Canandaigua Limited

Directors' report and financial statements

Registered number 3649497

For the year ended 28 February 2018

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 28 February 2018

Strategic report

This directors' report has been prepared under the small company provisions of the Companies Act 2006 and accordingly no strategic report has been prepared.

Principal activity

During the year ended 28 February 2018, the company was restructured and made dormant. On 28 March 2017, the directors took the decision to make the companies £1 dormant entities. The effect of this is explained in note 1.2.

Political or charitable donations

The company made no political or charitable donations in either year.

Results and dividends

The profit before tax for the year was £2,794,000 *(2017: £3,088,000 loss).*

The directors do not recommend the payment of a dividend *(2017: £Nil).*

Directors and directors' interests

The directors, who served throughout the year and to the date of the directors' report except as noted. were as follows:

R Sands – resigned 20 March 2017
FP Hetterich – resigned 20 March 2017
TJ Mullin – resigned 20 March 2017
O. Dominach – appointed 20 March 2017
J. Stewart – appointed 20 March 2017

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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

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

By order of the board

Janet Stewart

J. Stewart
Director

100 New Bridge Street
London
United Kingdom
EC4V 6JA
6 September 2018

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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANANDAIGUA LIMITED

Opinion

We have audited the financial statements of Canandaigua Limited ("the company") for the year ended 28 February 2018 which comprise the Profit and loss account and other comprehensive income, Balance sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2018 and of its profit for the year then ended,
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANANDAIGUA LIMITED *(continued)*

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

NChrimes

Nathan Chrimes (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

6 September 2018

Profit and loss account and other comprehensive income
for the year ended 28 February 2018

	Notes	2018 £000	2017 £000
Other income	3	3,029	-
Operating profit/result		3,029	-
Interest receivable and similar income	5	84	1,018
Interest payable and similar expenses	6	(319)	(4,106)
Profit / (loss) before taxation	2	2,794	(3,088)
Tax on profit / (loss)	7	-	-
Profit / (loss) for the year and total comprehensive income		2,794	(3,088)

The notes on pages 8 to 13 form an integral part of these financial statements.

Balance sheet
at 28 February 2018

	Notes	2018 £000	2018 £000	2017 £000	2017 £000
Fixed Assets					
Investments	8		-		-
Current Assets					
Cash at bank and in hand		-		3	
Debtors	9	-		17,328	
		-		17,331	
Creditors: amounts falling due within year	10	-		(75,087)	
Net current assets / (liabilities)			-		(57,756)
Net assets / (liabilities)			-		(57,756)
Capital and reserves					
Called up share capital	11		-		93,486
Share premium			-		159,229
Capital contribution reserve			-		82,815
Profit and loss account			-		(393,286)
Equity shareholder's funds / (deficit)			-		(57,756)

The notes on pages 8 to 13 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 6 September 2018 and were signed on its behalf by:

Janet Stewart

J Stewart
Director

Company registered number: 3649497

Statement of Changes in Equity

	Called up Share capital	Share Premium account	Capital contribution reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
Balance at 1 March 2016	93,486	159,229	82,815	(390,198)	(54,668)
Total comprehensive loss for the period					
Total comprehensive loss	-	-	-	(3,088)	(3,088)
Total comprehensive loss for the period	-	-	-	(3,088)	(3,088)
Balance at 28 February 2017	93,486	159,229	82,815	(393,286)	(57,756)
Balance at 1 March 2017	93,486	159,229	82,815	(393,286)	(57,756)
Total comprehensive income for the period					
Total comprehensive income	-	-	-	2,794	2,794
Issue of Share Capital	82,815	57,245	(82,185)		57,245
Capital Reduction	(176,301)	(216,474)	-	390,492	(2,282)
	-	-	-	-	-
Balance at 28 February 2018	-	-	-	-	-

Notes

(forming an integral part of the financial statements)

1 Accounting policies

Canandaigua Limited (the "Company") is a private company incorporated, registered and domiciled in London in the UK. The registered number is 3649497 with registered address as 100 New Bridge Street, London, EC4V 6JA, United Kingdom

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*). The presentation currency of these financial statements is sterling.

The Company's ultimate parent undertaking, Constellation Brands Inc. includes the Company in its consolidated financial statements. The consolidated financial statements of Constellation Brands Inc. are prepared in accordance with US GAAP and are available to the public and may be obtained from the address in note 11. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Constellation Brands Inc include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102 12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

There are no judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 401 of the Companies Act 2006 because it is a wholly owned subsidiary of Constellation Brands Inc. which prepares publicly available consolidated financial statements under US Generally Accepted Accounting Practice, and which are demonstrably equivalent to EU Endorsed International Financial Reporting Standards. The address is available from note 11.

