

MEL Midco Limited

**Directors' report and financial
statements**

Registered number 09076905
52 weeks ended 19 March 2016

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Directors and company information

Directors

J B Cleland
O J Meakin
P Brigden
N A McGowan
N Morrill
B Slatter
T Craddock
D Shapland
G Harris
L A Dunsmuir
S Fitzpatrick

Bankers

Investec Bank plc
2 Gresham Street
London
EC2V 7QP

Lloyds Banking Group
14 Church Street
Sheffield
S1 1HT

Auditor

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Registered office

Brookfields Way
Manvers
Wath-upon-Deane
Rotherham
South Yorkshire
S63 5DL

Strategic report

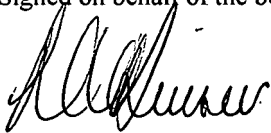
Principal activities

During the period MEL Midco Limited operated as an intermediate holding company. The trading subsidiary predominantly trades as a retailer of electronic goods. These financial statements cover the 52 weeks ended 19 March 2016. The prior year comparative figures cover the 41 weeks from incorporation on 9 June 2014 to 21 March 2015.

Business review

During the period the Company has operated as a non-trading intermediate holding company. During the period the only transactions in the Company were the repayment of loan notes and accrued interest, accrual of interest on loan notes and payment of some minor administrative expenses.

Signed on behalf of the board



L A Dunsmuir
Director

Brookfields Way
Manvers
Wath-upon-Deane
Rotherham
South Yorkshire
S63 5DL

21 June 2016

Directors' report

The directors present their annual report and the audited financial statements for the 52 weeks ended 19 March 2016. The prior year comparative figures cover the 41 week period from the date of incorporation of the Company on 9 June 2014 to 21 March 2015. These are the Company's first financial statements prepared in accordance with FRS 102. In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

Directors and directors' interests

The directors who held office during the period and up to the date of signing this report were as follows:

N Morrill	
B Slatter	
T Craddock	
J B Cleland	
O J Meakin	
N McGowan	
D Shapland	
P Brigden	
G Harris	(appointed 11 June 2015)
L A Dunsmuir	(appointed 28 September 2015)
S Fitzpatrick	(appointed 28 September 2015)

None of the directors had any interest in the shares of the Company.

The Company is a wholly owned subsidiary of MEL Topco Limited.

Dividends

The Directors do not recommend payment of a dividend (41 weeks ended 21 March 2015: £nil).

Political contributions

The Company made no political contributions during the period (41 weeks ended 21 March 2015: £nil).

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.

Directors' report *(continued)*

Auditor

In accordance with Section 487 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting

By order of the board



L A Dunsmuir
Director

Brookfields Way
Manvers
Wath-upon-Dearne
Rotherham
South Yorkshire
S63 5DL

21 June 2016

Statement of directors' responsibilities in respect of the Strategic report, the 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 the 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 LLP

1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
United Kingdom

Independent auditor's report to the members of MEL Midco Limited

We have audited the financial statements of MEL Midco Limited for the 52 week period ended 19 March 2016 set out on pages 8 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102, The Financial Reporting Standard applicable in the UK and the 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 5, 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 19 March 2016 and of its loss for the period 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 period for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report to the members of MEL Midco 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.



Claire Needham (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Street
Sovereign Street
Leeds
LS1 4DA

24 June 2016

Profit and loss account and other comprehensive income
for the 52 weeks ended 19 March 2016

	<i>Notes</i>	52 weeks ended 19 March 2016 £'000	41 weeks ended 21 March 2015 £'000
Administrative expenses		(3)	-
Operating loss		(3)	-
Interest payable and similar charges	4	(10,828)	(7,798)
Loss on ordinary activities before taxation		(10,831)	(7,798)
Tax on loss on ordinary activities	5	256	246
Loss for the financial period		(10,575)	(7,552)
Other comprehensive income		-	-
Total comprehensive income		(10,575)	(7,552)

The loss for the financial period is derived entirely from continuing operations.

Notes on pages 11 to 19 form part of the financial statements.

Balance sheet
 at 19 March 2016

	<i>Note</i>	19 March 2016		21 March 2015	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	6		-		-
Current assets					
Debtors	7	73,594		73,339	
Creditors: amounts falling due within one year	8	(10,443)		(940)	
Net current assets			63,151		72,399
Total assets less current liabilities			63,151		72,399
Creditors: amounts falling due after more than one year	9		(81,278)		(79,951)
Net liabilities			(18,127)		(7,552)
Capital and reserves					
Called up share capital	12		-		-
Profit and loss account			(18,127)		(7,552)
Shareholders' deficit			(18,127)		(7,552)

The notes on pages 11 to 19 form part of the financial statements.

