

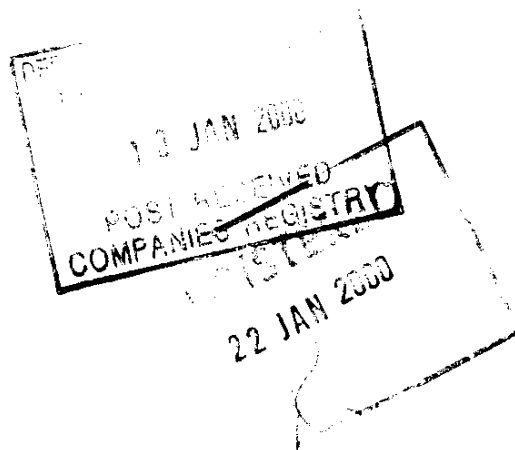
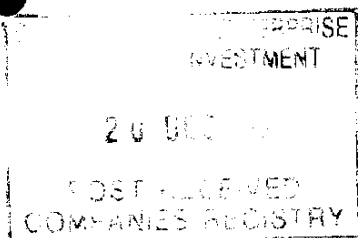
Registration Number NI 01341

# DONALDSON & LYTTLE LIMITED

11A BOUCHER RETAIL PARK  
BOUCHER CRESCENT  
BELFAST BT12 6HU

ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31ST MARCH 1999

(AS ABBREVIATED BY ARTICLE 8 COMPANIES (N.I.) ORDER, 1986)



**DONALDSON & LYTTLE LIMITED**

We have examined the Accounts on pages two to nine which have been abbreviated in the manner permitted for a small company, from the financial statements of DONALDSON & LYTTLE LIMITED for the year ended 31<sup>ST</sup> MARCH 1999. The scope of our work was limited to an examination of the modified accounts and the Financial Statements on which they are based to ensure compliance with Schedule 8 of Companies (Northern Ireland) Order 1986.

In our opinion the Directors are entitled under Articles 255 to 257 of the Companies (Northern Ireland) Order 1986 to deliver abbreviated accounts in respect of the year ended 31<sup>ST</sup> MARCH 1999 and the abbreviated accounts on pages two to nine have been properly prepared in accordance with Schedule 8 of that Order.

**Auditors Report to the Members**

We have audited the financial statements on pages two to nine which have been prepared under the historical cost convention as abbreviated by the revaluation of certain fixed assets and the accounting policies set out on page 7.

**Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of 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**

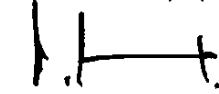
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 as to whether 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.

**Qualified opinion arising from disagreement about accounting treatment**

Included in the prepayments shown on the balance sheet is an amount of £51,917, which represents the balance of the loan penalty break, which was agreed with Birmingham Midshires on 23/12/96. Subsequent events after the year end involving the restructuring of long term debt meant that this loan has been repaid. In our opinion the company should write off this amount, reducing profit before tax and net assets by that amount.

Except for the inclusion of this prepayment, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies (NI) Order 1986.



Cleaver Black

Chartered Accountants & Registered Auditors

54 Lisburn Road

Belfast

BT9 6AF.

**DONALDSON & LYTTLE LIMITED**  
**11A BOUCHER RETAIL PARK**  
**BOUCHER CRESCENT BELFAST**

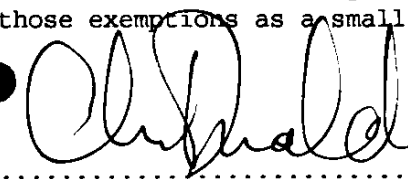
Page 2.


**BALANCE SHEET AS AT 31ST MARCH 1999**

ABBREVIATED IN ACCORDANCE WITH THE PROVISIONS OF THE  
COMPANIES ORDER (NORTHERN IRELAND) 1986.

