

Melli Limited

Strategic report, Directors' report and
financial statements

Registered number 07395312
52-week period ended 3 February 2019



Contents

| | |
|--|---|
| Strategic Report | 1 |
| Directors' Report | 2 |
| Statement of Directors' responsibilities in relation to the Strategic Report, Directors' Report and the financial statements | 3 |
| Independent auditor's report to the members of Melli Limited | 4 |
| Profit and Loss Account and Other Comprehensive Income | 6 |
| Balance Sheet | 7 |
| Statement of Changes in Equity | 8 |
| Notes | 9 |

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 Kildale Topco Limited, can be seen in the accounts of Amber Taverns Limited.

Principal risks and uncertainties

Economic environment risk

Consumer sentiment has become increasingly uncertain due to the extension of the Brexit deadline and the general political environment appears to be having a negative impact on consumer behaviour generally. The wet led pub market place has become increasingly competitive with recent cost increases to the national living wage and the non-domestic rates cost in the sector adding to the pressure on operating profit. The board believes whilst there are cost pressures in the market place its emphasis on quality and value for money should continue to provide confidence to all stakeholders in the business.

The Company continues to acquire some closed public houses and to pursue trading sites. Available licensed sites in good locations are not as abundant as in previous years but opportunities on the high street following the decline in the retail sector have presented a new pool, although the timescale to secure change of use, planning and licensing has extended the time from acquisition to opening by 3-6 months depending on the location. The Company intends to continue to consider acquisitions on a site by site basis but will look at similar smaller portfolios if they fit the demographic of the current estate.

Regulatory risk

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

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 L Jones

Director

31st July 2019

Directors' Report

The directors present their report and the financial statements for the 52-week period ended 3 February 2019.

Results and dividends

The profit for the period, after taxation, amounted to £nil (2018: £nil)

The directors do not recommend the payment of a dividend.

Directors

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

J E Baer
M D George
M J Goddard
J L Jones
G E Roberts

Going concern

The Company is part of a group headed by Kildale Topco 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 from the date of approval of the financial statements 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 RSM UK Audit LLP will therefore continue in office.

Modern Slavery Act 2015

In accordance with the requirements of the Modern Slavery Act, the board has reviewed and approved its compliance statement, this can be viewed on the company website www.ambertaverns.co.uk

Strategic Report

The information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and reports) regulations 2008 has been included in the separate Strategic Report in accordance with Section 414C (11) of the Companies Act 2006 (strategic Report and Directors' Report) Regulations 2013).

By order of the board



Director

The Victory Office
112 Victory Road
Blackpool
Lancashire
FY1 3NW

31st July 2019

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

The directors are responsible for preparing the Strategic Report and 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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MELLI LIMITED

Opinion

We have audited the financial statements of Melli Limited for the 52 week period ended 3 February 2019 which comprise Statement of Profit & loss account, Other comprehensive income, Balance sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 3 February 2019 and of the company's result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

RSM UK Audit LLP

Jonathan Lowe (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP,
Statutory Auditor
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
PR2 5PE

31 July 2019

Profit and Loss Account and Other Comprehensive Income
for the 52 week period ended 3 February 2019

| | <i>Note</i> | 2019 £ | 2018 £ |
|--|-------------|-----------|-----------|
| Administrative expenses | | - | - |
| Operating profit | 2 | - | - |
| Interest payable and similar charges | | - | - |
| Profit before taxation | | - | - |
| Tax on profit | | - | - |
| Profit for the financial period | | - | - |
| Other comprehensive income | | | |
| Other comprehensive income | | - | - |
| Total comprehensive profit for the period | | - | - |

The notes on pages 9 to 11 form part of these financial statements.

Balance Sheet
as at 3 February 2019

| | Note | £ | 2019 £ | £ | 2018 £ |
|---|------|--------------|--------------|--------------|--------------|
| Fixed assets | | | | | |
| Investments | 5 | | 13,735,753 | | 13,735,753 |
| Current assets | | | | | |
| Debtors | | - | | - | |
| Creditors: amounts falling due within one year | 6 | (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 | 7 | | 3,112,500 | | 3,112,500 |
| Capital contribution | 9 | | 133,836 | | 133,836 |
| Profit and loss account | 8 | | (6,809,884) | | (6,809,884) |
| Shareholders' deficit | | | (3,563,548) | | (3,563,548) |

The notes on pages 9 to 11 form part of these financial statements.

