

# Ebley Tyre Services Limited

Accounts 28 February 1998  
together with directors' and auditors' reports

Registered number: 2576479



## Directors' report

For the year ended 28 February 1998

The directors present their annual report and the audited financial statements of the company for the year ended 28 February 1998.

### Principal activities and business review

The company's trading activity during the year was the operation of tyre, exhaust and automotive repair depots. A review of the developments of the business is included in the accounts of the ultimate holding company, Kwik-Fit Holdings plc.

At the close of business on 28 February 1998, the company transferred its trade, assets (excluding investments) and liabilities to a fellow subsidiary undertaking at book value. The company has not traded since that date.

### Results and dividends

The profit for the financial year amounted to £254,321 (14 months to 28 February 1997 – profit of £17,795). Full details are set out in the profit and loss account on page 4.

The directors do not recommend the payment of a dividend (1997 – £4,214).

### Directors and their interests

The directors of the company who held office during the year were:

T Farmer  
J M Houston  
E Landau

None of the directors have a beneficial interest or hold shares in the company.

The interests of the directors in the shares of the ultimate holding company, Kwik-Fit Holdings plc, are shown in the accounts of that company.

### 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.

## Directors' report (continued)

### Directors' responsibilities (continued)

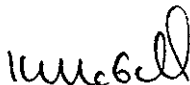
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

### Auditors

The directors will place a resolution before the Annual General Meeting to reappoint Arthur Andersen as auditors for the ensuing year.

St. James's Court  
30 Brown Street  
Manchester  
M2 2JF

By order of the Board,



K McGill  
Secretary

18 December 1998

# Auditors' report

## To the Shareholders of Ebley Tyre Services Limited:

We have audited the financial statements set out on pages 4 to 14 which have been prepared under the historical cost convention, as modified by the revaluation of fixed assets, and the accounting policies set out on pages 6 and 7.

### Respective responsibilities of directors and auditors

As described in the directors' report on pages 1 and 2, 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 financial statements and to report our opinion to you.

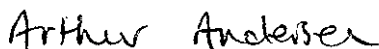
### Basis of opinion

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 affairs of the company at 28 February 1998 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

18 Charlotte Square

Edinburgh

EH2 4DF

18 December 1998

## Profit and loss account

For the year ended 28 February 1998

	Notes	1998 £	1997 (14 months) £
Turnover	2	7,061,668	8,188,384
Cost of sales		(6,535,392)	(8,075,281)
<b>Gross profit</b>		<u>526,276</u>	<u>113,103</u>
Administration costs		(30,249)	(35,077)
<b>Operating profit</b>		<u>496,027</u>	<u>78,026</u>
Interest payable and similar charges	3	(61,097)	(50,043)
Amounts written off investments	4	(165,000)	-
<b>Profit on ordinary activities before taxation</b>	5	<u>269,930</u>	<u>27,983</u>
Tax on profit on ordinary activities	8	(15,609)	(10,188)
<b>Profit for the financial period</b>		<u>254,321</u>	<u>17,795</u>
Dividends paid (on equity and non-equity shares)	9	-	(4,214)
<b>Retained profit for the period</b>	18	<u>254,321</u>	<u>13,581</u>

A statement of movements on reserves is given in note 18.

There are no recognised gains or losses in either period other than the retained profit for each period.

The results for the year were earned wholly from activities which were transferred to a fellow group company on 28 February 1998.

There is no difference between the results as disclosed in the profit and loss accounts and the results on a historical cost basis.

The accompanying notes form an integral part of this profit and loss account.

