

Goodyear Industrial Rubber Products Limited  
Directors' report and accounts  
for the year ended 31 December 2000

Registered number 1744 ~~764~~

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# **Goodyear Industrial Rubber Products Limited**

## **Directors' report and accounts for the year ended 31 December 2000**

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# **Goodyear Industrial Rubber Products Limited**

## **Directors and advisors for the year ended 31 December 2000**

### **Directors**

N Grinsell (Finance Director)

A Roberts

### **Executive Officer**

N Grinsell (Finance Director)

A Roberts

S Millward (General Manager)

PC Webster (Secretary – resigned 8 July 2002)

P Locke (Secretary – appointed 8 July 2002)

### **Bankers**

Barclays Bank plc

### **Auditors**

PricewaterhouseCoopers

Temple Court

25 Bull Street

Birmingham

B4 6JT



# **Goodyear Industrial Rubber Products Limited**

## **Directors' report for the year ended 31 December 2000**

The Directors submit their annual report together with the audited financial statements of the Company for the year ended 31 December 2000.

### **Principal activities, review of business and future developments**

Goodyear Industrial Rubber Products Limited carries on the business of the distribution of rubber products, principally industrial belts, hoses and airsprings, throughout the UK and Europe.

In 1999 and 2000, the company experienced some difficulty with its intercompany accounting system and also with the implementation of a new finance system. The statutory accounts for 1999 and 2000 have both been qualified in respect of inter company balances. In 2001 and 2002, a significant amount of work was undertaken to reconcile the inter company accounts and to implement the new accounting system fully. Balances that could not be verified at October 2002, have been written off and as a result, it is anticipated that the statutory accounts for 2001 shall not be qualified on this basis. (see note 21)

### **Results and dividends**

The operations during the year resulted in a loss of £545,000 (1999: £176,000). 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, resigned 21 October 2002)
WP Weigand	(appointed 1 April 2001, resigned 26 October 2001)
J Milk	(appointed 15 December 2001)
C Jones	(appointed 21 October 2002)
S Millward	(appointed 21 October 2002)

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.

### **Employees**

It has been the policy of the Company through the year to give full consideration to disabled associates and disabled job applicants having regard to their particular aptitudes and abilities. Any associate becoming disabled during the course of his or her employment has been provided with practical help and encouragement to continue in employment. No associate has been barred on the grounds of disability from participating in training programmes, opportunities for promotion and career development.

During 2000 the Company maintained its ongoing commitment to training which involved the majority of associates.

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# Goodyear Industrial Rubber Products Limited

## Directors report for the year ended 31 December 2000 (continued)

### Employees (continued)

The Company continues to regularly provide its associates with information relating to the Company's performance, financial position and other matters of concern to them as associates by the issue of fact sheets, audio visual presentations, special meetings and involvements through specialist consultative committees.

### Policy and practice on payment of creditors

It is corporate policy to pay creditors to their terms, provided 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.

### Statement of directors' responsibilities

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 Company for that period. In preparing those financial statements, the directors are required to:

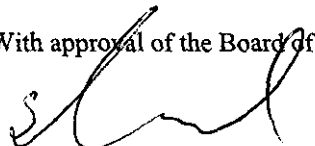
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume 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.

### Auditors

PricewaterhouseCoopers have indicated their willingness to act as auditors and a resolution will be put to the Annual General Meeting proposing their re-appointment and authorising the directors to fix their remuneration.

With approval of the Board of Directors



S Millward  
Director

25 November 2002





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

We have audited the financial statements on pages 5 to 13.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report. As described on page 3, 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 previous 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 £9.4 million (£6.0 million at 31 December 1999) which cannot be reconciled to the supporting documentation. Consequently we are unable to determine whether further adjustments should be made in order to reflect the balance sheet as at 31 December 2000 and 31 December 1999.

