st March 1991 was £151m. Actuarial valuations for these schemes were carried out during 1991 using, in the main, the following long-term assumptions:

	% Per annum
Investment return	**9.5**
Salary increase	**8.0**
Dividend growth	**4.5**
Pension increase	**0 – 5**

The actuarial value of the assets in total covered on average 106% of the value of benefits that had accrued to members, after allowing for expected future increases in pensionable remuneration.

On the acquisition of TKM on 2nd March 1992 the Group acquired further pension arrangements, the market value of the assets being £140m. The actuarial assumptions of the acquired schemes are comparable with those operated by the Group.

Overseas schemes

The main overseas defined benefit schemes cover employees in the Middle East, Far East and South East Asia. The assets of all overseas schemes had a market value at 31st March 1991 of £105m. Actuarial valuations for these schemes were carried out during 1991 using the following long-term assumptions consistent with local actuarial and market practices:

	% Per annum
Investment return	**7 – 10**
Salary increase	**4.5 – 8**
Pension increase	**0 – 5**

The actuarial valuations of these schemes showed in aggregate a surplus of assets over the value of benefits that had accrued to members after allowing for expected increases in pensionable remuneration. A number of other schemes, principally of the defined contribution type, are operated throughout the Group. The Group has no significant health and medical plans providing post-retirement benefits.

Pension cost

The pension cost charged for 1992 was £18.6m (1991 – £15.6m) of which £3.0m (1991 – £3.2m) represents the amount attributable to defined contribution schemes and £15.6m (1991 – £12.4m) relates to schemes of a defined benefit nature. A provision of £8.4m (1991 – £6.6m) is included in provisions for liabilities and charges, being the excess of the pension cost charge over the amount funded. An amount of £34.0m (1991 – £Nil) is included in debtors relating to the pension surpluses of companies acquired. The charge to profit and loss account includes amortisation of this balance in accordance with SSAP 24.

Notes to the Accounts

29 CONTINGENT LIABILITIES	Group 1992 £m	Group 1991 £m	Inchcape plc 1992 £m	Inchcape plc 1991 £m
Guarantees of subsidiaries borrowings	–	–	46.8	164.3
Other guarantees of loans and bank facilities granted mainly in respect of associates	18.0	11.1	–	–
Bills and debtors discounted with recourse	54.1	52.1	–	–

Claims have been made against certain Insurance Services subsidiary companies. Having regard to legal opinion the directors consider that the outcome of these actions is unlikely to have a material adverse affect on the Group's financial position.

Inchcape plc has given guarantees in respect of various subsidiaries' bank facilities totalling £361.8m at 31st December 1992 (1991 – £834.5m). The amounts shown above represent the amounts drawn against these facilities.

In addition to the above there were at 31st December 1992 other contingent liabilities arising in the ordinary course of business. These are not expected to give rise to any significant loss.

30 CAPITAL COMMITMENTS

Commitments for capital expenditure entered into by subsidiaries and not provided for in these accounts are estimated at £33.4m (1991 – £14.0m) and those authorised but not contracted for are estimated at £23.0m (1991 – £3.6m). Additionally at 31st December 1991 the Group had contracted to purchase Tozer Kemsley & Millbourn and Spinneys for a total consideration of £421m including interest but before acquisition expenses.

31 REVENUE COMMITMENTS	Land and Buildings £m	Other Tangible Fixed Assets £m
Operating lease rentals payable in 1993 are in respect of commitments expiring:		
Within one year	10.3	3.7
Between one and five years	26.9	9.7
In five years or more	24.9	0.1
	62.1	13.5

The Group has, in the ordinary course of business, commitments under forward foreign exchange and interest rate contracts relating to the hedging of transaction and interest exposures and overseas earnings.

32 SHARE CAPITAL	Authorised 1992 £	Authorised 1991 £	Allotted, Called-up and Fully Paid 1992 £	Allotted, Called-up and Fully Paid 1991 £
(a) Summary				
Ordinary shares – authorised 666,601,648 ordinary shares of 25p each (1991 – 472,201,648 ordinary shares of 25p each) and issued and fully paid 513,717,441 ordinary shares of 25p each (1991 – 381,136,766 ordinary shares of 25p each)	166,650,412	118,050,412	128,429,360	95,284,192
Cumulative redeemable preference shares of £1 each:				
8¼% 1990/92	1,157,123	1,157,123	–	1,157,123
5¼% 1990/92	1,192,465	1,192,465	–	1,192,465
	169,000,000	120,400,000	128,429,360	97,633,780

(b) On 9th December 1991, 126,912,087 units of 26p each of £32,[illegible].62 nominal non-interest bearing convertible unsecured loan stock were provisionally allotted. This allotment was confirmed on 8th January 1992. On 4th February 1992 a further 1,501,298 units of 26p stock were allotted. 128,414,818 ordinary shares were issued upon conversion of loan stock units. These shares are issued to finance the acquisition of TKM. For further details of this issue see the Directors' Report.

