The Wine Studio Limited

Directors' report and financial statements
For the year ended 28 February 2010
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 28 February 2010

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

Business review
The Company has continues to operate in the London and South East area supplying wine to the premium restaurant and licensed sector

Set against an extremely tough market in the premium outlet sector volumes continued to grow in line with previous years as the customer base expanded

The Company continued to invest heavily in sales and marketing activity to support growth and remains committed to doing so

The Directors are pleased with the progress made set against the market and remain confident that the business strategy and direction will bring the desired performance in the near term

Results and dividends

The loss for the year after tax was £290 000 *(2009 £279 000)* The Directors do not recommend the payment of a dividend *(2009 £Nil)*

Directors

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

F Christensen	
MG Grisman	
S Thomson	
D Klein	(resigned 3 April 2009)
H Glennie	(appointed 3 April 2009)
D Malhotra	

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
24 May 2010

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 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 2010 set out on pages 5 to 11 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 auditors' 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

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 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/UKNP

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 28 February 2010 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

Independent auditors' 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

A Campbell

A C Campbell-Orde (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
100 Temple Street
Bristol
BS1 6AG
2010 24 May

Profit and loss account

for the year ended 28 February 2010

	Note	2010 £000	2009 £000
Turnover	2	**2,297**	1 656
Cost of sales		**(1,983)**	(1 387)
Gross profit		**314**	269
Distribution costs		**(97)**	(72)
Administration expenses		**(507)**	(476)
Loss on ordinary activities before taxation	3-5	**(290)**	(279)
Tax on loss on ordinary activities	6	-	-
Loss on ordinary activities after taxation	11	**(290)**	(279)

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 2010

	Note	2010 £000	2010 £000	2009 £000	2009 £000
Current assets					
Debtors	7	**316**		335	
Cash at bank and in hand		**74**		163	
			390		498
Creditors amounts falling due within one year	8		**(1,242)**		(1 060)
Net liabilities			**(852)**		(562)
Capital and reserves					
Called up share capital	9		**-**		-
Share premium	10		**100**		100
Profit and loss account			**(952)**		(662)
Shareholders deficit	11		**(852)**		(562)

These financial statements were approved by the board of Directors on 24 May 2010 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 £852,000 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 12 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 Director's 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

	2010 £000	2009 £000
Auditors' remuneration		
Audit of these financial statements	**3**	3

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 2010	2009
Selling and distribution	**8**	8
Administration	**2**	2
	10	10

The aggregate payroll costs of these persons were as follows

	2010 £000	2009 £000
Wages and salaries	**343**	304
Social security costs	**36**	35
Pensions costs (see note 13)	**6**	6
	385	345

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

	2010 £000	2009 £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

	2010 £000	2009 £000
Loss on ordinary activities before taxation	**(290)**	(279)
Tax on loss on ordinary activities at standard UK corporation tax rate of 28% *(2009 28 17%)*	**(81)**	(79)
Effects of		
Group relief not paid for	**81**	79
Current tax charge for the year	**-**	-

7 Debtors

	2010 £000	2009 £000
Trade debtors	**286**	335
Other Debtors	**30**	-
	316	335

Notes *(continued)*

8 Creditors. amounts falling due within one year

	2010 £000	2009 £000
Amounts owed to group undertakings	**1,120**	908
Other taxes and social security	**108**	133
Trade creditors	**5**	18
Accruals	**9**	1
	1,242	1 060

9 Called up share capital

	2010 £	2009 £
Authorised		
Equity 100 ordinary shares of £1 each	**100**	100
Allotted, called up and fully paid		
Equity Ordinary shares of £1 each	**52**	52

10 Share premium and reserves

	Share premium account £000	**Profit and loss account** £000
At beginning of year	100	(662)
Loss for the financial year	-	(290)
At end of year	100	(952)

11 Reconciliation of movement in shareholders' deficit

	2010 £000	2009 £000
Loss for the financial year	**(290)**	(279)
Net increase in shareholders deficit	**(290)**	(279)
Opening equity shareholders deficit	**(562)**	(283)
Closing equity shareholders deficit	**(852)**	(562)

Notes *(continued)*

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 £2 952,000 (*2009 £3 700 000*)

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 2010 of the Company in respect of guarantees given to secure the banking facilities of other Group undertakings was £15 839 000 *(2009 £24 819 000)*

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 *(2009 £6 000)* There were no outstanding or prepaid contributions at the balance sheet date (*2009 £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 £83,000 (*2009 £72 000*) and services of £nil (*2009 £nil*) from the group,
- The Company made sales of £nil (*2009 £nil*) to the group, and
- The balance owing from the company to the group at 28 February 2010 was £nil (*2009 £nil*)

b) Transactions with the Punch Taverns Plc group

- The Company purchased goods of £nil (*2009 £nil*) and services of £nil (*2009 £nil*) from the group
- The Company made sales of £nil (*2009 £nil*) to the group and
- The balance owing from the group to the company at 28 February 2010 was £nil (*2009 £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