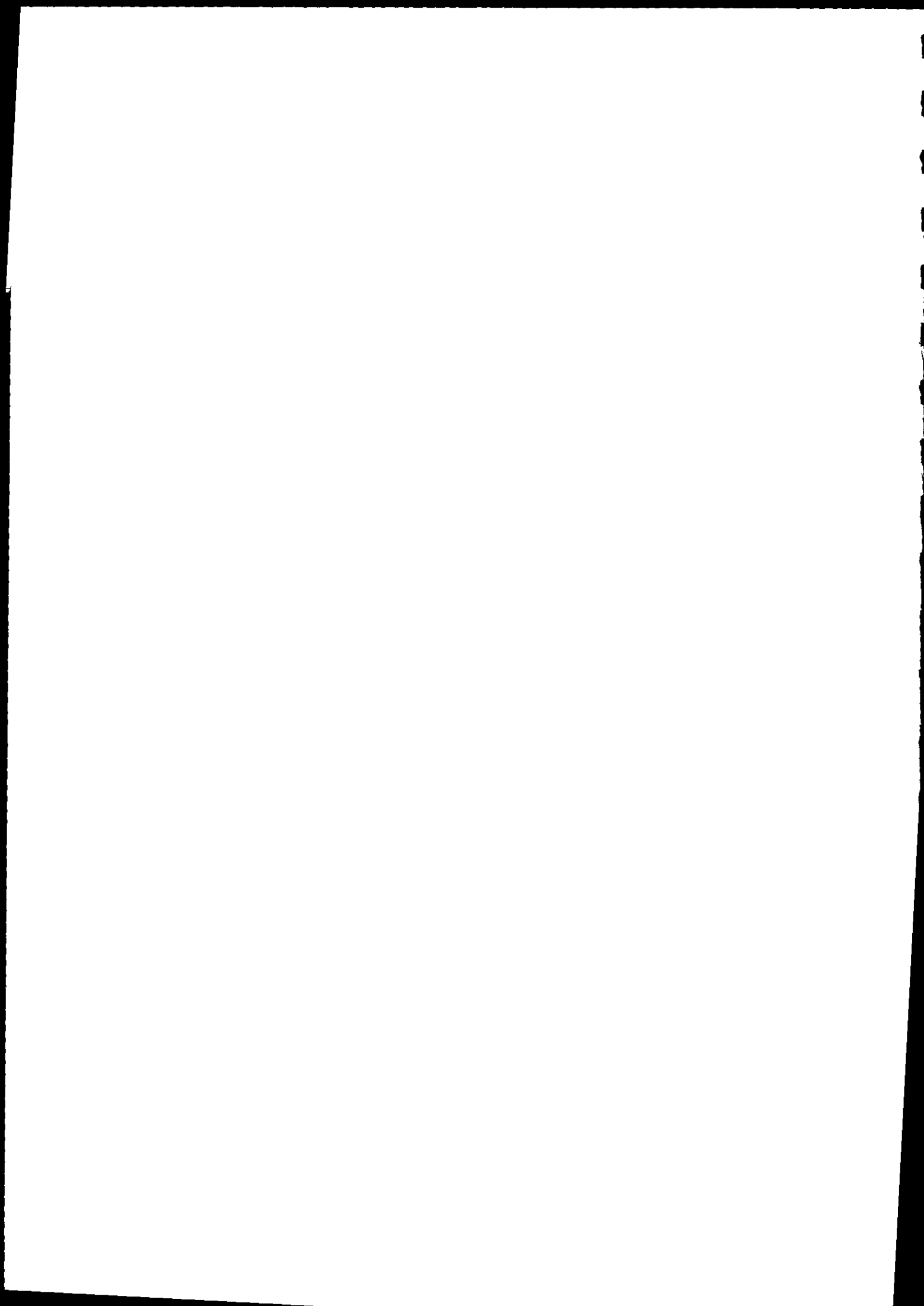
### **Qualified opinion arising from limitation on audit scope**

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 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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  
25 November 2002



# Goodyear Industrial Rubber Products Limited

## Profit and loss account for the year ended 31 December 2000

	Note	2000 £'000	1999 £'000
Turnover	2	14,547	9,103
Cost of sales		(12,252)	(7,749)
Gross profit		2,295	1,354
Net operating expenses	3	(2,198)	(1,552)
Exceptional operating expense	7	(602)	-
<b>Operating profit/(loss) on ordinary activities</b>			
<b>before interest and taxation</b>		(505)	(198)
Interest (payable)/receivable	6	(40)	12
<b>Loss on ordinary activities before taxation</b>		(545)	(186)
Tax on profit on ordinary activities	8	-	10
<b>Loss for the financial year</b>	15	(545)	(176)

The movement on reserves is shown in Note 15.

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.