32 SHARE CAPITAL (CONTINUED)

(c) Additionally, during the year the following ordinary shares of 25p each in Inchcape plc were issued:-

Under the Inchcape SAYE Share Option Scheme	654,014
Under the Inchcape Executive Share Option Scheme	1,608,233
Under the Inchcape Overseas Executive Share Option Scheme	916,303
Under the scrip dividend scheme in lieu of 1990 final dividend in cash and 1991 interim dividend	733,668
On conversion of the 6¾% US$ convertible guaranteed bonds 1992 of Inchcape (Bermuda) Limited	102,367
On conversion of the 8% US$ convertible guaranteed bonds 1995 of Inchcape (Bermuda) Limited	151,272

(d) If the conversion rights attaching at 31st December 1992 to the outstanding 8% convertible guaranteed bonds issued by Inchcape (Bermuda) Limited were exercised 1,096,259 ordinary shares of 25p each would fall to be issued.

Between 1st January 1992 and 18th March 1992, (the final date for conversion), 160 6¾% convertible guaranteed bonds were converted into 102,367 ordinary shares of 25p each of Inchcape plc. The outstanding bonds were redeemed at par on 15th April 1992.

(e) In accordance with the provisions of the respective Trust Deeds governing the 6¾% US$ convertible guaranteed bonds and the 8% US$ convertible guaranteed bonds the conversion price of each of these bonds was adjusted following the Rights Issue announced on 10th December 1991.

(f) At 31st December 1992 options to subscribe for ordinary shares of 25p each in the Company under the Inchcape Executive Share Option Scheme, the Inchcape Overseas Executive Share Option Scheme and Inchcape SAYE Share Option Scheme were outstanding as follows:*

	Ordinary Shares of 25p Each	Exercisable Until	Price Per Share
Executive Share Option Scheme	290,358	7th June 1997	159.01p
	84,901	24th November 1997	141.34p
	602,759	2nd June 1998	162.08p
	122,038	19th October 1998	186.58p
	458,290	17th May 1999	238.40p
	196,328	15th November 1999	233.69p
	424,480	10th May 2000	239.35p
	318,370	20th November 2000	222.38p
	563,070	28th May 2001	311.91p
	38,521	21st November 2001	362.79p
	1,812,600	21st May 2002	507.00p
	135,900	21st May 2002	515.00p
	142,300	29th October 2002	468.00p
Overseas Executive Share Option Scheme	106,120	19th October 1998	186.58p
	228,166	17th May 1999	238.40p
	25,000	15th November 1999	233.69p
	536,968	10th May 2000	239.35p
	174,043	20th November 2000	222.38p
	224,124	28th May 2001	311.91p
	55,077	21st November 2001	362.79p
	734,800	21st May 2002	507.00p
	1,422,400	29th October 2002	468.00p
SAYE Share Option Scheme	34,105	1st June 1993	195.06p
	208,074	1st February 1994	146.06p
	271,872	1st June 1994	168.67p
	143,577	1st January 1995	214.85p
	694,791	1st August 1995	187.52p
	382,911	1st January 1996	186.58p
	673,418	1st June 1996	158.31p
	250,102	1st January 1997	261.02p
	642,925	30th May 1997	285.52p
	476,405	1st January 1998	406.00p
	1,465,948	1st June 1998	339.00p

*The number of shares held under the Company's Share Option Schemes on 2nd March 1992 and their respective option prices were adjusted in accordance with the Rules of the Schemes following the Rights Issue announced on 10th December 1991.

(g) The 8¾% and 5¼% cumulative redeemable preference shares 1990/92 of £1 each were redeemed at par on 31st March 1992. In accordance with the provisions of paragraph 18, schedule 23, Finance Act 1972, after 5th April 1973 dividends on the 8½% cumulative redeemable preference shares 1990/92 were payable at the rate of 5.95% per annum without deduction of tax.

