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Registered number: NI 32024

Donnelly Bros. (Belfast) Limited
Abbreviated financial statements
for the year ended 31 May 2008



Donnelly Bros. (Belfast) Limited

Abbreviated report for the year ended 31 May 2008

	Pages
Directors and advisers	1
Directors' report	2 - 4
Independent auditors' report	5
Abbreviated profit and loss account	6
Abbreviated balance sheet	7
Notes to the abbreviated financial statements	8 - 17

Donnelly Bros. (Belfast) Limited

1

Directors and advisers

Directors

Terence Donnelly
Edwin Black
Raymond Donnelly

Company secretary

Malcolm Kerr

Registered office

59 Moy Road
Dungannon
Co Tyrone
BT71 7DT

Solicitors

Eamonn McEvoy & Co.
22 Church Place
Lurgan
Co Armagh
BT66 6EY

Bankers

First Trust Bank Limited
18-20 Scotch Street
Dungannon
Co Tyrone
BT70 1AR

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
18 Northland Row
Dungannon
Co Tyrone
BT71 6AP

Directors' report for the year ended 31 May 2008

The directors present their report and the audited financial statements for the year ended 31 May 2008.

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

Business review

The results for the company show a pre-tax loss of £193,505 (2007: profit £601,857) on sales of £27,712,490 (2007: £26,257,953). At the year end the company had net funds of £145,542 (2007: £979,973). During the year the company purchased the trade and assets of Fleet Contracts (Europe) Limited operating at Apollo Road, Belfast.

Future outlook

It is expected that the downturn in consumer spending will continue to impact on sales for the year ending 2009. The directors have plans in place to ensure the company is well placed to retain its market position and continued profitability.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to the current economic downturn, competition from other car dealerships, employee retention and franchise support.

Key performance indicators (KPI)

The directors of the ultimate parent company, Donnelly Bros. Garages (Dungannon) Limited, manage the group's operations at a group level, rather than at an individual company level. For this reason, the company's directors believe that analysis using KPI's for the company is not necessary or appropriate for an understanding of the development, performance or position of Donnelly Bros. (Belfast) Limited business. The development, performance and position of Donnelly Bros. Garages (Dungannon) Limited, which include those of the company, are discussed in page 2 of the group's annual report, which does not form part of this report.

Environment

The company recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Health and safety

The company is committed to achieving the highest practicable standards in health and safety management and strives to make all sites and offices safe environments for employees and customers alike.

Human resources

The company's most important resource is its people; their knowledge and experience is crucial to meeting customer requirements. Retention of key staff is critical and the company has invested increasingly in employment training and development and has introduced appropriate incentive and career progression arrangements.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Directors' report for the year ended 31 May 2008 (continued)

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board.

Liquidity risk

The company actively maintains a mixture of medium-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

Interest rate cash flow risk

The company has interest bearing liabilities in the form of stocking loans. The company has a policy of maintaining debt at competitive rate to ensure a reasonable degree of certainty over future interest cash flows. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Results and dividends

The loss for the financial year is £136,391 (2007: profit £411,603). The directors do not recommend the payment of a final dividend (2007: £Nil).

Directors

The directors, who held office during the year, are given below:

Terence Donnelly
Edwin Black
Raymond Donnelly

Political and charitable donations

The company made charitable donations amounting to £1,341 (2007: £1,451) during the year, principally for the benefit of local communities in which the company operates. No donations for political purposes were made during the year (2007: £Nil).

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 (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.

Directors' report for the year ended 31 May 2008 (continued)

Statement of disclosure of information to auditors

So far as each of the directors in office at the date of approval of these financial statements are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



Malcolm Kerr
Company secretary
12 February 2009

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

We have examined the abbreviated financial statements set out on pages 6 to 17 together with the annual financial statements of Donnelly Bros. (Belfast) Limited for the year ended 31 May 2008 prepared under Article 234 of the Companies (Northern Ireland) Order 1986.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with Article 254A of 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 Article 254A(3) of the Order to the Registrar of Companies and whether the abbreviated financial statements are properly prepared in accordance with that provision and to report our opinion to you.

This report, including the opinion, has been prepared for and only for the company's for the purpose of Article 255B of the Companies (Northern Ireland) Order 1986 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of audit opinion

We conducted our work in accordance with Bulletin 2006/3 "The Special Auditors' Report on Abbreviated Accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Article 254A(3) of the Companies (Northern Ireland) Order 1986, and the abbreviated financial statements have been properly prepared in accordance with that provision.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Dungannon

12 February 2009

**Abbreviated profit and loss account
for the year ended 31 May 2008**

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

	Notes	2008 £	2007 £
Gross profit		2,599,095	2,872,568
Net operating expenses	4	(2,616,980)	(2,124,045)
Operating (loss)/profit	5	(17,885)	748,523
Interest payable and similar charges	8	(175,620)	(146,666)
(Loss)/profit on ordinary activities before taxation		(193,505)	601,857
Tax on (loss)/profit on ordinary activities	9	57,114	(190,254)
(Loss)/profit for the financial year	17	(136,391)	411,603

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 material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above, and their historical cost equivalents.