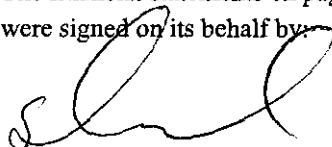


# Goodyear Industrial Rubber Products Limited

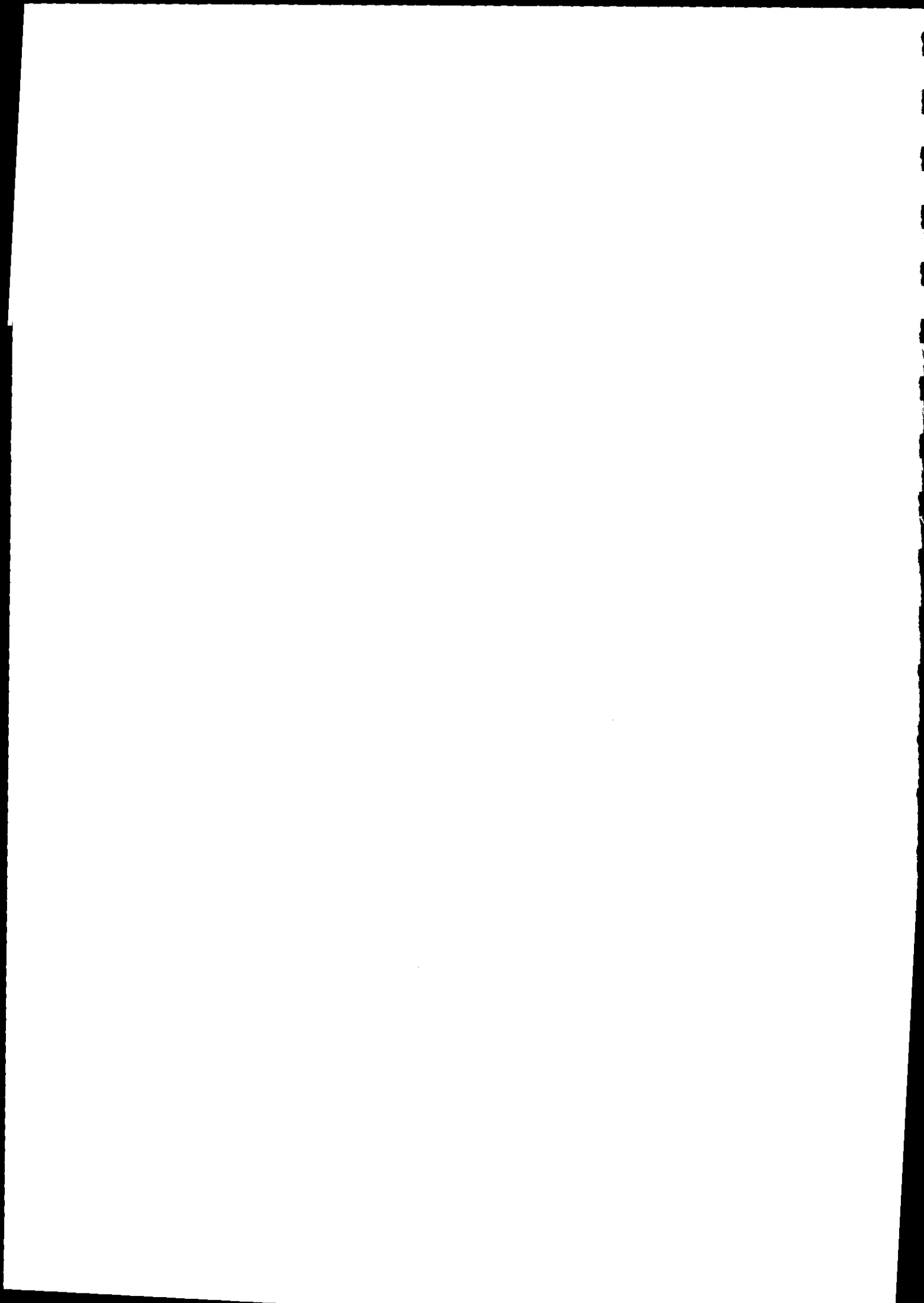
## Balance sheet as at 31 December 2000

	Note	2000 £'000	1999 £'000
<b>Tangible fixed assets</b>	9	89	103
<b>Current assets</b>			
Stock	10	6,652	5,192
Debtors	11	8,966	8,275
Cash at bank and in hand		713	209
		16,331	13,676
<b>Creditors: amounts falling due within one year</b>	12	(10,662)	(7,472)
<b>Net current assets</b>		5,669	6,204
<b>Total assets less current liabilities</b>		5,758	6,307
<b>Provisions for liabilities and charges</b>	13	(185)	(189)
<b>Net assets</b>		5,573	6,118
<b>Capital and reserves</b>			
Called up share capital	14	12,726	12,726
Profit and loss account	15	(7,153)	(6,608)
<b>Total shareholders' funds</b>	16	5,573	6,118
<b>Analysis of shareholders' funds</b>			
Equity		3,073	3,618
Non-equity		2,500	2,500
		5,573	6,118

The financial statements on pages 6 to 13 were approved by the board of directors on 25 November 2002 and were signed on its behalf by:



S Millward  
Director



# **Goodyear Industrial Rubber Products Limited**

## **Notes to the accounts for the year ended 31 December 2000**

### **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

Rentals arising under operating leases are charged to the profit and loss account as they are incurred.

