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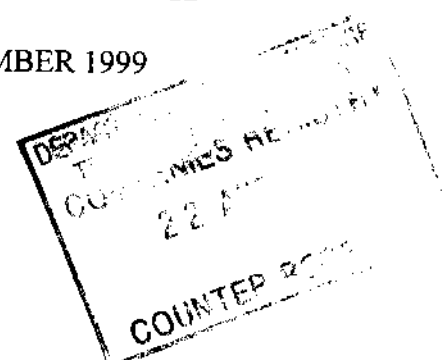


BALLYHANNON LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 1999



Company no NI 31860

BALLYHANNON LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 1999

Company registration number: NI 31860

Registered office: 50 Bedford Street
Belfast
BT2 7FW

Directors: Motors Directors Limited
Terence Sandford

Secretary: Motors Secretaries Limited

Bankers: Northern Bank Limited
39 Mallusk Road
Newtownabbey
Co Antrim
BT36 8PP

Solicitors: Cleaver Fulton & Rankin
50 Bedford Street
Belfast
BT2 7FW

Auditors: Grant Thornton
Registered auditors
Chartered accountants
Water's Edge
Clarendon Dock
Belfast
BT1 3BH

BALLYHANNON LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 1999

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BALLYHANNON LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 December 1999.

Principal activities

The company is principally engaged in the purchasing, selling and repairing of motor vehicles and other ancillary services.

Business review

There was a profit for the year after taxation amounting to £21,237. The directors recommend payment of dividends of £48,644.

Re-purchase of preference shares

During the year the company re-purchased 13,151 of its redeemable preference shares as stated in note 13.

Directors

The present membership of the Board is set out below. All directors served throughout the year.

The interests of the directors and their families in the shares of the company as at 31 December 1999 and 1 January 1999, or the date of their appointment to the Board if later, were as follows:

	Ordinary shares	
	31 December 1999	1 January 1999
Terence Sandford	200,001	200,001
Motors Directors Limited	-	-
<hr/>		
	Redeemable Preference Shares	
	31 December 1999	1 January 1999
Terence Sandford	1	1
Motors Directors Limited	-	-
<hr/>		

Motors Directors Limited is a company related to Vauxhall Motors Limited who own all the remaining preference shares at 31 December 1999 and 1 January 1999.

BALLYHANNON LIMITED

REPORT OF THE DIRECTORS

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Year 2000 Compliance

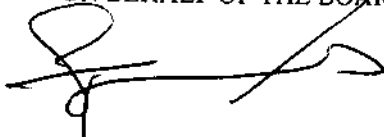
Many computer systems which express dates using only the last two digits of the year may malfunction due to the date change to the Year 2000. This risk to the business relates not only to the company's computer systems, but also to some degree on those of the company's customers and suppliers.

The issue is complex, and no business can guarantee that there will be no Year 2000 problems. However, the Board believes that its plans and the resources allocated are appropriate and adequate to address the issue.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 392 of the Companies (Northern Ireland) Order 1986.

ON BEHALF OF THE BOARD



T Sandford
Director
21 March 2000

**REPORT OF THE AUDITORS TO THE MEMBERS OF
BALLYHANNON LIMITED**

We have audited the financial statements on pages 4 to 18 which have been prepared under the accounting policies set out on pages 4 to 5.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

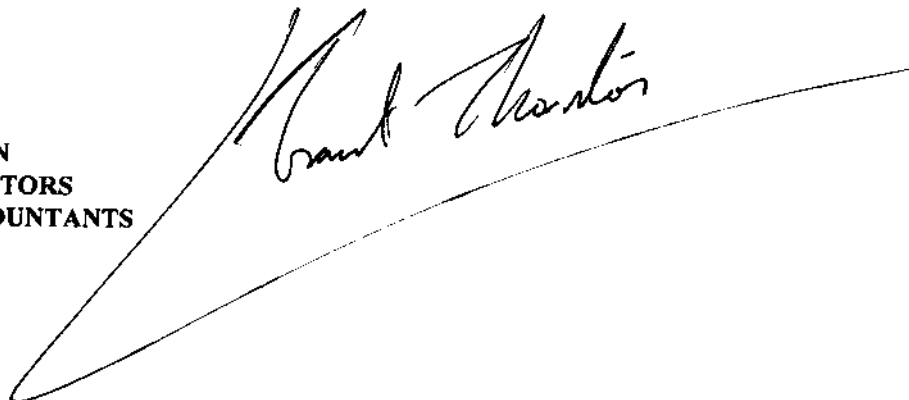
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.