These financial statements were approved by the board of directors on 21 June 2016 and were signed on its behalf by:



L A Dunsmuir
 Director

Statement of changes in equity
for the 52 weeks ended 19 March 2016

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
Balance on incorporation	-	-	-
Total comprehensive income for the period			
Loss for the period	-	(7,552)	(7,552)
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	(7,552)	(7,552)
Transactions with owners, recorded directly in equity			
Dividends	-	-	-
	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 21 March 2015	-	(7,552)	(7,552)

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
Balance at 22 March 2015	-	(7,552)	(7,552)
Total comprehensive income for the period			
Loss for the period	-	(10,575)	(10,575)
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	(10,575)	(10,575)
Transactions with owners, recorded directly in equity			
Dividends	-	-	-
	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 19 March 2016	-	(18,127)	(18,127)

The notes on pages 11 to 19 form part of the financial statements.

Notes to the financial statements (forming part of the financial statements)

1 Accounting policies

MEL Midco 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. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

The Company's ultimate parent undertaking, MEL Topco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of MEL Topco Limited are available to the public and may be obtained from Brookfields Way, Manvers, Wath-upon-Deerne, Rotherham, South Yorkshire, S63 5DL. 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 MEL Topco 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 accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis. There are no areas of significant accounting judgement.

Notes (continued)

1 Accounting policies (continued)

1.2 Going concern

The Directors consider it appropriate to prepare these financial statements on a going concern basis, notwithstanding the net liabilities position of the Company of £18.1m. Having reviewed the Group's (consisting of MEL Topco Limited and its subsidiaries) cash position, cash flow forecasts and analysis of the banking covenants ruling the Group's revolving credit facility, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The Group is cash generative at an operating activities level. The Company owes £10.4m to group undertakings, due in less than one year, and the Directors do not consider settlement will be requested should the Company have insufficient funds. Additionally, the Company and Group owe loan notes and related interest on these loan notes totalling £81m. The loan notes have a maturity date of 30 June 2019. Excluding shareholder loan note balances, the Group showed a net cash in hand position of £8.6m at 19 March 2016.

Based upon the forecasts for the next year, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the MEL Topco Limited group to continue as a going concern or its ability to continue with the current banking arrangements.

1.3 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.4 Basic financial instruments

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.

Notes (continued)

1 Accounting policies (continued)

1.4 Basic financial instruments (continued)

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss

Investments in subsidiaries

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

1.5 Expenses

Interest payable

Interest payable and similar charges include interest payable on shareholder loan notes. Interest payable is recognised in profit or loss as it accrues, using the effective interest method.

1.6 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.

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. The following timing differences are not provided for: differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. 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.

1.7 Provisions

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Notes *(continued)*

2 Expenses and auditor's remuneration

	52 weeks ended 19 March 2016 £'000	41 weeks ended 21 March 2015 £'000
<i>Included in profit/loss are the following</i>		
Auditor remuneration:		
-audit	4	2
-tax compliance	2	1
-all other tax advisory services	1	1
	<u> </u>	<u> </u>

Auditor remuneration was borne by another group company.

3 Remuneration of directors

The directors, listed on page 3, were the only employees of the Company during the period. The directors received no remuneration for their services to the Company for the 52 weeks ended 19 March 2016 (*41 weeks ended 21 March 2015: £nil*).

4 Interest payable and similar charges

	52 weeks ended 19 March 2016 £'000	41 weeks ended 21 March 2015 £'000
Interest accrued on shareholder loan notes	10,828	7,798
	<u> </u>	<u> </u>

Notes (continued)

5 Taxation

Total tax expense recognised in the profit and loss account

	52 weeks ended 19 March 2016		41 weeks ended 21 March 2015	
	£'000	£'000	£'000	£'000
Analysis of tax credit for the period				
<i>UK corporation tax</i>				
Group relief receivable	(256)		(246)	
Total current tax		(256)		(246)
<i>Deferred tax</i>				
Origination/reversal of timing differences		-		-
Total tax		(256)		(246)

Reconciliation of effective tax rate

	52 weeks ended 19 March 2016 £'000	41 weeks ended 21 March 2015 £'000
Loss for the year	(10,575)	(7,552)
Total tax credit	256	246
Loss before tax	(10,831)	(7,798)
Tax using the UK corporation tax rate of 20% (2015: 21%)	(2,166)	(1,638)
Expenses not deductible for tax purposes	1,190	1,392
Tax credit	(256)	(246)

Factors affecting the tax charge for the future periods

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. These will reduce the Company's future current tax charge accordingly.

The Company had an unrecognised deferred tax asset of £85,000 at 19 March 2016 (21 March 2015: £nil). This has not been recognised on the basis that its recoverability is uncertain. The unrecognised deferred tax asset relates to non-trading losses carried forward, and its recoverability depends on suitable profits being generated against which the losses can be utilised.

