

# **West & Sellick (Tyres) Limited**

Accounts 31 December 1997  
together with directors' and auditors' reports

Registered number: 1263091



# Directors' report

For the year ended 31 December 1997

## Financial Statements

The directors present their report and financial statements for the year ended 31 December 1997.

## 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

No interim dividend was paid during the year and the directors do not recommend payment of a final dividend. The resulting surplus of £141,387 (1996: £87,801) has been transferred to reserves.

## Directors' report (continued)

For the year ended 31 December 1997

### Directors

The directors of the company who held office during the year ended 31 December 1997 were:

JE Holland	(Chairman)	
G Hubball		- Resigned 31st December
JE Burke	(Managing)	- Resigned 31st October
I Stuart	(Managing)	- Appointed 1st November

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 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 1998.**



**A Cullen**  
Secretary

## Auditors' report

To the shareholders of West & Sellick (Tyres) Limited

We have audited the financial statements on pages 4 to 12 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. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

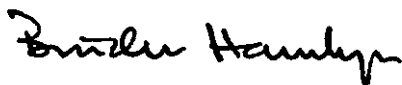
### Basis of opinion

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 1997 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

10 February 1998

## Profit and loss account

For the year ended 31 December 1997

	Notes	1997 £	1996 £
<b>Turnover</b>	3	<b>29,985,052</b>	<b>28,321,916</b>
Cost of sales		(26,537,429)	(25,293,189)
<b>Gross profit</b>		<b>3,447,623</b>	<b>3,028,727</b>
Selling, marketing and distribution costs		(2,554,602)	(2,271,697)
Administrative expenses		(431,175)	(423,130)
<b>Operating profit</b>		<b>461,846</b>	<b>333,900</b>
Interest receivable and similar income		1,707	220
Interest payable and similar charges		(234,043)	(185,319)
<b>Profit on ordinary activities before taxation</b>	2	<b>229,510</b>	<b>148,801</b>
Tax on profit on ordinary activities	4	(88,123)	(61,000)
<b>Profit on ordinary activities after taxation</b>		<b>141,387</b>	<b>87,801</b>
<b>Retained profit for the year transferred to reserves</b>	10	<b>141,387</b>	<b>87,801</b>

The results for the year are derived from continuing operations.

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

# Balance sheet

31 December 1997

	Notes	1997 £	1996 £
<b>Fixed assets</b>			
Tangible assets	5	640,867	537,836
<b>Current assets</b>			
Stocks	6	3,142,059	3,453,131
Debtors	7	6,072,222	5,188,924
Cash at bank and in hand		1,525	2,836
		9,215,806	8,644,891
<b>Creditors: amounts falling due within one year</b>	8	(9,202,549)	(8,669,990)
<b>Net current assets / (liabilities)</b>		13,257	(25,099)
<b>Total assets less current liabilities</b>		654,124	512,737
<b>Net assets</b>		654,124	512,737
<b>Capital and reserves</b>			
Called up share capital	9	300,000	300,000
Profit and loss account	10	354,124	212,737
<b>Equity shareholders' funds</b>	11	654,124	512,737

The financial statements on pages 4 to 12 were approved by the Board on 14th January 1998.



I Stuart  
Director

# Notes to the financial statements

For the year ended 31 December 1997

## 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) *Selling, marketing and distribution costs*

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

### c) *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

### d) *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.

### e) *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.

### f) *Foreign currencies*

Transactions in foreign currencies are converted to sterling at the rate prevailing on the date of the transaction. All differences are taken to the profit and loss account.

## Notes to the financial statements (continued)

For the year ended 31 December 1997

### 1 Accounting Policies (continued)

#### g) 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.

#### h) Operating leases

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

### 2 Profit on ordinary activities before taxation is stated

	1997 £	1996 £
after charging:		
Depreciation	164,014	159,411
Operating lease rentals		
- property	300,278	254,063
- other assets	75,159	49,186
Auditors' remuneration		
- audit services	13,000	13,000
Group interest payable	234,043	185,319
	<hr/>	<hr/>
and after crediting:		
Other interest receivable	1,707	220
Profit on sale of other fixed assets	11,421	19,570
	<hr/>	<hr/>

### 3 Analysis of turnover

Turnover represents the invoiced value of goods and services excluding Value Added Tax. The analysis of turnover by geographical market is given below:

	1997 £	1996 £
UK	29,645,795	27,820,991
Europe	339,257	500,925
	<hr/>	<hr/>
	29,985,052	28,321,916

### 4 Taxation

	1997 £	1996 £
The charge for taxation in the profit and loss account is made up as follows:		
UK Corporation tax on the results for the year	93,000	61,000
Prior year adjustments	(4,877)	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	88,123	61,000



# Notes to the financial statements (continued)

For the year ended 31 December 1997

## 5 Tangible fixed assets

	Land and buildings £	Other fixed assets £	Total £
<b>Summary</b>			
<b>Net book value</b>			
<b>31 December 1997</b>	<b>201,911</b>	<b>438,956</b>	<b>640,867</b>
31 December 1996	209,097	328,739	537,836
<b>Land and buildings</b>	<b>Freehold land and buildings £</b>	<b>Short leasehold buildings £</b>	<b>Total £</b>
<b>Cost</b>			
1 January 1997	140,926	221,357	362,283
Third party additions	-	11,653	11,653
<b>31 December 1997</b>	<b>140,926</b>	<b>233,010</b>	<b>373,936</b>
<b>Depreciation</b>			
1 January 1997	79,183	74,003	153,186
Charge for the year	5,124	13,715	18,839
<b>31 December 1997</b>	<b>84,307</b>	<b>87,718</b>	<b>172,025</b>
<b>Net book value</b>			
<b>31 December 1997</b>	<b>56,619</b>	<b>145,292</b>	<b>201,911</b>
31 December 1996	61,743	147,354	209,097

Freehold land amounting to £40,000 (1996: £40,000) on which no depreciation is charged is included in the figures above.

