



# Financial statements Bibendum Wine Holdings Limited

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**For the Year Ended 31 March 2011**

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COMPANIES HOUSE

**Company No. 6155211**

## Officers and professional advisers

**Company registration number**

6155211

**Registered office**

113 Regents Park Road  
London  
NW1 8UR

**Directors**

P I Espenhahn  
M P Saunders  
R S Cochrane  
S C Farr  
R M Gabb  
J S P Kowszun  
H M C Morley  
A M Vinton  
A G Wahab

**Bankers**

The Royal Bank of Scotland  
Buckingham Branch  
2 Market Hill  
Buckingham  
MK18 1JS

**Auditor**

Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
Grant Thornton House  
Melton Street  
Euston Square  
London  
NW1 2EP

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## Report of the directors

The directors present their annual report on the affairs of the Group, together with the accounts and auditor's report for the year ended 31 March 2011

### **Principal activities and business review**

The principal activities of the Group are the importation and distribution of wine and spirits and the worldwide sale of the branded wines of The Argento Wine Company Limited

The Group seeks to maximise the benefit our customers gain from the world of wine by being the most innovative, insightful and ultimately reliable wine company. We aim for excellence in

- Our wines
- Our service levels
- The consumer and market insight we provide
- Our "Added Value" approach to business

The Board intends to deliver this mission, whilst continuing to strengthen the balance sheet through excellence in working capital management, through focusing on three strategic drivers

- Continuously improving productivity throughout the business
- Adding value to our customers
- Enhancing capability through investment in people, development and training

The key performance indicators used to manage the business, each of which is objectively measured and has performance targets set against it are as follows

- Growth in sales and gross profit against pre-set targets
- Consistently tight control over overheads, without impacting service levels
- Aggressive management of each element of working capital
- Customer satisfaction with our products, people and services
- Employee satisfaction

Group turnover during the year increased by 22% to £176.9m (2010: £144.5m) with gross profit increasing by 15% to £24.0m (2010: £20.8m) over the same period. This improvement in gross profit has been generated despite a reduction in the gross margin (as a percentage of sales) to 13.6% (2010: 14.4%). This overall reduction in gross margin is driven by mix rather than underlying margin erosion, with strong growth in Off-trade, Catering and Spirits which all have lower margins. We are continuing to see the benefits of our focus over the last three years on controlling costs through improving efficiency and control, balanced by investment in both people and systems where necessary. This focus has resulted in operating profit for the year to increasing by 53% to £2.6m (2010: £1.7m). This increase in efficiency was seen in selling and distribution costs falling as a percentage of sales by a full percentage point and the administration costs ratio remaining static.

The business has seen its interest charge increase marginally to £0.35m (2010: £0.32m) which is the result of consistently low interest rates, stable banking arrangements and an unchanged year end net debt position of £10m (2010: £10m), which has been achieved despite the increase in levels of trade through improved working capital management. Profit before tax has therefore increased by 60% to £2.3m (2010: £1.4m). Profit after taxation and minority interest was £1.45m (2010: £0.6m).

## Report of the directors

### **Results and dividends**

The profit for the year after taxation amounted to £1,449,000 (2010 £583,000). No dividend was paid during the year.

### **Financial risk management objectives and policies**

The group uses various financial instruments including loans, cash, equity instruments and various items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The main risks arising from the group's financial instruments are foreign exchange risk, interest rate risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies remain unchanged from previous years.

#### *Foreign exchange risk*

The group's major transactional exposures are to New Zealand dollar, Australian dollar and Euro outflows from the UK.

The group's exposure to transactional (or non structural) foreign exchange risks i.e. those arising from transactions that are not denominated in sterling is managed where possible by matching revenues with costs in the same currencies.

The group usually hedges its foreign exchange exposure, mainly in respect of the New Zealand dollar, Australian dollar and the Euro. This hedging takes the form of financial contracts to purchase set amounts of currency at a range of prices. The quantum of current contracts in place is disclosed in note 32.

This policy will be monitored actively and may be revised should the values of non-sterling denominated transactions change substantially within the UK operations. Formal Board approval would be required for any such change.

#### *Interest rate risk*

The group's current borrowings include a bank overdraft which attracts interest at a rate related to The Royal Bank of Scotland base rate and a seven year bank loan attracting interest at a similar rate. The Group's interest rate exposure is therefore related to the bank's base rate. Over the last few years, the group has taken the decision to accept the risk of increased interest charges resulting from increased interest rates. However, in the current economic environment, the Board reviews this policy regularly and is ready to implement a hedging programme when it deems it economically prudent to do so.

