

COMPANY NUMBER NI029742

MERIT RETAIL LIMITED
ABBREVIATED UNAUDITED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2012

IRWIN DONAGHEY STOCKMAN LLP
CHARTERED ACCOUNTANTS
23/25 QUEEN STREET
COLERAINE
CO LONDONDERRY
BT52 1BG

TUESDAY



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MERIT RETAIL LIMITED

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The following pages do not form part of the statutory financial statements

Detailed Trading Profit and Loss Account

MERIT RETAIL LIMITED

COMPANY INFORMATION AS AT 31 DECEMBER 2012

DIRECTORS	M Conway O Conway T Conway J Conway T Simpson	resigned 1 December 2012
SECRETARY	M Conway	
COMPANY NUMBER	NI029742	
REGISTERED OFFICE	58 Moneymore Road Magerafelt Co Londonderry BT45 6HG	
AUDITORS	Irwin Donaghey Stockman LLP 23/25 Queen Street Coleraine Co Londonderry BT52 1BG	
BUSINESS ADDRESS	58 Moneymore Road Magherafelt Co Londonderry BT45 6HG	
BANKERS	Northern Bank Ltd 12-14 Broad Street Magherafelt Co Londonderry BT45 6HG	
SOLICITORS	MKB Russells 14-18 Great Victoria Street Belfast Co Antrim BT2 7BA	

MERIT RETAIL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and the accounts for the year ended 31 December 2012.

Principal activity and review of the business

The principal activity of the company in the year under review was the rental of property and operation of Nursing homes.

Business review

In the year to 31 December 2012 the company recorded a profit before tax of £283,492. Turnover at £2,183,457 exceeded the 2011 performance by £532,040 (32.20% growth). Average occupancy across the homes was excellent. Operating profit at 15.61% of turnover.

Results and dividends

The Profit for the year, after taxation, amounted to £181,967.

The directors do not recommend payment of a final dividend.

Financial risk management objectives and policies

The directors continue to follow an appropriate risk strategy, which effectively manages exposures related to the achievement of business objectives by ensuring that appropriate management systems are in place, key financial performance indicators are regularly monitored, development plans for staff are regularly reviewed and updated and the health and safety policy is well documented and properly implemented.

Employment policy

The company continues to maintain regular contact with the employees regarding current activities and business progress through regular staff briefings and in house publications.

Directors

The directors who served during the year are as stated below:

M Conway

O Conway

T Conway resigned 1 December 2012

J Conway

T Simpson

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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). 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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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.

MERIT RETAIL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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. 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.

In so far as the directors are aware:

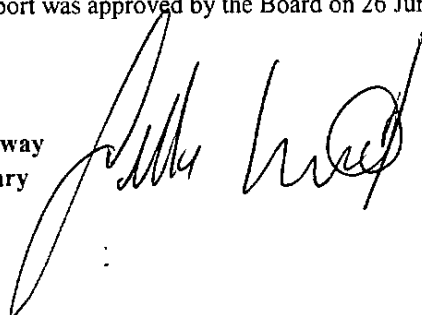
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Irwin Donaghey Stockman LLP are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006.

This report was approved by the Board on 26 June 2013 and signed on its behalf by

**M Conway
Secretary**

A handwritten signature in black ink, appearing to be 'M Conway', written over the printed name and title.

**MERIT RETAIL LIMITED
INDEPENDENT AUDITORS REPORT
under Section 449B of the Companies Act 2006**

We have examined the abbreviated accounts set out on pages 5 to 15 together with the financial statements of MERIT RETAIL LIMITED for the year ended 31 December 2012 prepared under Section 396 of the Companies Act 2006.

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditor's 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 for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and the auditors


The directors are responsible for preparing the abbreviated accounts in accordance with Section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2008/4 "The special auditor's 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 accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with that provision.