# Balance sheet

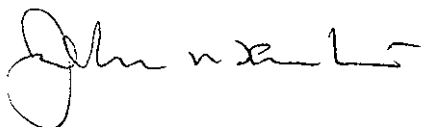
28 February 1998

	Notes	1998 £	1997 £
<b>Fixed assets</b>			
Tangible assets	10	-	1,647,827
Investments	11	65,000	230,000
		<u>65,000</u>	<u>1,877,827</u>
<b>Current assets</b>			
Stocks	12	-	590,561
Debtors	13	610,428	930
Cash at bank and in hand		-	550
		<u>610,428</u>	<u>592,041</u>
<b>Creditors: Amounts falling due within one year</b>	14	-	(2,045,153)
<b>Net current assets (liabilities)</b>		<u>610,428</u>	<u>(1,453,112)</u>
<b>Total assets less current liabilities</b>		<u>675,428</u>	<u>424,715</u>
<b>Creditors: Amounts falling due after more than one year</b>	15	-	(3,608)
<b>Net assets</b>		<u>675,428</u>	<u>421,107</u>
<b>Capital and reserves</b>			
Called-up share capital	17	280,000	280,000
Revaluation reserve	18	-	122,514
Profit and loss account	18	395,428	18,593
<b>Shareholders' funds</b>	18	<u>675,428</u>	<u>421,107</u>
Attributable to equity shareholders		617,650	363,329
Attributable to non-equity shareholders		<u>57,778</u>	<u>57,778</u>
		<u>675,428</u>	<u>421,107</u>

Signed on behalf of the Board

J M Houston

Director



18 December 1998

The accompanying notes are an integral part of this balance sheet.

## Notes to accounts

For the year ended 28 February 1998

### 1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding period, is set out below.

#### *a) Basis of accounting*

Other than the freehold and long leasehold property included at valuation, the financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with applicable accounting standards.

#### *b) Tangible fixed assets*

Tangible fixed assets are stated at cost or valuation less accumulated depreciation.

Depreciation is not provided on freehold property and leasehold property with more than fifty years lease commitments outstanding, as it is the company's policy to maintain its premises to a high standard, to maintain the residual value of the property and, in the opinion of the directors, the charge for depreciation would not materially affect the company's financial statements.

As depreciation is not provided on freehold and long leasehold land and buildings, there is no difference between reported depreciation and depreciation on a historical cost basis.

Depreciation is provided to write off the cost of all other tangible fixed assets in equal annual instalments over their estimated useful lives. In general, the rates of depreciation are as follows:

Short leasehold property	- Period of lease
Plant and office equipment	- 10% - 50%
Motor vehicles	- 25% - 33.3%

#### *c) Investments*

Fixed asset investments are shown at cost less provisions for impairment.

#### *d) Leasing and hire purchase transactions*

Where an asset is acquired under a hire purchase contract or finance lease, the asset is capitalised and the corresponding liability to the leasing company is included in the obligations under finance leases and hire purchase contracts. Depreciation on such assets is charged to the profit and loss account at rates calculated to write off the capitalised value of the asset over the shorter of its expected useful life and the term of the lease. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account using the sum of digits method over the primary period of the lease. Rentals under operating leases are charged on a straight-line basis over the lease term.

## Notes to accounts (continued)

### 1 Accounting policies (continued)

#### e) Stocks

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

#### f) Deferred taxation

Deferred taxation is provided at current taxation rates under the liability method to take account of all timing differences between profits as stated in the financial statements and as computed for tax purposes to the extent that they are expected to crystallise. Where it is considered with reasonable probability that no such liability will become payable in the foreseeable future, no provision is made.

#### g) Turnover

Turnover represents the invoiced value, excluding VAT, of all goods sold and services provided to customers less any settlement discount given.

#### h) Pension

The company operates a defined contribution pension scheme which is externally funded and covers all eligible staff employees. The scheme funds are administered by trustees and are independent of the company's finances.

Contributions are paid into the scheme on a regular percentage basis. The company's contributions are charged against profits in the period in which the contributions are made.

### 2 Turnover

An analysis of turnover and profit before taxation has been omitted since the directors consider that the company has one activity and it operates solely within the United Kingdom.

### 3 Interest payable and similar charges

	1998	1997 (14 months)
	£	£
On bank loans and overdrafts	47,097	42,104
Finance lease and hire purchase charges	14,000	7,939
	<u>61,097</u>	<u>50,043</u>

### 4 Amounts written off investments

	1998	1997 (14 months)
	£	£
Amount written off investment in subsidiary undertaking (note 11)	<u>165,000</u>	<u>-</u>



## Notes to accounts (continued)

### 5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1998	1997 (14 months)
	£	£
Depreciation		
- owned	50,597	140,655
- held under finance leases and hire purchase contracts	6,100	17,061
Loss on sale of fixed assets	-	870
Staff costs (note 7)	1,664,993	1,772,514
Operating lease rentals:		
- motor vehicles	48,630	114,469
- property	-	259,220

The auditors' remuneration in respect of audit work in the current year and prior period was borne by a fellow group undertaking.