Donnelly Bros. (Belfast) Limited

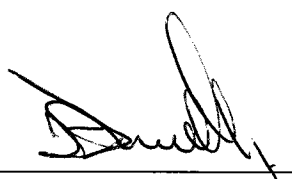
7

Abbreviated balance sheet as at 31 May 2008

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

	Notes	2008 £	2007 £
Fixed assets			
Intangible assets	10	118,973	-
Tangible assets	11	358,828	113,247
		477,801	113,247
Current assets			
Stocks	12	3,505,334	2,459,805
Debtors	13	1,550,793	1,317,490
Cash at bank and in hand.		145,542	979,973
		5,201,669	4,757,268
Creditors: amounts falling due within one year	14	(3,371,105)	(2,435,796)
Net current assets		1,830,564	2,321,472
Total assets less current liabilities		2,308,365	2,434,719
Provision for liabilities	15	(10,037)	-
Net assets		2,298,328	2,434,719
Capital and reserves			
Called up share capital	16	2	2
Profit and loss account	17	2,298,326	2,434,717
Shareholder's funds	18	2,298,328	2,434,719

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
12 February 2009

Notes to the abbreviated financial statements for the year ended 31 May 2008

1 Accounting policies

These financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies (Northern Ireland) Order 1986 and applicable accounting standards. The principal accounting policies are set out below.

Goodwill

Purchased goodwill arising on acquisitions is eliminated by amortisation through the profit and loss account over its useful economic life. The useful economic life of the asset shown in note 10 has been estimated by the directors at five years.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. 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 over the expected useful economic lives of the assets concerned. The principal annual rates and basis used are as follows:

	%
Forecourt	- 25 straight line
Plant and equipment	- 25 reducing balance
Fixtures and fittings	- 25 – 33 reducing balance
Motor vehicles	- 25 straight line

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. In addition to the stocks recorded in the balance sheet, the company holds vehicles under consignment arrangements, further details of which are given in note 12.

Debtors

Debtors are stated after all known bad debts have been written off and specific provision has been made against all debts considered doubtful of collection.

Turnover

Revenue from sales of vehicles, service parts and other related products including dealer bonus, is recognised when the risks and rewards of ownership of the goods are transferred to the customer, the amount of revenue can be estimated reliably and collectability is reasonably assured. Revenue is recognised excluding value added tax and is net of sales returns and discounts.

Deferred taxation

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. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities recognised have not been discounted.

Notes to the abbreviated financial statements for the year ended 31 May 2008

1 Accounting policies (continued)

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases') the assets are treated as if they had been purchased outright. The corresponding leasing commitments are shown as obligations to the lessor. Depreciation is charged to the profit and loss account on a straight line basis over the shorter of the lease terms and the useful economic lives of equivalent owned assets. Lease payments are treated as consisting of capital and interest elements and the interest is charged to revenue in proportion to the reducing capital element outstanding.

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

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 Turnover

Turnover relates to the company's main activity which is carried out in the United Kingdom.

4 Net operating expenses

	2008	2007
	£	£
Administration expenses	2,616,980	2,124,045

5 Operating (loss)/profit

	2008	2007
	£	£
This is stated after charging/(crediting):		
Staff costs (Note 6)	1,517,999	1,312,083
Goodwill amortisation	6,027	-
Depreciation		
– owned assets	74,469	41,483
Profit on disposal of fixed assets	(2,000)	-
Operating lease rentals		
- property	118,629	161,073
Auditor's remuneration	10,500	10,040

Notes to the abbreviated financial statements for the year ended 31 May 2008

6 Employee information

	2008 £	2007 £
Staff costs		
Wages and salaries	1,377,156	1,191,926
Social security costs	140,843	120,157
	1,517,999	1,312,083
	Number	Number
Average monthly number of persons employed by the company (including directors) during the year by activity		
Selling and distribution	57	45
Administration	5	5
	62	50

7 Directors' emoluments

	2008 £	2007 £
Aggregate emoluments	135,000	147,960

8 Interest payable and similar charges

	2008 £	2007 £
Interest payable on bank overdraft	30,432	27,211
Interest payable on stocking loans	145,188	110,271
Other interest	-	9,184
	175,620	146,666

Notes to the abbreviated financial statements for the year ended 31 May 2008

9 Tax on (loss)/profit on ordinary activities

	2008 £	2007 £
Current tax		
UK corporation tax (refund)/payable on (losses)/profits for the period at 28% (2007:30%)	(67,151)	195,043
Total current tax	(67,151)	195,043
Deferred tax		
Accelerated capital allowances	9,907	(4,856)
Adjustment in respect of rate change	130	-
Adjustment in respect of previous years	-	67
Total deferred tax (note 15)	10,037	(4,789)
Tax on (loss)/profit on ordinary activities	(57,114)	190,254

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 28% (2007:30%).

