

Hudson & Hill Ltd

Accounts 28 February 1999
together with directors' and auditors' reports

Registered number: 178832



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Directors' report

For the period ended 28 February 1999

The directors present their annual report and the audited financial statements for the period ended 28 February 1999.

Principal activity and business review

The company has not traded during the financial period.

Proposed dividend and transfer to reserves

There was no dividend paid or proposed in the period (1998 - £nil).

The loss for the year of £1,570,000 has been transferred to reserves (1998 - profit of £438,000)

Directors and directors' interests

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

A T Colquhoun

H C Etheridge

None of the directors who held office at the end of the period had any disclosable interest in the shares of the company.

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial period which 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 accounts, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. 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.

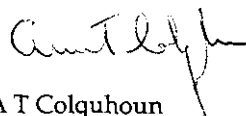
Director's report (continued)

Auditors

A resolution to re-appoint Arthur Andersen as auditors will be proposed at the Annual General Meeting.

Whitchurch Lane
Bristol
BS14 OJZ

By order of the Board,



A T Colquhoun
Secretary

22 December 1999

Auditors' report

Bristol

To the Shareholders of Hudson & Hill Limited:

We have audited the accounts on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 28 February 1999 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

Broad Quay House
Broad Quay
Bristol
BS1 4DJ

22 December 1999

Profit and loss account

For the period ended 28 February 1999

	Note	10 months ended 28 February 1999 £'000	Year ended 30 April 1998 £'000
Provision against investment in subsidiary undertakings	4	(1,570)	-
Loss on ordinary activities before taxation	2	(1,570)	-
Tax on profit on ordinary activities	3	-	438
(Loss) profit for the financial period		(1,570)	438
Accumulated deficit, brought forward		(3,131)	(3,569)
Accumulated deficit, carried forward		(4,701)	(3,131)

The accompanying notes are an integral part of this profit and loss account.

There were no recognised gains or losses other than the profit or loss for each financial period.

Balance sheet

28 February 1999

	Note	28 February 1999 £'000	30 April 1998 £'000
Fixed assets			
Investments	4	-	1,570
Creditors: Amounts falling due within one year			
Amounts owed to group undertakings		(4,576)	(4,576)
Net current liabilities		<u>(4,576)</u>	<u>(3,006)</u>
Capital and reserves			
Called-up share capital	5	108	108
Share premium account	6	17	17
Profit and loss account	6	(4,701)	(3,131)
Deficit on equity shareholders' funds	6	<u>(4,576)</u>	<u>(3,006)</u>

Signed on behalf of the Board:



H C Etheridge
Director

22 December 1999

The accompanying notes are an integral part of this balance sheet.

Notes to accounts

28 February 1999

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and the preceding year.

a) Basis of accounting

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

Consolidated accounts have not been prepared because the company is itself a wholly owned subsidiary of a company incorporated in Great Britain.

b) Cash flow statement

The company has not presented a cash flow statement as its cash flows are consolidated into those of its ultimate parent company.

c) Related party transactions

As 100% of the company's voting rights are controlled within the group headed by Matthew Clark plc, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group or investees in the group qualifying as related parties.

d) Investments

Investments are stated at cost less amounts written off.

2 Directors' and auditors' remuneration

The audit fee for the company is borne by the ultimate parent company.

The directors received no remuneration in respect of their services to the company (1998 - £nil).

3 Tax

	1999 £'000	1998 £'000
UK corporation tax credit - prior year adjustment	-	438

Notes to accounts (continued)

4 Fixed asset investments

	£'000
Cost	
At 30 April 1998	1,570
Transfer to group company	(1,570)
At 28 February 1999	-
Provision	
At 30 April 1998	-
Profit and loss account	(1,570)
Transfer to group company	1,570
At 28 February 1999	-

The subsidiary undertakings of the company which were wholly owned and registered in England and Wales are as follows:

Grierson - Blumenthal Limited
 Italian Wine Agencies Limited
 Geoffrey Roberts Agencies Limited
 City Vintagers Limited
 RB Smith & Son Limited
 Hispanic Wine Agencies Limited
 French Wine Agencies Limited
 German Wine Agencies Limited
 Christopher & Co Limited

The subsidiary undertakings did not trade during the period and were transferred for £nil consideration on 29 April 1998 to Matthew Clark Brands Limited, a group company.

Notes to accounts (continued)

5 Called up share capital

	28 February 1999 £'000	30 April 1998 £'000
<i>Authorised</i>		
100,000 ordinary shares of £1 each	100	100
200,000 ordinary shares of 5p each	10	10
	<u>110</u>	<u>110</u>
<i>Allotted, called up and fully paid</i>		
99,023 ordinary shares of £1 each	99	99
196,539 ordinary shares of 5p each	9	9
	<u>108</u>	<u>108</u>

The £1 ordinary shares and the 5p ordinary shares rank *pari passu* in all respects.

6 Equity shareholders' funds

	28 February 1999 £'000	30 April 1998 £'000
At beginning of period	(3,006)	(3,444)
(Loss) profit for the period	(1,570)	438
At end of period	<u>(4,576)</u>	<u>(3,006)</u>

7 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Matthew Clark Brands Limited, registered in England and Wales.

The smallest group in which the results of the company are consolidated is headed by Matthew Clark plc. The consolidated financial statements of the group may be obtained from the company secretary of Matthew Clark plc at Whitchurch Lane, Bristol BS14 0JZ.

The largest group in which the results of the company are consolidated is headed by Canandaigua Brands Inc, which is incorporated in the United States of America and which acquired the former parent company Matthew Clark plc with effect from 1 December 1998.

The consolidated accounts are available to the public and may be obtained by writing to Investor Relations, Canandaigua Brands Inc, 300 Willowbrook Office Park, Fairport, New York, 14450, USA.

8 Prior year comparatives

The prior year comparatives were audited by a firm of chartered accountants other than Arthur Andersen.