Notes to the Accounts

33 RESERVES

	Share Premium Account £m	Special Capital Reserve £m	Non distributable Reserve £m	Revaluation Reserve £m	Profit and Loss Account £m	Goodwill on Consolidation £m
(a) Group						
Balance at 1st January 1992	63.0	–	–	117.5	437.7	(241.8)
Exchange adjustments	–	–	–	19.3	26.4	(11.6)
Premium on ordinary shares and loan stock issued	6.7	–	365.4	–	–	–
Costs of rights issue	(10.6)	–	–	–	–	–
Capitalisation for scrip issue of shares in lieu of dividend	(0.2)	–	–	–	–	–
Goodwill on acquisitions – note 34	–	–	–	–	–	(342.4)
Transfers to profit and loss account	–	–	–	–	–	6.4
Transfers on realisation	–	–	–	(3.5)	2.8	0.7
Other transfers	–	–	–	13.4	(13.4)	–
Retained profit for the year	–	–	–	–	78.1	–
Balance at 31st December 1992	58.9	–	365.4	146.7	531.6	(588.7)

The Group profit and loss account includes £351.1m (1991 – £298.3m adjusted) in respect of subsidiaries and associates operating overseas which, if distributed as dividends, would involve liabilities to additional United Kingdom taxation as reduced by appropriate double taxation relief and, in certain territories, additional overseas taxation. The funds representing the reserves of subsidiaries operating overseas are in the main permanently employed in the business and are unlikely to be distributed as dividends. Remittances from certain territories in which subsidiaries and associates operate require the permission of the exchange control authorities in those territories.

The non-distributable reserve represents the premium received on the convertible unsecured loan stock units allotted on 8th January 1992 and 4th February 1992 as a rights issue to ordinary shareholders. The Company has received legal advice that no premium arose on conversion and that the reserve is legally distributable. However, the Company is aware that developing accounting practice could in future require such amounts to be shown as non-distributable reserves. Until the situation is clarified the directors intend that the premium on the issue of the stock units should be disclosed as a non-distributable reserve.

Revaluation reserve includes other non-distributable reserves of £51.3m (1991 – £32.4m).

Goodwill on consolidation is after writing off £56.2m against the special capital reserve in 1988.

Exchange adjustments include a loss of £24.5m on foreign currency borrowing.

	Share Premium Account £m	Special Capital Reserve £m	Non distributable Reserve £m	Revaluation Reserve £m	Profit and Loss Account £m	Goodwill on Consolidation £m
(b) Inchcape plc						
Balance at 1st January 1992	63.0	56.2	–	172.6	84.6	–
Restatement of investments at cost	–	–	–	(172.6)	–	–
Balance at 1st January 1992 as restated	63.0	56.2	–	–	84.6	–
Premium on ordinary shares and loan stock issued	6.7	–	365.4	–	–	–
Costs of rights issue	(10.6)	–	–	–	–	–
Capitalisation for scrip issue of shares in lieu of dividend	(0.2)	–	–	–	–	–
Surplus on revaluation of shares in subsidiaries	–	–	–	–	–	–
Retained profit for the year	–	–	–	–	(6.5)	–
Balance at 31st December 1992	58.9	56.2	365.4	–	78.1	–

The balance of profit and loss account represents the distributable reserves of Inchcape plc.

The book value of the Company's shareholdings in subsidiaries is held at cost. This represents a change from previous years when the book value was stated at the Company's share of tangible net assets of subsidiaries which the directors believe gives a fairer presentation of the financial position of the Company.

34 GOODWILL ON ACQUISITIONS

During the year the Group made several acquisitions for cash, only one of which was individually material. The following table analyses the fair value of each major category of businesses acquired and the goodwill arising therefrom.