26 June 2013

**Alison Wallace (senior statutory auditor)
For and on behalf of Irwin Donaghey Stockman LLP, Statutory Auditor**

Irwin Donaghey Stockman LLP
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Registered to carry on audit work and regulated for a range of investment business activities by the Institute of Chartered Accountants in Ireland
Members: Ian Donaghey, Brian Stockman, Roger Dallas, Alison Wallace
Consultant: Derek Irwin



MERIT RETAIL LIMITED

**ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012**

		Continuing operations	
		2012	2011
	Notes	£	£
Turnover		2,183,457	1,651,417
Gross profit		2,321,568	1,459,581
Administrative expenses		(1,980,619)	(1,247,013)
Operating profit	2	340,949	212,568
Other interest receivable and similar income	4	70,762	107,239
Interest payable and similar charges	5	(128,219)	(121,788)
Profit on ordinary activities before taxation		283,492	198,019
Tax on profit on ordinary activities	7	(101,525)	(99,699)
Profit for the year	17	181,967	98,320
Retained profit brought forward		5,176,485	5,078,165
Retained profit carried forward		5,358,452	5,176,485

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 2012**

	Notes	2012 £	2011 £
FIXED ASSETS			
Intangible assets	8	152,777	319,444
Tangible assets	9	5,449,089	5,555,939
		<u>5,601,866</u>	<u>5,875,383</u>
CURRENT ASSETS			
Stocks	10	1,000	1,000
Debtors	11	1,958,111	469,221
Cash at bank and in hand		2,434,254	3,546,769
		<u>4,393,365</u>	<u>4,016,990</u>
CREDITORS: amounts falling due within one year	12	<u>(765,053)</u>	<u>(3,288,647)</u>
NET CURRENT ASSETS		<u>3,628,312</u>	<u>728,343</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,230,178</u>	<u>6,603,726</u>
CREDITORS: amounts falling due after more than one year	13	<u>(3,674,774)</u>	<u>(1,286,421)</u>
PROVISIONS FOR LIABILITIES	14	<u>(96,952)</u>	<u>(40,820)</u>
NET ASSETS		<u>5,458,452</u>	<u>5,276,485</u>
CAPITAL AND RESERVES			
Called up share capital	16	100,000	100,000
Profit and loss account	17	5,358,452	5,176,485
SHAREHOLDERS' FUNDS	18	<u>5,458,452</u>	<u>5,276,485</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Section 445(3) of the Companies Act 2006 relating to medium-sized companies.

The abbreviated accounts were approved by the Board on 26 June 2013 and signed on its behalf by

M Conway
Director

Registration number NI029742

J Conway
Director

The notes on pages 8 to 15 form an integral part of these financial statements.

MERIT RETAIL LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	2012 £	2011 £
Reconciliation of operating profit to net cash outflow from operating activities			
Operating profit		340,949	212,568
Depreciation		280,245	209,357
(Increase) in stocks		-	41,106
(Increase) in debtors		(1,488,890)	(430,068)
Increase in creditors		15,609	20,983
Net cash outflow from operating activities		(852,087)	53,946
Cash flow statement			
Net cash outflow from operating activities		(852,087)	53,946
Returns on investments and servicing of finance	21	(55,503)	(14,549)
Taxation	21	(51,200)	-
Capital expenditure	21	(6,728)	(1,954,664)
		(965,518)	(1,915,267)
Financing	21	(146,996)	1,366,245
Decrease in cash in the year		(1,112,514)	(549,022)
Reconciliation of net cash flow to movement in net debt (Note 22)			
Decrease in cash in the year		(1,112,514)	(549,022)
Cash inflow from increase in debts and lease financing		146,996	(1,366,245)
Change in net debt resulting from cash flows		(965,518)	(1,915,267)
Net debt at 1 January 2012		(453,883)	1,461,384
Net debt at 31 December 2012		(1,419,401)	(453,883)

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1. Accounting policies

1.1. Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The company has taken advantage of the exemption in FRS1 from the requirement to produce a cashflow statement because it is a small company.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Goodwill

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

1.4. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less 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
Fixtures, fittings & equipment	-	25% straight line

1.5. Stock

Stock is valued at the lower of cost and net realisable value. Cost is defined as that expenditure which has been incurred in bringing the product/service to its present location and condition. Net realisable value is based on normal selling price, less further costs expected to be incurred to completion and disposal.

