

NEIGHBOURHOOD STORES PLC

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

Registered No. 1703174

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COMPANIES HOUSE

Neighbourhood Stores plc

Annual report for the year ended 31 December 2008

Registered No. 1703174

DIRECTORS AND OTHER INFORMATION

DIRECTORS

C Martin
T Kenny
P Smith
J Wirth

SECRETARY

J Wirth

REGISTERED OFFICE

Musgrave House
Widewater Place
Moorhall Road
Harefield
Middlesex
UB9 6NS

Neighbourhood Stores plc

Directors' report for the year ended 31 December 2008

The directors present their report and financial statements of the company for the financial year ended 31 December 2008.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is to act as a non-trading holding company for its wholly owned subsidiary, Linco Limited, whose principal activity is retailing by operating convenience stores under the trading name of "Budgens Express". The company did not trade during the current financial period and will remain dormant for the foreseeable future.

On 23 March 2008 the assets and liabilities of the company were transferred to the new legal entity, Musgrave Retail Partners GB Limited, a wholly owned subsidiary within the Musgrave UK group of companies. The purpose of the restructure is to enable the Group's businesses in Great Britain to trade from a single legal entity consistent with how the businesses have been managed since 2005.

RESULTS AND DIVIDENDS

The company has not traded throughout the financial year ended 31 December 2008. The directors do not recommend the payment of a dividend (year ended 31 December 2007: £nil).

DIRECTORS AND THEIR INTERESTS

The directors of the company who are currently or were directors during the year ended 31 December 2008 are set out below. Except where indicated, they served as directors for the entire year.

Christopher Martin

Timothy Kenny

Phil Smith

Julie Wirth

(appointed 22 April 2008)

David O'Flynn

(resigned 22 April 2008)

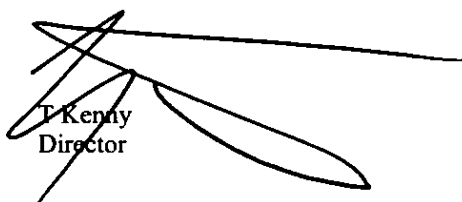
Martin Hyson

(resigned 22 April 2008)

David O'Flynn resigned as company secretary on 22 April 2008. Julie Wirth was appointed as company secretary on 22 April 2008.

The directors did not have interests in the share capital of the company or any other group undertaking of Musgrave Group plc as at 31 December 2008 and 1 January 2008 that are required to be disclosed under schedule 7 of the Companies Act, 1985.

By order of the board



T Kenny
Director

Neighbourhood Stores plc

BALANCE SHEET

As at 31 December 2008

		31 December 2008	31 December 2007
	Note	£000	£000
FIXED ASSETS			
Investment in a subsidiary	4	5,083	5,083
CURRENT ASSETS			
Debtors: amounts due after more than one year	5	-	406
TOTAL ASSETS		5,083	5,489
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	6	(5,094)	(5,500)
NET LIABILITIES		(11)	(11)
CAPITAL AND RESERVES			
Called up share capital	7	16,000	16,000
Share premium account	8	4,168	4,168
Capital reserve	8	8,000	8,000
Profit and loss account	8	(28,179)	(28,179)
SHAREHOLDERS' FUNDS	9	(11)	(11)

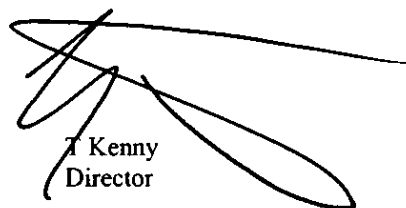
For the year ended 31 December 2008 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985.

Members have not required the company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.

The Directors acknowledge their responsibility for:-

- (i) ensuring the company keeps accounting records which comply with section 221 of the Companies Act 1985, and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial period, and of its profit and loss for the period in accordance with section 226 of the Companies Act 1985, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

The financial statements on pages 3 to 6 were approved by the Board of Directors on 08 JUNE 2009.