	As Acquired Company's Accounting Records £m	Revaluation £m	Adjustments: Provision for Reorganisation Costs £m	Adjustments: Other Provisions £m	Adjustments: Accounting Policy Alignment £m	Fair Value to the Group £m
Motor businesses						
Tozer Kemsley & Millbourn						
Fixed assets – tangible assets	195.8	(66.1)	–	–	28.5	158.2
– investments	21.3	(0.6)	–	–	2.3	23.0
Stocks	145.8	–	–	–	(8.1)	137.7
Debtors	123.9	–	–	(2.2)	37.1	163.8
Cash at bank	4.0	–	–	–	–	4.0
Borrowings	(97.4)	–	–	–	(52.9)	(150.3)
Other creditors and provisions	(199.8)	–	(15.0)	(6.9)	7.4	(214.3)
Minority interests in existing subsidiaries	(3.1)	–	–	–	–	(3.1)
	195.5	(66.7)	(15.0)	(9.1)	14.3	119.0
				Fair value of consideration		394.1
				Goodwill		275.1
Other motors acquisitions						
Fixed assets – tangible assets	0.4	–	–	–	–	0.4
Stocks	4.7	–	–	–	–	4.7
Debtors	0.3	–	–	–	–	0.3
Cash at bank	0.1	–	–	–	–	0.1
Borrowings	(0.5)	–	–	–	–	(0.5)
Other creditors and provisions	(1.3)	–	–	–	–	(1.3)
Minority interests in existing subsidiaries	0.1	–	–	–	–	0.1
	3.8	–	–	–	–	3.8
				Fair value of consideration		5.3
				Goodwill		1.5
Marketing businesses						
Fixed assets – tangible assets	0.8	–	–	–	–	0.8
– investments	7.9	–	–	(0.2)	(0.1)	7.6
Stocks	2.1	–	–	–	–	2.1
Debtors	6.5	–	–	–	–	6.5
Cash at bank	1.1	–	–	–	–	1.1
Borrowings	(1.0)	–	–	–	–	(1.0)
Other creditors and provisions	(6.3)	–	(0.4)	(0.4)	(0.1)	(7.2)
Minority interests in existing subsidiaries	(1.3)	–	–	–	–	(1.3)
	9.8	–	(0.4)	(0.6)	(0.2)	8.6
				Fair value of consideration		30.9
				Transfer from associates		0.9
				Goodwill		23.2

Notes to the Accounts

34 GOODWILL ON ACQUISITIONS (CONTINUED)

	As Acquired Company's Accounting Records £m	Revaluation £m	Adjustments: Provision for Reorganisation Costs £m	Adjustments: Other Provisions £m	Adjustments: Accounting Policy Alignment £m	Fair Value to the Group £m
Testing Services businesses						
Fixed assets – tangible assets	0.6	–	–	–	–	0.6
Stocks	0.5	–	–	–	–	0.5
Debtors	1.3	–	–	–	–	1.3
Cash at bank	0.1	–	–	–	–	0.1
Borrowings	(0.1)	–	–	–	–	(0.1)
Other creditors and provisions	(1.6)	–	(0.2)	(1.0)	(0.1)	(2.9)
	0.8	–	(0.2)	(1.0)	(0.1)	(0.5)
				Fair value of consideration		7.3
				Goodwill		7.8
Other businesses						
Fixed assets – tangible assets	5.0	(0.8)	–	–	–	4.2
Debtors	18.5	–	–	–	1.4	19.9
Cash at bank	7.0	–	–	–	–	7.0
Borrowings	(2.9)	–	–	–	–	(2.9)
Other creditors and provisions	(23.0)	–	(4.9)	(1.1)	1.2	(27.8)
Minority interests in existing subsidiaries	0.1	–	–	–	–	0.1
	4.7	(0.8)	(4.9)	(1.1)	2.6	0.5
				Fair value of consideration		7.3
				Goodwill		6.8
Associates						
Share of net tangible assets	(0.7)	–	–	–	–	(0.7)
				Fair value of consideration		27.3
				Goodwill		28.0

Total goodwill

The total goodwill on acquisitions in the year of £342.4m (1991 – £40.9m) which includes £1.0m debit in respect of prior years' acquisitions has been eliminated against reserves – note 33(a).

Movements on provisions related to acquistions are as follows:

	Balance 1.1.92 £m	Currency Realignment £m	On Acquisitions in Year £m	Utilised in Year £m	Released to Profit and Loss Account £m	Balance 31.12.92 £m
Prior year acquisitions	0.8	0.1	–	(0.4)	–	0.5
Acquisitions in 1992	–	–	29.9	(12.6)	–	17.3
	0.8	0.1	29.9	(13.0)	–	17.8

The closing balance at 31st December 1992 is included in provisions for liabilities and charges.

35 ACQUISITION OF TOZER KEMSLEY & MILLBOURN (TKM)

On 2nd March 1992 the Group acquired IEP (Automotive) Limited and Tozer Kemsley & Millbourn (Holdings) plc, its subsidiary undertakings and its interests in associated companies for a total consideration of £388.9m, including interest of £6.4m calculated from 1st January 1992. Additionally costs of the acquisition amounted to £5.2m.

The results of TKM for the period 2nd March to 31st December 1992 are included in the analysis of turnover, profit and net assets (note 2) under Motors.

The fair value adjustments and goodwill (eliminated against reserves) attributable to the TKM acquisition are described in note 34. The principal fair value adjustments were in respect of the revaluation of properties, the recognition of a surplus in the TKM pension scheme and provisions for reorganisation costs reflecting the rationalisation of the TKM and Mann Egerton organisations.

