The Wine Studio Limited

Directors' report and financial statements

For the year ended 29 February 2008

Registered number 2867477

Contents

Directors' report

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 29 February 2008

Principal activity

The company's principal activity during the year has been that of wholesale wine merchants

Business review

The company began trading in December 2006 in order to supply premium wine to the trade and individuals, focusing initially on the London and South-East area During its first full year of trade, The Wine Studio delivered over 5,600 nine litre cases of wine and champagne The business has been set some ambitious growth targets for 2008/09, looking to quadruple sales by opening 10 new business accounts per month

Results and dividends

The loss for the year after tax was £346,000 *(2007 £37,000)* The directors do not recommend the payment of a dividend *(2007 £Nil)*

Directors and directors' interests

The following directors served during the year or were appointed post year end

AT Colquhoun	(resigned 15 March 2008)
T Christensen	
MG Grisman	
J Moramarco	(resigned 1 March 2007)
S Thomson	
DW Townsend	(resigned 6 April 2007)
D Klein	(appointed 5 March 2007)
D Malhotra	(appointed 31 March 2008)

The directors held no interests in the company during the year that required disclosure

Statement of disclosure to auditors

The directors who held office at the date of approval of the 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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board

T Christensen
Director

12 Central Way
Park Royal
London
NW10 7XN

23 June 2008

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)

The financial statements are required by law to 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 year

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, 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985 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

KPMG LLP

100 Temple Street
Bristol
BS1 6AG
United Kingdom

Independent auditors' report to the members of The Wine Studio Limited

We have audited the financial statements of The Wine Studio Limited for the year ended 29 February 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements

Independent auditors' report to the members of The Wine Studio Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 29 February 2008 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

2 July 2008

Profit and loss account
for the year ended 29 February 2008

	Note	2008 £000	2007 £000
Turnover	2	**603**	7
Cost of sales		**(498)**	(5)
Gross profit		**105**	2
Distribution costs		**(68)**	(4)
Administration expenses		**(383)**	(35)
Loss on ordinary activities before taxation	3-5	**(346)**	(37)
Tax on loss on ordinary activities	6	-	-
Loss on ordinary activities after taxation	10	**(346)**	(37)

There were no recognised gains or losses in the current or prior year other than those shown above

No statement of historical cost profits and losses is included as there is no material difference between the historical cost loss and the reported loss in either the current or the prior year

These results derive from continuing operations

Balance sheet
at 29 February 2008

	Note	**2008**		2007	
		£000	**£000**	£000	£000
Current assets					
Debtors	*7*	**194**		5	
Cash at bank and in hand		**86**		2	
			280		7
Creditors: amounts falling due within one year	*8*		**(563)**		(44)
Net liabilities			**(283)**		(37)
Capital and reserves					
Called up share capital	*9*		**-**		-
Share premium	*10*		**100**		-
Profit and loss account	*10*		**(383)**		(37)
Shareholders' deficit	*10*		**(283)**		(37)

These financial statements were approved by the board of directors on 23 June 2008 and were signed on its behalf by

T Christensen
Director

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

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

Notwithstanding net liabilities of £283,000 the financial statements have been prepared on a going concern basis The company's funding is based on secured financing which is in place until April 2012 subject to normal banking covenants After making enquiries and reviewing future forecasts, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Consequently, the accounts have been prepared on a going concern basis

Under FRS 1 (revised) 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 (see note 14)

As the company is a wholly owned subsidiary of Matthew Clark (Holdings) 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 consolidated financial statements of Matthew Clark (Holdings) Limited can be obtained from the address given in note 14

Turnover

Revenue from the sale of goods includes excise and import duties which the company pays as principal but excludes amounts collected on behalf of third parties, such as value added tax Sales are recognised depending upon individual customer terms at the time of despatch, delivery or some other specified point when the risk of loss transfers Provision is made for returns where appropriate Sales are stated net of price discounts, allowances for customer loyalty and certain promotional activities and similar terms

Taxation

The charge for taxation is based on the 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

Post-retirement benefits

For money purchase schemes, the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the period Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet

Notes *(continued)*

2 Turnover

Turnover consists of sales in the United Kingdom arising from the wholesale of wine Turnover is stated gross of import and excise duties which the company pays as principal but excludes amounts collected on behalf of third parties such as Value Added Taxes