|   | Notes | 1999<br>£               | 1998<br>£             |
|---|-------|-------------------------|-----------------------|
| <b>FIXED ASSETS</b>                                     |       |                         |                       |
| Tangible assets   |       | 2,727,261               | 1,881,391             |
| Investments   |       | 284,670                 | 262,169               |
|   |       | <u>3,011,931</u>        | <u>2,143,560</u>      |
| <b>CURRENT ASSETS</b>                                   |       |                         |                       |
| Stocks  |       | 149,574                 | 258,930               |
| Debtors   |       | 178,799                 | 196,589               |
| Cash at bank and in hand                                |       | 11,879                  | 87                    |
|   |       | <u>340,252</u>          | <u>455,606</u>        |
| Creditors: Amounts Falling Due Within One Year          |       | <u>472,382</u>          | <u>547,161</u>        |
| <b>NET CURRENT ASSETS</b>                               |       | <u>(132,130)</u>        | <u>(91,555)</u>       |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>            |       | <u>2,879,801</u>        | <u>2,052,005</u>      |
| Creditors: Amounts Falling Due After More Than One Year |       | (1,049,863)             | 1,069,741             |
| <b>Provision for Liabilities and Charges</b>            |       | <u>(71,100)</u>         | <u>(72,900)</u>       |
| <b>NET ASSETS</b>                                       |       | <u><u>1,758,838</u></u> | <u><u>909,364</u></u> |
| <b>CAPITAL AND RESERVES</b>                             |       |                         |                       |
| 15000 Ordinary Shares of £1 each Fully Paid             |       | 15,000                  | 15,000                |
| Revaluation reserve                                     |       | 2,130,085               | 1,283,005             |
| Profit and loss account                                 |       | (386,247)               | (388,641)             |
| <b>CAPITAL AND RESERVES</b>                             |       | <u><u>1,758,838</u></u> | <u><u>909,364</u></u> |

In preparing the abbreviated accounts we have relied upon the exemptions for individual accounts, contained in the Companies Order (Northern Ireland) 1986. We have done so on the grounds that the company is entitled to the benefit of those exemptions as a small company.

  
.....DIRECTOR

  
.....DIRECTOR

The notes on pages 7 to 13 form an integral part of these financial statements.

NOTES TO THE ABBREVIATED ACCOUNTS AS AT 31ST MARCH 19991. BASIS OF PREPARING ACCOUNTS

1

The company meets its day to day working capital requirements through an on demand facility which is renewable in November 1998.

The bank have signified that they will not renew the facility, and have requested the company to seek alternative banking arrangements.

On the basis of this information and their review of the performance of the business to the date of approval of these accounts the directors consider that the company will be able to find alternative facilities. On this basis the directors consider it appropriate to prepare the accounts on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

A summary of the more important accounting policies adopted by the company are set out below:-

(A) ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

(B) FIXED ASSETS

Freehold land is not depreciated. The cost or valuation of other fixed assets is depreciated by equal annual instalments over the expected useful lives of the assets as follows:-

|                     |  |
|---------------------|--|
| Freehold Buildings  | - 40 years                                 |
| Leasehold Property  | - 40 years (or period of lease if shorter) |
| Fixtures & Fittings | - 10% reducing balance method              |

(C) STOCKS AND WORK IN PROGRESS

Stocks and work in progress are stated at the lower of cost and realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

(D) GOVERNMENT GRANTS

Government grants which are of a capital nature are credited to the profit and loss account over the expected useful lives of the assets to which they relate.

(E) LIFE ASSURANCE PREMIUMS

Life assurance premiums are capitalised at cost less provision for any permanent diminution in value.

DONALDSON & LYTTLE LIMITEDNOTES TO THE ABBREVIATED ACCOUNTS AS AT 31ST MARCH 1999Continued....2. ACCOUNTING POLICIES (continued)(F) DEFINED CONTRIBUTION SCHEMES

Pension costs are charged to the profit and loss account as incurred.  
Pension costs relate solely to directors' personal pension plans.

(G) HOLIDAY PAY

Holiday pay is taken into account in the year of payment.

3. TURNOVER

Turnover comprises the invoice value of goods and services supplied by the company exclusive of Vat.

4. OPERATING PROFIT

|   | <u>1999</u>       | <u>1998</u>       |
|---|-------------------|-------------------|
| Operating profit is stated after charging:- | £                 | £                 |
| Auditors' remuneration                      | 6,300             | 6,300             |
| Depreciation of tangible fixed assets       | 8,596             | 49,416            |
| Capital Grants Release                      | (1,800)           | (1,800)           |
|   | <u>          </u> | <u>          </u> |

5. DIRECTORS REMUNERATION

|   |                   |                   |
|---|-------------------|-------------------|
| Emoluments (including Pension contribution)                                   | 33,574            | 37,727            |
| Directors Annuities   | 5,720             | 3,688             |
|   | <u>          </u> | <u>          </u> |
|   | 39,294            | 41,415            |
|   | <u>          </u> | <u>          </u> |
| Emoluments (excluding pension contributions)<br>of the highest paid director. | 17,333            | 18,130            |
|   | <u>          </u> | <u>          </u> |

Directors' emoluments, excluding pension contributions fell within the following ranges:-

|                   | <u>1999</u>       | <u>1998</u>       |
|-------------------|-------------------|-------------------|
|                   | No                | No                |
| £5,001 - £10,000  | 1                 | -                 |
| £25,001 - £30,000 | 1                 | 2                 |
|                   | <u>          </u> | <u>          </u> |