The results of TKM prior to 2nd March 1992 which are required to be disclosed under the Companies Act 1985 are as follows: Profit before taxation for the financial year 1991 was £62.5m and for the period 1st January to 1st March 1992 was £6.8m. Operating profits plus share of associates excluding property profits for the financial year 1991 was £69.4m and for the period 1st January to 1st March 1992 was £9.4m.

36 SUBSEQUENT EVENTS

Disposal of Timber Interests:

Subject to the necessary regulatory approvals being obtained Inchcape Berhad, a 63% owned subsidiary, has entered into agreements to sell its entire interest in its timber activity to local investors. The total consideration, including the repayment of shareholders' loans, is approximately £24m of which £16m was received on 25th February 1993 and the balance is due not later than 25th February 1995. The transaction will give rise to a small exceptional profit after adjusting for goodwill previously eliminated against reserves.

Timber is reported as a discontinued business under Other in note 2 and contributed in 1992 a loss of £0.4m (1991 – profit of £0.6m) after allocating general management charges and before interest.

Convertible subordinated bonds

On 30th March 1993 the Group announced the launch of £125m 6¾% convertible subordinated bonds due 2008 which are convertible into ordinary shares on or after 26th May 1993 at an initial conversion price of 689p per share. Inchcape plc has the right to call the bonds at par after 30th May 1998. The proceeds of the issue, after commissions and expenses, are expected to amount to approximately £121.7m and are due to be received on 15th April 1993.

Principal Subsidiaries and Activities

THE AMERICAS
USA
Caleb Brett USA Inc
Hydrocarbon testing and inspection

ETL Inc
Product safety, certification & performance testing

SS Acquisition Corp.
Holding company for shipping services interests in USA and Canada

Chile
Williamson Balfour SA
Marketing & distribution of consumer & industrial products and insurance broking

AUSTRALASIA
Australia
Caldbeck Macgregor (Australia) Limited
Importers & distributors of wines & spirits

Subaru (Aust.) Pty Limited
Motors

FAR EAST
Hong Kong
Crown Motors Limited
Motors

Inchcape Buying Services Limited
Buying Services

Inchcape Pacific Limited and JDH Company Limited
Marketing of consumer & industrial products, and shipping services

Mazda Motors (Hong Kong) Limited
Motors

Japan
Dodwell and Company Limited (Great Britain)
Motors, marketing & distribution of business machines and consumer & industrial products, shipping services and buying services

MIDDLE EAST
Gray Mackenzie & Company Limited and Spinneys 1948 Ltd
Marketing, operating mainly through associates

SOUTH EAST ASIA
Singapore
Inchcape Berhad (63%)
Publicly quoted company whose subsidiaries' main activities are motors, marketing & distribution of consumer & industrial products and shipping services

Borneo Motors (Singapore) Pte Limited (63%)
Motors

Thailand
Anglo-Thai Company Limited
Marketing & distribution of tractors & other products

The Borneo Company (Thailand) Limited
Marketing & distribution of consumer products and shipping services

Malaysia
Inchcape Timuran Bhd (49%)
Publicly quoted company whose subsidiaries' main activities are marketing & distribution of consumer products

UNITED KINGDOM AND CONTINENTAL EUROPE
Belgium
Toyota Belgium NV/SA
Motors

France
France Motors SARL (95%)
Motors

Greece
Toyota Hellas SA
Motors

United Kingdom
Bain Clarkson Limited
Insurance Brokers

Inchcape Shipping Services (Europe) Limited
Holding company for the Group's European and African shipping services companies

Toyota (GB) Limited (95%)
Motors

Wadham Kenning Motor Group Limited
Motors

Unless otherwise indicated the proportion of the nominal value of shares held and the effective interest of Inchcape plc in equity is 100%.
Companies are incorporated in their country of operation or as shown.
Companies incorporated in Great Britain are registered in England. Shares held are ordinary or unclassified.
Inchcape Timuran Bhd is a publicly listed Malaysian company which is being consolidated as a subsidiary undertaking within the definition of the Companies Act 1989 since it is considered that the Group exercises a dominant influence over its operational, management and financial policies.

