

Goodyear Industrial Rubber Products Limited
Directors report and accounts
for the year ended 31 December 1999

Registered Number 1744644

01744764



Goodyear Industrial Rubber Products Limited

Directors report and accounts

for the year ended 31 December 1999

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Goodyear Industrial Rubber Products Limited

Directors report for the year ended 31 December 1999 (continued)

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

Principal activities, review of business and future developments

Between 1 January 1994 and 31 March 1999, Goodyear Great Britain Limited carried on the business of the distribution of Rubber Products (non tyres) throughout UK and Europe, under the name of Goodyear Industrial Rubber Products Limited, through an agency agreement for no remuneration.

On 1 April 1999 the Company entered into an agreement with Goodyear Great Britain Limited for the purchase of the business as a going concern. The business purchased includes all assets and liabilities of the company and was transferred for the sum equal to their book and fair value of £15,092,000.

Results and dividends

The operations during the year resulted in a loss of £176,000 (1998: £nil). It is not proposed that any dividend be paid.

Directors and their interests

The directors who held office during the year or were appointed prior to the date of this Report are given below:

AJ Roberts (resigned 10 June 2000)
NC Grinsell (appointed 15 May 2000)
WP Weigand (appointed 1 April 2001)

The Directors are exempt by virtue of The Companies (Disclosure of the directors' interests); (Exceptions) Regulation 1985 from the requirement to disclose their interest in the shares of Goodyear Tire & Rubber Company which is incorporated in the United States of America.

Introduction of the Euro

During the year we have participated in a joint programme with Goodyear GB to undertake a high-level analysis of the introduction of the Euro.

Goodyear Industrial Rubber Products has installed systems that cope with billing and receiving invoices in Euro and currently reviewing price files with a view to converting all countries that are in the Euro zone to Euro price files as and when dictated by the customers.

Employees

It has always been the policy to give full consideration to disabled and able bodied persons on an equal basis. Goodyear is an equal opportunity employer.

Policy and practice on payment of creditors

It is corporate policy to pay creditors to their terms, providing invoices are supplied with the correct information to allow processing and rates/prices correspond to current price files agreed in writing by Goodyear Industrial Rubber Products.

Goodyear Industrial Rubber Products Limited

Directors report for the year ended 31 December 1999 (continued)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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.

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

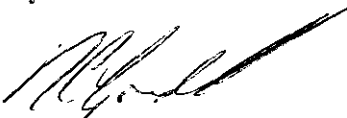
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to 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 Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



N C Grinsell
Director

10 August 2001

Goodyear Industrial Rubber Products Limited

Auditors' report to the members of Goodyear Industrial Rubber Products Limited

We have audited the financial statements on pages 7 to 16.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issues by the Auditing Practices Board, except that the scope of our work was limited as explained below.

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 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. However, following the implementation of new financial systems during the year and a breakdown in the controls surrounding the reconciliation of inter company trading balances the evidence available to us was limited. The accounting records of the company show an outstanding inter company creditor balance of £5.9 million which cannot be reconciled to the supporting documentation that indicates an outstanding balance of £9 million. Consequently we are unable to determine whether further accruals or stock and bank adjustments should be made in order to reflect the balance sheet as at 31 December 1999.

Qualified opinion arising from limitation on audit scope

Except for any adjustments that might have been found necessary had we been able to obtain sufficient evidence concerning amounts payable to fellow group companies as referred to above, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1999 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Goodyear Industrial Rubber Products Limited

Auditors' report to the members of Goodyear Industrial Rubber Products Limited (continued)

In respect alone of the limitation on our work relating to amounts payable to fellow group companies we have not obtained all the information and explanations that we considered necessary for the purpose of our audit and we were unable to determine whether proper accounting records had been kept.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Birmingham
10 August 2001

Goodyear Industrial Rubber Products Limited

Profit and loss account for the year ended 31 December 1999

	Note	1999 £'000	1998 £'000
Turnover – (continuing operations)	2	9,103	-
Cost of sales		(7,749)	-
Gross profit		1,354	-
Net operating expenses	3	(1,552)	-
Operating loss on ordinary activities			
before interest and taxation		(198)	-
Interest receivable and similar income	6	12	-
Loss on ordinary activities before taxation		(186)	-
Tax on profit on ordinary activities	7	10	-
Loss for the financial year	14	(176)	-

The result above relates wholly to continuing operations. The company has no recognised gains and losses other than the losses above and therefore no separate statement of total recognised gains and losses has been presented.

