

Melli Limited

Annual report and financial statements

Registered number 07395312

1 February 2015

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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 Company has continued to acquire some closed public houses in good locations at competitive prices, but has seen 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 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. A 1p a pint reduction was announced in the 2015 budget matching the announcement in 2014. 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.

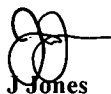
Financial risk management objectives and policies

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 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

14th May 2015

Directors' Report

The directors present their report and the financial statements for the year ended 1 February 2015.

Results and dividends

The loss for the year, after taxation, amounted to £1,006,932 (2014: £1,987,661)

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
P Landsman (resigned 28 May 2014)
C Preston
W Priestley (resigned 16 January 2014)
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

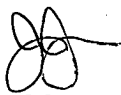
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself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

Auditor


During the year Grant Thornton UK LLP resigned and KPMG LLP were appointed as 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

 May 2015

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).

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.



Independent auditor's report to the members of Melli Limited

We have audited the financial statements of Melli Limited for the year ended 1 February 2015 set out on pages 6 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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 1 February 2015 and of its loss 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 matter prescribed by the Companies Act 2006

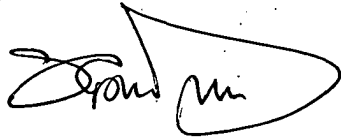
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Melli Limited *(continued)*

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

Ashton-on-Ribble

Preston

PR2 2YF

✓ May 2015

Profit and Loss Account
for the year ended 1 February 2015

	<i>Note</i>	2015 £	2014 £
Administrative expenses		(385,640)	-
Operating loss	2	(385,640)	-
Interest payable and similar charges	4	(621,292)	(1,987,661)
Loss on ordinary activities before taxation		(1,006,932)	(1,987,661)
Tax on profit on ordinary activities	5	-	-
Loss for the financial year	11	(1,006,932)	(1,987,661)

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 8 to 11 form part of these financial statements.

Balance Sheet

As at 1 February 2015

	Note	2015 £	2014 £
Fixed assets			
Investments	6	13,735,753	13,735,753
Current assets			
Debtors	7	-	7,969,942
Creditors: amounts falling due within one year	8	(17,299,301)	(5,937,451)
Net current (liabilities)/assets		(17,299,301)	2,032,491
Total assets less current liabilities		(3,563,548)	15,768,244
Creditors: amounts falling due after more than one year	9	-	(18,324,860)
Net liabilities		(3,563,548)	(2,556,616)
Capital and reserves			
Called up share capital	10	3,112,500	3,112,500
Capital contribution	11	133,836	133,836
Profit and loss account	11	(6,809,884)	(5,802,952)
Shareholders' deficit	12	(3,563,548)	(2,556,616)

The notes on pages 8 to 11 form part of these financial statements.

These financial statements were approved by the board of directors on 14th May 2015 and were signed on its behalf by:



J Jones
Director

Company registered number: 07395312

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

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

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.

As the Company is a wholly owned subsidiary of Ingleby (1951) Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

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.

Investments

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

Taxation

The charge for taxation is based on the profit/loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2 Operating loss

	2015 £	2014 £
Operating loss is stated after charging:		
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	1,750	1,250
	<hr/>	<hr/>

Notes (continued)

3 Staff costs

There are no individuals employed by Melli Limited. Melli staff are employed through Amber Taverns Limited, a related company.

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

4 Interest payable and similar charges

	2015 £	2014 £
On all other loans	621,292	1,887,625
Other finance costs	-	100,036
	<u>621,292</u>	<u>1,987,661</u>

5 Taxation

Factors affecting the tax charge for the current period.

The current tax charge for the period is higher than (2014: higher) than the standard rate of corporation tax in the UK of 21.3%, (2014: 23.0%). The differences are explained below.

	2015 £	2014 £
Loss on ordinary activities before tax	(1,006,932)	(1,987,661)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.3% (2014: 23.0%)	(214,477)	(457,162)
Effects of:		
Expenses not deductible for tax purposes	-	115,915
Group relief surrendered	214,477	341,247
Total current tax charge	<u>-</u>	<u>-</u>

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

Notes (continued)

6 Fixed asset investments

	Investments in subsidiary companies £
<i>Cost and net book value</i>	
At 1 February 2015 and 2 February 2014	<u>13,735,753</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Business	Incorporated	Class of shares	Holding
Amber Taverns Limited	Public House management	England and Wales	Ordinary	100%

7 Debtors

	2015 £	2014 £
Amounts owed by group undertakings	<u>-</u>	<u>7,969,942</u>

8 Creditors: Amounts falling due within one year

	2015 £	2014 £
Intercompany creditors	17,299,301	600,000
Accruals and deferred income	-	5,337,451
	<u>17,299,301</u>	<u>5,937,451</u>

9 Creditors: Amounts falling due after more than one year

	2015 £	2014 £
Unsecured loan notes	<u>-</u>	<u>18,324,860</u>
Included within the above are amounts falling due as follows:		
	2015 £	2014 £
In the second to fifth years		
Unsecured loan notes	<u>-</u>	<u>18,324,860</u>

The loan notes provided by LGV Capital Partners Limited were fully repaid on 28 May 2015 following acquisition of Melli Limited by Ingleby (1951) Limited.

Notes (continued)

10 Called up Share Capital

	2015 £	2014 £
<i>Allotted, called up and fully paid</i>		
3,112,500 - Ordinary shares of £1 each	3,112,500	3,112,500

11 Reserves

	2015 £	2014 £
At 2 February 2014	(5,802,952)	(3,815,291)
Loss for the financial year	(1,006,932)	(1,987,661)
At 1 February 2015	(6,809,884)	(5,802,952)

12 Reconciliation of movement in shareholders' deficit

	2015 £	2014 £
Opening shareholders' deficit	(2,556,616)	(568,955)
Loss for the financial year	(1,006,932)	(1,987,661)
Closing shareholders' deficit	(3,563,548)	(2,556,616)

13 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.