#### **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.

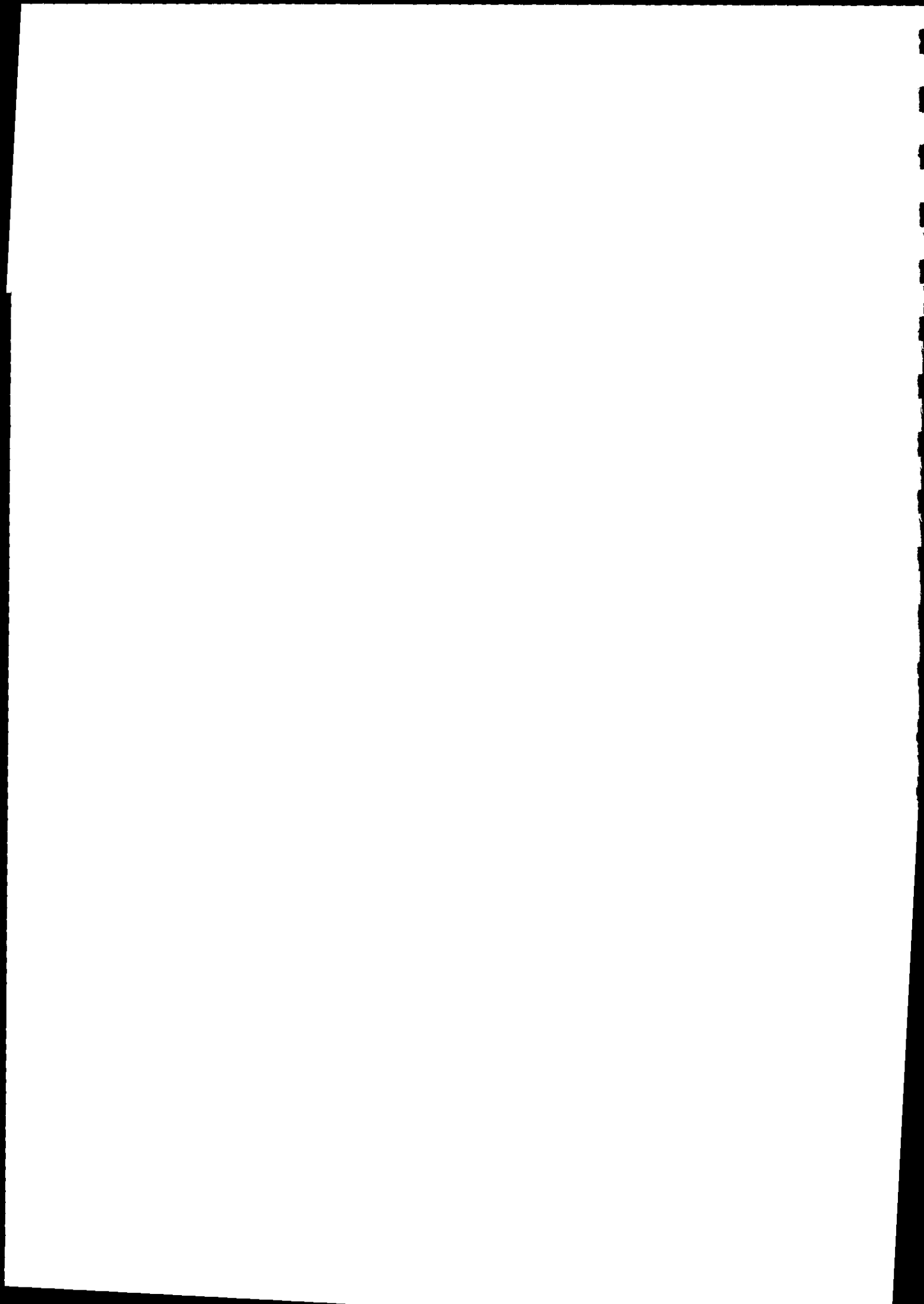
#### **Translation of foreign currencies**

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.

#### **Cash flow 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 cash flow of Goodyear Tire & Rubber Company. Consequently, the Company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cash flow statement.





# Goodyear Industrial Rubber Products Limited

## Notes to the accounts for the year ended 31 December 2000 (continued)

### 2 Turnover

All turnover originates from UK operations. Details of geographical markets supplied are given below:

By geographical market	2000 £'000	1999 £'000
UK	4,328	3,251
Europe	9,016	5,275
Rest of the world	1,203	577
	14,547	9,103

### 3 Operating profit

	2000 £'000	1999 £'000
Operating profit is stated after charging/(crediting)		
Depreciation of owned tangible fixed assets	31	27
Hire of machinery, equipment and operating lease rentals	39	39
Auditors fees	26	24
Management charge receivable	-	(50)

Fees paid to PricewaterhouseCoopers for non-audit services in the UK were nil (1999: £nil)

### 4 Directors' emoluments

	2000 £'000	1999 £'000
Aggregate emoluments	246	75

Retirement benefits are accruing to one director (1999: nil) under a defined benefit scheme.



# Goodyear Industrial Rubber Products Limited

## Notes to the accounts for the year ended 31 December 2000 (continued)

Particulars of the highest paid Director :

	2000	1999
	£'000	£'000
Aggregate emoluments	223	75

	2000	1999
	£'000	£'000
Contributions to defined contribution pension scheme	-	-

The highest paid Director receives salaries which are expressed in Belgium Francs and which are converted into local currency at the exchange rate ruling in the month of payment.

