The Wine Studio Limited

Directors' report and financial statements

Registered number 02867477

For the year ended 29 February 2012

Contents

Directors' report

The Directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 29 February 2012

Principal activity

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

Business review

The Wine Studio business consists of two elements, the first being Wine Studio Bespoke operating in the London and South East area, supplying wine to the premium restaurant and licensed sector, the second is Wine Studio Agencies which acts as an importer and agent for a number of branded and specialist wines This business supplies both to retailers and also wholesalers and distributors

Competition

The Company's competitors are a combination of specialist wine agents, brokers and distributors who also supply the premium sector, as well as the major importers and logistics operators who bring wine into the UK

Legal and regulatory environment

The Company is part of the Matthew Clark Holdings Group of companies and as such, shares many of the same risks as other Companies in the Group

The Company acknowledges that it works in an environment that has both a developing and increasing regulatory agenda. In the areas of health and safety, quality control, environmental obligations and employee welfare the Company seeks to ensure that it works in an appropriate manner with the relevant regulatory bodies, works to obtain recognised accreditations and encourages a proactive approach to changes in the legal environment.

The Company is both controlled and supported by the risk management framework of the Matthew Clark Holdings Group

Aims and objectives

The Company's aims are to grow volumes and profits through providing flexible service levels to both premium retailers as well as to brand owners

Risk/uncertainty

The Company takes a moderate approach to risk, taking appropriate mitigation over legal, regulatory and financial exposures It uses a consistent documented approach in its treatment of financial risk and debtor exposure

There are well documented uncertainties over both the economic outlook and the impact of any downturn on consumer spend The Company has seen declines in many of its key markets over the course of the last year Regular management review and strategic exercises seek to identify those areas of risk and uncertainty that need to be addressed and put in place appropriate actions to mitigate them

Measurement

The Company has a well established performance measurement system that focuses the business on the key levers of sales volume and profit growth, together with cost control and cash flow This is linked to a detailed annual planning process as part of the strategic planning exercise

This target setting is then directly linked to individual employee's remuneration through a variety of incentive schemes across the businesses that align individual responsibilities with corporate aims and objectives

The annual budget process ensures that targets relating to business growth and development are set in conjunction with the Company's long term strategic goals and objectives

Directors' report *(continued)*

Business review *(continued)*

Trends and developments

This was the first full year of the agency business and the strong growth that started in the previous year, continued into this year The full year impact of the new agency wine brands, together with a more focused link to the wider Matthew Clark group companies helped drive customer numbers and volumes

Margins remained tight as the Company entered into many high volume contracts, but a clear focus on cost control ensured that the underlying profit growth remained strong

The Group is committed to the further development of the agency business, which the Directors believe offers a significant opportunity for profit growth

Performance

For the second year in a row the Company successfully grew its turnover and profits The focused strategy of adding in select wine agencies to the existing portfolio helped drive the growth and protect underlying core margins

This was coupled to investment in sales and marketing capability to ensure that the business is ready for new brands to be added in the next financial year

The Wine Studio made steady, if unspectacular progress in a tough London market

Overall the profits for the company rose significantly in the period.

Results and dividends

The profit after tax for the year was £792,000 *(2011 £352,000)* The Directors do not recommend the payment of a dividend *(2011 £Nil)*

Directors

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

Troy Christensen	(resigned 30 April 2012)
Edward Bashforth	
Stephen Dando	
Martin Grisman	
Stephen Thomson	
James Lousada	
Neil Truelove	(appointed 30 April 2012)

Supplier payment policy

The Company agrees terms and conditions for its business transactions with suppliers and payment is then made on these terms, subject to the terms and conditions being met by the supplier The Company had creditor days at 29 February 2012 of 17 days *(2011 14 days)*

Disabled employees

Full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitude and abilities Every effort is made to continue to employ persons who become disabled while in the Company's employment Disabled persons share equally in opportunities for training, career development and promotion

Directors' report *(continued)*

Employee consultation

The Company ensures that all employees are kept up to date with major developments and changes within the organisation via notice boards and departmental briefings

Health and safety

The Company promotes all aspects of safety throughout the Company in the interest of employees and users of premises

Statement of disclosure to auditor

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 auditor is 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 auditor is aware of that information

Auditor

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

By order of the board

S Dando
Director

Whitchurch Lane
Bristol
BS14 0JZ
21 June 2012

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 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

Independent auditor's 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 2012 set out on pages 7 to 14 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 4, 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 web-site 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 29 February 2012 and of its profit 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

Independent auditor's report to the members of The Wine Studio 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.

AC Campbell-Orde (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
100 Temple Street
Bristol
BS1 6AG

21 June 2012

Profit and Loss Account
for the year ended 29 February 2012

	Note	**2012** **£000**	2011 £000
Turnover	*2*	**65,009**	24,899
Cost of sales		**(61,538)**	(22,894)
Gross profit		**3,471**	2,005
Distribution costs		**(431)**	(362)
Administration expenses		**(2,148)**	(1,291)
Profit on ordinary activities before taxation	*3-5*	**892**	352
Tax on profit on ordinary activities	*6*	**(100)**	-
Profit for the financial year	*11*	**792**	352

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 profits and losses and the reported profits and losses in either the current or the prior year

These results derive from continuing operations

Balance Sheet
at 29 February 2012

	Note	2012		2011	
		£000	£000	£000	£000
Current assets					
Debtors	7	12,739		3,965	
Cash at bank and in hand		263		722	
			13,002		4,687
Creditors: amounts falling due within one year	8		(12,710)		(5,187)
Net asset/(liabilities)			292		(500)
Capital and reserves					
Called up share capital	9		-		-
Share premium	10		100		100
Profit and loss account	10		192		(600)
Shareholders' funds/(deficit)	11		292		(500)