	Equipment, fixtures and fittings £	Office machinery £	Motor vehicles £	Total £
<b>Other fixed assets</b>				
<b>Cost</b>				
1 January 1997	208,663	337,983	659,231	1,205,877
Third party additions	26,202	15,340	202,287	243,829
Third party disposals	-	(7,530)	(123,401)	(130,931)
Group additions	-	-	16,825	16,825
<b>31 December 1997</b>	<b>234,865</b>	<b>345,793</b>	<b>754,942</b>	<b>1,335,600</b>
<b>Depreciation</b>				
1 January 1997	181,012	224,370	471,756	877,138
Charge for the year	11,841	43,445	89,889	145,175
Third party disposals	-	(7,038)	(123,401)	(130,439)
Group additions	-	-	4,770	4,770
<b>31 December 1997</b>	<b>192,853</b>	<b>260,777</b>	<b>443,014</b>	<b>896,644</b>
<b>Net book value</b>				
<b>31 December 1997</b>	<b>42,012</b>	<b>85,016</b>	<b>311,928</b>	<b>438,956</b>
31 December 1996	27,651	113,613	187,475	328,739

## Notes to the financial statements (continued)

For the year ended 31 December 1997

### 6 Stocks

	1997 £	1996 £
Finished goods and goods for resale	3,142,059	3,453,131

Stocks of finished goods amounting to £220,267 (1996: £385,896) held under a sale or return agreement with a group company, where the risks of ownership are not transferred to the ATS group, have been excluded from the figures above.

### 7 Debtors

	1997 £	1996 £
Trade debtors	4,340,587	3,436,607
Amounts owed by fellow ATS group undertakings	1,620,330	1,650,639
Amounts owed by other fellow group undertakings	216	216
Other debtors	4,158	4,862
Prepayments and accrued income	106,931	96,600
	<u>6,072,222</u>	<u>5,188,924</u>

### 8 Creditors: amounts falling due within one year

	1997 £	1996 £
Bank loans and overdrafts	321,840	437,696
Trade creditors	5,800,863	5,463,069
Amounts owed to ATS group undertakings	2,502,207	2,134,298
Amounts owed to other fellow group undertakings	158,542	211,483
Corporation tax	93,000	61,000
Other taxes and social security	213,447	242,789
Other creditors	2,212	2,255
Accruals and deferred income	110,438	117,400
	<u>9,202,549</u>	<u>8,669,990</u>

### 9 Called up share capital

	1997 £	1996 £
Authorised, allotted and fully paid		
Ordinary shares of £1 each	300,000	300,000

## Notes to the financial statements (continued)

For the year ended 31 December 1997

### 10 Reserves

	Profit and loss account £
1 January 1997	212,737
Retained profit for the year	141,387
<b>31 December 1997</b>	<b>354,124</b>

The total amount of goodwill which has been written off against the reserves of the company at 31 December 1997 is £Nil (1996: £Nil)

### 11 Reconciliation of movements in equity shareholders' funds

	1997 £	1996 £
Profit on ordinary activities after taxation	141,387	87,801
Net addition to shareholders' funds	141,387	87,801
Opening shareholders' funds	512,737	424,936
<b>Closing shareholders' funds</b>	<b>654,124</b>	<b>512,737</b>

### 12 Contingent Liabilities

#### Deferred taxation

The total potential liability for deferred tax is as follows:

	1997 £	1996 £
Revaluation of freehold property	9,138	9,138

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 three (1996: three) fellow subsidiary companies. At 31 December 1997 the net overdrafts of all parties to the agreement amounted to £2,766,323 (1996: £6,322,705)

## Notes to the financial statements (continued)

For the year ended 31 December 1997

### 13 Financial commitments

#### a) Capital expenditure

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

	1997 £	1996 £
Contracted	-	29,462

#### 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	
	1997 £	1996 £	1997 £	1996 £
In less than one year	2,359	4,603	28,349	4,126
In two to five years	85,500	4,673	39,298	41,891
In more than five years	225,500	214,603	-	-
	<u>313,359</u>	<u>223,879</u>	<u>67,647</u>	<u>46,017</u>

#### c) Letters of credit

The company is committed to £1,527,501 of which £1,038,634 is within trade creditors, the balance being goods ordered but not yet delivered.

### 14 Information regarding directors

	1997 £	1996 £
Aggregate directors' emoluments	<u>57,358</u>	<u>34,452</u>

Two (1996:Three) directors are members of the group defined benefit pension scheme.

## Notes to the financial statements (continued)

For the year ended 31 December 1997

### 15 Employees

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

	1997 Number	1996 Number
Centre staff	79	76
Office staff	14	13
	<hr/> 93	<hr/> 89
Actual number of people employed at 31 December	<hr/> 90	<hr/> 91
Their total remuneration was:	£	£
Wages and salaries	1,342,401	1,191,140
Social security costs	114,186	99,486
Other pension costs	12,189	10,680
	<hr/> 1,468,776	<hr/> 1,301,306

### 16 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. 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 1995. Details of the valuation are given in the financial statements of Associated Tyre Specialists Limited for the year ended 31 December 1997.

The pension cost charged to the profit and loss account for the year was £12,189 (1996: £10,680)

### 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 of Associated Tyre Specialists Limited, registered in England. The ultimate parent company is Compagnie Generale des Etablissements Michelin, incorporated in France. Copies of group financial statements are available 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.