

MILTON TYRE SERVICE LIMITED
DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
for the year ended 31 December 1994

Company number 1033237

BINDER HAMLYN



MILTON TYRE SERVICE LIMITED

DIRECTORS' REPORT for the year ended 31 December 1994

FINANCIAL STATEMENTS

The directors present their report and financial statements for the year ended 31 December 1994.

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

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal business activity is the distribution of tyre casings. The company continues to seek profitable opportunities to expand the business.

RESULTS AND DIVIDENDS

An interim dividend was paid during the year of £10,000 (7.69 pence per share). The directors do not recommend payment of a final dividend.

The resulting surplus of £11,089 (1993: £20,250) has been transferred to reserves.

FIXED ASSETS

Movements in fixed assets are shown in note 6 to the financial statements. In the opinion of the directors the market value of the land and buildings is in excess of the value at which they are stated in the balance sheet. However, due to the current state of the UK property market, it is not practicable to be precise as to the extent of the excess.

MILTON TYRE SERVICE LIMITED

DIRECTORS' REPORT
for the year ended 31 December 1994

DIRECTORS

The directors of the company who held office during the year ended 31 December 1994 were:

N Kempson (Chairman)
S Kirkham
JE Holland

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

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 Sch 7, Part V of the Companies Act 1985.

AUDITORS

From 1 October 1994 our auditors, BDO Binder Hamlyn, practise in the name, Binder Hamlyn, and have signed their audit report in their new name. In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Binder Hamlyn be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 3 February 1995.



Secretary

Cobridge Park Trading Estate
Milburn Road
Cobridge
Stoke-on-Trent
ST8 2LA

BINDER HAMLYN

20 Old Bailey
London EC4M 7BH

AUDITORS' REPORT

to the members of Milton Tyre Service Limited

We have audited the financial statements on pages 4 to 13 which have been prepared on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

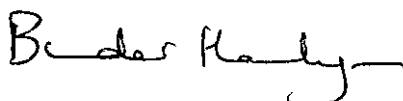
Basis of opinion

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 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
Registered Auditors

1 March 1995

MILTON TYRE SERVICE LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1994

	Notes	1994	1993
		£	£
Turnover	2	537,490	702,630
Cost of sales		(366,799)	(519,596)
Gross profit		170,691	183,034
Selling, marketing and distribution costs		(135,435)	(130,186)
Administrative expenses		(10,943)	(11,020)
Operating profit		24,313	41,828
Other interest receivable and similar income		4,776	3,353
Profit on ordinary activities before taxation	3	29,089	45,181
Tax on profit on ordinary activities	4	(8,000)	(14,931)
Profit on ordinary activities after taxation		21,089	30,250
Interim dividend paid	5	(10,000)	(10,000)
Retained profit for the year transferred to reserves	11	11,089	20,250

The results for the year were derived from continuing operations.


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

MILTON TYRE SERVICE LIMITED

BALANCE SHEET as at 31 December 1994

	Notes	1994	1993
		£	£
FIXED ASSETS			
Tangible assets	6	43,869	47,180
CURRENT ASSETS			
Stocks	7	7,920	11,164
Debtors	8	96,746	120,672
Cash at bank and in hand		104,608	49,080
CREDITORS: amounts falling due within one year	9	209,274	180,916
		(67,508)	(53,550)
Net current assets		141,766	127,366
Net assets		185,635	174,546
CAPITAL AND RESERVES			
Called up share capital	10	130,000	130,000
Profit and loss account	11	55,635	44,546
Equity shareholders' funds	12	185,635	174,546

The financial statements on pages 4 to 13 were approved by the Board on 3 February 1995.



Director

MILTON TYRE SERVICE LIMITED

CASH FLOW STATEMENT
for the year ended 31 December 1994

	Notes	1994	1993
		£	£
Net cash inflow from operating activities	13	69,952	17,588
Returns on investments and servicing of finance			
Interest received		4,776	3,353
Dividends paid		(10,000)	(10,000)
Net cash outflow from returns on investments and servicing of finance		(5,224)	(6,647)
Taxation			
UK taxation paid		(15,000)	(12,931)
Investing activities			
Receipts from sale of tangible fixed assets		5,800	4,500
Net cash inflow from investing activities		5,800	4,500
Increase in cash and cash equivalents	14	55,528	2,510

MILTON TYRE SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Accounting convention

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

Depreciation of tangible fixed assets

Depreciation is charged at the following rates:

Freehold land	Nil
Freehold buildings	At varying amounts based on the assessment of the useful economic life
Office machinery	20% on cost
Motor cars	25% on cost

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.

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.

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.

Operating leases

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

2 TURNOVER AND SEGMENTAL INFORMATION

Turnover represents the invoiced value of goods and services excluding value added tax.