The differences are explained below:

	2008 £	2007 £
(Loss)/profit on ordinary activities before tax	(193,505)	601,857
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2007: 30%)	(54,181)	180,557
Effects of:		
Expenses non deductible for tax purposes	2,417	7,301
Accelerated capital allowances	(9,907)	4,856
Depreciation on non-qualifying assets	928	397
Refund due at rate higher than current rate	(4,476)	-
Movement in deferred tax not recognised	(1,932)	1,932
Current tax charge for the year	(67,151)	195,043

Factors that may affect future tax charges:

Deferred tax liabilities have not been discounted.

Notes to the abbreviated financial statements for the year ended 31 May 2008

10 Intangible assets

Goodwill
£

Cost	
At 1 June 2007	-
Additions	125,000
At 31 May 2008	125,000
Accumulated amortisation	
At 1 June 2007	-
Charge for the year	6,027
At 31 May 2008	6,027
Net book amount	
At 31 May 2008	118,973
At 31 May 2007	-

The goodwill arose on the acquisition of Fleet Contracts (Europe) Limited (see note 19).

11 Tangible assets

	Forecourt £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 June 2007	20,261	194,655	168,940	18,951	402,807
Additions	16,577	115,527	137,946	-	270,050
Arising on acquisition	-	50,000	-	-	50,000
Disposals	-	-	-	(6,951)	(6,951)
At 31 May 2008	36,838	360,182	306,886	12,000	715,906
Accumulated depreciation					
At 1 June 2007	11,548	143,933	130,445	3,634	289,560
Charge for the year	5,582	25,900	35,550	7,437	74,469
On disposals	-	-	-	(6,951)	(6,951)
At 31 May 2008	17,130	169,833	165,995	4,120	357,078
Net book amount					
At 31 May 2008	19,708	190,349	140,891	7,880	358,828
At 31 May 2007	8,713	50,722	38,495	15,317	113,247

Notes to the abbreviated financial statements for the year ended 31 May 2008**12 Stocks**

	2008	2007
	£	£
Goods for resale	3,505,334	2,459,805

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

- (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 year;
- (iii) no interest is payable on consignment stock within terms set out in the individual franchise agreement.

At 31 May 2008, the value of the consignment stock off balance sheet was £3,971,751 (2007: £2,961,419).

13 Debtors

	2008	2007
	£	£
Trade debtors	1,103,165	1,193,295
Amounts owed by group undertakings	213,998	57,609
Other debtors	67,151	-
Prepayments and accrued income	166,479	66,586
	1,550,793	1,317,490

14 Creditors: amounts falling due within one year

	2008	2007
	£	£
Stocking loans	1,884,368	694,295
Trade creditors	961,693	888,579
Amounts owed to group undertakings	157,747	203,692
Corporation tax	-	195,043
Other tax and social security	151,783	166,436
Other creditors	64,195	63,473
Accruals and deferred income	151,319	224,278
	3,371,105	2,435,796

Security

The bank overdraft facility is secured by an inter-company cross guarantee arrangement from the parent company and Donnelly Bros. Garages (Fermanagh) Limited.

Notes to the abbreviated financial statements for the year ended 31 May 2008

15 Provisions for liabilities

	Deferred taxation £
At 1 June 2007	-
Charged to the profit and loss account	10,037
At 31 May 2008	10,037

Deferred tax comprises:	2008 £	2007 £
Accelerated capital allowances	10,037	-
	2008 £	2007 £
Potential deferred taxation asset		
Other timing differences	-	1,932

The above asset has not been accounted for as in the opinion of the directors the timing of its recovery in the foreseeable future is not certain (See note 9).

16 Called up share capital

	2008 £	2007 £
Authorised		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Allotted and fully paid		
2 (2007: £2) ordinary shares of £1 each	2	2

17 Profit and loss account

	£
At 1 June 2007	2,434,717
Loss for the financial year	(136,391)
At 31 May 2008	2,298,326

18 Reconciliation of movements in shareholder's funds

	2008 £	2007 £
(Loss)/profit for the financial year	(136,391)	411,603
Opening shareholder's funds	2,434,719	2,023,116
Closing shareholders' funds	2,298,328	2,434,719

Notes to the abbreviated financial statements for the year ended 31 May 2008

19 Acquisitions

A trade comprising fixed assets and stock was acquired by the company on 7 March 2008 and is included in the results of Donnelly Bros. (Belfast) Limited for the year ended 31 May 2008. Results relating to the acquisition have not been disclosed on the face of the profit and loss accounts on grounds of materiality. For the period since acquisition, sales of £615,835 and an operating profit of £47,484 are included within the profit and loss account as continuing operations.