#### *Credit risk*

The group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed on a periodic basis.

## **Directors**

The directors who served the company during the year were as follows

P I Espenhahn  
M P Saunders  
R S Cochrane  
S C Farr  
R M Gabb  
H M C Morley  
A M Vinton  
A G Wahab  
J J Young (resigned 26 November 2010)  
J S P Kowszun

## **Fixed assets**

At 31 March 2010, the Directors engaged Vail Williams to complete a full valuation of the group's freehold property. The valuation indicated that the open market value of the property was £2,900,000. No valuation has been completed during the financial year ended 31 March 2011.

## **Directors' responsibilities**

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom 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 the group and of the profit or loss of the group for that year. In preparing those 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

- there is no relevant audit information of which the group's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

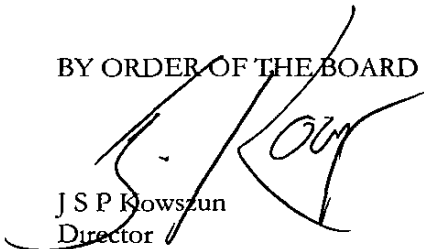
**Donations**

During the year the Group provided £3,000 (2010 £4,000) to its Charity Committee, made up of employees, who carried out various fundraising activities throughout the year for our nominated charity, the Multiple Sclerosis Society

**Auditor**

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the company receives notice under Section 488(1) of the Companies Act 2006

BY ORDER OF THE BOARD



J S P Kowszun  
Director  
28 June 2011



## Independent auditor's report to the members of Bibendum Wine Holdings Limited

We have audited the group and parent company financial statements ("the financial statements") of Bibendum Wine Holdings Limited for the year ended 31 March 2011. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 5 to 6, 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom 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 report of the directors 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 Bibendum Wine Holdings 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



MARK HENSHAW  
(Senior Statutory Auditor)

For and on behalf of  
GRANT THORNTON UK LLP  
STATUTORY AUDITOR  
CHARTERED ACCOUNTANTS

LONDON  
28 June 2011

## Accounting policies

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and in accordance with applicable accounting standards

### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and all significant group undertakings, made up to 31 March 2011, all of which are accounted for using the equity method

Joint ventures in which the group has a long term interest and shares control under a contractual agreement with other parties are accounted for using the equity method

As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of Section 408 of the Companies Act 2006

### **Related parties transactions**

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with wholly owned members of the Bibendum group

### **Turnover**

The turnover shown in the profit and loss account comprises the value of sales (excluding VAT) of goods and services in the normal course of business and is recognised as follows

#### *Trade sales*

Revenue is recognised in respect of trade sales once the sales have been made and the goods have been despatched

#### *Agency sales*

Where the group acts as an agent, only commissions receivable for services rendered are recognised as revenue. Revenue is recognised once sales have been made and the goods despatched. Any third party costs incurred on behalf of the principal that are rechargeable under contractual arrangements are not included in revenue.

#### *En primeur sales*

Revenue from en primeur sales is recognised upon delivery of the goods to the customer

### **Goodwill**

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years. Provisions are made for any impairment in value.

The company has taken advantage of the transitional provision of FRS 10 "Goodwill and intangible assets". Goodwill relating to acquisitions in years prior to the year ended 31 March 1999 was written off directly to the profit and loss reserves. Such goodwill has been eliminated as a matter of accounting policy and will be charged in the profit and loss account on subsequent disposal of the business to which it relates.

### **Brands**

Acquired brands are recognised when they are controlled through contractual or other legal rights and the fair value can be reliably measured.

### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	-	Over 20 years
Brands	-	Over 20 years

### **Fixed assets**

Land and buildings are shown at valuation, as set out in the notes to the financial statements. Other fixed assets are shown at cost.

### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	-	15% per annum
Motor Vehicles	-	15% per annum
Equipment	-	33% per annum

No depreciation is provided on the freehold land and buildings. The proportion of the land and buildings attributable to the buildings is immaterial and consequently depreciation would not, in the opinion of the directors, be material and therefore no provision has been made.

### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Stock is recognised on a FIFO basis.

### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

### **Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

### **Deferred taxation**

Deferred taxation is provided for on a full provision basis on all timing differences, which have arisen but not been reversed at the balance sheet date.

