Melli Limited

Annual report and financial statements

Registered number 07395312

31 January 2016

Contents

Strategic Report

Principal activity and business review

Melli Limited is an intermediate holding company whose parent company is Apis Limited and whose subsidiary is Amber Taverns Limited. The principal activity of Amber Taverns Limited is that of public house management.

A detailed review of the trading activities of the Group, headed by Ingleby (1951) Limited, can be seen in the accounts of Amber Taverns Limited.

Principal risks and uncertainties

Economic environment risk

With the improvement in consumer sentiment and improvements in the economic trading environment generally, the board believes their robust performance driven by their emphasis on quality and value for money should continue and provide confidence to all stakeholders in the business.

The Directors note the uncertainty concerning the outcome of the referendum on the UKs continued membership of the EU but do not believe that either the run up to or the result of the referendum will have a material impact on the business or its customers frequency of pub going.

The Company continues to acquire some closed public houses, but now acquires more trading sites and has acquired a property during the year which required licensing and consent for a change of use, the Company believe there are further opportunities from closed sites requiring change of use but continues to seek licensed properties in good locations at competitive prices. During the year all acquisitions have proven to be successful with returns exceeding target and the Company intends to continue to consider acquisitions on a site by site basis.

Regulatory risk

The sector in which the Company operates has been subject to a high level of regulation over recent years and any future changes to alcohol duty on beer and other products could add increased pressure on the Company's sales and margins. Changes to the national living wage from April 2016 may impact in the future on the terms of the operator agreement as planned increases are rolled out in future years.

Financial risk management objectives and policies

The Company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effect on the financial performance of the Company by monitoring levels of debt finance and the related finance costs. The Company uses an interest cap to mitigate interest rate risk. The majority of sales are cash based transactions and therefore the company is not exposed to credit risk. Financial performance is monitored by finance and operational directors on a weekly and monthly basis.

Future developments

It is anticipated that the Company's portfolio will continue to grow as further acquisition and development opportunities arise.

By order of the board

J Jones
Director

31 March 2016

Directors' Report

The directors present their report and the financial statements for the year ended 31 January 2016.

Results and dividends

The loss for the year, after taxation, amounted to £nil (*2015: £1,006,932*)

The directors do not recommend the payment of a dividend.

Directors

The directors who held office during the year were as follows:

J Baer
J Jones
C Preston
G Roberts
G Wardman

Going concern

The Company is part of a group headed by Ingleby (1951) Limited which has positive net assets at the balance sheet date, and has indicated its intention to provide ongoing support to the subsidiaries of the group for at least 12 months and thereafter for the foreseeable future.

In light of the above, the Directors, having considered the current trading prospects, identifiable risks, working capital requirements and the availability of finance, are of the opinion that the Company is a going concern. The accounts have been prepared on this basis.

Qualifying third party indemnity provisions

The directors benefited from qualifying indemnity insurance policies in place during the financial period.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

J Jones
Director

The Victory Office
112 Victory Road
Blackpool
Lancashire
FY1 3NW

31 March 2016

Statement of Directors' responsibilities in relation to the Strategic Report, Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG

Independent auditor's report to the members of Melli Limited

We have audited the financial statements of Melli Limited for the year ended 31 January 2016 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) in FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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 3, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 January 2016 and of its result for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and.
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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.

Stephen Dunn (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Edward VII Quay, Navigation Way, Preston, PR2 2YF

31 March 2016

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 January 2016

	Note	2016 £	2015 £
Administrative expenses		-	(385,640)
Operating loss	2	-	(385,640)
Interest payable and similar charges	5	-	(621,292)
Loss on ordinary activities before taxation		-	(1,006,932)
Tax on profit on ordinary activities	6	-	-
Loss for the financial year		-	(1,006,932)
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive loss for the year		-	(1,006,932)

All amounts relate to continuing operations.

The notes on pages 8 to 13 form part of these financial statements.

Balance Sheet
as at 31 January 2016

	Note	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Investments	7		**13,735,753**		13,735,753
Current assets					
Debtors	8	-		-	
Creditors: amounts falling due within one year	9	**(17,299,301)**		(17,299,301)	
Net current liabilities			**(17,299,301)**		(17,299,301)
Total assets less current liabilities			**(3,563,548)**		(3,563,548)
Creditors: amounts falling due after more than one year			-		-
Net liabilities			**(3,563,548)**		(3,563,548)
Capital and reserves					
Called up share capital	10		**3,112,500**		3,112,500
Capital contribution			**133,836**		133,836
Profit and loss account			**(6,809,884)**		(6,809,884)
Shareholders' deficit			**(3,563,548)**		(3,563,548)

The notes on pages 8 to 13 form part of these financial statements.

These financial statements were approved by the board of directors on 31 March 2016 and were signed on its behalf by:

J Jones
Director

Company registered number: 07395312

Statement of Changes in Equity

	Called up Share capital £	Capital Contribution reserve £	Profit and loss account £	Total equity £
Balance at 3 February 2014	3,112,500	133,836	(5,802,952)	(2,556,616)
Total comprehensive income for the period				
Profit or loss	-	-	(1,006,932)	(1,006,932)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(1,006,932)	(1,006,932)
Balance at 1 February 2015	**3,112,500**	**133,836**	**(6,809,884)**	**(3,563,548)**

	Called up Share capital £	Capital Contribution reserve £	Profit and loss account £	Total equity £
Balance at 2 February 2015	3,112,500	133,836	(6,809,884)	(3,563,548)
Total comprehensive income for the period				
Profit or loss	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Balance at 31 January 2016	**3,112,500**	**133,836**	**(6,809,884)**	**(3,563,548)**

The notes on pages 8 to 13 form part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Basis of preparation

Melli Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 13.