Principal Associated Companies and Activities

UNITED KINGDOM	Proportion of equity held by Group %	Effective Interest of Inchcape plc in equity %	Particulars of Issued Share and Loan Capital
TGB Finance Limited *Provides finance to Toyota dealers and their customers*	50	48	50,000 Ordinary Shares of £1 each
MEVC Finance Limited *Finances contract hire vehicles*	25	25	100 Ordinary Shares of £1 each
MCL Group Limited *Motors*	40	40	2,000,000 Ordinary Shares of £1 each
Proton Cars (UK) Limited *Motors*	30	30	69 'A' Ordinary Shares of £1 each (Nil%) 30 'B' Ordinary Shares of £1 each (100%). 1 'C' Ordinary Share of £1 each (Nil%) 500,000 non voting 'E' deferred shares of £1 each (100%)
FAR EAST			
China TMSC Limited *Motors* *Incorporated in Hong Kong*	50	50	400,000 Shares of HK$1 each
Hong Kong InchRoy Credit Corporation *Provides finance to customers of the motors and business machines activities of Inchcape Pacific*	50	50	2,000,000 non-voting Deferred Shares of HK$10 each and 500,000 Ordinary Shares of HK$10 each
MIDDLE EAST			
Abu Dhabi Spinneys (Abu Dhabi) LLC *Marketing & distribution of consumer products*	49	49	1,000 Ordinary Shares of Dirhams 1,000 each
Bahrain Bahrain Maritime & Mercantile International BSC *Marketing & distribution of consumer & industrial products and shipping services*	48	48	Ordinary Shares of Bahraini Dinar 0.100 each
Dubai Gray Mackenzie & Partners (Central Emirates) Private Limited *Managing agents for company operating in marketing & distribution of consumer & industrial products and shipping services*	49	49	2,500,000 Ordinary Shares of Dirhams 10 each
Spinneys Ltd *Marketing & distribution of consumer products*	49	49	10,000 Ordinary Shares of Dirhams 100 each
SOUTH EAST ASIA			
Singapore Rolex Singapore Private Limited *Distributors and service agents for watches*	30*	19	20,000,000 Ordinary Shares of S$1 each

(*Since sold.)

Companies listed above have been treated in the Accounts as "associated companies" for the purpose of the statement of standard accounting practice No. 1 (revised) as amended by the Accounting Standards Board's "Interim Statement – Consolidated Accounts" – see note 1(i) on page 16. A number of the Group's subsidiary and associated companies have been omitted from the lists on page 38 and above on the grounds that to include them would produce particulars of excessive length in relation to their materiality.

Transactions with Directors and Substantial Shareholders of Subsidiaries

Pursuant to the requirements of the London Stock Exchange the following particulars are notified:

TRANSACTION	CONSIDERATION	VENDOR/PURCHASER
Purchase of Sigma Controle S.A.	FF8,350,000	Mr B Leroy, a director of a subsidiary
Purchase of minority interests in Inchcape Inspection and Testing Services Sdn Bhd, Caleb Brett (Malaysia) Sdn Bhd, Gellatly Hankey Marine Services (Malaysia) Sdn Bhd	M$356,940	Captain J B Chiang, a director of a subsidiary
Purchase of remaining 10% of Gellatly Hankey Marine Services (Malaysia) Sdn Bhd.	M$7,750	Mr J Ong, a director of a subsidiary
Sale of Compania Ecuatoriana Del Te Ca	US$700,000	Sangay Tea Corporation, a company owned by Mr C R Armstrong, a former director of Inchcape plc and 3 directors of a subsidiary
Early exercise of option to purchase 20% in Rouge Clarkson S.A.	£1,355,833	Mr C Rouge, a director of a subsidiary
Sale of 60% of Control Union Benin ACEM	£28,800	Mr M G Aballo, a director of a subsidiary

Interests in Inchcape plc

DIRECTORS (INCLUDING FAMILY INTERESTS)

