

# Financial Statements Melli Limited

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**For the year ended 2 February 2014**

**Registered number: 07395312**

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COMPANIES HOUSE

**Melli Limited**

## Company Information

<b>Directors</b>	J Baer J Jones P Landsman C Preston W Priestley (resigned 16 January 2014) G Roberts G Wardman
<b>Registered number</b>	07395312
<b>Registered office</b>	The Victory Offices 112 Victory Road Blackpool Lancashire FY1 3NW
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor No 1 Whitehall Riverside Leeds West Yorkshire LS1 4BN

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# Directors' Report

For the year ended 2 February 2014

The directors present their report and the financial statements for the year ended 2 February 2014.

## Results

The loss for the year, after taxation, amounted to £1,987,661 (2013 - loss £1,797,710).

## Directors

The directors who served during the year were:

J Baer  
J Jones  
P Landsman  
C Preston  
W Priestley  
G Roberts  
G Wardman

## Qualifying third party indemnity provisions

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

## Going concern

At the date of approval of these financial statements the directors have prepared detailed profit and cash flow forecasts for the year ending 31 January 2015 and up to 12 months from signing these financial statements, which indicates that the group will continue to operate profitably and produce positive cash flows from its operations. The directors consider that the strong current and forecast trading of the group together with its significant cash generation, covenant headroom and freehold property base mean that the group will continue to meet all its financial obligations in the coming year.

## Directors' responsibilities statement

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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

## **Directors' Report**

**For the year ended 2 February 2014**

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.

### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 9 May 2014 and signed on its behalf.



**J Jones**  
Director

# **Strategic Report**

**For the year ended 2 February 2014**

## **Principal activity and business review**

Melli Limited is an intermediate holding company whose parent company is Apis Limited. The principal activity of the Company during the period is that of public house management.

The company acquired the entire share capital of Amber Taverns Limited in October 2010. Amber Taverns Limited provides public house management.

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

## **Future developments**

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

## **Principal risks and uncertainties**

### **Economic environment risk**

Despite the gloom surrounding retail sales and consumer sentiment, the board believe that their continued robust performance driven by their emphasis on quality and value for money should provide confidence to all stakeholders in the business.

The Company has continued to acquire closed public houses in good locations at competitive prices, with an increasing number of acquisitions of sites in good locations which are trading. During the year both have proven to be successful acquisition strategies with returns exceeding target.

### **Regulatory risk**

The sector in which the Company operates has been subject to a high level of regulation over recent years. There was no beer duty escalator and a further 1p a pint reduction was announced in the 2014 budget. This continues to help in maintaining margins on beer sales which are the largest volume product in our sales mix, however any future changes to the alcohol duty escalator on other products could add increased pressure on the Company's sales and margins.

### **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 effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs. The Company uses interest rate swaps 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.

## Strategic Report (continued)

### **Future developments**

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

This report was approved by the board on 9 May 2014 and signed on its behalf.



**J Jones**  
Director



## Independent Auditor's Report to the Members of Melli Limited

We have audited the financial statements of Melli Limited for the year ended 2 February 2014, which comprise the Profit and loss account, the Balance sheet and the related notes. 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, 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 (APB'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/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **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 2 February 2014 and of its loss 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.





## Independent Auditor's Report to the Members of Melli Limited

### **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.

*Grant Thornton UK LLP*

Victoria McLoughlin (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
Leeds

9 May 2014

## Profit and Loss Account

For the year ended 2 February 2014

		Year ended 2 February 2014 £	Year ended 3 February 2013 £
	Note		
Administrative expenses		-	(32,170)
<b>Operating profit/(loss)</b>		-	(32,170)
Interest payable and similar charges	4	(1,987,661)	(1,765,540)
<b>Loss on ordinary activities before taxation</b>		(1,987,661)	(1,797,710)
Tax on loss on ordinary activities	5	-	-
<b>Loss for the financial year</b>	11	(1,987,661)	(1,797,710)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 9 to 13 form part of these financial statements.

## Balance Sheet

As at 2 February 2014

	Note	£	2 February 2014 £	£	3 February 2013 £
<b>Fixed assets</b>					
Investments	6		13,735,753		13,735,753
<b>Current assets</b>					
Debtors	7	7,969,942		7,978,857	
Creditors: amounts falling due within one year	8	(5,937,451)		(4,058,741)	
<b>Net current assets</b>			<u>2,032,491</u>		<u>3,920,116</u>
<b>Total assets less current liabilities</b>			<u>15,768,244</u>		<u>17,655,869</u>
Creditors: amounts falling due after more than one year	9		(18,324,860)		(18,224,824)
<b>Net liabilities</b>			<u>(2,556,616)</u>		<u>(568,955)</u>
<b>Capital and reserves</b>					
Called up share capital	10		3,112,500		3,112,500
Capital contribution	11		133,836		133,836
Profit and loss account	11		(5,802,952)		(3,815,291)
<b>Shareholders' deficit</b>	12		<u>(2,556,616)</u>		<u>(568,955)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 May 2014.

  
J Jones  
Director

The notes on pages 9 to 13 form part of these financial statements.

