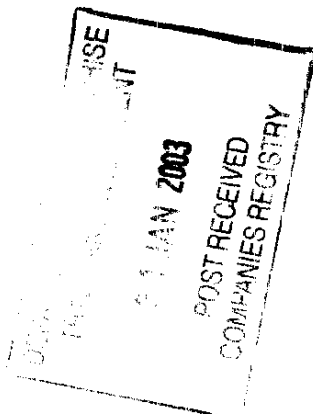


24
Registered no: NI 32024



Donnelly Bros. (Belfast) Limited
Abbreviated financial statements
for the year ended 31 March 2002



Donnelly Bros. (Belfast) Limited

Abbreviated report for the year ended 31 March 2002

| | Pages |
|---|--------------|
| Directors and advisers | 1 |
| Directors' report | 2 |
| Auditors' report | 3 |
| Abbreviated profit and loss account | 4 |
| Abbreviated balance sheet | 5 |
| Notes to the abbreviated financial statements | 6 – 11 |

Donnelly Bros. (Belfast) Limited

1

Directors and advisers

Directors

Terence Donnelly
Paul Donnelly
Edwin Black

Secretary

Martin O'Hanlon

Registered office

59 Moy Road
Dungannon
Co Tyrone

Solicitors

Eamonn McEvoy
22 Church Place
Lurgan
Co Armagh

Bankers

First Trust Bank
Scotch Street
Dungannon
Co Tyrone

Registered auditors

PricewaterhouseCoopers
18 Northland Row
Dungannon
Co Tyrone

Donnelly Bros. (Belfast) Limited

2

Directors' report for the year ended 31 March 2002

The directors present their report and the audited financial statements for the year ended 31 March 2002.

Principal activities

The principal activities of the company are that of retailing new and second hand motor vehicles and associated services.

Review of business and future developments

The directors consider the results for the year to be satisfactory. The company will continue to seek every opportunity to increase profitable turnover.

Results and dividends

The profit for the financial year is £253,781 (2001 - £184,513). The directors do not recommend the payment of a dividend.

Directors and their interests

The directors who served during the year are shown on page 1.

The share interests of Mr Terence Donnelly and Mr Paul Donnelly in Donnelly Bros. Garages (Dungannon) Limited, the ultimate parent company, are shown in the annual report of that company.

None of the other directors had any interest in the shares of the company at the 31 March 2002.

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 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;
- 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 (Northern Ireland) Order 1986. 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

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, a resolution to appoint the new firm, PricewaterhouseCoopers LLP, as auditors to the company will be proposed at the annual general meeting.

By order of the Board

Martin O'Hanlon
Secretary
31 January 2003



Report of the auditors to the directors of Donnelly Bros. (Belfast) Limited under Article 255B of the Companies (Northern Ireland) Order 1986

We have examined the abbreviated financial statements on pages 4 to 11 together with the annual financial statements of Donnelly Bros. (Belfast) Limited for the year ended 31 March 2002.

Respective responsibilities of directors and auditors


The directors are responsible for preparing the abbreviated financial statements in accordance with Article 254 of and Schedule 8A to the Companies (Northern Ireland) Order 1986. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated financial statements prepared in accordance with Articles 254(5) and (6) of the Companies (Northern Ireland) Order 1986 and whether the abbreviated financial statements are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of audit opinion

We have carried out the procedures we considered necessary to confirm, by reference to the annual financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements are properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the annual financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Articles 254(5) and (6) of the Companies (Northern Ireland) Order 1986 and the abbreviated financial statements to be delivered are properly prepared in accordance with those provisions.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dungannon
31 January 2003

Donnelly Bros. (Belfast) Limited

4

Abbreviated profit and loss account for the year ended 31 March 2002

(Abbreviated in accordance with the provisions
of the Companies (Northern Ireland) Order 1986)

| | Notes | 2002 £ | 2001 £ |
|--|-------|------------------|------------------|
| Gross profit | | 1,489,457 | 1,227,047 |
| Net operating expenses | 4 | (1,081,465) | (932,097) |
| Operating profit | 5 | 407,992 | 294,950 |
| Interest payable and similar charges | 8 | (44,800) | (31,167) |
| Profit on ordinary activities before taxation | | 363,192 | 263,783 |
| Tax on profit on ordinary activities | 9 | (109,411) | (79,270) |
| Retained profit for the financial year | 17 | 253,781 | 184,513 |

