

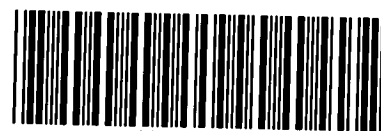
Registered number: NI032024

**Donnelly Bros. (Belfast) Limited**

**Annual report and financial statements**

**For the year ended 31 October 2016**

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## **Donnelly Bros. (Belfast) Limited**

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**Donnelly Bros. (Belfast) Limited**

**Company Information**

<b>Directors</b>	Terence Donnelly Edwin Black Raymond Donnelly
<b>Company secretary</b>	Philip Jordan
<b>Registered number</b>	NI032024
<b>Registered office</b>	59 Moy Road Dungannon Co Tyrone BT71 7DT
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Dungannon
<b>Bankers</b>	Dankse Bank Donegall Square West Belfast BT1 6JS
<b>Solicitors</b>	Eamonn McEvoy & Co 22 Church Place Lurgan Co Armagh BT66 6EY

## **Donnelly Bros. (Belfast) Limited**

### **Strategic report**

**For the year ended 31 October 2016**

The directors present their strategic report on the company for the year ended 31 October 2016.

### **Principal activity**

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

### **Business review**

Donnelly Bros. (Belfast) Limited is a private limited company incorporated in Northern Ireland. The company's registered office is detailed on page 1.

### **Principal risks and uncertainties**

The directors of the ultimate parent company, Donnelly Bros. Garages (Dungannon) Limited, manage the group's risk at a group level rather than at an individual company level. For this reason, the company's directors believe that a discussion of the group's risks would be inappropriate for an understanding of the development, performance or position of Donnelly Bros. (Belfast) Limited's business. The principal risks and uncertainties of Donnelly Bros. Garages (Dungannon) Limited, which include those of the company, are discussed on page 2 of the group's annual report, which does not form part of this report.

### **Financial key performance indicators**

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's 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.

### **Other key performance indicators**

The main operational key performance indicator is operational efficiency within each area of the business, which is monitored and communicated internally using a series of balanced scorecards.

### **Performance and future developments**

Results for the year are in line with the directors' expectations, with a continually high level of turnover and profitability. The directors have plans in place to ensure the company is strongly placed to retain its market position and to continue to remain profitable. Since the year end performance to date has been encouraging.

This report was approved by the board on 12 April 2017 and signed by its order.



**Philip Jordan**  
Secretary

**Directors' report  
For the year ended 31 October 2016**

The directors present their report and the audited financial statements of the company for the year ended 31 October 2016.

**Future developments**

The section on future developments which is detailed in the strategic report is included in this report by cross reference.

**Financial risk management**

The company's operations expose it to a variety of financial risks that include the effects of foreign exchange risk, credit 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. 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.

**Foreign exchange risk**

While the greater part of the company's turnover and expenses are denominated in sterling, the company is exposed to some foreign exchange risk in the normal course of business. While the company has not used financial instruments to date to hedge foreign exchange exposure, this position is kept constantly under review.

**Credit risk**

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to individual customers is subject to a limit, which is reassessed regularly by the board.

**Interest rate risk**

The company has interest bearing liabilities. The company has a policy of maintaining debt at a 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 profit for the financial year, amounted to £184,099 (2015 - £133,259).

The directors do not recommend the payment of a dividend (2015 - £NIL).

**Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Terence Donnelly  
Raymond Donnelly  
Edwin Black

## **Donnelly Bros. (Belfast) Limited**

### **Directors' report**

**For the year ended 31 October 2016**

#### **Statement of directors' responsibilities in respect of the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006.

The directors 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.

#### **Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be 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, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 12 April 2017 and signed on its behalf.



**Philip Jordan**  
Secretary

## **Donnelly Bros. (Belfast) Limited**

### **Independent auditors' report to the members of Donnelly Bros. (Belfast) Limited**

#### **Report on the financial statements**

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##### **Our opinion**

In our opinion, Donnelly Bros. (Belfast) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 October 2016 and of its profit for the year then ended;
  - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
  - have been prepared in accordance with the requirements of the Companies Act 2006.
- 

##### **What we have audited**

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 31 October 2016;
- the statement of income and retained earnings for the year ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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##### **Opinions on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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##### **Other matters on which we are required to report by exception**

###### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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##### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**Independent auditors' report to the members of Donnelly Bros. (Belfast) Limited**

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**Responsibilities for the financial statements and the audit**

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**Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

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**What an audit of financial statements involves**