The Company's ultimate parent undertaking, Ingleby (1951) Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Ingleby (1951) Limited are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Ingleby (1951) Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement convention

The financial statements are prepared on the historical cost.

Going concern

The Company is part of a group headed by Ingleby (1951) Limited which has positive net assets at the balance sheet date, and has indicated its intention to provide ongoing support to the subsidiaries of the group for at least 12 months and thereafter for the foreseeable future.

In light of the above, the Directors, having considered the current trading prospects, identifiable risks, working capital requirements and the availability of finance, are of the opinion that the Company is a going concern. The accounts have been prepared on this basis.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2016	2015
	£	£
Audit of these financial statements	-	2,000
Amounts receivable by the Company's auditor and its associates in respect of:		
- Taxation compliance services	-	1,750

The audit fee for 2016 has been borne by Amber Taverns Limited, another group company.

3 Staff numbers and costs

Other than the directors, there are no individuals employed by Melli Limited. Melli staff are employed through Amber Taverns Limited, a related company.

4 Directors' remuneration

The directors received no remuneration for services provided to the company, as they were remunerated through Amber Taverns Limited, a related company.

5 Interest payable and similar charges

	2016	2015
	£	£
On unsecured loan notes	-	621,292

Notes *(continued)*

6 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2016	2015
	£	£
Current tax		
UK corporation tax charge on profit for the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Tax on profit of ordinary activities	-	-

Reconciliation of effective tax rate

	2016	2015
	£	£
Loss for the year	-	(1,006,932)
Total tax expense	-	-
Loss excluding taxation	-	(1,006,932)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.17% *(2015: 21.3%)*	-	(214,477)
Effects of:		
Group relief surrendered	-	214,477
Total tax expense included in profit or loss	-	-

Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly.

7 Fixed asset investments

	Investments in subsidiary companies
	£
Cost and net book value	
At 31 January 2016 and 1 February 2015	**13,735,753**

Subsidiary undertakings

The Company has the following investments in subsidiaries:

	Aggregate of capital and reserves	**Profit or loss for the year**	**Country of incorporation**	**Class of shares held**	**Ownership 2016**	**Ownership 2015**
	£	**£**			**%**	**%**
Amber Taverns Limited	42,491,649	7,355,507	United Kingdom	Ordinary	100	100

Notes *(continued)*

8 Debtors

	2016 £	2015 £
Amounts owed by group undertakings	-	-

9 Creditors: Amounts falling due within one year

	2016 £	2015 £
Amounts owed to group undertakings	**17,299,301**	17,299,301

10 Capital and reserves

	2016 £	2015 £
Allotted, called up and fully paid		
3,112,500 - Ordinary shares of £1 each	**3,112,500**	3,112,500

11 Related parties

Advantage has been taken of the exemption given within in FRS 102 Section 33 "Related Party Transactions" to wholly owned subsidiaries, not to disclose related party transactions with members of the group.

12 Ultimate parent undertaking and controlling party

The ultimate parent company is Ingleby (1951) Limited, which is the largest group in which the Company is a member and for which Group Financial Statements are drawn up. Ingleby (1951) Limited is registered in England. Copies of the consolidated financial statements of Ingleby (1951) Limited can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Notes *(continued)*

13 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 January 2016 and the comparative information presented in these financial statements for the year ended 1 February 2015.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Reconciliation of equity

	3 February 2014			**1 February 2015**		
	Adopted UK GAAP	Effect of transition to FRS 102	FRS 102	**Adopted UK GAAP**	**Effect of transition to FRS 102**	**FRS 102**
	£	£	£	**£**	**£**	**£**
Fixed assets						
Investments	13,735,753	-	13,735,753	**13,735,753**	-	**13,735,753**
Current assets						
Debtors	7,969,942	-	7,969,942	**-**	-	**-**
Creditors: amounts due within one year	(5,937,451)	-	(5,937,451)	**(17,299,301)**	-	**(17,299,301)**
Net current liabilities	2,032,491	-	2,032,491	**(17,299,301)**	-	**(17,299,301)**
Creditors: amounts falling due after more than one year	(18,324,860)	-	(18,324,860)	**-**	-	**-**
Net liabilities	(2,556,616)	-	(2,556,616)	**(3,563,548)**	-	**(3,563,548)**
Capital and reserves						
Called up share capital	3,112,500	-	3,112,500	**3,112,500**	-	**3,112,500**
Capital contribution reserve	133,836	-	133,836	**133,836**	-	**133,836**
Profit and loss account	(5,802,952)	-	(5,802,952)	**(6,809,884)**	-	**(6,809,884)**
Shareholders' deficit	(2,556,616)	-	(2,556,616)	**(3,563,548)**	-	**(3,563,548)**

There are no transition adjustments for the Company on adoption of FRS 102.

Notes *(continued)*

13 Explanation of transition to FRS 102 from old UK GAAP *(continued)*

Reconciliation of profit for year ended 1 February 2015

	Adopted UK GAAP £	2015 Effect of transition to FRS 102 £	FRS 102 £
Administrative expenses	(385,640)	-	(385,640)
Operating loss	(385,640)	-	(385,640)
Interest payable and similar charges	(621,292)	-	(621,292)
Loss on ordinary activities before taxation	(1,006,962)	-	(1,006,962)
Taxation	-	-	-
Loss for the year	(1,006,962)	-	(1,006,962)

There are no transition adjustments for the Company on adoption of FRS 102.