Geographical segments	1994 £	1993 £
UK	474,032	625,762
Overseas	63,458	76,868
	537,490	702,630

MILTON TYRE SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION
is stated after charging:

Directors' emoluments (note 16)	69,702	68,447
Depreciation	3,310	6,740
Auditors' remuneration		
- audit services	1,900	1,900
Operating lease rentals		
- other assets	4,836	1,472
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and after crediting:		
Interest receivable		
- bank	4,776	3,353
Profit on sale of other fixed assets	5,799	4,499
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4 TAXATION

The charge for taxation in the profit and loss account is made up as follows:

UK Corporation tax on the results for the year at a rate of 33% (1993 - 33%)	8,000	15,000
Over provision in respect of previous year	-	(69)
Tax on profit on ordinary activities	8,000	14,931
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5 DIVIDENDS

Interim paid	10,000	10,000
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6 TANGIBLE FIXED ASSETS

Summary	Land and buildings £	Other fixed assets £	Total £
Net book value			
31 December 1994	43,404	465	43,869
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Net book value			
31 December 1993	44,269	2,911	47,180
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MILTON TYRE SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

6 TANGIBLE FIXED ASSETS *continued*

	Freehold land and buildings £
Cost	
1 January 1994 and 31 December 1994	87,983
Depreciation	
1 January 1994	43,714
Charge for the year	865
31 December 1994	44,579
Net book value	
31 December 1994	43,404
31 December 1993	44,269

Freehold land amounting to £30,000 (1993 : £30,000) on which no depreciation is charged is included in the figures above.

Other fixed assets

	Equipment fixtures and fittings £	Office machinery £	Motor vehicles £	Total £
Cost				
1 January 1994	736	815	48,763	50,314
Disposals	-	-	(15,649)	(15,649)
31 December 1994	736	815	33,114	34,665
Depreciation				
1 January 1994	735	190	46,478	47,403
Charge for the year	-	163	2,282	2,445
Disposals	-	-	(15,648)	(15,648)
31 December 1994	735	353	33,112	34,200
Net book value				
31 December 1994	1	462	2	465
31 December 1993	1	625	2,285	2,911

MILTON TYRE SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

7	STOCKS	1994	1993
		£	£
	Finished goods and goods for resale	7,920	11,164
8	DEBTORS		
	Trade debtors	22,388	34,373
	Amounts owed by parent undertaking	852	822
	Amounts owed by fellow group undertakings	70,957	82,049
	Prepayments and accrued income	2,549	3,428
		96,746	120,672
9	CREDITORS: amounts falling due within one year		
	Trade creditors	31,862	11,676
	Amounts owed to parent ATS group undertakings	3,643	4,916
	Amount owed to other fellow group undertakings	5,127	3,197
	Corporation tax	8,000	15,000
	Other taxes and social security	15,248	13,653
	Accruals and deferred income	3,628	5,108
		67,508	53,550
10	CALLED UP SHARE CAPITAL		
	Authorised, allotted and fully paid		
	Ordinary shares of £1 each	130,000	130,000
11	RESERVES		Profit and loss account £
	1 January 1994		44,546
	Retained profit for the year		11,089
	31 December 1994		55,635

MILTON TYRE SERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS	1994 £	1993 £
Profit on ordinary activities after taxation	21,089	30,250
Dividend paid	(10,000)	(10,000)
Net addition to shareholders funds	11,089	20,250
Opening shareholders' funds	174,546	154,296
Closing shareholders' funds	185,635	174,546

13 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Operating profit	24,313	41,828
Depreciation	3,310	6,740
Profit on sale of tangible fixed assets	(5,799)	(4,499)
Decrease in stocks	3,244	85,252
Decrease in debtors	23,926	8,683
Increase/(decrease) in creditors	20,958	(120,416)
Net cash inflow from operating activities	69,952	17,588

14 CASH AND CASH EQUIVALENTS	1994 £	1993 £	Movement in year £
Cash at bank and in hand	104,608	49,080	55,528

15 CONTINGENT LIABILITIES

Guarantees

The company is party to an unlimited cross guarantee agreement in respect of the bank facilities of its parent undertaking and seven fellow subsidiary undertakings. At 31 December 1994 the net overdrafts of all parties to the agreement amounted to £6,640,569 (1993: £4,186,127).

16 DIRECTORS

Emoluments

Aggregate directors' emoluments, including pension contributions, amounted to £69,702 for the year (1993: £68,447).

The emoluments, excluding pension contributions, of the chairman, who in 1994 was also the highest paid director, amounted to £34,272 (1993: £33,654).

MILTON TYRE SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

16 DIRECTORS *continued*

The emoluments, excluding pension contributions, of all directors can be grouped as follows:

	1994 Number	1993 Number
Nil to £ 5,000	1	1
£30,001 to £35,000	2	2

17 EMPLOYEES

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

Centre staff	5	5
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Actual number of persons employed at 31 December	5	5
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Their total remuneration was:	£	£
Wages and salaries	95,708	95,036
Social security costs	8,818	8,474
Other pension costs	1,950	1,915
	106,476	105,425

18 FINANCIAL COMMITMENTS

Capital commitments

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

Authorised but not contracted	Nil	10,000
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Operating lease commitments

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

In two to five years	7,443	3,533
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MILTON TYRE SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

19 PENSIONS

The company is a member of group pension schemes operated by Michelin Tyre Public Limited Company. The schemes provide benefits based on final pensionable earnings and are set up under trust so that assets are held separately from those of any related company.

The pension cost to the company is charged in accordance with the most recent actuarial valuation which was as at 1 April 1993. Details of the valuation are given in the financial statements of Associated Tyre Specialists Limited for the year ended 31 December 1994.

The pension cost charged to the profit and loss account for the year was £1,950 (1993: £1,915).

20 PARENT COMPANIES

The company is a subsidiary of Associated Tyre Specialists Limited, registered in England. The ultimate parent company is Compagnie Generale des Etablissements Michelin, incorporated in France. Copies of the group financial statements are available from 12 Cours Sablon, Clermont-Ferrand, Puy de Dome, France.