

MERIT RETAIL LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2007

IRWIN DONAGHEY STOCKMAN

23/25 QUEEN STREET
COLERAINE
CO LONDONDERRY
BT52 1BG

MERIT RETAIL LIMITED

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MERIT RETAIL LIMITED

COMPANY INFORMATION AS AT 31 DECEMBER 2007

DIRECTORS	Matilda Conway Olivia Conway Therese Conway Jarlath Conway
SECRETARY	Matilda Conway
COMPANY NUMBER	NI29742
REGISTERED OFFICE	58 Moneymore Road Magherafelt BT45 6HG
AUDITORS	Irwin Donaghey Stockman 23/25 Queen Street Coleraine Co Londonderry BT52 1BG
BUSINESS ADDRESS	58 Moneymore Road Magherafelt BT45 6HG
BANKERS	Northern Bank Limited 12-14 Broad Street Magherafelt BT45 6EA
SOLICITORS	L'Estrange & Brett Arnott House 12-16 Bridge Sreet Belfast BT1 1LS

MERIT RETAIL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report and the accounts for the year ended 31 December 2007.

Principal activity and review of the business

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of a final dividend.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

		Number of Shares	
		2007	2006
Matilda Conway	Ordinary £1 shares	9,999	9,999
Therese Conway	Ordinary £1 shares	1	1
Olivia Conway	Ordinary £1 shares	-	-
Jarlath Conway	Ordinary £1 shares	-	-

Directors' responsibilities

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

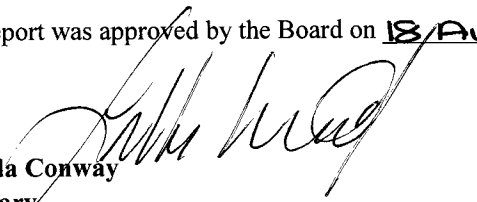
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies (Northern Ireland) Order 1986. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

In accordance with Article 392 of the Companies (Northern Ireland) Order 1986, a resolution proposing that Irwin Donaghey Stockman be reappointed as auditors of the company will be put to the Annual General Meeting.

This report is prepared in accordance with the special provisions of part 1 of the Companies (Northern Ireland) Order 1986.

This report was approved by the Board on 18 August 2008 and signed on its behalf by


Matilda Conway
Secretary

**INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF
MERIT RETAIL LIMITED
under paragraph 24 of Schedule 8 of the Companies (NI) Order 1986**

We have examined the abbreviated accounts set out on pages 4 to 13 together with the financial statements of MERIT RETAIL LIMITED for the year ended 31 December 2007 prepared under Article 234 of the Companies (Northern Ireland) Order 1986.

This report is made solely to the company, in accordance with Paragraph 24 of Schedule 8 to the Companies (Northern Ireland) Order 1986. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company as a body, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

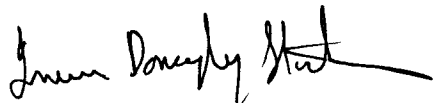
The directors are responsible for preparing abbreviated accounts in accordance with Article 254 of the Companies (Northern Ireland) Order 1986. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Articles 254(5) and (6) of the Order to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

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

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Articles 254(5) and (6) of the Companies (Northern Ireland) Order 1986 in respect of the year ended 31 December 2007, and the abbreviated accounts on pages 4 to 13 are properly prepared in accordance with that provision.



**Irwin Donaghey Stockman
Registered Auditor**

18 August 2008

MERIT RETAIL LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

		2007	2006
	Notes	£	£
Gross profit		3,021,026	2,988,070
Administrative expenses		(2,831,841)	(2,780,767)
Operating profit	2	189,185	207,303
Interest payable and similar charges	3	(115,630)	(110,755)
Profit on ordinary activities before taxation		73,555	96,548
Tax on profit on ordinary activities	5	(21,046)	(27,531)
Profit on ordinary activities after taxation		52,509	69,017
Retained profit for the year		52,509	69,017

There are no recognised gains or losses other than the profit or loss for the above two financial years.