All amounts above relate to continuing operations of the company.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

Donnelly Bros. (Belfast) Limited

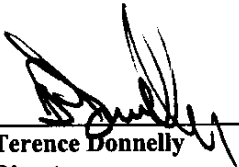
5

Abbreviated balance sheet as at 31 March 2002

(Abbreviated in accordance with the provisions
of the Companies (Northern Ireland) Order 1986)

| | Notes | 2002 £ | 2001 £ |
|--|-------|-------------|-------------|
| Fixed assets | | | |
| Tangible assets | 10 | 88,381 | 101,383 |
| Current assets | | | |
| Stocks | 11 | 1,433,238 | 1,010,120 |
| Debtors | 12 | 1,325,479 | 710,293 |
| Cash at bank and in hand | | 210,616 | 121,340 |
| | | 2,969,333 | 1,841,753 |
| Creditors: amounts falling due within one year | 13 | (2,297,461) | (1,423,909) |
| Net current assets | | 671,872 | 417,844 |
| Total assets less current liabilities | | 760,253 | 519,227 |
| Creditors: amounts falling due after more than one year | 14 | - | (10,555) |
| Provisions for liabilities and charges | 15 | (6,600) | (8,800) |
| Net assets | | 753,653 | 499,872 |
| Capital and reserves | | | |
| Called up share capital | 16 | 2 | 2 |
| Profit and loss account | 17 | 753,651 | 499,870 |
| Equity shareholders' funds | 18 | 753,653 | 499,872 |

The abbreviated financial statements have been prepared in accordance with the special provisions of Part VIII of the Companies (Northern Ireland) Order 1986 relating to medium-sized companies.


Terence Donnelly
Director

Notes to the abbreviated financial statements for the year ended 31 March 2002**1 Accounting policies**

These financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards. The significant accounting policies adopted are set out below.

Implementation of FRS 18 – “Accounting policies”

The company has adopted FRS 18 in its accounts for the year ended 31 March 2002. Adoption of FRS 18 required a full review of all the company’s accounting policies and estimation techniques (the latter being the methods by which accounting policies are implemented). This review was conducted in accordance with FRS 18, which requires that, where a choice of treatment is available, the “most appropriate” accounting policies and estimation techniques shall be used. The four ‘fundamental accounting concepts’ of SSAP2 (i.e. going concern, accruals, consistency and prudence) are replaced by a framework that requires accounting policies to be selected against the objectives of relevance, reliability, comparability and understandability. Implementation of FRS 18 has not resulted in changes to company accounting policies or estimation techniques.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost, of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used are as follows:

| | | % |
|-----------------------|---|----|
| Plant and equipment | - | 20 |
| Fixtures and fittings | - | 20 |

Finance and operating leases

Costs in respect of operating issues are charged on a straight-line basis over the lease term. Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in stock and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stocks. Stocks on consignment and their related obligations are not recognised in the balance sheet because the terms of the contract state that:

- (i) title to the vehicle does not pass to the dealer until full payment is due;
- (ii) the manufacturer can demand the return of stock within the consignment period;
- (iii) no interest is payable on consignment stock in the free stock period.

Turnover

Turnover represents the invoiced value of goods supplied during the year excluding value added tax.

Deferred taxation

The company has adopted FRS 19 "Deferred taxation" in these financial statements. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profit and its results as stated in the financial statements. Deferred tax assets and liabilities recognised have not been discounted. The adoption of FRS 19 in the current year has not resulted in a prior year adjustments.

2 Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of Donnelly Bros. Garages (Dungannon) Limited and is included in the consolidated financial statements of Donnelly Bros. Garages (Dungannon) Limited, which are publicly available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1(revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Donnelly Bros. Garages (Dungannon) Limited group.

3 Analysis of turnover

Information regarding turnover and profit on ordinary activities before taxation classified by geographical market and class of business has not been presented on the grounds that the directors believe that this disclosure would be seriously prejudicial.