### 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 £2,208,000 (1999: £718,000)

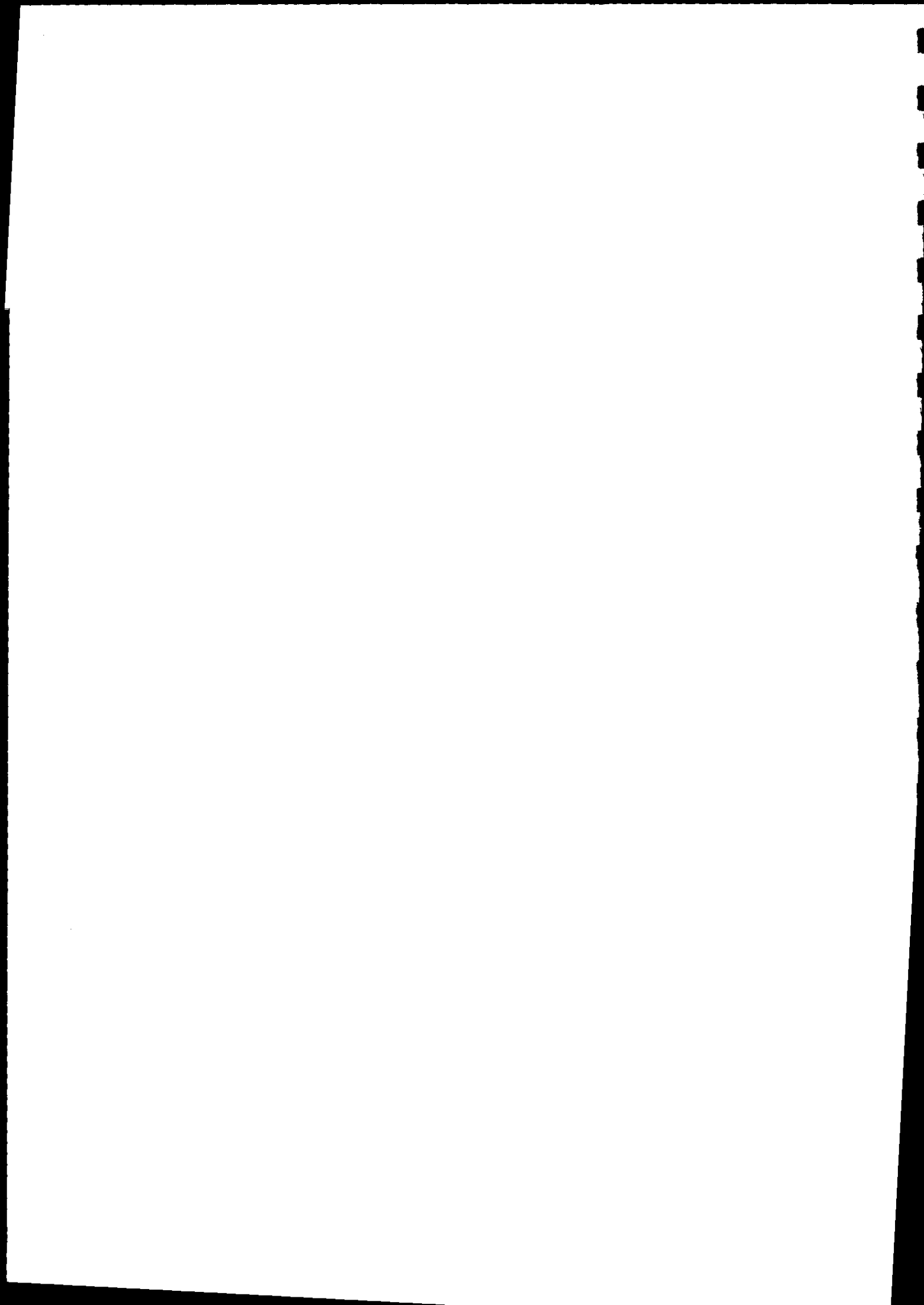
### 6 Interest

	2000	1999
	£'000	£'000
Interest payable on loans and overdrafts	(45)	(1)
Interest receivable	5	13
Net interest (payable)/receivable	(40)	12

### 7 Exceptional costs

	2000	1999
	£'000	£'000
Additional charge in respect of acquisition of the trade and assets of GIRP	602	-

Subsequent to the acquisition of the trade and assets of the business from Goodyear, certain additional charges relating to the acquisition has been charged by Goodyear Great Britain Limited representing further purchase consideration for the assets. This has been reflected in the current year result.