Deferred tax assets are only recognised to the extent that they are recoverable, that is on the basis of all available evidence, that it is more likely than not that there will be sufficient suitable taxable profits from which future reversal of the underlying timing differences can be deducted.

Deferred tax assets are not discounted.

### **Foreign currencies**

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the average rate of exchange for the year. Exchange differences are taken into account in arriving at the operating profit.

The financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves. All other exchange differences are dealt with through the profit and loss account.

### **Share-based payments**

The group issues equity-settled share-based payments to certain employees (including directors). Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the group's estimate of the shares that will eventually vest.

Fair value is measured using the Black Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

### **Employee Benefit Trust**

The company's accounts include the Bibendum Employee Benefit Trust. The directors consider that the company has control of the shares held by the trust and bears their benefits and risks. Amounts transferred which are awaiting investment in the company's shares are included in debtors. Administration expenses are charged to the profit and loss account as they accrue.

## Profit and loss account

	Note	2011 £000	2010 £000
<b>Group turnover (including share of joint venture)</b>		<b>177,145</b>	144,849
Less share of joint venture turnover		(284)	(311)
Group Turnover	1	176,861	144,538
Cost of sales		(152,812)	(123,704)
Gross profit		24,049	20,834
Other operating charges	2	(21,473)	(19,172)
<b>Operating profit</b>	4	<b>2,576</b>	1,662
Share of joint venture operating profit		4	22
<b>Total operating profit: group and share of joint ventures</b>		<b>2,580</b>	1,684
Income from fixed asset investments	7	-	35
Interest receivable		34	3
Interest payable and similar charges	8	(355)	(323)
<b>Profit on ordinary activities before taxation</b>		<b>2,259</b>	1,399
Tax on profit on ordinary activities	9	(899)	(677)
<b>Profit on ordinary activities after taxation</b>		<b>1,360</b>	722
Minority interests		89	(139)
<b>Profit for the financial year</b>	28	<b>1,449</b>	583
<b>Earnings per share (pence)</b>			
Basic	11	85.8	34.5
Diluted	11	70.3	28.2

All of the activities of the group are classed as continuing

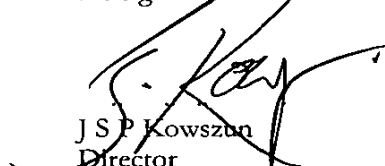
The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own profit and loss account

**The accompanying accounting policies and notes form part of these financial statements.**

## Group balance sheet

	Note	2011 £000	2010 £000
<b>Fixed assets</b>			
Intangible assets	12	11,523	12,249
Tangible assets	13	3,414	3,493
Investments	14	90	86
		<u>15,027</u>	<u>15,828</u>
<b>Current assets</b>			
Stocks	15	14,495	10,240
Debtors	16	42,452	31,489
Cash at bank and in hand		2,965	2,838
		<u>59,912</u>	<u>44,567</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(55,450)</u>	<u>(42,113)</u>
<b>Net current assets</b>		<u>4,462</u>	<u>2,454</u>
<b>Total assets less current liabilities</b>		<u>19,489</u>	<u>18,282</u>
<b>Creditors: amounts falling due after more than one year</b>	19	<u>(46)</u>	<u>(214)</u>
		<u>19,443</u>	<u>18,068</u>
<b>Capital and reserves</b>			
Called-up equity share capital	23	1,688	1,688
Share premium account	24	16,121	16,121
Revaluation reserve	25	200	200
Share options reserve	26	56	42
Own shares in EBT	27	(7)	(7)
Profit and loss account	28	851	(598)
<b>Shareholders' funds</b>	29	<u>18,909</u>	<u>17,446</u>
<b>Minority interests</b>		<u>534</u>	<u>622</u>
		<u>19,443</u>	<u>18,068</u>

These financial statements were approved by the directors and authorised for issue on 28 June 2011, and are signed on their behalf by

