

Report of the Directors and
Financial Statements for the Year Ended 31 December 2012
for
China Lane Limited

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Contents of the Financial Statements
for the Year Ended 31 December 2012

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7

China Lane Limited

Company Information
for the Year Ended 31 December 2012

DIRECTORS

A M Coppel CBE
D G Caldecott

SECRETARY

S Kaushal

REGISTERED OFFICE:

33 Cavendish Square
London
W1B 0PW

REGISTERED NUMBER

03065116 (England and Wales)

AUDITORS.

Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

Report of the Directors
for the Year Ended 31 December 2012

The directors present their report with the financial statements of the Company for the year ended 31 December 2012

PRINCIPAL ACTIVITY

The Company has ceased trading but continues to incur costs on surplus leasehold properties for which provisions are carried on the balance sheet

REVIEW OF BUSINESS

A comprehensive review of the strategic affairs of the group into which the Company is consolidated, including key performance indicators and key risks and uncertainties, is contained in the report and financial statements of De Vere Group Limited, the ultimate parent company at the year end

The profit for the year after taxation was £720,000 (2011 £905,000)

DIVIDENDS

The directors do not recommend the payment of a dividend (2011 £nil)

DIRECTORS

The directors who served during the period were as follows

A M Coppel CBE

D G Caldecott (resigned 28 June 2013)

C Elliot (appointed 30 June 2013)

SIGNIFICANT EVENTS

In September 2012, the De Vere Group and Bank of Scotland plc extended the term of the Group's senior borrowing facilities to June 2015. The directors are satisfied that the Group will be able to meet the requirements of the revised loan agreement, thereby assuring the Company's ability to continue as a going concern

Further details of the De Vere Group's borrowings are available in the financial statements of De Vere Group Limited, the ultimate parent undertaking at the year end

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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 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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In accordance with Section 418(2) of the Companies Act 2006 each of the above directors

- is not aware of any relevant audit information of which the Company's auditors are unaware, and
- has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish the Company's auditors are aware of that information

China Lane Limited (Registered number 03065116)

Report of the Directors - continued
for the Year Ended 31 December 2012

AUDITORS

Ernst & Young LLP have expressed their willingness to continue as auditors in accordance with Section 487(2) of the Companies Act 2006

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'A M Coppel', written in a cursive style.

A M Coppel CBE - Director

Date 16th September 2013

Independent Auditors Report to the Members of China Limited

We have audited the financial statements of China Lane Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes¹ to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the directors and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Barry Flynn (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester
Date 23 September 2013

China Lane Limited (Registered number 03065116)

Profit and Loss Account
for the Year Ended 31 December 2012

	Notes	2012 £'000	2011 £'000
TURNOVER		-	-
Administrative expenses		<u>467</u>	<u>242</u>
OPERATING PROFIT	4	467	242
Interest payable and similar charges	5	<u>(127)</u>	<u>(134)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		340	108
Tax on profit on ordinary activities	6	<u>380</u>	<u>797</u>
PROFIT FOR THE FINANCIAL YEAR		<u>720</u>	<u>905</u>

CONTINUING OPERATIONS

All of the amounts shown in the profit and loss account above relate to discontinued operations

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

China Lane Limited (Registered number 03065116)

Balance Sheet
31 December 2012

	Notes	2012 £'000	2011 £'000
CURRENT ASSETS			
Debtors	8	1,398	1,018
Cash at bank		-	1
		1,398	1,019
CREDITORS			
Amounts falling due within one year	9	(32,619)	(32,457)
NET CURRENT LIABILITIES		(31,221)	(31,438)
TOTAL ASSETS LESS CURRENT LIABILITIES		(31,221)	(31,438)
PROVISIONS FOR LIABILITIES	11	(1,374)	(1,877)
NET LIABILITIES		(32,595)	(33,315)
CAPITAL AND RESERVES			
Called up share capital	12	-	-
Profit and loss account	13	(32,595)	(33,315)
SHAREHOLDERS' DEFICIT	15	(32,595)	(33,315)

The financial statements were approved by the Board of Directors on 16th September 2013 and were signed on its behalf by



A M Coppel CBE - Director

Notes to the Financial Statements
for the Year Ended 31 December 2012

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards

Group financial statements

The Company has taken advantage of the exemption from preparing group financial statements contained in Section 400 of the Companies Act 2006, on the basis that it is a wholly owned subsidiary of De Vere Group Limited, a company registered in England and Wales. The financial statements therefore only present the results and state of affairs of the Company and not the group

Cash flow statement

As a wholly owned subsidiary of De Vere Group Limited as at 31 December 2012, the Company is exempt from the requirement to present a cash flow statement under Financial Reporting Standard ("FRS") 1, as a consolidated cash flow statement is included in that company's financial statements, which are publicly available

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

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold, and
- 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

Investments

Investments are accounted for at the lower of cost or recoverable amount. Investments are assessed for recoverability at each balance sheet date or whenever circumstances arise that may indicate an impairment may be required

Property provision

Provision is made for future rental expenses and related costs of leasehold property (net of estimated sub-lease income) where space is either vacant or not planned to be used for ongoing operations