# Goodyear Industrial Rubber Products Limited

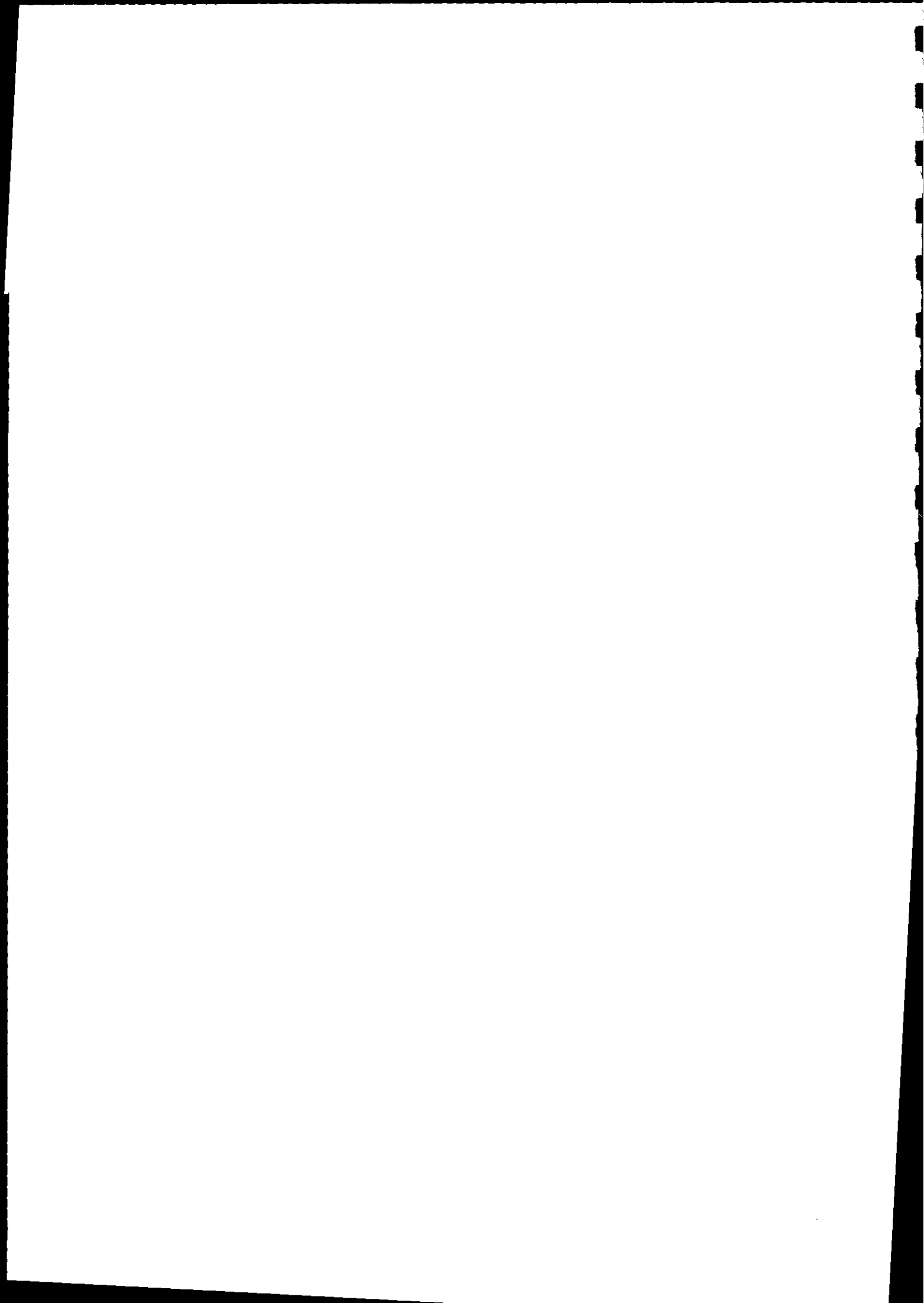
## Notes to the accounts for the year ended 31 December 2000 (continued)

### 8 Tax on profit on ordinary activities

	2000	1999
	£'000	£'000
<b>Taxation on the profit for the year</b>		
UK corporation tax at 30% (1999: 30%)	-	-
Prior year adjustment for over provision	-	10
	-	10

### 9 Tangible assets

	Plant and equipment
	£'000
<b>Cost or valuation</b>	
At 1 January 2000	130
Additions	17
<b>At 31 December 2000</b>	<b>147</b>
<b>Accumulated depreciation</b>	
At 1 January 2000	27
Charge for the year	31
<b>At 31 December 2000</b>	<b>58</b>
<b>Net book amount</b>	
<b>At 31 December 2000</b>	<b>89</b>
At 31 December 1999	103



# Goodyear Industrial Rubber Products Limited

## Notes to the accounts for the year ended 31 December 2000 (continued)

### 10 Stocks

	2000	1999
	£'000	£'000
Finished goods and goods for resale, net of provisions	6,652	5,192

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

### 11 Debtors

	2000	1999
	£'000	£'000
Trade debtors	8,390	8,189
Amounts owed by group undertakings	407	80
Prepayments and accrued income	10	6
VAT receivable	159	-
	8,966	8,275

### 12 Creditors – amounts falling due within one year

	2000	1999
	£'000	£'000
Trade creditors	187	367
Amounts owed to group undertakings	9,427	6,044
Corporation tax	69	69
VAT payable	-	18
Accruals and deferred income	979	974
	10,662	7,472



