

ARTHUR ANDERSEN

Ebley Tyre Services Limited

Accounts 28 February 1999
together with directors' and auditors' reports

Registered number: 2576479



Directors' report

For the year ended 28 February 1999

The directors present their annual report and the financial statements and auditors' report for the year ended 28 February 1999.

Principal activities and business review

The company's principal activity was previously the operation of tyre, exhaust and automotive repair depots.

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

During the year the company has not traded, has not incurred any liabilities and consequently made neither a profit nor loss (1998: profit of £254,321). Full details are set out in the profit and loss account on page 4.

The directors do not recommend the payment of a dividend (1998 - £nil).

Directors and their interests

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

T Farmer (resigned 8 January 1999)

J M Houston

E Landau (resigned 8 January 1999, appointed 22 February 1999, resigned 25 February 1999)

G Bissett (appointed 11 January 1999)

None of the directors has a beneficial interest or holds 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

11 November 1999

Auditors' report

Edinburgh

To the Shareholders of Ebley Tyre Services Limited:

We have audited the financial statements set out on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

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 1999 and of the company's results 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

11 November 1999

Profit and loss account

For the year ended 28 February 1999

	Notes	1999 £	1998 £
Turnover	2	-	7,061,668
Cost of sales		-	(6,535,392)
Gross profit		-	526,276
Administration costs		-	(30,249)
Operating profit		-	496,027
Interest payable and similar charges	3	-	(61,097)
Amounts written off investments	4	-	(165,000)
Profit on ordinary activities before taxation	5	-	269,930
Tax on profit on ordinary activities	8	-	(15,609)
Retained profit for the year		-	254,321

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

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

On 28 February 1998 the trade, assets and liabilities of the company were transferred to another group undertaking.

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

Balance sheet

28 February 1999

	Notes	1999 £	1998 £
Fixed assets			
Investments	9	65,000	65,000
Current assets			
Debtors	10	610,428	610,428
Net assets		675,428	675,428
Capital and reserves			
Called-up share capital	11	280,000	280,000
Profit and loss account		395,428	395,428
Shareholders' funds		675,428	675,428
Attributable to equity shareholders		617,650	617,650
Attributable to non-equity shareholders		57,778	57,778
		675,428	675,428

Signed on behalf of the Board

G Bissett

Director



11 November 1999

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

Notes to the accounts

For the year ended 28 February 1999

1 Accounting policies

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

a) Basis of accounting

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

b) Investments

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

c) Turnover

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

d) Cost of sales

Cost of sales is stated as all those costs directly incurred by the company in the acquisition of goods for resale and the provision of services to customers.

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

	1999 £	1998 £
On bank loans and overdrafts	-	47,097
Finance lease and hire purchase charges	-	14,000
	<u>-</u>	<u>61,097</u>

4 Amounts written off investments

	1999 £	1998 £
Amount written off investment in subsidiary undertaking	<u>-</u>	<u>165,000</u>

Notes to the accounts (continued)

5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1999 £	1998 £
Depreciation		
- owned	-	50,597
- held under finance leases and hire purchase contracts	-	6,100
Staff costs (note 7)	-	1,664,993
Operating lease rentals:		
- motor vehicles	-	48,630
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The auditors' remuneration in respect of audit work in the current and prior years was borne by a fellow group undertaking.

6 Directors' emoluments

The directors' remuneration was borne by another group undertaking (1998 - £nil).

7 Staff costs

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

	1999 Number	1998 Number
Sales and distribution	-	95
	<hr/>	<hr/>
	-	95
	<hr/>	<hr/>

The aggregate costs of employment were as follows:

	1999 £	1998 £
Wages and salaries	-	1,493,459
Social security	-	135,488
Other pension costs	-	36,046
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	-	1,664,993
	<hr/>	<hr/>

Notes to the accounts (continued)

8 Tax on profit on ordinary activities

	1999 £	1998 £
United Kingdom corporation tax charge at 31% (1998 - 31%)	-	15,609

9 Fixed asset investments

Investment in subsidiary undertaking:

	£
Cost at beginning and end of year	230,000
Net book value at beginning and end of year	65,000

The subsidiary undertaking is listed below:

Company	% owned	Activity
Ebley Tyre & Auto Centres (South East) Limited registered in England and Wales	100%	Non-trading

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.

10 Debtors

Amounts falling due within one year:

	1999 £	1998 £
Amounts due from fellow subsidiary undertaking	610,428	610,428

Notes to the accounts (continued)

11 Share capital

	1999		1998	
	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	222,222	222,222	222,222	222,222
Non-equity shares:				
57,778 preference shares of £1 each	107,778	57,778	107,778	57,778
Total share capital	330,000	280,000	330,000	280,000

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.

12 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.

13 Capital leasing commitments

At 28 February 1999 the group had no capital commitments contracted but not provided for (1998 - £nil).

Notes to the accounts (continued)

14 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.

15 Ultimate holding company

During the year, the ultimate holding company was Kwik-Fit Holdings plc which is incorporated in England.

The smallest and largest group into which the activities of the Company are consolidated was 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.

On 7 June 1999, Kwik-Fit Holdings plc was acquired by FAH Investments whose ultimate holding company is Ford Motor Company, registered in Delaware, USA.