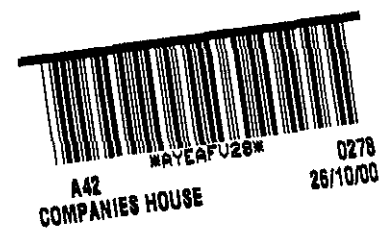


ATS Anglia Limited

Accounts 31 December 1999
together with directors' and auditors' reports

Registered number : **811094**



Directors' report

For the year ended 31 December 1999

Financial Statements

The directors present their report and financial statements for the year ended 31 December 1999.

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity and review of the business

The company's principal business activity is the distribution of tyres, exhausts and related products. The company continues to seek profitable opportunities to expand its business.

Results and dividends

There were two dividends paid during the year. The first of £1,000,000 (18.08 pence per share) was paid on 25 June 1999. The second of £5,500,000 (99.46 pence per share) was paid on 13 December 1999. The directors do not recommend payment of a final dividend. The resulting loss of £4,901,777 (1998: Profit £618,909) has been transferred from reserves.

Directors' report (continued)

For the year ended 31 December 1999

Donations

During the year the company made charitable donations amounting to £150 (1998: £Nil).

Directors

The directors of the company who held office during the year ended 31 December 1999 were:

J E Holland	(Chairman)	- Resigned 1st February 1999.
T P Sheehan	(Managing)	
J A Campbell		

No director held any beneficial interest in the share capital of the company or any group companies during the year.

Year 2000 Software Modification

All costs incurred in modifying software in preparation for Year 2000 have been included in the regular upgrading process of existing systems. No specific costs are likely to be incurred in 2000.

Employment of disabled people

The company continues to put into practice a policy of employing and developing disabled people wherever this is practicable. The company also makes every effort to retain the services of those employees whose health no longer allows them to carry out their former duties.

Employee involvement

No arrangements of a regular or systematic nature exist which require disclosure under Schedule 7, Part V of the Companies Act 1985.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Binder Hamlyn be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 14th January 2000.



W T McMahon
Secretary

Auditors' report

To the shareholders of ATS Anglia Limited

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, and by our profession's ethical guidance.

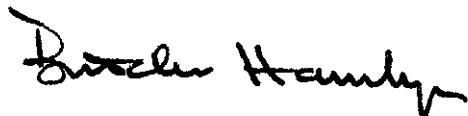
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Binder Hamlyn
Chartered Accountants and Registered Auditors
20 Old Bailey
London, EC4M 7BH

17 February 2000

3 ATS Anglia Limited

Profit and loss account

For the year ended 31 December 1999

	Notes	1999 £	1998 £
Turnover		45,116,324	45,362,971
Cost of sales		(29,132,723)	(29,568,822)
Gross profit		15,983,601	15,794,149
Selling, marketing and distribution costs		(12,078,120)	(11,760,217)
Administrative expenses		(1,517,171)	(1,765,389)
Operating profit		2,388,310	2,268,543
Interest receivable and similar income		56,418	143,892
Interest payable and similar charges		(21,505)	(42)
Profit on ordinary activities before taxation	2	2,423,223	2,412,393
Tax on profit on ordinary activities	3	(825,000)	(813,484)
Profit on ordinary activities after taxation		1,598,223	1,598,909
Dividends	4	(6,500,000)	(980,000)
Retained (loss) / profit for the year transferred (from) / to reserves	11	(4,901,777)	618,909

The results for the year are derived from continuing operations.

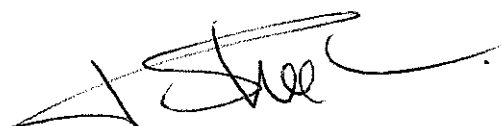
There were no recognised gains or losses in the year other than the loss set out above.