**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

**BELFAST
21 March 2000**



BALLYHANNON LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

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

The principal accounting policies of the company are set out below.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

DEPRECIATION

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

Alteration to premises	20%
Plant and machinery	20%

INTANGIBLE FIXED ASSETS

Purchased goodwill which is not eliminated from the financial statements by immediate write-off on acquisition against reserves is amortised on a straight-line basis over its estimated useful economic life as shown in note 6.

STOCKS

Stocks are stated at the lower of cost and net realisable value.

Under supply agreements with General Motors, the company has access to 'consignment stock' during a consignment period. Where the nature of these supply agreements transfers risks and rewards to the company, which in substance gives the company control over the stock during the consignment period and liabilities in respect of holding costs, the company recognises these stocks in the balance sheet together with an equivalent liability.

Where supply agreements do not provide risks and rewards to the company until such time as legal title actually passes at the end of the consignment period, these stocks are not included in the balance sheet. Both the terms under which stocks are held and the financial commitment in respect of these stocks are disclosed in the notes to the financial statements.

DEFERRED TAXATION

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

BALLYHANNON LIMITED

PRINCIPAL ACCOUNTING POLICIES

MOTABILITY REPURCHASE ARRANGEMENTS

The company has certain obligations to repurchase vehicles at predetermined residual prices upon the expiry of the contracts, usually after three years, under agreements with Motability Finance Limited. The assets and corresponding liabilities have been disclosed in the balance sheet at the repurchase price. Where there is no obligation to repurchase vehicles, no disclosure is made.

BALLYHANNON LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1999

	Note	1999 £	1999 £	1998 £	1998 £
Turnover					
Continuing operations	1	19,099,302		20,330,962	
Acquisitions		10,392,135		-	
Cost of sales			29,491,437		20,330,962
			26,625,130		18,958,529
Gross profit			2,866,307		1,372,433
Other operating income and charges			2,784,081		1,359,066
Operating profit					
Continuing operations		174,135		13,367	
Acquisitions		(91,909)		-	
			82,226		13,367
Other interest receivable and similar income	2		5,995		12,041
Interest payable and similar charges	2		(35,447)		(13,877)
Profit on ordinary activities before taxation	1		52,774		11,531
Tax on profit on ordinary activities	4		31,537		12,040
Profit for the financial year	15		21,237		(509)
Dividends	5				
Non-equity		48,644		30,049	
			48,644		30,049
Loss transferred from reserves	14		(27,407)		(30,558)

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

BALLYHANNON LIMITED

BALANCE SHEET AT 31 DECEMBER 1999

	Note	1999 £	1998 £
Fixed assets			
Intangible assets	6	279,118	295,452
Tangible assets	7	497,292	327,985
		<u>776,410</u>	<u>623,437</u>
Current assets			
Stocks	8	4,399,765	4,287,104
Debtors	9	1,640,164	974,257
Cash at bank and in hand		365,574	239,857
		<u>6,405,503</u>	<u>5,501,218</u>
Creditors: amounts falling due within one year	10	5,169,265	3,541,156
Net current assets		<u>1,236,238</u>	<u>1,960,062</u>
Total assets less current liabilities		<u>2,012,648</u>	<u>2,583,499</u>
Creditors: amounts falling due after more than one year	11	1,012,844	1,561,137
Provisions for liabilities and charges	12	29,000	11,000
		<u>970,804</u>	<u>1,011,362</u>
Capital and reserves			
Called up share capital	13	1,016,246	1,029,397
Other reserves	14	33,304	20,153
Profit and loss account	14	(78,746)	(38,188)
Shareholders' funds	15	<u>970,804</u>	<u>1,011,362</u>
Equity shareholders' funds		233,305	212,144
Non-equity shareholders' funds		737,499	799,218
		<u>970,804</u>	<u>1,011,362</u>

The financial statements were approved by the Board of Directors on 21 March 2000.