We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

  
Martin Cowie (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Dungannon

13 April 2017

**Donnelly Bros. (Belfast) Limited****Statement of income and retained earnings  
For the year ended 31 October 2016**

	Note	2016 £	2015 £
Turnover	5	37,269,734	37,887,882
Cost of sales		(32,570,676)	(33,501,891)
<b>Gross profit</b>		<b>4,699,058</b>	<b>4,385,991</b>
Administrative expenses		(4,404,475)	(4,202,059)
<b>Operating profit</b>	6	<b>294,583</b>	<b>183,932</b>
Interest payable and similar charges	9	(55,582)	(50,081)
<b>Profit on ordinary activities before taxation</b>		<b>239,001</b>	<b>133,851</b>
Tax on profit on ordinary activities	10	(54,902)	(592)
<b>Profit for the financial year</b>		<b>184,099</b>	<b>133,259</b>
Retained earnings at the beginning of the year		3,018,817	2,885,558
		3,018,817	2,885,558
Profit for the financial year		184,099	133,259
<b>Retained earnings at the end of the year</b>		<b>3,202,916</b>	<b>3,018,817</b>

The notes on pages 9 to 20 form part of these financial statements.

**Donnelly Bros. (Belfast) Limited**  
**Registered number: NI032024**

**Balance sheet**  
**As at 31 October 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	11	272,346	378,735
		<u>272,346</u>	<u>378,735</u>
<b>Current assets</b>			
Stocks	12	3,366,961	2,846,501
Debtors	13	2,871,079	3,518,132
Cash at bank and in hand		1,064,137	184,067
		<u>7,302,177</u>	<u>6,548,700</u>
Creditors: amounts falling due within one year	14	(4,371,605)	(3,908,616)
<b>Net current assets</b>		<u>2,930,572</u>	<u>2,640,084</u>
<b>Total assets less current liabilities</b>		<u>3,202,918</u>	<u>3,018,819</u>
<b>Net assets</b>		<u><u>3,202,918</u></u>	<u><u>3,018,819</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	2	2
Profit and loss account		3,202,916	3,018,817
<b>Total shareholders' funds</b>		<u><u>3,202,918</u></u>	<u><u>3,018,819</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 April 2017.

  
**Terence Donnelly**  
 Director

The notes on pages 9 to 20 form part of these financial statements.

**Notes to the Financial Statements  
For the year ended 31 October 2016**

**1. General information**

The company's principal activity during the financial year was the retailing of new and second-hand motor vehicles and associated services. The company is a private company limited by shares and is incorporated and domiciled in the UK. The address of the registered office is 59 Moy Road, Dungannon, Co Tyrone, United Kingdom, BT71 7DT.

**2. Statement of compliance**

The financial statements of Donnelly Bros. (Belfast) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Details of the transition to FRS 102 are disclosed in note 21.

**3. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**3.1 Basis of preparation of financial statements**

These financial statements are prepared on a going concern basis, under the historical cost convention. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

**3.2 Exemptions for qualifying entity under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of the exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Donnelly Bros. Garages (Dungannon) Limited, includes the company's cash flows in its own consolidated financial statements;
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and 12.26 to 12.29, as the information is provided in the consolidated statement disclosures; and
- from disclosing the company's key management personnel compensation as required by FRS 102 paragraph 33.7

**Notes to the Financial Statements  
For the year ended 31 October 2016**

**3. Summary of significant accounting policies (continued)**

**3.3 Turnover**

Turnover represents the invoiced value of services supplied during the year and is recognised when and to the extent that the company obtains the right to consideration in exchange for its performance.

Turnover from sales of vehicles 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 turnover can be estimated reliably and collectability is reasonably assured.

Turnover is recognised excluding value added tax and is net of sales returns, discounts and future maintenance costs.

**3.4 Employee benefits**

The company provides a range of benefits to employees, including paid holiday arrangements and a defined contribution pension plan.

*(i) Short term benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

*(ii) Defined contribution pension plan*

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

**Notes to the Financial Statements  
For the year ended 31 October 2016**

**3. Summary of significant accounting policies (continued)**

**3.5 Current and deferred taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in equity. In this case tax is also recognised in equity. Current or deferred taxation assets and liabilities are not discounted.

*(i) Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

*(ii) Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

**3.6 Finance costs**

Finance costs are charged to the Statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**3.7 Operating leases**

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

Rentals paid under operating leases are charged to the statement of income and retained earnings on a straight line basis over the period of the lease.

**Notes to the Financial Statements  
For the year ended 31 October 2016**

**3. Summary of significant accounting policies (continued)**

**3.8 Tangible assets**

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Short-term leasehold property	-	20% straight line
Plant and machinery	-	25% reducing balance
Motor vehicles	-	25% straight line
Fixtures and fittings	-	25% reducing balance

**3.9 Stocks**

Stocks are stated at the lower of historical cost and estimated selling price less cost to complete and sell after making due allowance for obsolete and slow moving stocks. Inventories consumed are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first in first out (FIFO) method. Costs include the purchase price including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition.