Notes (continued)

6 Fixed asset investments

	Shares in group undertaking £
At 21 March 2015 and 19 March 2016	1
	<hr/> <hr/>

The Company has the following investments in subsidiaries:

	Country of incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
MEL Bidco Limited	England	Holding company	100% ordinary shares
Maplin Electronics Group (Holdings) Limited *	England	Holding Company	100% ordinary shares
Maplin Electronics (Holdings) Limited *	England	Holding Company	100% ordinary shares
Maplin Electronics Limited*	England	Retail and Mail Order Electronics	100% ordinary shares
Maplin Electronics (HK) Limited *	Hong Kong	Buying, sourcing and shipping of products	100% ordinary shares

Maplin Electronics Limited has an overseas branch in Taiwan.

* Indirectly held through subsidiary company

Notes *(continued)*

7 Debtors

	19 March 2016 £'000	21 March 2015 £'000
Amounts owed by group undertakings	73,594	73,339

Amounts owed by group undertakings are repayable on demand. No interest was charged on amounts owed by group undertakings during the period *(41 weeks ended 21 March 2015: £nil)*.

8 Creditors: amounts falling due within one year

	19 March 2016 £'000	21 March 2015 £'000
Amounts owed to group undertakings	10,443	940

Amounts owed to group undertakings are repayable on demand. No interest was due on amounts owed to group undertakings during the period *(41 weeks ended 21 March 2015: £nil)*.

9 Creditors: amounts falling due after more than one year

	19 March 2016 £'000	21 March 2015 £'000
Loan stock	63,825	72,153
Accrued interest on shareholder loan stock	17,453	7,798
	<u>81,278</u>	<u>79,951</u>

10 Interest bearing loans and borrowings

Analysis of debt:

	19 March 2016 £'000	21 March 2015 £'000
Debt can be analysed as falling due:		
Between two and five years	81,278	-
In five years or more	-	79,951
	<u>81,278</u>	<u>79,951</u>

Notes (continued)

10 Interest bearing loans and borrowings (continued)

The group's borrowings, excluding share capital, at the balance sheet date together with their principal terms were as follows:

	Initial capital advance £'000	Invested capital outstanding at period end £'000	Repayment terms	Interest
Loan stock	72,153	81,278	Redeemable in full on 30 June 2019	15%
	72,153	81,278		

Loan stock

On 27 June 2014 Mel Midco Limited issued £72,153,000 of 5-year loan notes in the following denominations: Series A1 £35,593,000, Series A2 £35,593,000, Series B1 £484,000 and Series B2 £484,000. All Series A1 and Series B1 loan notes are secured by fixed and floating charges over all assets of Maplin Electronics Limited and MEL Midco Limited. All Series A2 and Series B2 loan notes are unsecured. All loan notes accrue interest at a rate of 15% per annum. All loan notes have a redemption date of 30 June 2019.

On 4 June 2015 £35,693,000 Series A1 loan notes and £35,693,000 Series A2 loan notes were admitted to the official list of the Channel Islands Stock Exchange (CISX).

On 9 June 2015 £9,500,000 of loan notes and accrued interest were repaid.

At 19 March 2016 the Series A1 secured loan notes included £56,983 (21 March 2015: £56,053) owed to directors, the Series A2 unsecured loan notes included £56,984 (21 March 2015: £56,053) owed to directors, the Series B1 secured loan notes included £345,006 (21 March 2015: £339,371) owed to directors and the Series B2 unsecured loan notes included £345,008 (21 March 2015: £339,371) owed to directors (all including accrued interest).

11 Financial instruments

The main risk arising from the Company's financial instruments is liquidity risk. Cash resources are largely and normally generated through operations. The Company's policy is to maintain a balance of funds sufficient to meet anticipated short term and long term financial requirements.

Notes (continued)

11 Financial instruments (continued)

Effective interest rates and maturity of liabilities

	Fixed or variable rate	Effective interest rate %	Total £'000	1 year or less £'000	1 – 2 years £'000	2 – 5 years £'000
Shareholder loan notes (including accrued interest)	Fixed	15.0	(81,278)	-	-	(81,278)
			=====	=====	=====	=====

12 Called up share capital

	19 March 2016		21 March 2015	
	No	£	No	£
<i>Allotted, called up and fully paid</i> Ordinary shares of £1 each	1	1	1	1
	-----	-----	-----	-----
	1	1	1	1
	=====	=====	=====	=====

13 Ultimate parent company

The ultimate controlling party is Rutland Partners LLP as a result of the size of their shareholding in MEL Topco Limited.

The Company is a wholly owned subsidiary of MEL Topco Limited.

The smallest and largest group in which the results of the Company are consolidated is that headed by MEL Topco Limited. The consolidated accounts of this Company are available to the public from the registered office.

14 Explanation of transition to FRS 102 from old UK GAAP

No adjustments arose on the transition from old UK GAAP to FRS 102.