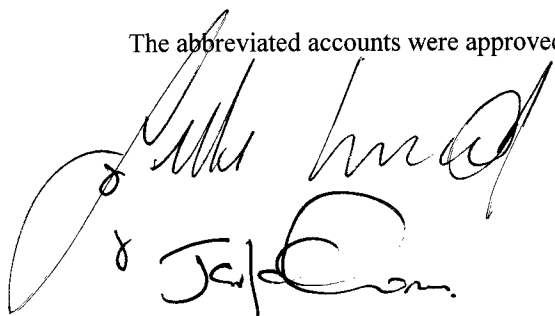
MERIT RETAIL LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 DECEMBER 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Intangible assets	6	232,013	366,013
Tangible assets	7	1,860,485	2,027,950
		<u>2,092,498</u>	<u>2,393,963</u>
CURRENT ASSETS			
Stocks	8	538,514	571,778
Debtors	9	2,293,562	2,090,394
Cash at bank and in hand		462,169	527,241
		<u>3,294,245</u>	<u>3,189,413</u>
CREDITORS: amounts falling due within one year	10	(1,742,404)	(1,647,568)
NET CURRENT ASSETS		<u>1,551,841</u>	<u>1,541,845</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,644,339</u>	<u>3,935,808</u>
CREDITORS: amounts falling due after more than one year	11	(1,105,137)	(1,425,054)
PROVISION FOR LIABILITIES AND CHARGES	13	(94,514)	(118,575)
NET ASSETS		<u><u>2,444,688</u></u>	<u><u>2,392,179</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	100,000	100,000
Profit and loss account		2,344,688	2,292,179
EQUITY SHAREHOLDERS' FUNDS	15	<u><u>2,444,688</u></u>	<u><u>2,392,179</u></u>

The abbreviated accounts are prepared in accordance with the special provisions of Part I of Schedule 8 of the Companies (NI) Order 1986 relating to medium-sized companies.

The abbreviated accounts were approved by the Board on 18 August 2008 and signed on its behalf by



The notes on pages 7 to 13 form an integral part of these financial statements.

MERIT RETAIL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £	2006 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		189,185	207,303
Depreciation		360,232	330,441
Decrease in stocks		33,264	7,786
(Increase) in debtors		(203,168)	546,460
Increase in creditors		116,094	56,968
Net cash inflow from operating activities		495,607	1,148,958
Cash flow statement			
Net cash inflow from operating activities		495,607	1,148,958
Returns on investments and servicing of finance	18	(115,630)	(110,755)
Taxation	18	(30,497)	(39,452)
Capital expenditure	18	(58,766)	(603,191)
Financing	18	(209,398)	(9,251)
Increase in cash in the year		81,316	386,309
Reconciliation of net cash flow to movement in net funds (Note 19)			
Increase in cash in the year		81,316	386,309
Cash outflow from increase in debts and lease financing		209,398	9,251
Change in net funds resulting from cash flows		290,714	395,560
New finance leases and hire purchase contracts		-	(191,817)
Movement in net funds in the year		290,714	203,743
Net debt at 1 January 2007		(1,292,403)	(1,496,146)
Net funds at 31 December 2007		(1,001,689)	(1,292,403)

MERIT RETAIL LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1. Accounting policies

1.1. Accounting convention

The accounts are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board.

1.2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

1.3. Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 3 years.

1.4. Off-Sales Licence

Off-sale licences are valued at cost less accumulated amortisation.

Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of 10 years.

1.5. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	Depreciation is provided on the asset value within property cost, which qualifies for capital allowances on a straight line basis of 10% per annum.
Plant and machinery	-	10% - 15% straight line

1.6. Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

1.7. Stock

Stock is valued at the lower of cost and net realisable value.

1.8. Pensions

Bank loans are secured by fixed and floating charges over the relevant properties and book debts.

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings.

MERIT RETAIL LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1.9. 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Operating profit	2007	2006
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off intangible assets	134,000	116,564
Depreciation and other amounts written off tangible assets	226,232	213,877
Auditors' remuneration	16,500	16,500
3. Interest payable and similar charges	2007	2006
	£	£
Interest payable on loans	115,373	110,205
On overdue tax	257	550
	115,630	110,755
4. Employees		
Number of employees	2007	2006
The average monthly numbers of employees (including the directors) during the year were:	Number	Number
Managment	13	-
Administration	6	-
Sales	123	-
	142	-
Employment costs	2007	2006
	£	£
Wages and salaries	1,415,859	1,521,092
Other pension costs	4,697	5,476
	1,420,556	1,526,568

MERIT RETAIL LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

5. Tax on profit on ordinary activities

Analysis of charge in period	2007 £	2006 £
Current tax		
UK corporation tax	45,107	30,754
Total current tax charge	45,107	30,754
Deferred tax		
Timing differences, origination and reversal	(24,061)	(3,223)
Total deferred tax	(24,061)	(3,223)
Tax on profit on ordinary activities	21,046	27,531

Factors affecting tax charge for period

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

	2007 £	2006 £
Profit on ordinary activities before taxation	73,555	96,548
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (31 December 2006 : 30%)	22,067	28,964
Effects of:		
Expenses not deductible for tax purposes	168	183
Capital allowances for period in excess of depreciation	(1,189)	-
Marginal Relief	-	(1,616)
Current tax charge for period	21,046	27,531

6. Intangible fixed assets

	Off-Sale Licences £	Goodwill £	Total £
Cost			
At 1 January 2007	262,577	330,000	592,577
At 31 December 2007	262,577	330,000	592,577
Provision for diminution in value			
At 1 January 2007	6,564	220,000	226,564
Charge for year	24,000	110,000	134,000
At 31 December 2007	30,564	330,000	360,564
Net book values			
At 31 December 2007	232,013	-	232,013
At 31 December 2006	256,013	110,000	366,013