T. Sandford
Director


A. Hawes
Director for & on behalf of Motors Directors Ltd

The accompanying accounting policies and notes form an integral part of these financial statements.

BALLYHANNON LIMITED**CASH FLOW STATEMENT**

For the year ended 31 December 1999

	Note	1999 £	1998 £
Net cash outflow from operating activities	16	(447,019)	505,743
Returns on investments and servicing of finance			
Interest received		5,995	12,041
Interest paid		(24,890)	(13,877)
Finance lease interest paid		(10,557)	-
Dividends paid		(48,644)	(37,054)
Net cash outflow from returns on investments and servicing of finance		(78,096)	(38,890)
Taxation		(3,906)	(34,349)
Investing activities			
Purchase of intangible fixed assets		(4)	-
Purchase of tangible fixed assets		(274,602)	(251,119)
Net cash outflow from investing activities		(274,606)	(251,119)
Net cash outflow before financing		(803,627)	181,385
Financing			
Redemption of shares		(13,151)	(7,630)
Net cash outflow from financing		(13,151)	(7,630)
Decrease in cash and cash equivalents		(816,778)	173,755

The accompanying accounting policies and notes form an integral part of these financial statements.

BALLYHANNON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit before taxation are attributable to the purchasing, selling and repairing of motor vehicles and other ancillary services.

The profit on ordinary activities is stated after:

	1999 £	1998 £
Auditors' remuneration	8,750	7,100
Depreciation and amortisation:		
Goodwill	16,338	16,338
Tangible fixed assets, owned	105,295	41,965
Other operating income includes:		
Manufacturers' receivables	272,020	287,027

2 INTEREST PAYABLE AND SIMILAR CHARGES / NET INTEREST

	1999 £	1998 £
On bank loans, overdrafts and other loans:		
Repayable within 5 years, otherwise than by instalments	24,890	13,877
Finance charges in respect of finance leases	10,557	-
Other interest receivable and similar income	(5,995)	(12,041)
	29,452	1,836

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	1999 £	1998 £
Wages and salaries	1,226,398	897,546
Social security costs	125,093	89,820
	1,351,491	987,366

BALLYHANNON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

The average number of employees of the company during the year were as follows:

	1999 Number	1998 Number
Cost of Sales	83	37
Selling and distribution	22	15
Administration	14	8
	<u>119</u>	<u>60</u>

Remuneration in respect of directors was as follows:

	1999 £	1998 £
Management remuneration	50,000	43,820
	<u>50,000</u>	<u>43,820</u>

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and represents:

	1999 £	1998 £
UK Corporation tax at 30%	16,000	1,000
Deferred taxation	12,000	11,000
	<u>28,000</u>	<u>12,000</u>
Adjustments in respect of prior periods:		
Corporation tax	(2,463)	40
Deferred tax	6,000	-
	<u>31,537</u>	<u>12,040</u>

5 DIVIDENDS

	1999 £	1998 £
Non-equity dividends:		
Preference dividend - formula per Articles of Association (due to Vauxhall Motors Limited)	48,644	30,049

BALLYHANNON LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 1999

INTANGIBLE FIXED ASSETS

	Purchased goodwill £	Total £
Cost or valuation		
At 1 January 1999	326,767	326,767
Additions	4	4
At 31 December 1999	<u>326,771</u>	<u>326,771</u>
Amortisation		
At 1 January 1999	31,315	31,315
Charge for the year	16,338	16,338
At 31 December 1999	<u>47,653</u>	<u>47,653</u>
Net book amount at 31 December 1999	<u>279,118</u>	<u>279,118</u>
Net book amount at 31 December 1998	<u>295,452</u>	<u>295,452</u>

Goodwill is being written off over its estimated useful economic life of 20 years.