# Goodyear Industrial Rubber Products Limited

## Notes to the accounts for the year ended 31 December 2000 (continued)

### 13 Provisions for liabilities and charges

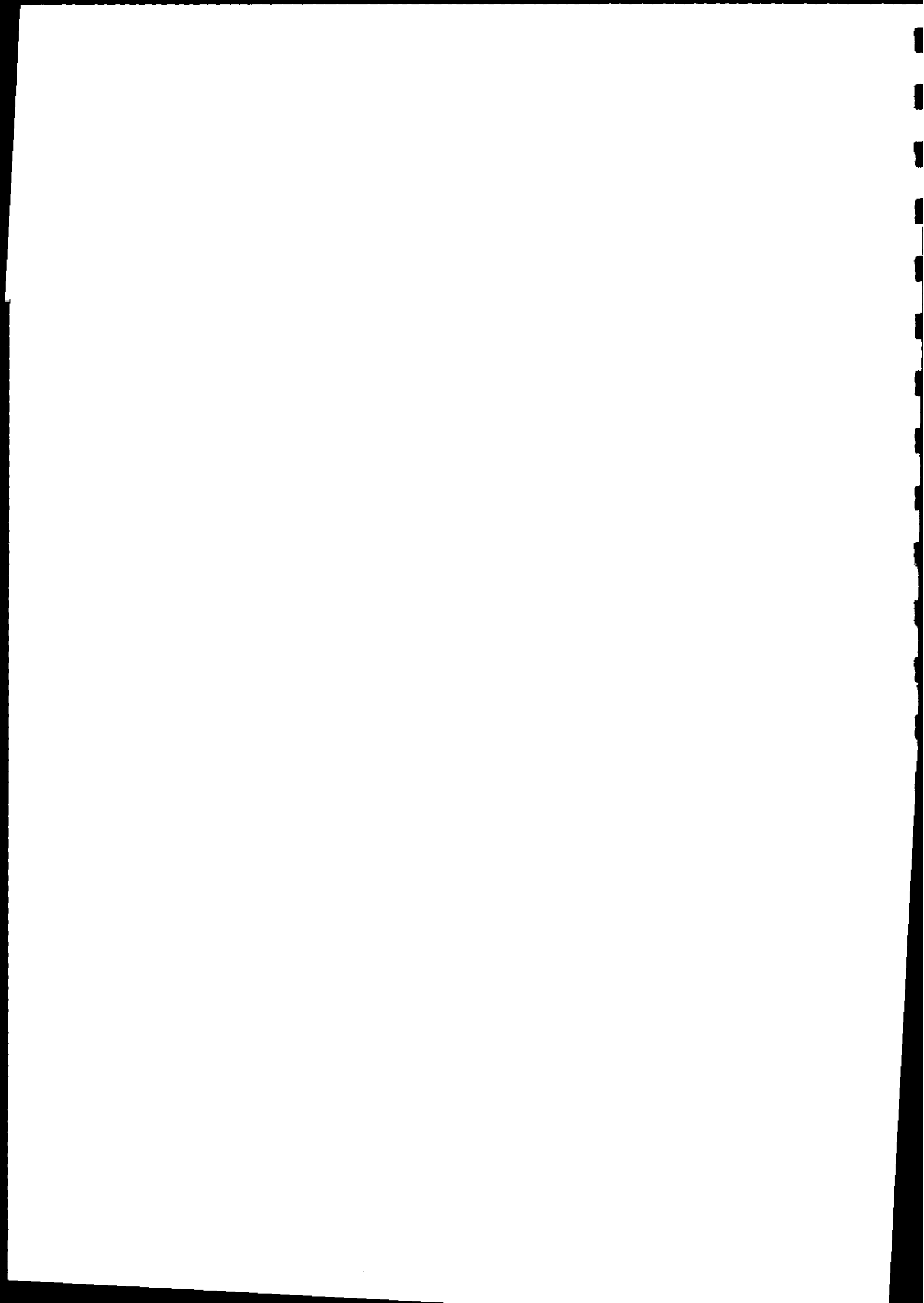
	Warranty	Total
	£'000	£'000
At 1 January 2000	189	189
Utilised during the year	(4)	(4)
At 31 December 2000	185	185

The amount relates to warranty provision in respect of potential claims for roofing. Given the inherent uncertainty of surrounding the timing of potential claims, it is not possible to estimate when these amounts will crystallise.

### 14 Called up share capital

	2000	1999
	£'000	£'000
<b>Authorised</b>		
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	5,000
	20,000	20,000
<b>Allotted and fully paid</b>		
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	2,500
	12,726	12,726

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



# Goodyear Industrial Rubber Products Limited

## Notes to the accounts for the year ended 31 December 2000 (continued)

### 15 Reserves

	Profit and loss account
	£'000
At 1 January 2000	(6,608)
Profit for the financial year	(545)
At 31 December 2000	(7,153)

### 16 Reconciliation of movements in shareholders' funds

	2000	1999
	£'000	£'000
For the year ended 31 December 2000		
Equity shareholders' funds at 1 January	3,618	3,794
Loss attributable to equity shareholders	(545)	(176)
Equity shareholders' funds at 31 December	3,073	3,618
Preference shareholders' funds at 31 December	2,500	2,500
Total equity and non-equity shareholders funds at 31 December	5,573	6,118