3 Loss on ordinary activities before taxation

	2008	2007
	£000	£000
Fees for the audit of these financial statements	3	2

Amounts receivable by the company's auditor in respect of services to the company and its associates, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the company's parent

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2008	2007
Selling and distribution	9	7
Administration	1	1
	10	8

The aggregate payroll costs of these persons were as follows

	2008	2007
	£000	£000
Wages and salaries	267	17
Social security costs	31	2
Pensions costs (see note 12)	4	-
	302	19

Notes *(continued)*

5 Directors' remuneration

The directors' remuneration was borne by a fellow group company in both the current and prior years

6 Tax on loss on ordinary activities

	2008 £000	2007 £000
Current tax	-	-

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows

	2008 £000	2007 £000
Loss on ordinary activities before taxation	(346)	(37)
Tax on loss on ordinary activities at standard UK corporation tax rate of 30% *(2007 30%)*	(104)	(11)
Effects of		
Group Relief not paid for	104	11
Current tax charge for the year	-	-

7 Debtors

	2008 £000	2007 £000
Trade debtors	194	5

Notes *(continued)*

8 Creditors: amounts falling due within one year

	2008	2007
	£000	£000
Amounts owed to group undertakings	**(508)**	(43)
Other taxes and social security	**(52)**	(1)
Trade Creditors	**(2)**	-
Accruals	**(1)**	-
	(563)	(44)

9 Called up share capital

	2008	2007
	£	£
Authorised		
Equity 100 ordinary shares of £1 each	**100**	100
Allotted, called up and fully paid		
Equity Ordinary shares of £1 each	**52**	2

On 11 April 2007 the company issued 50 shares to Matthew Clark Limited for a total consideration of £100,050 in cash

10 Shareholders' deficit

	Share capital	**Share premium account**	**Profit and loss account**	**Shareholders' deficit**
	£000	£000	£000	£000
At beginning of year	-	-	(37)	(37)
Profit for the year	-	-	(346)	(346)
Issue of shares	-	100	-	100
At end of year	-	**100**	**(383)**	**(283)**

11 Contingent liabilities

The company is a member of the group VAT registration and is therefore jointly liable for the other group companies' outstanding net VAT liability of £1,400,000 (*2007 £8,244,000*)

The company and certain other group undertakings have entered into a Composite Accounting Agreement under which Barclays Bank Plc may offset money standing to the credit of any company within the agreement against any indebtedness to the bank of a company within the agreement The contingent liability at 29 February 2008 of the company in respect of guarantees given to secure the banking facilities of other group undertakings was £40,231,000 (*2007 £Nil*)

Notes *(continued)*

12 Pensions

The company operates a defined contribution scheme The assets of the scheme are held separately from those of the company, being invested with insurance companies The pension cost charge represents contributions payable by the company to the fund and amounted to £4,000 *(2007 £Nil)* There were no outstanding or prepaid contributions at the balance sheet date (*2007 £Nil*)

13 Related party transactions

During the year the company entered into transactions with companies in the groups headed by Constellation Brands Inc and Punch Taverns Plc No comparatives are given in relation to transactions with companies in the group headed by Constellation Brands Inc as these transactions qualified for the exemption under FRS 8 No comparatives are given in relation to transactions with companies in the group headed by Punch Taverns Plc as these transactions did not meet the definition of related party transactions FRS 8 in the prior year

a) Transactions with the Constellation Brands Inc. group

- The company purchased goods of £27,000 and services of £nil from the group,
- The company made sales of £nil to the group, and
- The balance owing from the company to the group at 29 February 2008 was £nil

b) Transactions with the Punch Taverns Plc group

- The company purchased goods of £nil and services of £nil from the group,
- The company made sales of £nil to the group, and
- The balance owing from the group to the company at 29 February 2008 was £nil

14 Ultimate parent undertaking

On 17 April 2007 the company's entire share capital was sold to Dubwath Limited, a company incorporated in England and Wales, which subsequently changed its name to Matthew Clark (Holdings) Limited As a result, the company's immediate parent undertaking is Matthew Clark (Holdings) Limited, the consolidated financial statements of which are available from Constellation House, The Guildway, Old Portsmouth Road, Guildford GU3 1LR

Matthew Clark (Holdings) Limited is ultimately jointly owned by Constellation Brands Inc, a company incorporated in the United States of America, and Punch Taverns Plc, a company incorporated in England and Wales