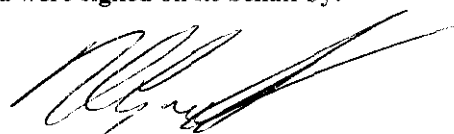
There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historic cost equivalents.

Goodyear Industrial Rubber Products Limited

Balance sheet as at 31 December 1999

	Note	1999 £'000	1998 £'000
Tangible fixed assets	8	103	-
Current assets			
Stock	9	5,192	-
Debtors	10	8,275	3,794
Cash at bank and in hand		209	-
Creditors: amounts falling due within one year	11	(7,472)	-
Net current assets		6,204	3,794
Total assets less current liabilities		6,307	3,794
Provisions for liabilities and charges	12	(189)	-
Net assets		6,118	3,794
Capital and reserves			
Called up share capital	13	12,726	10,226
Profit and loss account	14	(6,608)	(6,432)
Total shareholders' funds	15	6,118	3,794
Analysis of shareholders' funds			
Equity		3,618	3,794
Non-equity		2,500	-
		6,118	3,794

The financial statements on pages 6 to 16 were approved by the board of directors on 10 August 2001 and were signed on its behalf by:



N C Grinsell
Director

Goodyear Industrial Rubber Products Limited

Notes to the accounts for the year ended 31 December 1999

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies applied are set out below.

Turnover

Turnover represents the net amount receivable from customers for goods sold in the ordinary course of business. The amounts are shown after deducting rebates, settlement discounts, freight on sales and commission, and excluding Value Added Tax.

Fixed assets

Fixed assets are shown as acquisition value less accumulated depreciation to date. Depreciation is provided on the straight-line basis at rates which are estimated to write off each class of asset over the period of its useful life, as shown below:

Plant and equipment	3 to 10 years
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Rentals arising under operating leases are written to the profit and loss account as the charges arise.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Provision is made for deferred taxation where it is considered that there is a reasonable probability that a liability will arise within the foreseeable future.

Translation of foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rates ruling at the end of the financial year. Differences arising on translation and conversion of foreign currencies during the year are dealt with in the profit and loss account as part of the results for the year from ordinary activities.

Cashflow statement

The Company is a wholly owned subsidiary of Goodyear Tire & Rubber Company, the ultimate parent Company. The cash flows of the Company are included in the consolidated group cashflow of Goodyear Tire & Rubber Company. Consequently, the Company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cashflow statement.

Goodyear Industrial Rubber Products Limited

Notes to the accounts for the year ended 31 December 1999 (continued)

2 Turnover

By geographical market	1999	1998
UK	3,251	-
Europe	5,275	-
Rest of the world	577	-
	9,103	-

3 Operating profit

	1999	1998
	£'000	£'000
Operating profit is stated after charging/(crediting)		
Depreciation of owned tangible fixed assets	27	-
Hire of machinery, equipment and operating lease rentals	39	-
Auditors fees	24	-
Management charge receivable	(50)	-

Fees paid to PricewaterhouseCoopers for non-audit services in the UK were £nil (1998: £nil)

4 Directors' emoluments

	1999	1998
	£'000	£'000
Aggregate emoluments	75	-

Retirement benefits are accruing to no directors (1998: nil) directors under a defined benefit scheme.