  
J S P Kowshun  
Director

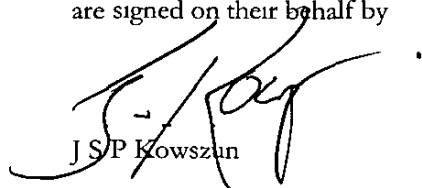
Company registration no 6155211

**The accompanying accounting policies and notes form part of these financial statements.**

## Balance sheet

	Note	2011 £000	2010 £000
<b>Fixed assets</b>			
Investments	14	21,505	21,491
<b>Current assets</b>			
Debtors	16	8	9
Cash at bank		3	1
		<u>11</u>	<u>10</u>
<b>Creditors: amounts falling due within one year</b>	18	<b>(3,606)</b>	<b>(3,605)</b>
<b>Net current liabilities</b>		<b>(3,595)</b>	<b>(3,595)</b>
<b>Total assets less current liabilities</b>		<b><u>17,910</u></b>	<b><u>17,896</u></b>
<b>Capital and reserves</b>			
Called-up equity share capital	23	1,688	1,688
Share premium account	24	16,121	16,121
Share option reserve	26	56	42
Own shares in EBT	27	(7)	(7)
Profit and loss account	28	52	52
<b>Shareholders' funds</b>		<b><u>17,910</u></b>	<b><u>17,896</u></b>

These financial statements were approved by the directors and authorised for issue on 28 June 2011, and are signed on their behalf by



J S P Kowszun

Company Registration Number 6155211

## Group cash flow statement

	Note	2011 £000	2010 £000
Net cash inflow from operating activities	30	1,879	2,436
Returns on investments and servicing of finance	30	(321)	(285)
Taxation	30	(839)	869
Capital expenditure and financial investment	30	(542)	(490)
Cash inflow before financing		<u>177</u>	<u>2,530</u>
Financing	30	(167)	(166)
Increase in cash	30	<u>10</u>	<u>2,364</u>

**The accompanying accounting policies and notes form part of these financial statements.**



## Other primary statements

### **Statement of total recognised gains and losses**

	2011 £000	2010 £000
Profit for the financial year excluding share of profit of joint venture	1,445	564
Share of joint venture profit for the year	4	19
Profit attributable to shareholders of the parent company	<u>1,449</u>	<u>583</u>
Unrealised profit on revaluation of certain fixed assets	-	200
	<u>1,449</u>	<u>783</u>

**The accompanying accounting policies and notes form part of these financial statements.**

## Notes to the financial statements

### **1 Turnover**

The turnover and profit before tax are attributable to the one principal activity of the group  
 An analysis of turnover is given below

	2011 £000	2010 £000
United Kingdom	164,110	133,143
Europe	9,359	8,831
Rest of world	3,392	2,564
	<u>176,861</u>	<u>144,538</u>

### **2 Other operating charges**

	2011 £000	2010 £000
Distribution costs	12,314	11,727
Administrative expenses	9,159	7,445
	<u>21,473</u>	<u>19,172</u>

### **3 Other operating income**

The share of operating profit relating to the joint venture is £4,000 (2010 £22,000)

### **4 Operating profit**

Operating profit is stated after charging/(crediting)

	2011 £000	2010 £000
Equity settled share based payments	14	14
Amortisation of intangible assets	726	1,024
Depreciation of owned fixed assets	620	631
Operating lease rentals - plant and machinery	110	141
Operating lease rentals - other assets	48	48
Auditor's remuneration - audit of the financial statements	9	9
Auditor's remuneration - other fees	95	60

**4 Operating profit (continued)**

	2011 £000	2010 £000
Auditor's remuneration - audit of the financial statements	4	4
- audit of the consolidation	<u>5</u>	<u>5</u>
Auditor's remuneration - other fees		
- Local statutory audit of subsidiaries	41	41
- Taxation services	50	15
- Local statutory audit of joint ventures	<u>4</u>	<u>4</u>
	<u>95</u>	<u>60</u>

**5 Particulars of employees**

The average number of staff employed by the group during the financial year amounted to

	2011 No	2010 No
Number of distribution staff	158	151
Number of administrative staff	<u>58</u>	<u>59</u>
	<u>216</u>	<u>210</u>

The aggregate payroll costs of the above were

	2011 £000	2010 £000
Wages and salaries	9,915	8,240
Social security costs	1,148	957
Other pension costs	<u>277</u>	<u>253</u>
	<u>11,340</u>	<u>9,450</u>

**6 Directors**

Remuneration in respect of directors was as follows

	2011 £000	2010 £000
Remuneration receivable	1,343	980
Value of company pension contributions to money purchase schemes	<u>82</u>	<u>52</u>
	<u>1,425</u>	<u>1,032</u>

**6 Directors(continued)**

Remuneration of highest paid director

	2011	2010
	£000	£000
Total remuneration (excluding pension contributions)	397	315
Value of company pension contributions to money purchase schemes	23	5
	<u>420</u>	<u>320</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2011	2010
	No	No
Money purchase schemes	<u>3</u>	<u>3</u>