	ORDINARY SHARES FULLY PAID IN INCHCAPE PLC OF 25p EACH				OPTIONS OVER ORDINARY SHARES FULLY PAID IN INCHCAPE PLC OF 25p EACH (a) (b)			
	Fully Paid Beneficial 1.1.92	Fully Paid Trustee 1.1.92	Fully Paid Beneficial 31.12.92	Fully Paid Trustee 31.12.92	Held at 1.1.92	Granted during 1992	Exercised during 1992	Held at 31.12.92
Lord Armstrong of Ilminster	1,000	–	1,000	–	–	–	–	–
S R Arnold	4,080	–	5,440	–	345,487	17,547	84,896	299,290
P Baring	–	–	2,500	–	–	–	–	–
Sir Peter Baxendell	5,025	–	11,366	–	–	–	–	–
A D Cummins (c)	–	–	–	–	–	135,900	–	135,900
P E Cushing (c)	5,000	–	5,000	–	114,610	66,047	–	180,657
R F Heath (c)	10,000	–	10,166	–	–	157,700	–	157,700
D G John	–	–	10,166	–	203,200	39,500	128,406	126,730
P Laister	–	–	–	–	–	–	–	–
C D Mackay	12,000	–	16,000	–	401,000	111,118	212,259	324,424
A J S Marsh	–	–	–	–	60,000	71,700	63,674	71,700
R C O'Donoghue	37,244	–	43,378	–	203,427	21,547	–	237,426
J P Parayre	–	–	2,500	–	–	–	–	–
Sir David Plastow (c)	–	–	6,000	–	–	–	–	–
The Lord Tanlaw	938,969	–	904,492	–	–	–	–	–
D J Whittaker	–	–	–	–	81,227	1,847	15,918	72,127

(a) The Options are held under the Inchcape Executive Share Option Scheme, the Inchcape Overseas Executive Share Option Scheme and the Inchcape SAYE Share Option Scheme at option prices of between 102.94p and 515.00p.

(b) The number of share options held under the Company's Share Option Schemes on 2nd March 1992 and their respective option prices were adjusted in accordance with the Rules of the Schemes following the Rights Issue announced on 10th December 1991.

(c) Held at date of appointment.

CHANGES IN DIRECTORS' INTERESTS

The following changes in the above interests have taken place between 1st January 1993 and 4th April 1993:

4.1.93 Mr D G John acquired	108 Shares
11.1.93 Mr S R Arnold acquired	3,690 Shares
28.1.93 Mr S R Arnold sold	3,690 Shares
1.4.93 Mr D G John sold	7,200 Shares
2.4.93 Mr D G John acquired	7,200 Shares

SUBSTANTIAL SHAREHOLDINGS

In accordance with the requirements of the London Stock Exchange the following interests in the Issued Ordinary Shares of 25p each of Inchcape plc are noted:

	31st December 1992	4th April 1993
Robert Fleming Holdings Ltd	8.26%	7.86%
Toyota Motor Corporation	4.91%	4.90%
British Rail Pension Trustee Company Ltd	3.50%	3.50%
Prudential Portfolio Managers Ltd	4.21%	4.20%
Gartmore Investment Management Ltd (non-beneficial)	3.02%	3.02%

Five Year Record

PROFIT AND LOSS ACCOUNT	Year ended 31.12.88 £m	Year ended 31.12.89 £m	Year ended 31.12.90 £m	Year ended 31.12.91 £m	Year ended 31.12.92 £m
Turnover	2,451.6	2,941.2	3,291.4	3,624.9	**5,036.7**
Operating profit plus share of associates					
Continuing operations	135.5	153.7	159.5	183.4	**201.4**
Acquisitions	3.9	(0.3)	8.0	3.2	**61.5**
Discontinued operations	15.8	20.7	10.7	0.6	**(1.8)**
	155.2	174.1	178.2	187.2	**261.1**
Interest	(9.0)	(15.0)	(19.4)	(6.9)	**(12.1)**
	146.2	159.1	158.8	180.3	**243.0**
Profit on sale of properties and investments	3.9	14.6	15.2	4.9	**3.2**
Profit before exceptionals and taxation (normalised profit)	150.1	173.7	174.0	185.2	**252.2**
Profit on disposal of businesses	5.4	3.5	3.9	12.9	**–**
Provisions for loss on sale or termination of businesses	(4.6)	(9.3)	(3.7)	(2.3)	**(2.1)**
Profit before taxation	150.9	167.9	174.2	195.8	**250.1**
Taxation	(54.7)	(60.3)	(59.1)	(63.3)	**(80.8)**
Profit after taxation	96.2	107.6	115.1	132.5	**169.3**
Minority interests	(9.9)	(16.3)	(18.6)	(11.9)	**(14.1)**
Profit for the financial year	86.3	91.3	96.5	120.6	**155.2**
Dividends	(32.4)	(38.8)	(42.6)	(45.0)	**(77.1)**
Transferred to reserves	53.9	52.5	53.9	75.6	**78.1**
Earnings per ordinary share – note (a)					
– on profit for the financial year	23.1p	24.2p	24.5p	29.9p	**31.0p**
– normalised – note (c)	23.0p	25.8p	24.4p	26.7p	**31.6p**
Ordinary dividend per share – note (a)	8.7p	10.3p	11.1p	11.75p	**13.75p**

Notes:
(a) Earnings and dividend per ordinary share have been adjusted for the January 1992 rights issue and for the scrip dividend shares issued, by way of capitalisation in lieu of a cash dividend, since July 1990.
(b) Group profit items are shown at average rates of exchange from 1989 onwards whereas Balance Sheet figures are reported at 31st December rates.
(c) Normalised profit and earnings per ordinary share exclude the effect of exceptional items as described in note 13.