7 TANGIBLE FIXED ASSETS

	Alteration to premises £	Plant & Equipment £	Total £
Cost or valuation			
At 1 January 1999	62,352	327,097	389,449
Additions	10,542	264,060	274,602
	<u>72,894</u>	<u>591,157</u>	<u>664,051</u>
Depreciation			
At 1 January 1999	14,144	47,320	61,464
Provided in the year	17,078	88,217	105,295
	<u>31,222</u>	<u>135,537</u>	<u>166,759</u>
Net book amount at 31 December 1999	<u>41,672</u>	<u>455,620</u>	<u>497,292</u>
Net book amount at 31 December 1998	<u>48,208</u>	<u>279,777</u>	<u>327,985</u>

BALLYHANNON LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 1999

8 STOCKS

	1999	1998
	£	£
Raw materials and consumable stores	13,037	-
Short-term work in progress	12,100	3,867
Finished goods and goods for resale	1,343,149	1,104,720
Vehicle consignment stock	1,673,870	1,309,548
Motability repurchase commitment vehicles	1,357,609	1,868,969
	<u>4,399,765</u>	<u>4,287,104</u>

The company has an obligation to repurchase vehicles under agreements with Motability Finance Limited, such repurchase is usually required after three years. The assets and corresponding liabilities have been recorded at the repurchase price. The value of repurchase vehicles due after more than one year is £663,557 (1998: £1,421,788).

9 DEBTORS

	1999	1998
	£	£
Trade debtors	1,010,681	386,397
Amounts owed by group undertakings	334,552	293,456
Other debtors	169,032	244,878
Taxation recoverable	14,113	8,784
Prepayments and accrued income	111,786	40,742
	<u>1,640,164</u>	<u>974,257</u>

An analysis of amounts owed by group undertakings, being related parties, is as follows:

	1999	1998
	£	£
Vehicle related transactions due from Vauxhall Motors Limited	<u>334,552</u>	<u>331,135</u>

BALLYHANNON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £	1998 £
Bank loans and overdrafts	737,010	86,323
Payments received on account	-	24,990
Trade creditors	774,257	756,687
Amounts owed to group undertakings	417,947	238,518
Consignment stock & Motability repurchase commitments	2,367,922	1,756,729
Corporation tax	16,000	1,040
Social security and other taxes	137,539	27,953
Other creditors	425,262	484,262
Texaco Oil Agreement	82,320	-
Accruals and deferred income	173,796	126,992
Amounts due under finance leases	37,212	37,662
	<u>5,169,265</u>	<u>3,541,156</u>
	£	£
Consignment vehicles on a General Motors Acceptance Corporation plan	1,673,870	1,309,548
Vauxhall Motors short term loan on commercial terms	417,383	193,817
	<u>2,091,253</u>	<u>1,503,365</u>

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1999 £	1998 £
Motability Repurchase Commitment	663,557	1,421,788
Texaco Oil Agreement	247,120	-
Amounts due under finance leases	102,167	139,349
	<u>1,012,844</u>	<u>1,561,137</u>

Motability repurchase commitments are spread monthly throughout financial periods.

BALLYHANNON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

Borrowings are repayable as follows:

	1999 £	1998 £
Within one year		
Bank and other borrowings (including Texaco Oil Agreement)		
Finance leases	819,330	86,323
After one and within two years	37,212	37,662
Texaco oil agreement		
Finance leases	82,320	-
After two and within five years	35,048	37,166
Texaco Oil Agreement		
Finance leases	164,800	-
	67,119	102,183
	<u>1,205,829</u>	<u>263,334</u>

12 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £	Total £
At 1 January 1999	11,000	11,000
Provided during the year	18,000	18,000
At 31 December 1999	<u>29,000</u>	<u>29,000</u>

13 SHARE CAPITAL

	1999 £	1998 £
Authorised		
250,000 (1998:250,000) ordinary shares of £1 each	250,000	250,000
1% preference shares of £1 each	849,550	849,550
	<u>1,099,550</u>	<u>1,099,550</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	200,001	200,001
1% preference shares of £1 each	816,245	829,396
	<u>1,016,246</u>	<u>1,029,397</u>

BALLYHANNON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

Rights

Preference shares

The redeemable preference shares are non-equity shares. The basic entitlement to a dividend at the rate of 1% net per share is waived, and instead these shares are entitled to a balance of any post tax profits remaining after redemption of the preference shares in accordance with the formula included in the company's Articles of Association. The redemption is made quarterly. Holders of preference shares have one vote for every share held. The rights of preference shareholders on winding up are dependant upon a calculation determining funds in excess of 85% of the original total share capital, and such rights are ranked before those of ordinary shareholders.

