

Caspian Holdco Limited
Annual report and financial statements
Year ended 30 June 2011

Registered Number: 05642422

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Directors' report for the year ended 30 June 2011

The directors present their report and the audited financial statements of the Company for the year ended 30 June 2011

Principal activities

Caspian Holdco Limited (the "Company") is a wholly owned subsidiary of Caspian Topco Limited. Caspian Topco Limited and its subsidiaries are defined as the 'Group'

The Group operates 65 bars under the Revolution Vodka Bar and Revolucion de Cuba Rum Bar brand. The main brand is the Revolution Vodka Bar which operates in 63 bars. Revolution is a series of individually designed, accessible style bars located in town and city centres, principally for the 18-35 year-old market. Revolution specialises in ways to enjoy vodka and the Group's expertise means it has an unparalleled range of cocktails, premium vodkas and vodka shots. In particular, the vodka shots are prepared at the Group's dedicated facility in East Manchester to the Group's own recipes and represent the largest range of flavoured and infused vodkas in the UK.

During the year, the Group opened two bars, at America Square in London and Norwich. In July 2011, the Group opened bars in Blackpool and Norwich. The Board considers a fall in consumer demand to be the principal risk.

The KPIs for the Group are like-for-like sales, gross margin and EBITDA.

The principal activity of the Company is as an investment holding company.

Results and dividends

The loss after taxation and the retained loss for the year ended 30 June 2011 were £5,575,000 (2010: £4,964,000).

No dividend can be paid. The retained loss has been transferred to reserves.

Directors

The directors who held office during the year are given below:

John Gavin Loughrey

Roy Edward Ellis

Sean Martin Curran

Neil Angus Macleod

Directors' report (continued)

Directors' indemnity provisions

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report

Disclosure of information to auditors

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 auditors are unaware, and each director has taken all the steps that he ought to have taken as director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing 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 judgments 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,
- 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

Auditors

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

By order of the Board



Sean Curran

Secretary

09 September 2011

Registered office

21 Old Street
Ashton-under-Lyne
OL6 6LA

Independent auditors' report to the members of Caspian Holdco Limited

We have audited the financial statements of Caspian Holdco Limited for the year ended 30 June 2011 set out on pages 4 to 9. 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 2, 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 APB's website at 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 30 June 2011 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.



Richard Evans (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St James Square
Manchester
M2 6DS

13 September 2011

Caspian Holdco Limited

Profit and loss account For the year ended 30 June 2011

	<i>Note</i>	2011 £'000	2010 £'000
Interest payable and similar charges	<i>2</i>	(5,575)	(4,964)
Retained loss for the financial year	<i>9</i>	(5,575)	(4,964)

All results relate to continuing activities

There are no gains or losses recognised during the year other than the results above and therefore no separate statement of total recognised gains and losses has been presented

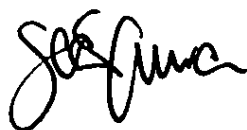
There are no material differences between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents

Caspian Holdco Limited

Balance sheet as at 30 June 2011

	<i>Note</i>	2011 £'000	2010 £'000
Fixed assets			
Investments	4	1,670	1,670
		1,670	1,670
Current assets			
Debtors	5	26,603	26,871
		26,603	26,871
Creditors, amounts falling due within one year	6	-	(269)
Net current assets		26,603	26,602
Total assets less current liabilities		28,273	28,272
Creditors: amounts falling due after more than one year	7	(50,812)	(45,236)
Net liabilities		(22,539)	(16,964)
Capital and reserves			
Called-up share capital	8	1,670	1,670
Profit and loss account	9	(24,209)	(18,634)
Equity shareholders' deficit	10	(22,539)	(16,964)

The financial statements were approved by the board of directors on 09 September 2011 and were signed on its behalf by



S Curran
Director
Registered Number: 05642422

Caspian Holdco Limited

Notes to the financial statements

1 Accounting policies

Basis of accounting

The financial statements have been prepared on the going concern basis in accordance with the Companies Act 2006 and applicable accounting standards using the historical cost convention. The accounts have been prepared on the going concern basis on the grounds that Caspian Topco Limited has confirmed to the directors that its present intention is to provide financial support to enable the Company to continue its operations and to meet its financial obligations. The principal accounting policies, which have been applied consistently, are set out below.

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.

Cash flow statement

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.

Fixed asset investments

In the financial statements of the Company, shares in subsidiaries are stated at cost less provision for any impairment.

Auditors' remuneration

The audit costs have been borne by another group company. Had the costs not been borne by another group company, the amounts receivable by the auditors and their associates in respect of the audit of these financial statements would have been £500 (2009: £500).

Remuneration of directors

The directors received no remuneration during the year in respect of services to the Company.