4 Net operating expenses

| | 2002 £ | 2001 £ |
|------------------------------|-----------|-----------|
| Continuing operations | | |
| Administrative expenses | 1,081,465 | 932,097 |

5 Operating profit

| | 2002 £ | 2001 £ |
|--------------------------------------|-----------|-----------|
| This is stated after charging | | |
| Depreciation | | |
| – owned assets | 23,959 | 27,714 |
| Auditors' remuneration | 4,300 | 4,200 |
| Operating lease rentals | 57,393 | 37,764 |

6 Employee information

| | 2002 £ | 2001 £ |
|-----------------------|-----------|-----------|
| Staff costs | | |
| Wages and salaries | 607,744 | 518,864 |
| Social security costs | 52,823 | 55,105 |
| | 660,567 | 573,969 |

| | Number | Number |
|--|--------|--------|
| Average monthly number of persons employed by the company (including directors) during the year by activity | | |
| Selling and distribution | 23 | 22 |
| Administration | 3 | 3 |
| | 26 | 25 |

7 Directors' emoluments

| | 2002 | 2001 |
|----------------------|---------|---------|
| | £ | £ |
| Aggregate emoluments | 132,641 | 132,310 |

Retiring benefits are accruing to no directors (2001: Nil) under defined contribution scheme.

8 Interest payable and similar charges

| | 2002 | 2001 |
|------------------------------------|--------|--------|
| | £ | £ |
| Interest payable on bank overdraft | 15,247 | 17,162 |
| Interest payable on other loans | 29,553 | 14,005 |
| | 44,800 | 31,167 |

9 Tax on profit on ordinary activities

| | 2002 | 2001 |
|---|----------------|---------------|
| | £ | £ |
| Current tax: | | |
| UK corporation tax at 30% | 111,611 | 77,357 |
| Adjustment in respect of previous periods | - | 12 |
| Total current tax | 111,611 | 77,369 |
| Deferred tax: | | |
| Prior year adjustments | - | 1,001 |
| Accelerated capital allowances and other timing differences | (2,200) | 900 |
| Tax on profit on ordinary activities | 109,411 | 79,270 |

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

| | 2002 | 2001 |
|---|----------------|----------------|
| | £ | £ |
| Profit on ordinary activities before tax | 363,192 | 263,783 |
| Profit on ordinary activities multiplied by the standard rate in the UK (30%) (2001: 29.3%) | 108,958 | 77,256 |
| Effects of: | | |
| Expenses non deductible for tax purposes | 397 | 98 |
| Accelerated capital allowances and other timing differences | 2,200 | - |
| Adjustment in respect of previous periods | - | 3 |
| Rounding | 56 | 12 |
| Current tax charge for the year | 111,611 | 77,369 |

10 Tangible fixed assets

| | Plant and equipment £ | Fixtures and fittings £ | Total £ |
|---------------------------------|-----------------------------|-------------------------------|----------------|
| Cost | | | |
| At 1 April 2001 | 114,202 | 90,778 | 204,980 |
| Additions | 5,737 | 5,220 | 10,957 |
| At 31 March 2002 | 119,939 | 95,998 | 215,937 |
| Accumulated depreciation | | | |
| At 1 April 2001 | 55,403 | 48,194 | 103,597 |
| Charge for year | 13,921 | 10,038 | 23,959 |
| At 31 March 2002 | 69,324 | 58,232 | 127,556 |
| Net book value | | | |
| At 31 March 2002 | 50,615 | 37,766 | 88,381 |
| At 31 March 2001 | 58,799 | 42,584 | 101,383 |

11 Stocks

| | 2002 £ | 2001 £ |
|-------------------------------|-----------|-----------|
| Vehicles and parts for resale | 1,433,238 | 1,010,120 |

Stock on consignment is not recognised in the balance sheet because the terms of the contract state:

- (iv) title to the vehicle does not pass to the dealer until full payment is due;
- (v) the manufacturer can demand the return of stock within the consignment period;
- (vi) no interest is payable on consignment stock in the free stock period.

At 31 March 2002, the value of the consignment stock off balance sheet was £3,733,409 (2001: £2,114,686).

12 Debtors

| | 2002 £ | 2001 £ |
|---|------------------|----------------|
| Trade debtors | 1,162,956 | 534,317 |
| Amounts owed by related undertakings | 6,115 | 116 |
| Amounts owed by fellow group undertakings | 69,393 | 77,894 |
| Prepayments and accrued income | 87,015 | 97,966 |
| | 1,325,479 | 710,293 |

The amounts owed by related and group undertakings are unsecured, interest free and recoverable on demand.