The purchase consideration totalled £605,373 which is reflected in fixed asset additions at note 10 and 11 and stock at note 12. No other assets or liabilities were acquired as part of this transaction.

	Book and fair value £
Tangible fixed assets	50,000
Stock	430,373
Net assets acquired	480,373
Goodwill	125,000
	605,373
Satisfied by:	
Cash	605,373

20 Financial commitments

At 31 May 2008 the company had annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings 2008 £	Land and buildings 2007 £
Within one year	78,000	-
Within two to five years	182,500	147,500
	260,500	147,500

21 Related party transactions and ultimate controlling party

The directors regard Donnelly Bros. Garages (Dungannon) Limited, which is registered in Northern Ireland, to be the company's ultimate controlling party. 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 May 2008.

The company is a wholly owned subsidiary of Donnelly Bros. Garages (Dungannon) Limited and is therefore exempt under the terms of Financial Reporting Standard 8 "Related Party Transactions" from disclosing related party transactions with entities that are greater than 90% owned within the Donnelly Bros. Garages (Dungannon) Limited group.

Notes to the abbreviated financial statements for the year ended 31 May 2008**21 Related party transactions and ultimate controlling party (continued)****(i) Donnelly & Taggart Limited**

During the year, Donnelly Bros. Garages (Belfast) Limited traded with Donnelly & Taggart Limited under the same terms as those available to other third parties in the ordinary course of business. Donnelly Bros. (Belfast) Limited is a wholly owned subsidiary of Donnelly Bros. Garages (Dungannon) Limited who in turn owns a 75% shareholding in Donnelly & Taggart Limited.

The following transactions were conducted with Donnelly & Taggart Limited:

	2008	2007
	£	£
Sales	43,681	13,360
Purchases	51,862	124,518

Balances outstanding with Donnelly & Taggart Limited at the year end are as follows:

	2008	2007
	£	£
Amounts owed by group undertakings	8,268	5,080
Amounts owed to group undertakings	19,253	13,391

(ii) Donnelly & Taggart (Ballymena) Limited

During the year, Donnelly Bros. Garages (Belfast) Limited traded with Donnelly & Taggart (Ballymena) Limited under the same terms as those available to other third parties in the ordinary course of business. Donnelly Bros. (Belfast) Limited is a wholly owned subsidiary of Donnelly Bros. Garages (Dungannon) Limited who in turn owns a 75% shareholding in Donnelly & Taggart Limited. Donnelly & Taggart Limited owns a 100% shareholding in Donnelly & Taggart (Ballymena) Limited.

The following transactions were conducted with Donnelly & Taggart (Ballymena) Limited:

	2008	2007
	£	£
Sales	1,399	18,607
Purchases	10,022	37,742

Balances outstanding with Donnelly & Taggart (Ballymena) Limited at the year end are as follows:

	2008	2007
	£	£
Amounts owed by group undertakings	59	379
Amounts owed to group undertakings	3,141	17,065

(iii) Taxi & Bus Conversion Limited

During the year, Donnelly Bros. (Belfast) Limited traded with Taxi & Bus Conversion Limited under the same terms as those available to other third parties in the ordinary course of business. Donnelly Bros. (Belfast) Limited is a wholly owned subsidiary of Donnelly Bros. Garages (Dungannon) Limited who in turn owns a 75% shareholding in Taxi & Bus Conversion Limited.

Notes to the abbreviated financial statements for the year ended 31 May 2008**21 Related party transactions and ultimate controlling party (continued)**

The following transactions were conducted with Taxi & Bus Conversion Limited

	2008	2007
	£	£
Sales	16	-
Purchases	23,773	-

Balances outstanding with Taxi & Bus Conversion Limited at the year end are as follows:

	2008	2007
	£	£
Amounts owed by group undertakings	-	-
Amounts owed to group undertakings	2,612	-

22 Ultimate parent undertaking

The smallest and largest undertakings of which the company is a member, and for which group financial statements are prepared, is Donnelly Bros. Garages (Dungannon) Limited, a company incorporated in Northern Ireland. Group financial statements for this company are prepared and available to the public from The Company Secretary, Donnelly Bros. (Dungannon) Limited, 59 Moy Road, Dungannon, Co Tyrone, BT71 7DT.