MERIT RETAIL LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

7. Tangible fixed assets	Land and buildings freehold £	Plant and machinery £	Total £
Cost			
At 1 January 2007	1,458,075	1,573,009	3,031,084
Additions	-	58,766	58,766
At 31 December 2007	1,458,075	1,631,775	3,089,850
Depreciation			
At 1 January 2007	157,146	845,987	1,003,133
Charge for the year	30,484	195,748	226,232
At 31 December 2007	187,630	1,041,735	1,229,365
Net book values			
At 31 December 2007	1,270,445	590,040	1,860,485
At 31 December 2006	1,300,929	727,022	2,027,951

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2007		2006	
	Net	Depreciation	Net	Depreciation
	book value £	charge £	book value £	charge £
Plant and machinery	258,863	96,260	318,871	64,185
8. Stocks			2007 £	2006 £
Finished goods and goods for resale			538,514	571,778
9. Debtors			2007 £	2006 £
Trade debtors			137,846	147,259
Amounts owed by group undertakings			2,153,363	1,941,150
Prepayments and accrued income			2,353	1,985
			2,293,562	2,090,394

MERIT RETAIL LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

10. Creditors: amounts falling due within one year	2007 £	2006 £
Bank loan	134,528	137,291
Hendersons, Diageo & Dillion Bass	131,823	138,694
Net obligations under finance leases and hire purchase contracts	92,373	118,605
Trade creditors	1,186,271	1,121,954
Corporation tax	45,364	30,754
Other taxes and social security costs	77,301	82,022
Accruals and deferred income	74,744	18,248
	<u>1,742,404</u>	<u>1,647,568</u>

The principal activities of the company in the year under review was the operation of filling stations, supermarkets, off-licence and the operation of a lounge bar and off sales.

11. Creditors: amounts falling due after more than one year	2007 £	2006 £
Bank loan	780,394	860,994
Hendersons, Diageo & Dillion Bass	259,916	406,302
Net obligations under finance leases and hire purchase contracts	64,827	157,758
	<u>1,105,137</u>	<u>1,425,054</u>
Loans		
Repayable in one year or less, or on demand (Note 10)	266,351	275,985
Repayable between one and two years	229,390	267,375
Repayable between two and five years	531,475	563,513
Repayable in five years or more	279,445	436,409
	<u>1,306,661</u>	<u>1,543,282</u>
 Repayable in five years or more:		
Bank loan	266,197	370,169
Hendersons, Diageo & Dillion Bass	13,248	66,240
	<u>279,445</u>	<u>436,409</u>
 Net obligations under finance leases and hire purchase contracts		
Repayable within one year	92,371	118,605
Repayable between one and five years	64,827	157,758
	<u>157,198</u>	<u>276,363</u>

MERIT RETAIL LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

12. Provisions for liabilities and charges

	Deferred taxation (Note 13) £	Total £
At 1 January 2007	118,575	118,575
Movements in the year	(24,061)	(24,061)
At 31 December 2007	<u>94,514</u>	<u>94,514</u>

13. Provision for deferred taxation

	2007 £	2006 £
Accelerated capital allowances	<u>94,514</u>	<u>118,575</u>
Provision at 1 January 2007	118,575	
Deferred tax charge in profit and loss account	(24,061)	
Provision at 31 December 2007	<u>94,514</u>	

14. Share capital

	2007 £	2006 £
Authorised equity		
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid equity		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

15. Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit for the year	52,509	69,017
Opening shareholders' funds	<u>2,392,179</u>	<u>2,323,162</u>
Closing shareholders' funds	<u>2,444,688</u>	<u>2,392,179</u>

MERIT RETAIL LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

17. Related party transactions

Bank loans are secured by fixed and floating charges over the relevant properties and book debts.

18. Gross cash flows

	2007 £	2006 £
Returns on investments and servicing of finance		
Interest paid	(115,630)	(110,755)
Taxation		
Corporation tax paid	(30,497)	(39,452)
Capital expenditure		
Payments to acquire intangible assets	-	(262,577)
Payments to acquire tangible assets	(58,766)	(340,614)
	(58,766)	(603,191)
Financing		
New long term bank loan	(80,600)	310,000
Repayment of short term bank loan	(2,764)	(76,620)
Repayment of other short term loans	(6,871)	(104,365)
Capital element of finance leases and hire purchase contracts	(119,163)	(138,266)
	(209,398)	(9,251)

19. Analysis of changes in net funds

	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	527,241	(65,072)	462,169
Debt due within one year	(275,985)	9,636	(266,349)
Debt due after one year	(1,267,296)	226,987	(1,040,309)
Finance leases and hire purchase contracts	(276,363)	119,163	(157,200)
	(1,819,644)	355,786	(1,463,858)
Net funds	(1,292,403)	290,714	(1,001,689)