Financial instruments

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) 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 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.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges.

Taxation

The charge for taxation is based on the profit 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.

Caspian Holdco Limited

2 Interest payable and similar charges

	2011 £'000	2010 £'000
On fixed rate unsecured loan notes	5,575	4,964
	5,575	4,964

3 Tax on loss on ordinary activities

	2011 £'000	2010 £'000
Current tax		
UK corporation tax at 27.5% (2010: 28%)	-	-
	-	-

The tax credit for the year is lower (2010: lower) than the standard rate of corporation tax in the UK (27.5%, 2010: 28%). The differences are explained as below:

	2011 £'000	2010 £'000
Loss on ordinary activities before taxation	5,575	4,964
Tax credit on loss on ordinary activities at 27.5% (2010: 28%)	1,533	1,390
Effects of:		
Short term timing differences	(468)	(274)
Group relief	(1,334)	(1,116)
Adjustment in respect of prior periods	269	-
Current tax charge for the year	-	-

A deferred tax asset of £1,048,000 (2010: £1,256,000) in respect of short term timing differences has not been recognised.

4 Investments

	2011 £'000	2010 £'000
Investment in subsidiary		
Cost at beginning of year	1,670	1,670
Cost at end of year	1,670	1,670

The investment is in the Company's wholly owned subsidiary, Caspian Bidco Limited. Caspian Holdco Limited holds all of the ordinary share capital of Caspian Bidco Limited, a company registered in England and Wales whose principal activity is that of an investment holding company.

Caspian Holdco Limited

5 Debtors

	2011 £'000	2010 £'000
Amounts owed by other group undertakings	26,603	26,871
	26,603	26,871

All amounts are expected to be received within one year

6 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Corporation tax	-	269
	-	269

7 Creditors: amounts falling due after more than one year

	2011 £'000	2010 £'000
Fixed rate unsecured Series A loan notes	21,574	21,574
Fixed rate unsecured Series B loan notes	5,297	5,297
Accrued interest	9,518	7,605
PIK notes	14,423	10,760
	50,812	45,236

The Series A loan notes, the series B loan notes, the PIK notes and the accrued interest are subject to interest at 12% per annum compounded every six months at 30 June and 31 December each year. The entitlement to interest may be satisfied by the issue of Payment in Kind ("PIK") notes for the Series A loan notes. The loan notes carry a redemption date of 1 June 2014. Upon redemption, the nominal value of the loan notes plus any PIK notes and accrued interest is repayable. The loan notes may be redeemed at any date prior to 1 June 2014 by agreement between the Company and the loan note holders.

	Accrued interest £'000	PIK notes £'000	Loan notes £'000	Total £'000
Repayable as follows:				
Between two and five years	9,518	14,423	26,871	50,812
	9,518	14,423	26,871	50,812

Caspian Holdco Limited

8 Called-up share capital

	2011 £'000	2010 £'000
Authorised		
1,700,000 £1 ordinary shares	1,700	1,700
Allotted, called-up and fully paid		
1,669,997 £1 ordinary shares	1,670	1,670

9 Reserves

	2011 £'000
At the beginning of the year	(18,634)
Retained loss for the year	(5,575)
At the end of the year	(24,209)

10 Reconciliation of movement in equity shareholders' deficit

	2010 £'000	2010 £'000
Loss for the year	(5,575)	(4,964)
Net increase in equity shareholders' deficit	(5,575)	(4,964)
Equity shareholders' deficit brought forward	(16,964)	(12,000)
Equity shareholders' deficit carried forward	(22,539)	(16,964)

11 Related party transactions

At the end of the year, £21,574,187 (2010 £21,574,187) of loan notes and £14,422,635 (2010 £10,759,545) of PIK notes were issued to Alchemy Partners Nominees Limited. As the Company is a wholly owned subsidiary of Caspian Topco Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group.

The directors' beneficial interests in the Series B loan notes through the Alchemy Investment Plan Co-investment scheme are set out below:

	Number of loan notes 2011	Number of loan notes 2010
R E Ellis	2,362,814	2,362,814
N A Macleod	2,661,335	2,661,335
S M Curran	159,532	159,532

12 Ultimate parent company

The entire share capital of the Company is owned by Caspian Topco Limited, a company incorporated in Great Britain and registered in England and Wales. The group accounts of Caspian Topco can be obtained from its registered office, 21 Old Street, Ashton-Under-Lyne, OL6 6LA.

Of the issued share capital of Caspian Topco Limited, 68% is held by Alchemy Partners Nominees Limited on behalf of investors in the Alchemy Investment Plan, a collection of limited partnerships managed by Alchemy Partners (Guernsey) Limited.