The company has taken advantage of the exemption provided by FRS102 whereby disclosure is not required in the financial statements of subsidiary undertakings, 100 per cent of whose voting rights are controlled in the group, with entities that are part of the group or investees of the group qualifying as related parties.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

At 28 February 2018, the company had £nil net balance sheet position (*2017: net liabilities of £57,756,000)*. The company was restructured and made dormant on March 28, 2017. All assets and liabilities were removed and pushed up to their ultimate parent Constellation International Holdings Limited. The directors believe that it is appropriate for the entity to continue to operate as a Going Concern, as it will continue to be able to meet its obligations as they fall due for at least the next 12 months. The Company will continue to exist to hold its trading name and for potential use in future group operating activities.

Notes *(continued)*

1 Accounting policies *(continued)*

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements:

1.3 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest less issue costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

1.4 Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.5 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 Taxation (continued)

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

1.6 Expenses

Interest receivable and Interest payable
Interest payable and similar charges include interest payable on borrowings owed to group undertakings.
Other interest receivable and similar income include interest receivable on amounts owed from group undertakings.
Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

2 Profit / (loss) before taxation

The audit fee for the year for itself and its subsidiaries was borne by the company's parent (2017. the company's subsidiary).

Fees payable to the company's auditor:	**2018**	2017
	£000	£000
Fees for the audit of the Company	9	7

3 Other Income

Other income of £3,029,000 (2017: £nil) represents monies received by the entity from the forgiveness of intercompany debt (as described in 1.2). All assets and liabilities were removed and pushed up to their ultimate parent Constellation International Holdings Limited.

4 Directors' remuneration and staff costs

The directors are employed by other companies in the group and consider their duties to this company incidental in relation to their activities within the group as a whole and therefore did not receive remuneration for their services (2017: £nil)

There were no staff directly employed by the company in either year. As a result, there were no payroll costs during either year.

5 Interest receivable and similar income

	2018	2017
	£000	£000
Interest receivable on loans from group undertakings	84	1,018

Notes *(continued)*

6 Interest payable and similar expenses

	2018	2017
	£000	£000
Interest payable on loans from group undertakings	319	4,106

7 Tax on profit / (loss)

The change in the profit and loss account consists of:

	2018	2017
	£000	£000
UK corporation tax	-	-
Total tax on profit / (loss)	-	-

Total tax reconciliation

	2018	2017
	£000	£000
Profit / (loss) before taxation	2,794	(3,088)
Tax at standard UK Corporation tax rate of 19.1% (2017: 20.0%)	534	(618)
Effects of:		
Losses not recognised	45	618
Income non-tax deductible in previous year	(579)	-
Total tax for the year	-	-

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 8 July 2015. Further reductions to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016. This will reduce the company's future tax charge accordingly.

Notes *(continued)*

8 Fixed asset investments

The fixed asset investment balances held are £nil in each year. The registered address of both entities below is 100 New Bridge Street, London, United Kingdom, WC2B 4JP

	Country of registration	Class of share capital held	Proportion held	Nature of business
Constellation Europe (Holdings) Limited	England and Wales	Ordinary	100%	Dormant
Manor Park Cellars Limited *	England and Wales	Ordinary	100%	Dormant

* Indirectly held.

9 Debtors: amounts falling due within one year

	2018 £000	2017 £000
Loans receivable from group undertakings	-	17,328

Loans receivable from group undertakings included an original loan of £12,291,000 on which interest was receivable at 6 24%. Any unpaid interest at the end of each year was rolled up into capital and interest was due on it. This entire loan was repaid in the current year.

10 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Loan from group undertakings	-	75,087

Loans from group undertakings consisted of a loan of £47,063,000 on which interest was due at 8.725%. This entire loan was paid off in the current year.

11 Share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
Ordinary shares of £1 each (2017: 93,486,156)	-	93,486

During the year ended 28 February 2018, the company was restructured and made dormant and the following steps were followed during this process.

On March 28, 2017, there was an issue of shares from the capital contribution reserve converting the entire reserve balance into ordinary shares of £1.00 each. On the same day, there was an issue of one ordinary share of £1.00 as consideration for waived intercompany balances of £57,245,000, which was credited to the share premium account.
On 28 March 2017, the capital of the Company was reduced by GBP 392,775,000, by cancelling and extinguishing the £176,301,000 of share capital and cancelling the Company's entire share premium account of £216,474,000.

Notes *(continued)*

12 Balances with related parties

Balances with related parties are as follows:

	2018	2017
	£000	£000
Accounts Receivable from related parties		
Constellation Int'l Holdings	-	17,328

	2018	2017
	£000	£000
Accounts Payable to related parties		
Constellation Int'l Holdings	-	3,044
Canandaigua B V	-	72,043
	-	75,087

13 Ultimate parent company

The company is a subsidiary of Constellation International Holdings Limited, incorporated in the United States of America, 207 High Point Drive, Building 100, Victor, NY 14564, USA.

The smallest and largest group in which the results of the company are consolidated is headed by Constellation Brands Inc., the ultimate parent company which is incorporated in the United States of America. Copies of these financial statements are available from its registered address: Investor Center, Constellation Brands Inc , 207 High Point Drive, Building 100, Victor, NY 14564, USA.