13 Creditors: amounts falling due within one year

| | 2002 | 2001 |
|---|------------------|------------------|
| | £ | £ |
| Trade creditors | 987,094 | 412,655 |
| Corporation tax | 111,611 | 77,357 |
| Other tax and social security | 72,654 | 53,807 |
| Other creditors | 663,184 | 208,827 |
| Accruals and deferred income | 88,088 | 98,637 |
| Amounts owed to related undertaking | 8,519 | 96,232 |
| Amounts owed to fellow group undertakings | 366,311 | 476,394 |
| | 2,297,461 | 1,423,909 |

The amounts owed to group and related undertakings are unsecured, interest free and payable on demand.

Security

The bank overdraft is secured by an inter-company cross guarantee arrangement from the parent company.

14 Creditors: amounts falling due after more than one year

| | 2002 | 2001 |
|-----------------|------|--------|
| | £ | £ |
| Other creditors | - | 10,555 |

15 Provisions for liabilities and charges

| | Deferred tax provision |
|---|------------------------|
| | £ |
| At 1 April 2001 | 8,800 |
| Released to the profit and loss account | (2,200) |
| At 31 March 2002 | 6,600 |

| | Provided for 2002 | Provided for 2001 | Not provided for 2002 | Not provided for 2001 |
|--------------------------------|-------------------|-------------------|-----------------------|-----------------------|
| | £ | £ | £ | £ |
| Deferred taxation | | | | |
| Accelerated capital allowances | 6,600 | 8,800 | - | - |

16 Called up share capital

| | 2002 | 2001 |
|---|-----------|-----------|
| | £ | £ |
| Authorised | | |
| 1,000,000 ordinary shares of £1 each | 1,000,000 | 1,000,000 |
| Allotted and fully paid | | |
| 2 (2001 - 2) ordinary shares of £1 each | 2 | 2 |

17 Profit and loss account

| | Profit and loss account £ |
|--|---------------------------------|
| At 1 April 2001 | 499,870 |
| Retained profit for the financial year | 253,781 |
| At 31 March 2002 | 753,651 |

18 Reconciliation of movements in shareholders' funds

| | 2002 £ | 2001 £ |
|------------------------------------|----------------|----------------|
| Opening shareholders' funds | 499,872 | 315,359 |
| Profit for the financial year | 253,781 | 184,513 |
| Closing shareholders' funds | 753,653 | 499,872 |

19 Financial commitments

At 31 March 2002 the company had annual commitments under non-cancellable operating leases expiring as follows:

| | Land and buildings 2002 £ | Land and buildings 2001 £ |
|------------------|------------------------------------|------------------------------------|
| After five years | 71,500 | 71,500 |

20 Related party disclosures

The company has availed of the exemption in FRS 8 "Related Party Disclosures" from disclosing transactions with group undertakings.

Transactions with group companies

Fleet Contracts (Europe) Limited, is regarded as a related party as defined by Financial Reporting Standard 8 "Related Party Disclosures" as Messrs Terence and Paul Donnelly, directors and shareholders of Donnelly Bros. (Garages) Dungannon Limited the parent company are also directors and own 100% of the equity share capital in Fleet Contracts (Europe) Limited.

Total purchases from and sales to Fleet Contracts (Europe) Limited during the year amounted to £125,191 (2001: £119,236) and £21,099 (2001: £55,153) respectively. The amount due to and from Fleet Contracts (Europe) Limited at 31 March 2002 was £8,519 (2001: £96,232) and £6,115 (2001: £116) respectively.

21 Parent and ultimate holding company

The directors regard Donnelly Bros. Garages (Dungannon) Limited, which is registered in Northern Ireland, to be the company's ultimate parent company. According to the register kept by the company, Donnelly Bros. Garages (Dungannon) Limited has a 100% interest in the share capital of Donnelly Bros. (Belfast) Limited at 31 March 2002.

Copies of the parent company's consolidated financial statements may be obtained from Mr Martin O'Hanlon, Donnelly Bros. Garages (Dungannon) Limited, 59 Moy Road, Dungannon, Co Tyrone.