Balance Sheet

31 December 1999

	Notes	1999 £	1998 £
Fixed assets			
Tangible assets	5	11,713,977	11,027,326
Current assets			
Stocks	6	2,379,447	2,194,572
Debtors	7	7,301,028	6,886,460
Cash at bank and in hand		4,241	4,246
		9,684,716	9,085,278
Creditors: amounts falling due within one year	8	(13,919,091)	(7,731,225)
Net current assets / liabilities		(4,234,375)	1,354,053
Total assets less current liabilities		7,479,602	12,381,379
Net assets		7,479,602	12,381,379
Capital and reserves			
Called up share capital	9	5,530,000	5,530,000
Profit and loss account	10	1,949,602	6,851,379
Equity shareholders' funds	11	7,479,602	12,381,379

The financial statements on pages 4 to 13 were approved by the Board on 14th January 2000.



T P Sheehan
Director

Notes to the financial statements

For the year ended 31 December 1999

1 Accounting policies

a) *Accounting convention*

The financial statements are prepared under the historical cost convention, and are in accordance with applicable accounting standards.

b) *Turnover*

Turnover represents the amounts charged to customers for goods and services, stated net of Value Added Tax.

c) *Selling, marketing and distribution costs*

This category of costs comprises all overhead expenditure which is directly attributable to centres.

d) *Depreciation of tangible fixed assets*

Short leasehold properties are written off over the remaining periods of the leases.

Depreciation on other assets is charged at the following rates:

Freehold land	Nil
Long leasehold and freehold buildings	At varying amounts based on the assessment of the useful economic life
Plant and equipment	20% on cost
Fixtures and fittings	20% on cost
Office machinery	20% on cost
Computer equipment	15% to 20% on cost
Motor vehicles	20% to 25% on cost

e) *Stocks*

Stocks are valued at the lower of cost and net realisable value on a weighted average cost basis after making provision for possible loss on defective or obsolete stocks. Stocks of finished goods held under a sale or return agreement with a group company, where the risks of ownership are not transferred to the ATS group, are excluded from the balance sheet in accordance with the provisions of Financial Reporting Standard 5 'Reporting the Substance of Transactions'.

f) *Deferred taxation*

Provision is made for deferred taxation on the liability basis but only in so far as liabilities are expected to become payable within the foreseeable future.

g) *Goodwill*

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life of 10 years. Provision is made for any impairment.

Goodwill arising on acquisitions in the year ended 31st December 1997 and earlier periods was written off to reserves in accordance with the accounting standard then in force. As permitted by the current accounting standard the goodwill previously written off to reserves has not been reinstated in the balance sheet. On disposal or closure of a previously acquired business, the attributable amount of goodwill previously written off to reserves is included in determining the profit or loss on disposal.

Notes to the financial statements (continued)

For the year ended 31 December 1999

1 Accounting policies (continued)

h) Pension costs

Pension costs charged to the profit and loss account are based on actuarial advice and are calculated in accordance with contribution rates determined for the group schemes.

i) Operating leases

The company policy is to charge operating lease payments to the profit and loss account as incurred.

2 Profit on ordinary activities before taxation is stated	1999	1998
	£	£
after charging:		
Depreciation	980,237	983,749
Operating lease rentals		
- property	224,067	216,970
- other assets	236,843	234,469
Auditors' remuneration		
- audit services	20,500	20,500
Group interest payable	21,505	42
Loss on sale of land and buildings	1	-
	<hr/>	<hr/>
and after crediting:		
Group interest receivable	56,058	142,560
Other interest receivable	360	1,332
Profit on sale of other fixed assets	16,158	20,942
	<hr/>	<hr/>
3 Taxation	1999	1998
	£	£
The charge for taxation in the profit and loss account is made up as follows :		
UK Corporation tax on the results for the year	825,000	842,000
Prior year adjustments	-	(28,516)
	<hr/>	<hr/>
Tax on profit on ordinary activities	825,000	813,484
	<hr/>	<hr/>

Notes to the financial statements (continued)