1.6. Taxation

The yearly charge for taxation is based on the profit for the year and is calculated with reference to the tax rates applying at the balance sheet date.

1.7. 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, with the following exceptions:

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.

1.8. Going concern

The accounts have been prepared on the assumption that the company is able to carry on business as a going concern.

MERIT RETAIL LIMITED

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

2. Operating profit	2012	2011
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off intangible assets	166,667	166,667
Depreciation and other amounts written off tangible assets	113,578	42,690
Auditors' remuneration (Note 3)	6,600	6,000
	<u><u> </u></u>	<u><u> </u></u>
3. Auditors' remuneration	2012	2011
	£	£
Auditors' remuneration - audit of the financial statements	6,600	6,000
	<u><u> </u></u>	<u><u> </u></u>
4. Interest receivable and similar income	2012	2011
	£	£
Bank interest	70,762	107,239
	<u><u> </u></u>	<u><u> </u></u>
5. Interest payable and similar charges	2012	2011
	£	£
Interest payable on loans < 1 yr	126,266	121,788
On overdue tax	1,953	-
	<u><u> </u></u>	<u><u> </u></u>
	128,219	121,788
	<u><u> </u></u>	<u><u> </u></u>
6. Employees		
Number of employees	2012	2011
The average monthly numbers of employees (including the directors) during the year were:	Number	Number
Number of employees	98	50
	<u><u> </u></u>	<u><u> </u></u>
Employment costs	2012	2011
	£	£
Wages and salaries	1,504,029	862,218
	<u><u> </u></u>	<u><u> </u></u>
	1,504,029	862,218
	<u><u> </u></u>	<u><u> </u></u>

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2012**
7. Tax on profit on ordinary activities

Analysis of charge in period	2012	2011
	£	£
Current tax		
UK corporation tax	92,460	63,896
Adjustments in respect of previous periods	(47,067)	-
	<u>45,393</u>	<u>63,896</u>
Total current tax charge	<u>45,393</u>	<u>63,896</u>
Deferred tax		
Timing differences, origination and reversal	56,132	35,803
Total deferred tax	<u>56,132</u>	<u>35,803</u>
Tax on profit on ordinary activities	<u>101,525</u>	<u>99,699</u>

Factors affecting tax charge for period

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

	2012	2011
	£	£
Profit on ordinary activities before taxation	<u>283,492</u>	<u>198,019</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2011 : 20%)	68,038	51,485
Effects of:		
Capital allowances for period in excess of depreciation	78,677	47,024
Adjustments to tax charge in respect of previous periods	(47,067)	-
Change in rate	1,877	1,190
Current tax charge for period	<u>101,525</u>	<u>99,699</u>

MERIT RETAIL LIMITED

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

8. Intangible fixed assets

	Goodwill £	Total £
Cost		
At 1 January 2012	500,000	500,000
At 31 December 2012	500,000	500,000
Amortisation		
At 1 January 2012	180,556	180,556
Charge for year	166,667	166,667
At 31 December 2012	347,223	347,223
Net book values		
At 31 December 2012	152,777	152,777
At 31 December 2011	319,444	319,444

	Land and buildings freehold £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 January 2012	5,155,415	311,261	429,718	5,896,394
Additions	-	-	6,729	6,729
At 31 December 2012	5,155,415	311,261	436,447	5,903,123
Depreciation				
At 1 January 2012	-	302,249	38,206	340,455
Charge for the year	-	4,467	109,112	113,579
At 31 December 2012	-	306,716	147,318	454,034
Net book values				
At 31 December 2012	5,155,415	4,545	289,129	5,449,089
At 31 December 2011	5,155,415	9,012	391,512	5,555,939

10. Stocks	2012 £	2011 £
Finished goods and goods for resale	1,000	1,000

There are no material differences between the replacement cost of stock and the balance sheet amount.