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

At the end of each reporting period stocks are assessed for impairment. If an item is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the statement of income and retained earnings. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the statement of income and retained earnings.

**3.10 Debtors**

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

**3.11 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**Notes to the Financial Statements  
For the year ended 31 October 2016**

**3. Summary of significant accounting policies (continued)**

**3.12 Financial instruments**

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as cash, trade and other accounts receivable and payable, loans from banks and other third parties, loans to group undertakings and obligations under finance leases and hire purchase contracts.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**3.13 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**3.14 Related party transactions**

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

**3.15 Pensions**

**Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the company in independently administered funds.

**Notes to the Financial Statements  
For the year ended 31 October 2016**

**4. Critical accounting judgements and estimation uncertainty**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**(a) Critical judgements in applying the entity's accounting policies**

There are no critical judgements in applying the company's accounting policies.

**(b) Critical accounting estimates and assumptions**

There are no critical accounting estimates and assumptions.

**5. Turnover**

The whole of the turnover is attributable to the company's main activity which is carried out in the United Kingdom.

**6. Operating profit**

The operating profit is stated after charging:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible assets:		
- owned by the company	<b>143,956</b>	188,382
Fees payable to the company's auditors and their associates for the audit of the company's annual financial statements	<b>13,196</b>	13,000
Taxation compliance services	<b>1,660</b>	4,125
Other operating lease rentals		
- other operating leases	<b>263,492</b>	263,492
Inventory recognised as an expense	<b>31,524,026</b>	32,332,826
Defined benefit pension cost	<b>23,275</b>	34,700
	<b>=====</b>	<b>=====</b>

**Donnelly Bros. (Belfast) Limited**

**Notes to the Financial Statements  
For the year ended 31 October 2016**

**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	2,707,014	2,520,967
Social security costs	245,064	231,067
Other pension costs	23,275	34,700
	<u>2,975,353</u>	<u>2,786,734</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016 Number	2015 Number
Selling and distribution	98	94
Administration	9	11
	<u>107</u>	<u>105</u>

**8. Directors' remuneration**

	2016 £	2015 £
Directors' emoluments	88,701	92,486
	<u>88,701</u>	<u>92,486</u>

**9. Interest payable and similar charges**

	2016 £	2015 £
On bank loans and overdrafts	48,499	37,621
On other loans	7,083	12,460
	<u>55,582</u>	<u>50,081</u>

**Notes to the Financial Statements  
For the year ended 31 October 2016**

**10. Tax on profit on ordinary activities**

(i) Tax expense included in the statement of income and retained earnings

	2016 £	2015 £
<b>Corporation tax</b>		
Current tax on profits for the year	54,902	18,727
Adjustments in respect of prior periods	-	(18,135)
	<u>54,902</u>	<u>592</u>
<b>Total current tax</b>	<u>54,902</u>	<u>592</u>
<b>Taxation on profit on ordinary activities</b>	<u>54,902</u>	<u>592</u>

(ii) Reconciliation of tax charge

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2015 -lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>239,001</u>	<u>133,851</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 -20%)	47,800	26,770
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	5,584	(6,305)
Accelerated capital allowances and other timing differences	1,518	(2,028)
Adjustments in respect of prior periods	-	(18,135)
Group relief not paid for	-	290
<b>Total tax charge for the year</b>	<u>54,902</u>	<u>592</u>

**Factors that may affect future tax charges**

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

**Donnelly Bros. (Belfast) Limited**

**Notes to the Financial Statements  
For the year ended 31 October 2016**

**11. Tangible assets**

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>					
At 1 November 2015	551,968	644,321	98,897	862,312	2,157,498
Additions	9,628	4,069	-	25,609	39,306
Disposals	-	-	(14,767)	-	(14,767)
At 31 October 2016	<u>561,596</u>	<u>648,390</u>	<u>84,130</u>	<u>887,921</u>	<u>2,182,037</u>
<b>Accumulated depreciation</b>					
At 1 November 2015	505,518	513,520	47,415	712,310	1,778,763
Charge for the year	39,036	33,087	18,832	53,001	143,956
Disposals	-	-	(13,028)	-	(13,028)
At 31 October 2016	<u>544,554</u>	<u>546,607</u>	<u>53,219</u>	<u>765,311</u>	<u>1,909,691</u>
<b>Net book value</b>					
At 31 October 2016	<u>17,042</u>	<u>101,783</u>	<u>30,911</u>	<u>122,610</u>	<u>272,346</u>
At 31 October 2015	<u>46,450</u>	<u>130,801</u>	<u>51,482</u>	<u>150,002</u>	<u>378,735</u>