# Notes to the Financial Statements

For the year ended 2 February 2014

## 1. Accounting Policies

### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

### 1.2 Going concern

At the date of approval of these financial statements the directors have prepared detailed profit and cash flow forecasts for the year ending 31 January 2015 and up to 12 months from signing these financial statements, which indicates that the group will continue to operate profitably and produce positive cash flows from its operations. The directors consider that the strong current and forecast trading of the group together with its significant cash generation, covenant headroom and freehold property base mean that the group will continue to meet all its financial obligations in the coming year.

### 1.3 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

### 1.4 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

## 2. Auditors' remuneration

	Year ended 2 February 2014 £	Year ended 3 February 2013 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	2,000	2,000
Fees payable to the company's auditor and its associates in respect of:		
Taxation compliance services	1,250	1,250

## 3. Staff costs

The company has no employees other than the directors, who did not receive any remuneration (2013 - £NIL).

## Notes to the Financial Statements

For the year ended 2 February 2014

**4. Interest payable**

	Year ended 2 February 2014 £	Year ended 3 February 2013 £
On other loans	1,887,625	1,665,503
Other finance costs	100,036	100,037
	<u>1,987,661</u>	<u>1,765,540</u>

**5. Taxation****Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2013 - higher than) the standard rate of corporation tax in the UK of 23% (2013 - 24%). The differences are explained below:

	Year ended 2 February 2014 £	Year ended 3 February 2013 £
Loss on ordinary activities before tax	<u>(1,987,661)</u>	<u>(1,797,710)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 - 24%)	(457,162)	(431,450)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	115,915	145,797
Group relief	341,247	285,653
	<u>-</u>	<u>-</u>
<b>Current tax charge for the year (see note above)</b>	<u>-</u>	<u>-</u>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

# Notes to the Financial Statements

For the year ended 2 February 2014

## 6. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost</b>	
At 4 February 2013 and 2 February 2014	<u>13,735,753</u>
<b>Net book value</b>	
At 2 February 2014	<u>13,735,753</u>
At 3 February 2013	<u>13,735,753</u>

### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Amber Taverns Limited	Ordinary	100%

Name	Business	Incorporated
Amber Taverns Limited	Public House management	England and Wales

The aggregate of the share capital and reserves as at 2 February 2014 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves	Profit/(loss)
Amber Taverns Limited	<u>30,643,317</u>	<u>3,905,588</u>

## 7. Debtors

	2 February 2014 £	3 February 2013 £
Amounts owed by group undertakings	<u>7,969,942</u>	<u>7,978,857</u>

## Notes to the Financial Statements

For the year ended 2 February 2014

**8. Creditors:**  
**Amounts falling due within one year**

	2 February 2014	3 February 2013
	£	£
Intercompany creditors	600,000	601,315
Accruals and deferred income	5,337,451	3,457,426
	<u>5,937,451</u>	<u>4,058,741</u>

**9. Creditors:**  
**Amounts falling due after more than one year**

	2 February 2014	3 February 2013
	£	£
Unsecured loan notes	<u>18,324,860</u>	<u>18,224,824</u>

Included within the above are amounts falling due as follows:

	2 February 2014	3 February 2013
	£	£
<b>Between two and five years</b>		
Unsecured loan notes	<u>18,324,860</u>	<u>18,224,824</u>

The rates of interest charged on £16.45m loan note was fixed at 8% during the period.

Interest charged on £1m loan note was fixed at 12.5% during the period.

Interest on the £1.25m loan note was fixed at 12.5% during the period.

**10. Share capital**

	2 February 2014	3 February 2013
	£	£
<b>Allotted, called up and fully paid</b>		
3,112,500 Ordinary shares of £1 each	<u>3,112,500</u>	<u>3,112,500</u>

# Notes to the Financial Statements

For the year ended 2 February 2014

## 11. Reserves

	Capital contribution £	Profit and loss account £
At 4 February 2013	133,836	(3,815,291)
Loss for the financial year	-	(1,987,661)
At 2 February 2014	<u>133,836</u>	<u>(5,802,952)</u>

## 12. Reconciliation of movement in shareholders' (deficit)/funds

	2 February 2014 £	3 February 2013 £
Opening shareholders' (deficit)/funds	(568,955)	1,228,755
Loss for the financial year	(1,987,661)	(1,797,710)
Closing shareholders' deficit	<u>(2,556,616)</u>	<u>(568,955)</u>

## 13. Related party transactions

The company is a wholly owned subsidiary and has taken advantage of the exemption available under FRS 8 'Related Party Disclosures' not to disclose transactions or balances with entities which form part of the group.

## 14. Ultimate parent undertaking and controlling party

The company's immediate parent company is Apis Limited, a company incorporated and registered in England and Wales.

The group headed by Apis Limited is the smallest group into which the results of the company are consolidated. A copy of the consolidated accounts of Apis Limited can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate parent undertaking is Legal & General Group Plc, a company incorporated in England and Wales, which is the largest group into which the results of the company are consolidated. Copies of the financial statements of the ultimate holding company, Legal & General Group Plc, are available on the group's website, [www.legalandgeneralgroup.com](http://www.legalandgeneralgroup.com) or from the Company Secretary at the Registered Office, One Coleman Street, London, EC2R 5AA.