### 6 Directors' emoluments

The directors' remuneration was borne by another group undertaking (1997 - £42,053).

### 7 Staff costs

The average number of persons, including directors, employed by the company during the year was as follows:

	1998 Number	1997 Number
Management and administration	-	8
Sales and distribution	95	98
	95	106

The aggregate costs of employment were as follows:

	1998	1997 (14 months)
	£	£
Wages and salaries	1,493,459	1,610,881
Social security	135,488	135,809
Other pension costs	36,046	25,824
	1,664,993	1,772,514

## Notes to accounts (continued)

### 8 Tax on profit on ordinary activities

	1998	1997 (14 months)
	£	£
United Kingdom corporation tax charge at 31% (1997 - 33%)	15,609	10,188

### 9 Dividends paid

	1998	1997 (14 months)
	£	£
Equity shares:		
'A' ordinary - paid nil per share (1997 - 3.4p)	-	2,257
Non-equity shares:		
Preference - paid nil per share (1997 - 3.4p)	-	1,957
	-	4,214

### 10 Tangible fixed assets

	Freehold land and buildings £	Long leaseholds £	Short leaseholds £	Plant and office equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>						
Beginning of year	1,175,895	165,000	159,453	755,597	47,875	2,303,820
Disposals	-	-	-	(142,956)	(11,017)	(153,973)
Transferred to fellow subsidiary	(1,175,895)	(165,000)	(159,453)	(612,641)	(36,858)	(2,149,847)
End of year	-	-	-	-	-	-
<b>Depreciation</b>						
Beginning of year	-	-	91,489	545,617	18,887	655,993
Charge for the year	-	-	-	37,844	18,853	56,697
Disposals	-	-	-	(137,096)	-	(137,096)
Transferred to fellow subsidiary	-	-	(91,489)	(446,365)	(37,740)	(575,594)
End of year	-	-	-	-	-	-
<b>Net book value</b>						
Beginning of year	1,175,895	165,000	67,964	209,980	28,988	1,647,827
End of year	-	-	-	-	-	-

## Notes to accounts (continued)

### 10 Tangible fixed assets (continued)

The net book value of assets acquired under finance leases included in the above amounted to £nil (1997 - £17,061).

At 1 March 1997 the company transferred its land and buildings to the group property company at net book value. All other fixed assets were transferred to a fellow subsidiary undertaking on 28 February 1998.

### 11 Fixed asset investments

Investment in subsidiary undertaking:

	1998 £	1997 £
Cost at beginning of year	230,000	230,000
Amounts written off during year	(165,000)	-
Net book value at end of year	<u>65,000</u>	<u>230,000</u>

The subsidiary undertaking is listed below:

Company	% owned	Capital and reserves at 28 February 1998 £	Profit for year ended 28 February 1998 £	Activity
Ebley Tyre & Auto Centres (South East) Limited registered in England and Wales	100%	65,678	37,400	Distribution of motor vehicle tyres and accessories

## Notes to accounts (continued)

### 11 Fixed asset investments (continued)

The subsidiary company named above ceased trading on 28 February 1998 when its business was transferred to a fellow group undertaking.

Group accounts have not been prepared since the company is a wholly owned subsidiary undertaking of another UK company, which prepares consolidated financial statements for the group.