Ordinary shares

The ordinary shares carry no voting rights until all preference shares have been redeemed.

Redemptions

During the year the company redeemed 13,151 (1998: 7,630) £1 preference shares at par.

14 RESERVES

	Other reserves £	Profit and loss account £
At 1 January 1999	20,153	(38,188)
Retained loss for the year	-	(27,407)
Share redemptions in year - Vauxhall Motors Limited preference shares	13,151	(13,151)
At 31 December 1999	<u>33,304</u>	<u>(78,746)</u>

5 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
Profit for the financial year	21,237	(509)
Dividends	(48,644)	(30,049)
Redemption of shares	(27,407)	(30,558)
	(13,151)	(7,630)
Net decrease in shareholders' funds	(40,558)	(38,188)
Shareholders' funds at 1 January 1999	1,011,362	1,049,550
Shareholders' funds at 31 December 1999	<u>970,804</u>	<u>1,011,362</u>

BALLYHANNON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

16 NET CASH INFLOW/OUTFLOW FROM OPERATING ACTIVITIES

	1999 £	1998 £
Operating profit		
Depreciation and amortisation	82,226	13,367
Increase in stocks	121,633	58,303
Increase in debtors	(112,661)	(806,226)
Increase in creditors	(660,578)	(2,378)
	122,361	1,242,677
Net cash outflow from continuing operating activities	(447,019)	505,743

17 ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 1999 £	Cash flow £	At 31 December 1999 £
Cash in hand, at bank	239,857	125,717	365,574
Overdrafts	(86,323)	(650,687)	(737,010)
Debt	-	(329,440)	(329,440)
Finance leases	(177,011)	37,632	(139,379)
	(23,477)	(816,778)	(840,255)

18 ACQUISITIONS

On 4 January 1999 the company acquired the business and assets of Sydney Pentland Limited, for a consideration of £943,426 in cash. Goodwill arising on the acquisition of Sydney Pentland Limited has been capitalised. The purchase of the business and assets of Sydney Pentland Limited has been accounted for by the acquisition method of accounting.

The assets and liabilities of Sydney Pentland Limited acquired were as follows:

Fixed assets	
Intangible	£
Tangible	4
	170,000
Current assets	
Stocks	
Work In Progress	769,684
Total assets	3,738
	943,426

BALLYHANNON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

	£
Fair value of net assets	
Purchased goodwill capitalised	943,422
	4
	<u>943,426</u>
Satisfied by:	
Cash	942,426
	<u>942,426</u>

19 CAPITAL COMMITMENTS

	1999 £	1998 £
Contracted for but not provided for.	-	940,000
The company had no capital commitments at 31 December 1999.		

20 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 1999

1 TRANSACTIONS WITH RELATED PARTIES

Name of related party	Value of transactions	
	1999 £	1998 £
Vauxhall Motors Limited. Subsidiary of General Motors Corporation - Parts purchase transactions.	1,756,885	852,062
Vauxhall Motors Limited. Subsidiary of General Motors Corporation - Miscellaneous vehicle purchases.	39,000	-
General Motors Acceptance Corporation. Subsidiary of General Motors Corporation - vehicle financing sales transactions.	12,861,882	12,000,000
General Motors Acceptance Corporation. Subsidiary of General Motors Corporation - vehicle related purchase transactions.	19,977,737	19,550,000

BALLYHANNON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

22

ULTIMATE PARENT UNDERTAKING/CONTROLLING RELATED PARTY

The directors consider that the ultimate parent undertaking of this company is General Motors Corporation incorporated in the United States of America.

Vauxhall Motors Limited is the company's controlling related party by virtue of its holding of redeemable preference shares. The ultimate controlling related party of the company is General Motors Corporation, as a result of Vauxhall Motors Limited being one of its subsidiary companies.