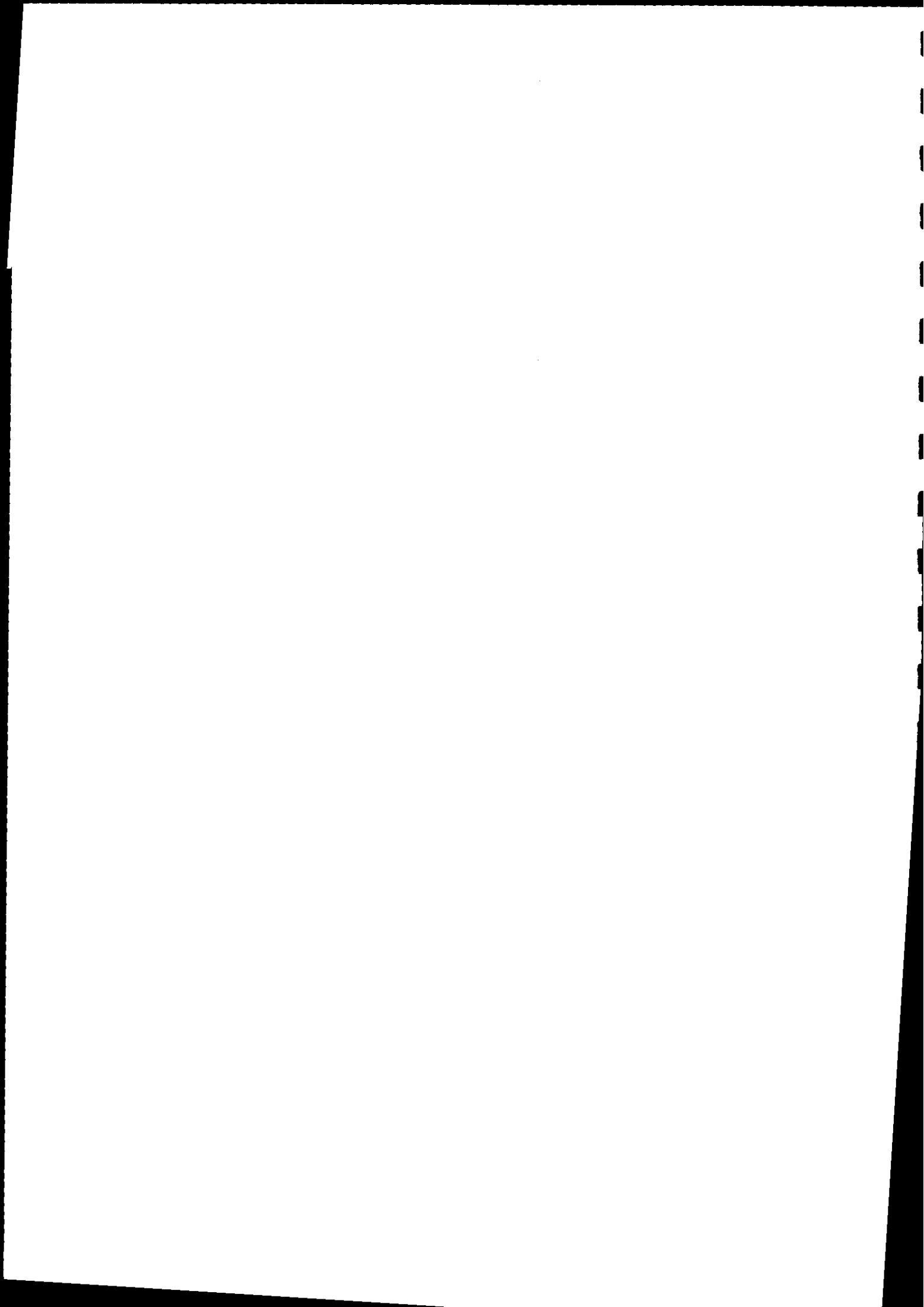
### 17 Other related party disclosures

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.

### 18 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:

	2000	1999
	£'000	£'000
Value Added Tax and Duty Deferment guarantees	900	900



# Goodyear Industrial Rubber Products Limited

## Notes to the accounts for the year ended 31 December 2000 (continued)

### 19 Commitments under operating leases

At 31 December 2000 the company had annual commitments under non-cancellable operating leases expiring as follows:

	2000		1999	
	Land & Buildings	Other	Land & Buildings	Other
	£'000	£'000	£'000	£'000
Within one year	-	53	-	18
Between one and five years	-	77	-	10
	-	130	-	28

The total amount charged to profit and loss account in respect of operating lease rentals was £39,000 (1999: £39,000).

### 20 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.

### 21 Subsequent events

The management has performed a detailed reconciliation for the inter company creditor balance as at 31 December 2001 and appropriate accounting entries were made to correct the result. This did not lead to a charge to profit and loss as all disputed items were transferred to the parent Company and were written off at the Corporate level.