These financial statements were approved by the board of Directors on 21 June 2012 and were signed on its behalf by

S Dando
Director

Registered number 2867477

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

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 wholly owned subsidiaries 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

Going concern

The Company's funding is based on the financing for the group headed by Matthew Clark (Holdings) Limited (the "Group") over which there are cross guarantees as described in note 12 This funding is in place until June 2015 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 and credit risks The Board has a documented policy 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

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 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

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 Profit on ordinary activities before taxation

	2012	2011
	£000	£000
Auditor's remuneration:		
Audit of these financial statements	12	13

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	
	2012	2011
Selling and distribution	23	15
Administration	2	2
	25	17

The aggregate payroll costs of these persons were as follows

	2012	2011
	£000	£000
Wages and salaries	1,274	755
Social security costs	160	92
Pensions costs (see note 13)	56	27
	1,490	874

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 profit on ordinary activities

	2012 £000	2011 £000
UK corporation tax		
Current tax on income for the year	85	-
Adjustments in respect of prior years	15	-
Total current tax	100	-

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

	2012 £000	2011 £000
Profit on ordinary activities before taxation	892	352
Tax on profit on ordinary activities at standard UK corporation tax rate of 26 17% *(2011 28%)*	233	98
Effects of		
Expenses not deductible for tax purposes	5	2
Group relief not paid for	(153)	(100)
Adjustment to tax charge in respect of prior year	15	-
Current tax charge for the year	100	-

On 23 March 2011 the Chancellor announced that the main rate of UK corporation tax will reduce from 26% to 25% with effect from 1 April 2012 This tax change became substantively enacted on 5 July 2011

On 21 March 2012 the Chancellor announced a further reduction in the main rate of UK corporation tax to 24% with effect from 1 April 2012 This change became substantively enacted on 26 March 2012

The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 22% by 1 April 2014, but these changes have not yet been substantively enacted.

Notes *(continued)*

7 Debtors

	2012 £000	2011 £000
Trade debtors	4,442	3,942
Other debtors	4	6
Prepayments and accrued income	87	17
Amounts owed by controlling parties	567	-
Amounts owed by group undertakings	7,639	-
	12,739	3,965

8 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Amounts owed to group undertakings	-	2,506
Trade creditors	1,857	1,237
Other creditors	401	87
Accruals	298	131
Other taxes and social security	10,054	1,226
Corporation tax creditors	100	-
	12,710	5,187

9 Called up share capital

	2012 £	2011 £
Authorised		
Equity 100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
Equity 52 ordinary shares of £1 each	52	52

Notes *(continued)*

10 Share premium and reserves

	Share premium account £000	Profit and loss account £000
At beginning of year	100	(600)
Profit for the financial year	-	792
At end of year	**100**	**192**

11 Reconciliation of movement in shareholders' funds/(deficit)

	2012 £000	2011 £000
Profit for the financial year	**792**	352
Net decrease in shareholders' deficit	**792**	352
Opening shareholders' deficit	**(500)**	(852)
Closing shareholders' funds/(deficit)	**292**	(500)

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 £5,205,000 (*2011 £5,424,623*)

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 2012 of the Company in respect of guarantees given to secure the banking facilities of other Group undertakings was £1,692,000 (*2011 £3,605,296*)

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 scheme and amounted to £56,000 (*2011 £27,000*) There were no outstanding or prepaid contributions at either the beginning or end of the financial year

Notes *(continued)*

14 Related party transactions

During the year the Company entered into transactions with companies in the groups headed by CHAMP III Management Pty Limited and Punch Taverns Plc

During the year the trading relationship with Punch Taverns Plc Group changed from Matthew Clark Wholesale Limited to Wine Studio Limited.

a) Transactions with the CHAMP III Management Pty Limited group

- The Company purchased goods of £3,394,000 (*2011 £Nil*) and services of £Nil (*2011 £Nil*) from the CHAMP III Management Pty Limited group,
- The Company made sales of £Nil (*2011 £Nil*) to the CHAMP III Management Pty Limited group, and
- The balance owing from the company to the CHAMP III Management Pty Limited group at 29 February 2012 was £Nil (*2011 £Nil*)

b) Transactions with the Punch Taverns Plc group

- The Company purchased goods of £Nil (*2011 £Nil*) and services of £Nil (*2011 £Nil*) from the Punch Taverns Plc group,
- The Company made sales of £11,999,000 (*2011 £Nil*) to the Punch Taverns Plc group, and
- The balance owing from the Punch Taverns Plc group to the company at 29 February 2012 was £567,171 (*2011 £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 Accolade House, The Guildway, Old Portsmouth Road, Guildford GU3 1LR.

Matthew Clark (Holdings) Limited is jointly owned by Hertford Cellars Limited, a company incorporated in England and Wales, and Punch Taverns (Finco) Limited, a company incorporated in England and Wales

On 29 July 2011 Punch Taverns (PGE) Limited sold its shares in Matthew Clark (Holdings) Limited to Punch Taverns (Finco) Limited Punch Taverns (Finco) Limited's ultimate parent undertaking and controlling party is Punch Taverns plc, a Company incorporated in England and Wales

The ultimate parent undertaking of Hertford Cellars Limited is Accolade Wines Holdings Europe Limited (formerly Vincor UK Limited), a company incorporated in England and Wales 80 1% of the issued share capital of Accolade Wines Holdings Europe Limited is owned by funds managed or advised by CHAMP III Management Pty Limited