Goodyear Industrial Rubber Products Limited

Notes to the accounts for the year ended 31 December 1999 (continued)

5 Employee costs

The Company had no employees during the year but used the services of associates seconded to it by other Group companies. The total staff costs incurred in relation to the Goodyear Industrial Rubber Products business and recharged to the company amounted to £ 718,000 (1998: £nil)

6 Interest and similar items

	1999	1998
	£'000	£'000
Interest payable on loans and overdrafts	(1)	-
Interest receivable	13	-
Net interest receivable and similar items	12	-

7 Tax on profit on ordinary activities

	1999	1998
	£'000	£'000
Taxation on the profit for the year		
UK corporation tax at 30% (1998: 31%)	-	-
Deferred tax	-	-
Prior year adjustment for over provision	10	-
	10	-

Goodyear Industrial Rubber Products Limited

Notes to the accounts for the year ended 31 December 1999 (continued)

8 Tangible assets

	Plant and equipment
	£'000
Cost or valuation	
At 1 January 1999	-
Transfers from fellow Group company	78
Additions	52
At 31 December 1999	130
Accumulated depreciation	
At 1 January 1999	-
Charge for the year	27
At 31 December 1999	27
Net book amount	
At 31 December 1999	103
At 31 December 1998	-

9 Stocks

	1999	1998
	£'000	£'000
Finished goods and goods for resale	5,192	-

The replacement cost of stocks did not differ significantly from the amounts shown above.

Goodyear Industrial Rubber Products Limited

Notes to the accounts for the year ended 31 December 1999 (continued)

10 Debtors

	1999 £'000	1998 £'000
Trade debtors	8,189	-
Amounts owed by group undertakings	80	3,794
Prepayments and accrued income	6	-
	8,275	3,794

11 Creditors – Amounts falling due within one year

	1999 £'000	1998 £'000
Trade creditors	367	-
Amounts owed to group undertakings	6,044	-
Taxation	87	-
Accruals and deferred income	974	-
	7,472	-

12 Provisions for liabilities and charges

	Warranty £'000	Total £'000
At 1 January 1999	-	-
Book value of liability purchased as part of transfer of trade from Goodyear Great Britain Limited	234	234
Transfer to deferred tax asset	-	-
Utilised during the year	(45)	(45)
At 31 December 1999	189	189

Goodyear Industrial Rubber Products Limited

Notes to the accounts for the year ended 31 December 1999 (continued)

13 Called up share capital

	1999 £'000	1998 £'000
Authorised		
15,000,000 ordinary shares of £1 each	15,000	15,000
5,000,000 7% non-cumulative preference shares of £1 each	5,000	-
	20,000	15,000
Allotted and fully paid		
10,226,443 ordinary shares of £1 each	10,226	10,226
2,500,000 7% non-cumulative redeemable preference shares of £1 each	2,500	-
	12,726	10,226

In April 1999 the 2,500,000 preferred shares were allotted at par value and have been fully paid.

14 Reserves

Profit and loss account

	£'000
At 1 January 1999	(6,432)
Loss for the financial year	(176)
At 31 December 1999	(6,608)

Goodyear Industrial Rubber Products Limited

Notes to the accounts for the year ended 31 December 1999 (continued)

15 Reconciliation of movements in shareholders' funds

	1999	1998
For the year ended 31 December 1999	£'000	£'000
Loss attributable to shareholders	(176)	-
Equity shareholders' funds at 1 January	3,794	3,794
Equity shareholders' funds at 31 December	3,618	3,794
Issue of preference share capital on 1 April 1999	2,500	-
Total equity and non-equity shareholders funds at 31 December	6,118	3,794

16 Other related party disclosures

As permitted by Financial Reporting Standard No. 8, transactions and balances with certain fellow group undertakings are not disclosed as the consolidated financial statements of the ultimate holding company, in which the Company is included, are publicly available.

17 Contingent liabilities

The company has the following quantifiable contingent liabilities which arose in the ordinary course of business and which have not been provided in these accounts since no actual liability is expected to arise:

	1999	1999
	£'000	£'000
Value Added Tax and Duty Deferment guarantees	900	-

18 Financial commitments

At 31 December 1999 the company had annual commitments under non-cancellable operating leases expiring as follows:

	Land & Buildings	Other
	£'000	£'000
Within one year	-	18
Between one and five years	-	10
	-	28

Goodyear Industrial Rubber Products Limited

Notes to the accounts for the year ended 31 December 1999 (continued)

19 Ultimate parent undertaking

The ultimate parent company and controlling party is The Goodyear Tire & Rubber Company which is incorporated in the United States of America. Copies of the group accounts of The Goodyear Tire & Rubber Company are available from 1144 East Market Street, Akron, Ohio, 44316-0001.