**12. Stocks**

	2016 £	2015 £
Finished goods and goods for resale	<u>3,366,961</u>	<u>2,846,501</u>
	<u>3,366,961</u>	<u>2,846,501</u>

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

At 31 October 2016, the value of the consignment stock off balance sheet was £2,532,421 (2015 - £2,662,534)

**Donnelly Bros. (Belfast) Limited**

**Notes to the Financial Statements  
For the year ended 31 October 2016**

**13. Debtors**

	2016 £	2015 £
Trade debtors	1,755,002	2,319,849
Amounts owed by group undertakings	846,074	944,187
Other debtors	31,692	-
Prepayments and accrued income	238,311	254,096
	<u>2,871,079</u>	<u>3,518,132</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

**14. Creditors: Amounts falling due within one year**

	2016 £	2015 £
Bank loans and overdrafts	1,808,403	1,393,910
Trade creditors	1,217,844	1,438,548
Amounts owed to group undertakings	704,223	484,769
Corporation tax	101,247	76,290
Other taxation and social security	304,098	282,659
Other creditors	-	8,747
Accruals and deferred income	235,790	223,693
	<u>4,371,605</u>	<u>3,908,616</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

**Security**

The bank facilities are secured by:

- (i) Unlimited intercompany cross guarantee in respect of Donnelly Bros. Garages (Dungannon) Limited, Donnelly Bros (Belfast) Limited, Donnelly Bros. Garages (Fermanagh) Limited, Donnelly Bros (Honda) Limited, Donnelly Motorstore Limited, Donnelly & Taggart (Ballymena) Limited and Taxi & Bus Conversion Limited;
- (ii) Floating charge over the assets and undertakings of the company.

**Donnelly Bros. (Belfast) Limited**

**Notes to the Financial Statements  
For the year ended 31 October 2016**

**15. Deferred taxation**

The company has the following deferred tax asset not recognised:

	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
Depreciation in excess of capital allowances	<b>31,586</b>	30,068
	<b>31,586</b>	30,068

The company has a potential deferred tax asset of £31,586 (2015: £30,068) which has not been recognised in the financial statements as its future recovery is uncertain. This potential deferred tax asset will be recognised when it can be regarded as more likely than not that there will be sufficient taxable profits from which the tax losses can be deducted.

**16. Called up share capital**

	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
<b>Allotted and fully paid</b>		
2 (2015 - 2) ordinary shares of £1 each	<b>2</b>	2

**17. Pension commitments**

The company operates a defined contribution pension scheme for a number of its employees. The assets of the scheme are held separately from those of the company, being invested with insurance companies. The pension cost charge represents contributions payable by the company and amounted to £23,275 for the year (2015: £34,700).

**18. Operating lease commitments**

At 31 October 2016 the company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
Within 1 year	<b>248,145</b>	263,492
Later than 1 year and not later than 5 years	<b>536,580</b>	114,000
<b>Total</b>	<b>784,725</b>	377,492

## Donnelly Bros. (Belfast) Limited

### Notes to the Financial Statements For the year ended 31 October 2016

#### 19. Related party transactions

The company has taken advantage of the exemption under paragraph 33.1A from the provisions of FRS 102, on the grounds that at 31 October 2016 it was a wholly owned subsidiary. Transactions with other related parties are as follows:

		2016	2015	2016	2015
	Nature of transaction	Amount of transaction £	Amount of transaction £	Amount owed from/(to) related party £	Amount owed from/(to) related party £
Donnelly & Taggart Limited (common influence)	Sales	486,615	460,554	119,076	139,453
	Purchases	(570,507)	(530,531)	(123,312)	(158,289)
Donnelly & Taggart (Ballymena) Limited (common influence)	Sales	37,570	23,641	11,634	6,562
	Purchases	(43,444)	(99,641)	(6,416)	(2,008)
Taxi & Bus Conversion Limited (common influence)	Sales	1,230	2,731	321	1,665
	Purchases	(41)	(461,457)	(333)	(333)

#### 20. Ultimate parent undertaking and controlling party

The ultimate controlling party is Terence Donnelly.

The company's ultimate parent undertaking is Donnelly Bros. (Dungannon) Limited, a company incorporated in Northern Ireland.

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. Garages (Dungannon) Limited, 59 Moy Road, Dungannon, Co Tyrone, BT71 7DT.

#### 21. Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under UK GAAP were for the year ended 31 October 2015. The date of transition to FRS 102 was 1 November 2014. The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.