For the year ended 31 December 1999

4 Dividends

	1999 £	1998 £
First interim paid	1,000,000	980,000
Second interim paid	5,500,000	-
Total dividends paid	6,500,000	980,000

5 Tangible fixed assets

5 Tangible fixed assets		Land and buildings £	Other fixed assets £	Total £
Summary				
Net book value				
31 December 1999		10,127,601	1,586,376	11,713,977
31 December 1998		9,319,790	1,707,536	11,027,326
Land and buildings	Freehold land and buildings £	Long leasehold buildings £	Short leasehold buildings £	Total £
Cost				
1 January 1999	10,753,627	1,326,755	146,873	12,227,255
Third party additions	1,065,492	350	67,398	1,133,240
Amounts written off	-	-	(486)	(486)
31 December 1999	11,819,119	1,327,105	213,785	13,360,009
Depreciation				
1 January 1999	2,637,654	212,553	57,258	2,907,465
Charge for the year	280,133	32,520	12,775	325,428
Amounts written off	-	-	(485)	(485)
31 December 1999	2,917,787	245,073	69,548	3,232,408
Net book value				
31 December 1999	8,901,332	1,082,032	144,237	10,127,601
31 December 1998	8,115,973	1,114,202	89,615	9,319,790

Freehold land amounting to £2,396,886 (1998: £2,396,886) on which no depreciation is charged is included in the figures above.

Notes to the financial statements (continued)

For the year ended 31 December 1999

5 Tangible fixed assets (continued)

Other fixed assets	Equipment, fixtures and fittings £	Office machinery £	Motor vehicles £	Total £
Cost				
1 January 1999	3,340,126	952,395	2,623,533	6,916,054
Third party additions	284,873	55,999	192,914	533,786
Third party disposals	-	-	(197,541)	(197,541)
Amounts written off	(60,090)	-	-	(60,090)
31 December 1999	3,564,909	1,008,394	2,618,906	7,192,209
Depreciation				
1 January 1999	2,710,157	728,143	1,770,218	5,208,518
Charge for the year	265,656	101,975	287,178	654,809
Third party disposals	-	-	(197,461)	(197,461)
Amounts written off	(60,033)	-	-	(60,033)
31 December 1999	2,915,780	830,118	1,859,935	5,605,833
Net book value				
31 December 1999	649,129	178,276	758,971	1,586,376
31 December 1998	629,969	224,252	853,315	1,707,536

6 Stocks

	1999 £	1998 £
Finished goods and goods for resale	2,379,447	2,194,572

Stocks of finished goods amounting to £1,420,050 (1998: £1,528,957) held under a sale or return agreement with a group company, where the risks of ownership are not transferred to the company, have been excluded from the figures above.

7 Debtors

	1999 £	1998 £
Trade debtors	3,357,084	3,213,750
Amounts owed by immediate group undertakings	3,668,099	3,263,305
Other debtors	83,897	162,443
Prepayments and accrued income	191,948	246,962
	7,301,028	6,886,460

Notes to the financial statements (continued)

For the year ended 31 December 1999

8 Creditors: amounts falling due within one year

	1999	1998
	£	£
Bank loans and overdrafts	6,975,245	321,921
Trade creditors	2,972,281	2,558,225
Amounts owed to immediate group undertakings	608,863	577,600
Amounts owed to other group undertakings	2,055,192	2,709,134
Corporation tax	599,000	842,000
Other taxes and social security	403,743	457,743
Other creditors	58,330	79,810
Accruals and deferred income	246,437	184,792
	<u>13,919,091</u>	<u>7,731,225</u>

9 Called up share capital

	1999	1998
	£	£
Authorised, allotted and fully paid		
Ordinary shares of £1 each	<u>5,530,000</u>	<u>5,530,000</u>

10 Reserves

	Total
	£
1 January 1999	6,851,379
Retained loss for the year	(4,901,777)
31 December 1999	<u>1,949,602</u>

The total amount of goodwill which has been written off against the reserves of the company at 31 December 1999 is £220,500 (1998: £220,500).