Going concern

After making enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company's financial statements have therefore been prepared on a going concern basis

The Company's ultimate parent, De Vere Group Limited, has agreed to provide continuing support to enable the Company to meet its liabilities as they fall due

Related party transactions

As a wholly owned subsidiary of De Vere Group Limited as at 31 December 2012, the Company has taken advantage of the exemption available under FRS 8 not to disclose details of transactions with other group companies

2 STAFF COSTS

There were no staff costs for the year ended 31 December 2012 nor for the year ended 31 December 2011

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

3 DIRECTORS' EMOLUMENTS

The emoluments of A M Coppel CBE and D G Caldecott are paid by De Vere Limited, a fellow subsidiary undertaking that made no recharge to the Company for their services. The total emoluments of A M Coppel CBE and D G Caldecott are included in the aggregate of directors' emoluments disclosed in the financial statements of De Vere Group Limited, the ultimate parent company.

4 OPERATING PROFIT

The auditors' fee of £1,500 (2011: £1,500) for the year was settled by a related company, De Vere Central Services Limited.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £'000	2011 £'000
FRS 12 unwinding of discount	<u>127</u>	<u>134</u>

6 TAXATION

Analysis of the tax credit

The tax credit on the profit on ordinary activities for the year was as follows:

	2012 £'000	2011 £'000
Current tax		
UK corporation tax	<u>(380)</u>	<u>(797)</u>
Tax on profit on ordinary activities	<u>(380)</u>	<u>(797)</u>

UK corporation tax has been charged at 24.50% (2011: 26.50%).

Factors affecting the tax credit

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	<u>340</u>	<u>108</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.50% (2011: 26.50%)	83	28
Effects of:		
Transfer pricing adjustments not reflected in financial statements	(380)	(762)
Other items - non-taxable	<u>(83)</u>	<u>(63)</u>
Current tax credit	<u>(380)</u>	<u>(797)</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

7 FIXED ASSET INVESTMENTS

The subsidiary undertakings of the Company are all registered in England and Wales. Prior to acquisition, all undertakings had been engaged in the wholesale distribution of wines, spirits, beers and soft drinks.

<u>Name of company</u>	<u>%</u>	<u>Holding</u>	<u>Nature of business</u>
BS Mineral Waters Limited	100%	Ordinary shares	Dormant
Hey (UK) Limited	100%	Ordinary shares	Dormant
Licat Supplies Limited	100%	Ordinary shares	Dormant
Liquid Assets Limited	100%	Ordinary shares	Dormant
L&W (Wholesale) Limited	100%	Ordinary shares	Dormant
Middlemas of Kelso Limited	99%	Ordinary shares	Dormant

The net book value of the Company's fixed asset investments is £nil (2011 £nil)

8 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £'000	2011 £'000
Amounts owed by group undertakings	<u>1,398</u>	<u>1,018</u>

Amounts owed by group undertakings are unsecured and receivable on demand

9 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £'000	2011 £'000
Amounts owed to group undertakings	<u>32,619</u>	<u>32,457</u>

Amounts owed to group undertakings are unsecured and payable on demand

10 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid

	Land and buildings	
	2012 £'000	2011 £'000
Expiring		
Between one and five years	6	72
In more than five years	<u>475</u>	<u>425</u>
	<u>481</u>	<u>497</u>

11 PROVISIONS FOR LIABILITIES

	2012 £'000	2011 £'000
Other provisions		
Provision - onerous lease	<u>1,374</u>	<u>1,877</u>

	Onerous lease £'000
Balance at 1 January 2012	1,877
FRS 12 unwinding of discount	127
Utilisation of provision	<u>(630)</u>
Balance at 31 December 2012	<u>1,374</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

11 PROVISIONS FOR LIABILITIES - continued

The empty property provision was reassessed at 31 December 2012 based on cash flow projections for the remaining life of each onerous lease including estimated liabilities for dilapidations at the end of each lease. The maximum length of any onerous lease is eight years. Cash flow projections have been discounted to present value using a discount factor of 10% and in accordance with FRS 12. The discount is being unwound over the life of the leases as a finance cost charged to the profit and loss account.

12 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value £1	2012 £ <u>100</u>	2011 £ <u>100</u>
100	Ordinary shares			

13 RESERVES

	Profit and loss account £'000
At 1 January 2012	(33,315)
Profit for the year	<u>720</u>
At 31 December 2012	<u>(32,595)</u>

14 ULTIMATE PARENT COMPANY

The immediate parent company of China Lane Limited is De Vere Group Holdings Limited, a company registered in England and Wales.

The ultimate parent and controlling party of the Company is De Vere Group Limited, a company registered in England and Wales (company registered number 6798902). The financial statements of the Company form part of the consolidated financial statements of De Vere Group Limited which can be obtained from Companies House.

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2012 £'000 <u>720</u>	2011 £'000 <u>905</u>
Profit for the financial year		
Net addition to shareholders' deficit	720	905
Opening shareholders' deficit	<u>(33,315)</u>	<u>(34,220)</u>
Closing shareholders' deficit	<u>(32,595)</u>	<u>(33,315)</u>