DONALDSON & LYTTLE LIMITEDNOTES TO THE ABBREVIATED ACCOUNTS AS AT 31ST MARCH 1999Continued....6. STAFF COSTS

|                       | <u>1999</u>    | <u>1998</u>    |
|-----------------------|----------------|----------------|
|                       | £              | £              |
| Wages & salaries      | 104,758        | 114,281        |
| Social Security Costs | 10,476         | 14,978         |
| other Pension costs   | 500            | 583            |
|                       | <u>115,734</u> | <u>129,842</u> |

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

|                       | <u>1999</u> | <u>1998</u> |
|-----------------------|-------------|-------------|
|                       |             |             |
| Office and management | 3           | 6           |
| Sales                 | 5           | 5           |
|                       | <u>8</u>    | <u>11</u>   |

7. OTHER EXPENDITURE

|                                   | <u>1999</u> | <u>1998</u> |
|-----------------------------------|-------------|-------------|
|                                   | £           | £           |
| Profit\ (Loss) on property rental | 25,116      | (4,558)     |

8. INTEREST PAYABLE AND SIMILAR CHARGES

|                         | <u>1999</u> | <u>1998</u> |
|-------------------------|-------------|-------------|
|                         | £           | £           |
| Bank overdraft interest | 12,791      | 17,972      |

9. TAXATION

|   | <u>1999</u> | <u>1998</u> |
|---|-------------|-------------|
|   | £           | £           |
| United Kingdom corporation tax based on the profits for the year at 25% | -           | -           |
| Under provision for previous year                                       | -           | -           |

10. TANGIBLE FIXED ASSETSSee Page 10.

DONALDSON & LYTTLE LIMITEDNOTES TO THE ABBREVIATED ACCOUNTS AS AT 31ST MARCH 1999Continued....11. FIXED ASSET INVESTMENTS

|                               | <u>1999</u>    | <u>1998</u>    |
|-------------------------------|----------------|----------------|
|                               | £              | £              |
| (i) Balance at 1ST APRIL 1998 | 181,395        | 155,485        |
| Premiums paid in year         | 22,501         | 25,910         |
|                               | <u>203,896</u> | <u>181,395</u> |

The directors ceased paying the premiums on the above policy on 20/01/99. However the valuation of the fund at 31 March 1999 was £264,127.

- (ii) The company acquired all the shares in Donaldson & Lyttle (Ireland) Limited on 25th March 1997. The directors are satisfied that the consideration of £80774 does not exceed the net equity of this company based on the latest available accounts.

12. STOCKS

|                  | <u>1999</u>    | <u>1998</u>    |
|------------------|----------------|----------------|
|                  | £              | £              |
| Goods for resale | <u>149,574</u> | <u>258,930</u> |

13. DEBTORS

|                                | <u>1999</u>    | <u>1998</u>    |
|--------------------------------|----------------|----------------|
|                                | £              | £              |
| Trade Debtors                  | 111,974        | 104,065        |
| Rentals Control A/c            | (12,955)       | -              |
| Prepayments and accrued Income | 79,780         | 95,733         |
|                                | <u>178,799</u> | <u>199,798</u> |

14. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                  | <u>1999</u>    | <u>1998</u>    |
|----------------------------------|----------------|----------------|
|                                  | £              | £              |
| Bank Overdraft & Loan            | 154,698        | 158,199        |
| Accruals                         | 39,028         | 57,345         |
| Trade Creditors                  | 61,235         | 188,189        |
| United Kingdom Corporation Tax   | 3,150          | 3,150          |
| Directors Current A/C            | 1,859          | 3,209          |
| Former Directors                 | 2,141          | 848            |
| Sales Ledger Credit Balances     | 63,529         | 53,340         |
| Vat                              | 88,712         | 51,018         |
| Unpaid Tax on Loan Interest      | 18,232         | 16,044         |
| Hire Purchase < 1 Year           | 1,948          |                |
| Donaldson & Lyttle (Ireland) Ltd | 37,850         | 19,028         |
|                                  | <u>472,382</u> | <u>550,370</u> |

The bank overdraft is secured by:-

- A floating charge over the book debts.
- A solicitors undertaking over deeds at 165 Clandeboyne Road, Bangor.
- A directors letter of guarantee for £150,000.

DONALDSON & LYTTLE LIMITEDNOTES TO THE ABBREVIATED ACCOUNTS AS AT 31ST MARCH 1999Continued....15. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

|  | <u>1999</u>      | <u>1998</u>      |
|--|------------------|------------------|
|  | £                | £                |
| Loan from Birmingham Midshires B S (a) | 949,559          | 954,755          |
| Long Term Loan (b)                     | 98,974           | 114,986          |
| Hire Purchase Payments                 | 1,330            | -                |
|  | <u>1,049,863</u> | <u>1,069,741</u> |

- (a) The loan from Birmingham Midshires Building Society is secured by a first mortgage over the leasehold land and buildings at Gt Victoria Street and comprehensive savings plan policies on two of the directors for a guaranteed minimum death benefit maintained for the duration of the loan at a level at least equal to the amount of the advance.