11 Reconciliation of movements in equity shareholders' funds

	1999	1998
	£	£
Profit on ordinary activities after taxation	1,598,223	1,598,909
Dividend paid	(6,500,000)	(980,000)
Net (reduction) / addition (from) / to shareholders' funds	<u>(4,901,777)</u>	<u>618,909</u>
Opening shareholders' funds	12,381,379	11,762,470
Closing shareholders' funds	<u>7,479,602</u>	<u>12,381,379</u>

Notes to the financial statements (continued)

For the year ended 31 December 1999

12 Contingent liabilities

Deferred taxation

The total potential liability for deferred tax is as follows :

	1999	1998
	£	£
Capital gains rolled over	216,000	234,000

No provision has been made in respect of the above amount.

Guarantees

The company is party to an unlimited cross guarantee agreement in respect of the bank facilities of its parent company and six (1998: six) fellow subsidiary companies. At 31 December 1999 the net overdrafts of all parties to the agreement amounted to £2,057,209 (1998: £3,788,625).

13 Financial commitments

a) Capital expenditure

Capital commitments at the year end not provided for in the financial statements are estimated as follows:

	1999	1998
	£	£
Contracted	879,866	75,583

b) Operating leases

The company is committed to the following payments in the next twelve months in respect of operating leases expiring:

	Property		Other assets	
	1999	1998	1999	1998
	£	£	£	£
In less than one year	12,915	12,800	19,306	33,474
In two to five years	52,500	42,500	164,293	142,182
In more than five years	124,870	118,370	-	-
	190,285	173,670	183,599	175,656

Notes to the financial statements (continued)

For the year ended 31 December 1999

14 Information regarding directors

	1999	1998
	£	£
Aggregate directors' emoluments	72,230	73,620

Two (1998: Three) directors are members of the group defined benefit pension scheme.

15 Employees

The average monthly number of persons employed by the company (including directors) during the year was:

	1999 Number	1998 Number
Centre staff	436	440
Office staff	45	45
	<hr/> 481	<hr/> 485
Actual number of persons employed at 31 December	<hr/> 489	<hr/> 513
Their total remuneration was:	£	£
Wages and salaries	7,359,308	7,265,516
Social security costs	556,761	583,280
Other pension costs	205,240	207,969
	<hr/> 8,121,309	<hr/> 8,056,765

16 Pensions

The company is a member of a group pension scheme operated by Michelin Tyre Public Limited Company. The scheme provides benefits based on final pensionable earnings and is set up under trust so that assets are held separately from those of any related company. Contributions are based upon pension costs across the group as a whole.

The pension cost to the company is charged in accordance with the most recent actuarial valuation as at 1 April 1997. Details of the valuation are given in the financial statements of Associated Tyre Specialists Limited for the year ended 31 December 1999.

The pension cost charged to the profit and loss account for the year was £205,240 (1998: £207,969).

Notes to the financial statements (continued)

For the year ended 31 December 1999

17 Cashflow Statement

The company has not produced a cash flow statement as it has taken advantage of the exemptions contained in Financial Reporting Standard No. 1 (revised).

18 Parent Companies

The company is a subsidiary undertaking of Associated Tyre Specialists Limited, registered in England. The ultimate parent company is Compagnie Generale des Etablissements Michelin, incorporated in France.

The smallest group in which the results of the company are consolidated is that of Compagnie Financiere Michelin.

The largest group in which they are consolidated is that headed by Compagnie Generale des Etablissements Michelin.

The financial statements of Compagnie Financiere Michelin and those of Compagnie Generale des Etablissements Michelin may be obtained from 12 Cours Sablon, Clermont-Ferrand, Puy de Dome, France.

As a subsidiary undertaking of Compagnie Generale des Etablissements Michelin, the company has taken advantage of the exemption in FRS8 'Related party disclosures' not to disclose transactions with other members of the Michelin Group.