

The Wine Studio Limited

Directors' report and financial statements

For the year ended 28 February 2009

Registered number 2867477

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Contents

Directors' report	1
Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements	2
Independent auditors' report to the members of The Wine Studio Limited	3
Profit and loss account	5
Balance sheet	6
Notes	7

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 28 February 2009.

Principal activity

The Company's principal activity during the year has been that of a wine distributor and wholesaler.

Business review

The Company has enjoyed a stronger second year of trading, continuing to operate in the London and South East area supplying wine to the premium restaurant and licensed sector.

Volume doubled during the year, reflecting the business won with new customers. Turnover growth was higher than this, which was driven in part by improving mix. Both net sales and margin per case increased significantly over prior years driven both by customer and product mix.

The Company made substantial investment in sales and marketing capability during the year as the business continues to win scale and share.

Although the business made an operating loss during the year, the Directors are comfortable with the medium term direction of the business and its performance in only its second full year of operations.

Results and dividends

The loss for the year after tax was £279,000 (2008: £346,000). The Directors do not recommend the payment of a dividend (2008: £Nil).

Directors

The following Directors served during the year or were appointed post year end:

T Christensen
MG Grisman
S Thomson
A T Colquhoun (resigned 31 March 2008)
D Klein (resigned 3 April 2009)
D Malhotra (appointed 31 March 2008)
H Glennie (appointed 3 April 2009)

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

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

By order of the board.

S Thomson
Director



12 Central Way
Park Royal
London
NW10 7XN
28 May 2009

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 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 28 February 2009 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 28 February 2009 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

28 May 2009

Profit and loss account
for the year ended 28 February 2009

	<i>Note</i>	2009 £000	2008 £000
Turnover	2	1,656	603
Cost of sales		(1,387)	(498)
		<hr/>	<hr/>
Gross profit		269	105
Distribution costs		(72)	(68)
Administration expenses		(476)	(383)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	3-5	(279)	(346)
Tax on loss on ordinary activities	6	-	-
		<hr/>	<hr/>
Loss on ordinary activities after taxation	10	(279)	(346)
		<hr/>	<hr/>

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 28 February 2009

	<i>Note</i>	2009	2008
		£000	£000
Current assets			
Debtors	7	335	194
Cash at bank and in hand		163	86
		<hr/>	<hr/>
Creditors: amounts falling due within one year	8	498 (1,060)	280 (563)
		<hr/>	<hr/>
Net liabilities		(562)	(283)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	9	-	-
Share premium	10	100	100
Profit and loss account	10	(662)	(383)
		<hr/>	<hr/>
Shareholders' deficit	11	(562)	(283)
		<hr/>	<hr/>

These financial statements were approved by the board of Directors on 28 May 2009 and were signed on its behalf by:



S Thomson
 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 £562,000 the financial statements have been prepared on the going concern basis which the Directors believe to be appropriate for the following reasons. The Company's funding is based on the secured financing for the group headed by Matthew Clark (Holdings) Limited (the "Group") over which there are cross guarantees as described in note 15. This funding is in place until April 2012 subject to banking covenants. The Directors have prepared cash flow forecasts and while the nature of the Group's business means that there can be unpredictable variation in the timing of cash flows, taking account of reasonably possible changes in the Group's performance, the Directors have concluded that the group should be able to operate within the level of its current facilities.

In preparing those forecasts, the Directors have taken into account various risks and uncertainties. The principal areas of risk and uncertainty are the impact of the wider economic climate on the achievement of operating targets, in particular projected revenue and gross margins. In addition to these risks and uncertainties, the Group's performance is also impacted by financial risks, interest rate risk and credit risk. The Board has a documented policy in relation to manage these risks.

After making enquiries, the directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

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 15).

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 15.

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.

Notes (continued)

1 Accounting policies continued

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.

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

	2009 £000	2008 £000
<i>Auditors' remuneration:</i>		
Audit of these financial statements	3	3
	<u>3</u>	<u>3</u>

The audit fee was borne by a fellow Group company in both the current and the prior year.

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 2009	2008
Selling and distribution	8	9
Administration	2	1
	<u>10</u>	<u>10</u>

The aggregate payroll costs of these persons were as follows:

	2009 £000	2008 £000
Wages and salaries	304	267
Social security costs	35	31
Pensions costs (see note 13)	6	4
	<u>345</u>	<u>302</u>

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

	2009 £000	2008 £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:

	2009 £000	2008 £000
Loss on ordinary activities before taxation	(279)	(346)
Tax on loss on ordinary activities at standard UK corporation tax rate of 28.17% (2008: 30%)	(79)	(104)
Effects of: Group relief not paid for	79	104
Current tax charge for the year	-	-

7 Debtors

	2009 £000	2008 £000
Trade debtors	335	194

Notes (continued)

8 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Amounts owed to group undertakings	908	508
Other taxes and social security	133	52
Trade creditors	18	2
Accruals	1	1
	<u>1,060</u>	<u>563</u>

9 Called up share capital

	2009 £	2008 £
<i>Authorised</i>		
Equity: 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
Equity: Ordinary shares of £1 each	<u>52</u>	<u>52</u>

10 Share premium and reserves

	Share premium account £000	Profit and loss account £000
At beginning of year	100	(383)
Loss for the year	-	(279)
	<u>100</u>	<u>(662)</u>
At end of year		

11 Reconciliation of movement in shareholders' deficit

	2009 £000	2008 £000
Loss for the financial year	(279)	(346)
Net decrease in shareholders' deficit	(279)	(346)
Opening equity shareholders' (deficit) / funds	(283)	63
	<u>(562)</u>	<u>(283)</u>
Closing equity shareholders' deficit		

12 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 £3,700,000 (2008: £1,400,000).

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 28 February 2009 of the Company in respect of guarantees given to secure the banking facilities of other group undertakings was £24,819,000 (2008: £40,231,000).

13 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 £6,000 (2008: £4,000). There were no outstanding or prepaid contributions at the balance sheet date (2008: £Nil).

14 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.

a) Transactions with the Constellation Brands Inc. group

- The Company purchased goods of £72,000 (2008 £27,000) and services of £nil (2008: £nil) from the group;
- The Company made sales of £nil (2008: £nil) to the group; and
- The balance owing from the company to the group at 28 February 2009 was £nil (2008: £nil).

b) Transactions with the Punch Taverns Plc group

- The Company purchased goods of £nil and services of £nil (2008: £nil) from the group;
- The Company made sales of £nil (2008: £nil) to the group; and
- The balance owing from the group to the company at 28 February 2009 was £nil (2008: £nil).

15 Ultimate parent undertaking

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.