Premiums are payable throughout the duration of the loan at a level that will build up a fund sufficient to repay the amount of the advance by the end of the term assuming a growth rate not exceeding 7.5% per annum. Such policies have initially been invested in unit linked funds.

The term of the loan is for a period not exceeding 15 years. The actual interest rate applied during the year was 7.083%(9.13% - 1998) variable.

- (b) The loan from Northern Bank is secured by a first mortgage over the freehold land & buildings at 165 Clondeboyne Road Bangor. The term of the loan is for a period not exceeding 7 years.

16. CAPITAL GRANT

|                      | <u>1999</u>   | <u>1998</u>   |
|----------------------|---------------|---------------|
|                      | £             | £             |
| At 31st March 1998   | 72,900        | 78,300        |
| Release for the year | (1,800)       | (1,800)       |
|                      | <u>71,100</u> | <u>72,900</u> |

17. SHARE CAPITAL

|                           | <u>Authorised</u> | <u>Issued<br/>&amp; Fully<br/>Paid</u> |
|---------------------------|-------------------|--|
|                           | <u>1999/98</u>    | <u>1999/98</u>                         |
|                           | £                 | £                                      |
| Ordinary Share of £1 each | <u>20,000</u>     | <u>15,000</u>                          |



DONALDSON & LYTTLE LIMITEDNOTES TO THE ABBREVIATED ACCOUNTS AS AT 31ST MARCH 1999Continued....18. RESERVES

|                            | Investment<br>revaluation<br>reserve<br>£ | Profit &<br>loss<br>account<br>£ | Total<br>£       |
|----------------------------|---|----------------------------------|------------------|
| Balance at 1ST APRIL 1998  | 1,283,005                                 | (388,640)                        | 894,365          |
| Revaluation Surplus        | 847,080                                   | -                                | 847,080          |
| Revaluation Investments    | -   | -                                | -                |
| Retained Profit            | -   | 2,393                            | 2,393            |
|                            | <hr/>                                     | <hr/>                            | <hr/>            |
| Balance at 31ST MARCH 1999 | <u>2,130,085</u>                          | <u>(386,247)</u>                 | <u>1,743,838</u> |

The property at 68/72 Gt Victoria Street, Belfast was valued by Lambert, Smith Hampton on 10th September 1996. This report indicated an open market value of £2,400,000.

19. CONTINGENT LIABILITIES

There are no contingent liabilities at 31 March 1999.

DONALDSON & LYTTLE LIMITED  
11A BOUCHER RETAIL PARK  
BOUCHER CRESCENT  
BELFAST BT12 6HU

FIXED ASSET SCHEDULE AS AT 31ST MARCH 1999

**Tangible Fixed Assets**

|                         | Land and<br>Buildings<br>Freehold | Long<br>Leasehold<br>Property | Fixtures<br>Fittings &<br>Equipment | Motor<br>Vehicles | Total     |
|-------------------------|-----------------------------------|-------------------------------|-------------------------------------|-------------------|-----------|
| <b>Cost/revaluation</b> |                                   |                               |                                     |                   |           |
| Opening balance         | 276,843                           | 1,601,500                     | 53,767                              | -                 | 1,932,110 |
| Additions               | 3,085                             | -                             | -                                   | 4,300             | 7,385     |
| Revaluation             | -                                 | 800,000                       | -                                   | -                 | 800,000   |
| Closing balance         | 279,928                           | 2,401,500                     | 53,767                              | 4,300             | 2,739,495 |

**DEPRECIATION**

|                     |       |          |        |   |          |
|---------------------|-------|----------|--------|---|----------|
| Opening balance     | -     | 47,080   | 49,007 | - | 96,087   |
| Revaluation         | -     | (87,080) | -      | - | (87,080) |
| Charge for the year | 8,120 | 40,000   | 476    | - | 48,596   |
| Closing balance     | 8,120 | -        | 49,483 | - | 57,603   |

**NET BOOK VALUES**

|                 |         |           |       |       |           |
|-----------------|---------|-----------|-------|-------|-----------|
| 31ST MARCH 1999 | 317,177 | 2,401,500 | 4,284 | 4,300 | 2,727,261 |
| 31ST MARCH 1998 | 322,212 | 1,554,420 | 4,759 | -     | 1,881,391 |