T Kenny
Director

Neighbourhood Stores plc

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and are in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom.

Basis of preparation

The balance sheet shows that liabilities exceed assets by £11,000 at 31 December 2008. Budgens Stores Limited, the immediate parent undertaking, has confirmed its intention to ensure that the company will have sufficient finance available to finance its operations and meet its obligations for the foreseeable future. Consequently, the financial statements have been prepared on a going concern basis.

The following are the principal accounting policies used by the company, which, unless otherwise stated, are consistent with those of the previous years.

Consolidation

The financial statements contain information about Neighbourhood Stores plc as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its ultimate parent, Musgrave Group plc, a company registered in the Republic of Ireland.

Investments in subsidiaries

Investments in subsidiaries are held at cost less provision for permanent diminution in value.

Investments are subject to an annual review for impairment in accordance with Financial Reporting Standard 11 "Impairment of Fixed Assets and Goodwill".

2. PROFIT AND LOSS ACCOUNT

The company has not traded throughout the current financial year ended 31 December 2008, or the preceding period ended 31 December 2007. As a result the company has made neither a profit nor a loss or any other recognised gains and losses during the current financial year or the preceding financial period ended 31 December 2007.

3. DIRECTORS AND EMPLOYEES

In respect of the company, none of the directors received any emoluments in respect of their services for the current financial year (year ended 31 December 2007: £ nil). The emoluments of the company directors are paid by group and fellow subsidiary undertakings and are not specifically recharged to the company.

The company employed no staff during the current financial year (year ended 31 December 2007: nil).

Neighbourhood Stores plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2008

4. INVESTMENT IN SUBSIDIARY

	<i>Total</i> <i>£000</i>
At 31 December 2008 and 31 December 2007	
Cost	33,000
Provision for diminution in value	(27,917)
	<hr/>
Net book value	5,083
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At 31 December 2008 the company owned 100% (31 December 2007: 100%) of Linnco Limited, a company incorporated in England and Wales, whose principal activity is retailing by operating convenience stores under the trading name of "Budgens Express".

5. DEBTORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR

	<i>31 December</i> <i>2008</i> <i>£000</i>	<i>31 December</i> <i>2007</i> <i>£000</i>
Amount due from a subsidiary undertaking	-	406
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6. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<i>31 December</i> <i>2008</i> <i>£000</i>	<i>31 December</i> <i>2007</i> <i>£000</i>
Loan from parent undertaking	5,094	5,500
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7. SHARE CAPITAL

	<i>31 December</i> <i>2008</i> <i>£000</i>	<i>31 December</i> <i>2007</i> <i>£000</i>
Authorised:		
25,000,000 ordinary shares of £1 each	25,000	25,000
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Allotted, called up and fully paid:		
16,000,000 ordinary shares of £1 each	16,000	16,000
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Neighbourhood Stores plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2008

8. RESERVES

	<i>Share premium account £000</i>	<i>Capital reserve £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 31 December 2007	4,168	8,000	(28,179)	(16,011)
Profit for the financial year	-	-	-	-
At 31 December 2008	4,168	8,000	(28,179)	(16,011)

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<i>31 December 2008 £000</i>	<i>31 December 2007 £000</i>
Opening shareholders' funds	(11)	(11)
Increase in shareholders' funds	-	-
Closing shareholders' funds	(11)	(11)

10. CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES

The company is a wholly owned subsidiary undertaking of Musgrave Group plc and is included in the consolidated financial statements of Musgrave Group plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing cash flow statement under the terms of FRS1 (revised 1996). The company is also exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of the Musgrave Group plc or investees of the Musgrave Group plc.

11. ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is Budgens Stores Limited, a company registered in England and Wales. The ultimate parent undertaking and controlling party is Musgrave Group plc, a company registered in the Republic of Ireland. The smallest and largest group which consolidates the results of the Company is Musgrave Group plc. Copies of the annual report and group financial statements of Musgrave Group plc are available to the public from the registered office at Ballycurreen, Airport Road, Cork, Ireland.