These financial statements were approved by the board of directors on

31st July 2019 and were signed on its behalf by:


J. Jones
Director

Company registered number: 07395312

| | Called up Share capital £ | Capital Contribution reserve £ | Profit and loss account £ | Total equity £ |
|--|------------------------------------|---|------------------------------------|----------------------|
| Balance at 6 February 2017 | 3,112,500 | 133,836 | (6,809,884) | (3,563,548) |
| <i>Total comprehensive income for the period</i> | | | | |
| Profit or loss | - | - | - | - |
| Other comprehensive income | - | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total comprehensive income for the period | - | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Balance at 4 February 2018 | 3,112,500 | 133,836 | (6,809,884) | (3,563,548) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

| | Called up Share capital £ | Capital Contribution reserve £ | Profit and loss account £ | Total equity £ |
|--|------------------------------------|---|------------------------------------|----------------------|
| Balance at 5 February 2018 | 3,112,500 | 133,836 | (6,809,884) | (3,563,548) |
| <i>Total comprehensive income for the period</i> | | | | |
| Profit or loss | - | - | - | - |
| Other comprehensive income | - | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total comprehensive income for the period | - | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Balance at 3 February 2019 | 3,112,500 | 133,836 | (6,809,884) | (3,563,548) |

The notes on pages 9 to 11 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 presentation currency of these financial statements is sterling.

The Company's ultimate parent undertaking, Kildale Topco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Kildale Topco 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 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.
- 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 accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

These financial statements have been prepared on a 52 week basis to the 3rd February 2019.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The Company is part of a group headed by Kildale Topco 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 from the date of approval of the financial statements 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

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.

Taxation

Tax on the profit or loss for the period 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.

Notes (continued)

1 Accounting policies (continued)

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

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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Significant judgements and estimates

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors do not consider that there are any significant judgements and key sources of estimation uncertainty.

2 Expenses and auditor's remuneration

| | 2019 £ | 2018 £ |
|---|------------|------------|
| Audit of these financial statements | 750 | 750 |
| Amounts receivable by the Company's auditor and its associates in respect of: | | |
| - Taxation compliance services | 750 | 750 |
| | <u>750</u> | <u>750</u> |

The audit fees for 2019 and 2018 have 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.

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, and no allocation of their fees is made to the Company as their services to this Company are considered to be negligible.

5 Fixed asset investments

| | Investments in subsidiary companies £ |
|--|---|
| <i>Cost and net book value</i> | |
| At 3 February 2019 and 4 February 2018 | 13,735,753 |
| | <u>13,735,753</u> |

Notes (continued)

5 Fixed asset investments (continued)

Subsidiary undertakings

The Company has the following investments in subsidiaries:

| | Principal Activity | Country of incorporation | Class of shares held | Ownership 2019 % | Ownership 2018 % |
|-----------------------|-------------------------|--------------------------|----------------------|------------------|------------------|
| Amber Taverns Limited | Public House Management | United Kingdom | Ordinary | 100 | 100 |

6 Creditors: Amounts falling due within one year

| | 2019 £ | 2018 £ |
|------------------------------------|------------|------------|
| Amounts owed to group undertakings | 17,299.301 | 17,299.301 |

7 Capital and reserves

| | 2019 £ | 2018 £ |
|---|-----------|-----------|
| <i>Allotted, called up and fully paid</i> 3,112,500 Ordinary shares of £1 each | 3,112,500 | 3,112,500 |

8 Profit and Loss Account

Includes all current and prior period retained profits and losses net of distributions to owners.

9 Capital contributions

Monies received for acquisition of Amber Taverns Limited.

10 Related parties

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

There is a composite unlimited multilateral guarantee given by Kildale Parentco Limited, Kildale Bidco Limited, Ingleby 1952 Limited, Ingleby 1951 Limited, Melli Limited, Apis Limited and Amber Taverns Limited

11 Ultimate parent undertaking and controlling party

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

The ultimate controlling party is MxP Partners LLP who own 66.9% shareholder of Kildale Topco (2018: MxP Partners LLP).