### 12 Stocks

	1998 £	1997 £
Tyres, exhausts and automotive products	-	590,561

### 13 Debtors

Amounts falling due within one year:

	1998 £	1997 £
Amounts due from fellow subsidiary undertaking	610,428	-
Other debtors	-	930
	<u>610,428</u>	<u>930</u>

### 14 Creditors: Amounts falling due within one year

	1998 £	1997 £
Amounts due to fellow group undertaking	-	1,815,956
Other creditors	-	2,230
Accruals	-	219,357
Obligations under finance leases and hire purchase contracts	-	7,610
	<u>-</u>	<u>2,045,153</u>

### 15 Creditors: Amounts falling due after more than one year

	1998 £	1997 £
Obligations under finance leases and hire purchase contracts	-	3,608

## Notes to accounts (continued)

### 16 Provision for liabilities and charges

	Unprovided 1998 £	1997 £
Other timing differences	-	73,500

The unprovided timing difference relates to tax which has not been provided on the chargeable gain arising on the disposal of properties due to a claim for roll over relief on replacement business assets.

### 17 Share capital

	1998		1997	
	Authorised £	Allotted, called up and fully paid £	Authorised £	Allotted, called up and fully paid £
Equity shares:				
155,555 ordinary shares of £1 each	155,555	155,555	155,555	155,555
66,667 'A' ordinary shares of £1 each	66,667	66,667	66,667	66,667
Total equity share capital	<u>222,222</u>	<u>222,222</u>	<u>222,222</u>	<u>222,222</u>
Non-equity shares:				
57,778 preference shares of £1 each	107,778	57,778	107,778	57,778
Total share capital	<u>330,000</u>	<u>280,000</u>	<u>330,000</u>	<u>280,000</u>

Preference shares of £1 each:

The rights of the preference shareholders include entitlement to receive a cumulative dividend at a rate of 12% per annum on the paid up capital, payable half yearly on 30 June and 31 December. The shareholders are entitled on a winding-up or otherwise to a repayment of paid up capital in priority to all other classes of shares. There are no voting rights attached to these shares.

The preference shares are redeemable at par in eight annual instalments of 12,500 shares and one of 7,778. The first instalment was redeemed on 30 June 1992. The company may redeem shares early, in multiples of 12,500, with the consent of the holders of 75% of preference shares.

The preference shareholders waived their rights to both the cumulative dividend and the annual redemption for the year.

## Notes to accounts (continued)

### 18 Statement of movements in reserves and shareholders' funds

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Shareholders' funds £
At beginning of year	280,000	122,514	18,593	421,107
Profit for the year	-	-	254,321	254,321
Realisation of revaluation reserve	-	(122,514)	122,514	-
At end of year	<u>280,000</u>	<u>-</u>	<u>395,428</u>	<u>675,428</u>

### 19 Cash flow statement

The company has not prepared a cash flow statement as permitted by FRS 1 (Revised) since the company's financial statements are incorporated into the consolidated financial statements of Kwik-Fit Holdings plc, which are publicly available.

### 20 Leasing commitments

a) Future commitments due under finance leases and hire purchase contracts at 28 February 1998 expire as follows:

	1998 £	1997 £
Less than one year	-	7,610
Within one to two years	-	3,316
Within two to five years	-	292
	<u>-</u>	<u>11,218</u>

b) Annual commitments due under operating leases are:

	Land and buildings		Others	
	1998 £	1997 £	1998 £	1997 £
Leases expiring in:				
Less than one year	-	-	-	14,577
Within one to two years	-	-	-	21,549
Within two to five years	-	56,464	-	12,504
After five years	-	163,385	-	-
	<u>-</u>	<u>219,849</u>	<u>-</u>	<u>48,630</u>

## Notes to accounts (continued)

### 20 Leasing commitments (continued)

c) At 28 February 1998 the group had no capital commitments contracted but not provided for (1997 - £nil).

### 21 Related party transactions

The company is exempt from the requirement of FRS 8 to include details of transactions with related parties who are fellow group undertakings.

### 22 Transfer of business

At 28 February 1998, the company transferred its trade, assets (excluding investments) and liabilities to a fellow subsidiary undertaking at book value. The company has not traded since that date.

### 23 Ultimate holding company

The ultimate holding company is Kwik-Fit Holdings plc, which is incorporated in England.

The smallest and largest group into which the activities of the company are consolidated is that headed by Kwik-Fit Holdings plc.

The consolidated accounts of Kwik-Fit Holdings plc are available to the public and may be obtained from the Company Secretary, St James's Court, Brown Street, Manchester, M2 2JF.