



Donnelly Group Tax strategy

Donnelly Bros Garages (Dungannon) Limited and its subsidiaries consider the publication of this tax strategy as complying with the duty to publish the Groups tax strategy as required by paragraph 16(2), Schedule 19, Finance Act 2016.

Donnelly Group considers the group to be a responsible tax payer and are committed to maintaining an appropriate tax strategy. The group overall objective is to pay the correct amount of tax on a timely basis and to maintain a open and transparent relationship with HMRC.

Our tax strategy is underpinned and focused on the following key areas:

1. Integrity in compliance and reporting.
2. Enhancing shareholder value.
3. Commercial rationale.
4. Controlling and managing risks.
5. Being a trusted company.
6. Having a transparent relationship with HMRC.

The financial results for the period ended 31 December 2018, and comparative period of 14 months ending 31 December 2017 are as follows:

	2018	2017	2016
	£	£	£
Turnover	311,316,948	330,765,148	277,036,925
Gross Profit	32,089,429	34,946,067	28,763,732
Profit before tax	1,021,145	1,891,651	1,884,055
Retained Earnings	778,680	1,478,814	1,379,862
Net assets	20,652,536	19,873,856	18,380,042
KPIs	2018	2017	2016
Growth in turnover*	9.8%	2.3%	12.3%
Gross profit margin	10.3%	9.8%	10.4%
Profit before tax as a percentage of turnover	0.3%	0.5%	0.7%
No of franchises held	34	34	32
Employee numbers	780	691	659

*2017 turnover factored for 12 months

Further information on the financial results of the company can be found on the companies published Group consolidated financial statements at Companies House.

A snapshot of the Group's tax contributions can be found below for the period ended 31 December 2018:

	Total
Tax liabilities	£
Corporation Tax	226,867
Deferred Tax	46,924
Effective Rate of CT	22.2%

1. Integrity in Compliance and Reporting

We understand the value of our financial reporting to customers, investors and other stakeholders. We work to provide enhanced, transparent and balanced disclosure in communicating our tax affairs.

The group is committed to acting with integrity and transparency in all tax matters as part of our objective of being a trusted company. Our tax strategy and policy require that we fully comply with the letter and spirit of the law. We disclose on our financial statements the tax expense and full reconciliation of statutory tax rates and effective tax rates and we make timely and accurate tax returns that reflect our fiscal obligations to Government.

External third party software is licensed for use in house for preparing tax returns as well as providing an additional layer of integrity for HMRC, it ensures that any changes to legislation that impact tax calculations are correctly reflected in tax returns.

2. Enhancing Shareholder Value

We deliver goods and services to customers at a price they are willing to pay, while providing our shareholders with returns that attract long term investment. The Group's overall strategy and policies balance the need to maintain trust with stakeholders, while also generating a return for shareholders.

3. Commercial Rationale

Minimising the Group's tax liabilities by recognising appropriate legislative concessions and reliefs is of benefit to our customers via lower costs and to our shareholders by enhancing returns. In line with the Group's tax strategy it seeks to make use of such appropriate reliefs and to control the Group's tax costs.

Whilst seeking to minimise tax liabilities for the benefit of customers and shareholders, the Group's policy is not to use any aggressive tax planning or use any artificial tax avoidance schemes in line with being a trusted company.

4. Controlling and Managing Risks.

We aim for certainty on the tax positions that we adopt. However, tax law can be unclear at times or subject to interpretation. On occasion, interpretation of that law may be opposed to Government's intention. Our policy is:

- Not to enter into any transactions that have as their main purpose gaining a tax advantage.
- Not to make any interpretations of tax law that is opposed to the spirit in which the Government intended.

To support the Group on this policy and to ensure that interpretation of the law is as it was intended, we have an internal tax specialist. As well this, we engage with a Top 4 accounting firm and legal firms where necessary for tax and legal advice.

5. Being a Trusted Company

Demonstrating an understanding of where your stakeholder needs are, what issues they have and what the opportunities are, and having frequent dialogue with these stakeholders is a fundamental part of being a trusted company.

The position of a trusted company must be earned, it takes time and investment of effort and we believe that for a long number of years we as a Group have made an investment in these stakeholders.

We have built a trusted relationship and our tax strategy supports this trust status through integrity and transparency at all times.

6. Having a Transparent Relationship with HMRC

An important part of our tax strategy and policies and in support of the trusted company status is the maintenance and development of a strong, proactive working relationship with HM Revenue and Customs. We are transparent with HMRC and, in cases of interpretation or complexity, work with them on a real time basis to determine the amount of tax due.


Tax Governance

Tax is part of the finance function of our Group and it is the ultimate responsibility of the Group Finance Director and Senior Accounting Officer as well as the Group Tax and Compliance Manager to ensure the policies surrounding tax are adhered to.

Ultimately the Board of Directors of the Group are responsible for its approval, implementation and delivery.

The Board duly approved the above Tax Strategy at a Board of Directors meeting held at 59 Moy Road, Dungannon, Co Tyrone BT71 7DT on 28 Day of June, 2019.

Signed on behalf of the Board


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Malcolm Kerr

Group Finance Director