BALANCE SHEET	Year ended 31.12.88 £m	Year ended 31.12.89 £m	Year ended 31.12.90 £m	Year ended 31.12.91 £m	Year ended 31.12.92 £m
Fixed assets	272.0	299.2	371.5	426.9	710.3
Other assets (liabilities)	106.8	217.9	131.4	103.0	167.1
	378.8	517.1	502.9	529.9	877.4
Net cash (borrowings)	(25.5)	(89.0)	(9.2)	22.4	(141.8)
	353.3	428.1	493.7	552.3	735.6
Shareholders' funds	298.9	359.3	418.1	474.0	642.3
Minority interests	54.4	68.8	75.6	78.3	93.3
	353.3	428.1	493.7	552.3	735.6

RATIOS	1988	1989	1990	1991	1992
Interest cover: The number of times operating profit plus share of associates and property profits less central charges (note 2) covers net interest payable (note 2). Shipping Services interest is netted in finance charges.	9.3 times	7.6 times	6.5 times	10.6 times	11.4 times
Capital gearing: Net cash (borrowings) as above other than cash held in insurance broking accounts (note 23) as a percentage of net assets as consolidated balance sheet.	23.4%	35.7%	15.0%	12.8%	31.1%
Return on capital employed: Operating profit plus share of associates and property profits less central charges as a percentage of net assets as consolidated balance sheet plus net borrowings and interest bearing trade finance creditors, other than cash balances relating to insurance and shipping activities (note 2).	33.7%	30.9%	32.7%	29.5%	24.6%

Shareholder Information

FINANCIAL CALENDAR

Ex-dividend date for 1992 final dividend	19th April 1993
Annual General Meeting	27th May 1993
Final 1992 ordinary dividend payable	2nd July 1993
Announcement of 1993 half year results	13th September 1993
Interim 1993 ordinary dividend payable	4th January 1994
Ex-dividend date for 1993 interim dividend	18th October 1993

SECRETARY & REGISTERED OFFICE

Roy Charles Williams
St James's House, 23 King Street, London SW1Y 6QY
Registered in England
No. 609782
Tel: (71) 321 0110
Fax: (71) 321 0604

INVESTOR RELATIONS

Enquiries should be made to:
John Duncan
Group Corporate Affairs Director
St James's House, 23 King Street, London SW1Y 6QY
Tel: (71) 321 0110
Fax: (71) 930 8444

REGISTRAR

Barclays Registrars
Bourne House
34 Beckenham Road, Beckenham, Kent BR3 4TU
Tel: (81) 650 4866

AUDITORS

Coopers & Lybrand
Chartered Accountants and Registered Auditors

SOLICITORS

Slaughter and May

MERCHANT BANKERS

Baring Brothers & Co., Ltd

STOCKBROKERS

S. G. Warburg Securities Ltd.

In January 1992 the Company introduced the Inchcape General PEP and the Inchcape Single Company PEP, having maximum annual current subscription limits of £6,000 and £3,000 respectively. Both PEPs are administered by Bradford & Bingley (PEPs) Limited and are dedicated to Inchcape plc Ordinary Shares. They are available to interested parties, including shareholders and employees and provide a tax efficient method of holding Inchcape Ordinary Shares. A brochure and application form are available from:
Inchcape PEPs
Barbers Limited, Old School, High Street, Wrotham
Kent TN15 7DN

ProShare
Inchcape is a founder member of ProShare, the Government backed independent organisation which supports and promotes the interests of private investors. ProShare provides its members with a self-help investment guide, monthly newsletters and a range of other products and services. Shareholders who are interested in receiving more information are invited to contact ProShare by telephoning them on (71) 971 0061 or by writing to
The ProShare Association
ProShare (UK) Ltd
Library Chambers, 13-14 Basinghall Street
London EC2V 5BQ.

UK Tax on Capital Gains
For Capital Gains Tax purposes, the market value of the Company's Ordinary Shares on 31st March 1982, adjusted for the subdivision of shares in 1988 and the rights issue on 10th December 1991, (excluding scrip dividend options) and indexed up to 31st January 1993 is 178.096 pence.