MERIT RETAIL LIMITED

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

11. Debtors	2012 £	2011 £
Trade debtors	26,841	29,864
Amounts owed by group undertakings	1,919,846	423,537
Prepayments and accrued income	11,424	15,820
	<u>1,958,111</u>	<u>469,221</u>

12. Creditors: amounts falling due within one year	2012 £	2011 £
Bank loan	152,385	2,687,734
Diageo loan	26,496	26,496
Trade creditors	187,739	147,833
Corporation tax	136,314	140,168
Other taxes and social security costs	54,809	38,515
Accruals and deferred income	207,310	247,901
	<u>765,053</u>	<u>3,288,647</u>

Bank loans and overdrafts are secured by fixed and floating charges over the relevant properties and book debt and a cross company guarantee.

13. Creditors: amounts falling due after more than one year	2012 £	2011 £
Bank loan	3,661,526	1,246,677
Diageo loan	13,248	39,744
	<u>3,674,774</u>	<u>1,286,421</u>
Loans		
Repayable in one year or less, or on demand (Note 12)	178,881	2,714,230
Repayable between two and five years	3,674,774	1,286,421
	<u>3,853,655</u>	<u>4,000,651</u>

MERIT RETAIL LIMITED

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

14. Provisions for liabilities

	Deferred taxation (Note 15) £	Total £
At 1 January 2012	40,820	40,820
Movements in the year	56,132	56,132
At 31 December 2012	<u>96,952</u>	<u>96,952</u>

15. Provision for deferred taxation

	2012 £	2011 £
Accelerated capital allowances	96,952	40,820
Provision for deferred tax	<u>96,952</u>	<u>40,820</u>
Provision at 1 January 2012	40,820	
Deferred tax charge in profit and loss account	56,132	
Provision at 31 December 2012	<u>96,952</u>	

16. Share capital

	2012 £	2011 £
Authorised		
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

17. Equity Reserves

	Profit and loss account £	Total £
At 1 January 2012	5,176,485	5,176,485
Profit for the year	181,967	181,967
At 31 December 2012	<u>5,358,452</u>	<u>5,358,452</u>

MERIT RETAIL LIMITED

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

18. Reconciliation of movements in shareholders' funds

	2012	2011
	£	£
Profit for the year	181,967	98,320
Opening shareholders' funds	5,276,487	5,178,165
Closing shareholders' funds	5,458,454	5,276,485

19. Related party transactions

Amounts owed from related parties at the year end amounted to £1,919,846 (2011 £423,537).

20. Ultimate parent undertaking

90% of the companies share capital is owned by Brooklands Nursing Homes Limited, 58 Moneymore Road, Magherafelt, Co Londonderry, BT45 6HG.

The Conway family are the ultimate controlling party.

21. Gross cash flows

	2012	2011
	£	£
Returns on investments and servicing of finance		
Interest received	70,762	107,239
Interest paid	(128,219)	(121,788)
	(57,457)	(14,549)
Taxation		
Corporation tax paid	(51,200)	-
Capital expenditure		
Payments to acquire tangible assets	(6,729)	(1,954,664)
Financing		
New long term bank loan	-	1,575,000
New short term bank loan	(2,535,349)	1,540,709
Repayment of long term bank loan	2,414,849	(1,722,968)
Repayment of other long term loans	(26,496)	(26,496)
	(146,996)	1,366,245

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

22. Analysis of changes in net funds

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	<u>3,546,769</u>	<u>(1,112,515)</u>		<u>2,434,254</u>
Debt due within one year	<u>(2,714,230)</u>	<u>2,535,349</u>	-	<u>(178,881)</u>
Debt due after one year	<u>(1,286,421)</u>	<u>-</u>	<u>(2,388,353)</u>	<u>(3,674,774)</u>
	<u>(4,000,651)</u>	<u>2,535,349</u>	<u>(2,388,353)</u>	<u>(3,853,655)</u>
Net funds	<u><u>(453,882)</u></u>	<u><u>1,422,834</u></u>	<u><u>(2,388,353)</u></u>	<u><u>(1,419,401)</u></u>