The highest paid director did not receive any share options in Bibendum Wine Limited during the year  
No directors exercised share options in the year

**7 Income from other fixed asset investments**

	2011	2010
	£000	£000
Dividend received from joint venture	<u>-</u>	<u>35</u>

**8 Interest payable and similar charges**

	2011	2010
	£000	£000
Interest payable on bank borrowing	<u>355</u>	<u>323</u>

**9 Taxation on ordinary activities**

(a) Analysis of charge in the year

	2011 £000	2010 £000
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 28% (2010 - 28%)	1,003	627
(Over)/under provision in prior year	(85)	56
	918	683
Share of joint venture taxation charge	1	3
Total current tax	919	686
Deferred tax		
Origination and reversal of timing differences	(20)	(9)
Tax on profit on ordinary activities	899	677

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2010 - 28%)

	2011 £000	2010 £000
Profit on ordinary activities before taxation	2,259	1,399
Profit on ordinary activities multiplied by rate of tax at 28%	633	392
Expenses not deductible for tax purposes	263	267
Capital allowances for period in excess of depreciation	20	8
Adjustments to tax charge in respect of previous periods	-	24
Share of joint venture tax	-	6
Other short-term timing differences	3	(11)
Total current tax (note 9(a))	919	686

(c) Factors that may affect future tax charges

At 31 March 2011, a deferred tax asset of £75,000 (2010 £55,000) has been recognised in respect of an excess of depreciation over capital allowances. The directors believe the benefits of this asset will crystallise in the future.

**10 Profit attributable to members of the parent company**

The profit dealt with in the financial statements of the parent company was £nil (2010- £9,000 (see note 28))

## **11 Earnings per share**

The basic earnings per ordinary share is calculated by dividing profit for the year by the weighted average number of equity shares outstanding during the year

The diluted earnings per ordinary share is calculated by dividing profit for the year by the weighted average number of equity shares outstanding during the year (after adjusting both figures for the effect of dilutive potential ordinary shares)

The calculation of basic and diluted earnings per ordinary share is based upon the following data

### **Earnings**

	2011 £	2010 £
Earnings for the purposes of basic earnings per share	<u>1,449,000</u>	<u>583,000</u>
Earnings for the purposes of diluted earnings per share	<u>1,449,000</u>	<u>583,000</u>

### **Number of shares**

	2011 No	2010 No
Basic weighted average number of shares	<u>1,688,014</u>	<u>1,688,014</u>
Weighted average number of shares for the purposes of diluted earnings per share	<u>2,060,949</u>	<u>2,067,616</u>

**12 Intangible fixed assets**

<b>Group</b>	<b>Goodwill £000</b>	<b>Brands £000</b>	<b>Total £000</b>
Cost			
At 1 April 2010 and at 31 March 2011	<u>12,399</u>	<u>2,103</u>	<u>14,502</u>
Amortisation			
At 1 April 2010	1,758	495	2,253
Charge for the year	<u>620</u>	<u>106</u>	<u>726</u>
At 31 March 2011	<u>2,378</u>	<u>601</u>	<u>2,979</u>
Net book value			
At 31 March 2011	<u>10,021</u>	<u>1,502</u>	<u>11,523</u>
At 31 March 2010	<u>10,641</u>	<u>1,608</u>	<u>12,249</u>

**13 Tangible fixed assets**

<b>Group</b>	<b>Freehold Property £000</b>	<b>Property Improvements £000</b>	<b>Fixtures &amp; Fittings £000</b>	<b>Motor Vehicles £000</b>	<b>Equipment £000</b>	<b>Total £000</b>
Cost or valuation						
At 1 Apr 2010	2,430	1,569	281	10	1,199	5,489
Additions	-	3	105	-	444	552
Disposals	-	-	(21)	-	-	(21)
At 31 Mar 2011	<u>2,430</u>	<u>1,572</u>	<u>365</u>	<u>10</u>	<u>1,643</u>	<u>6,020</u>
Depreciation						
At 1 Apr 2010	-	1,102	184	8	702	1,996
Charge for the year	-	209	75	2	334	620
On disposals	-	-	(10)	-	-	(10)
At 31 Mar 2011	<u>-</u>	<u>1,311</u>	<u>249</u>	<u>10</u>	<u>1,036</u>	<u>2,606</u>
Net book value						
At 31 Mar 2011	<u>2,430</u>	<u>261</u>	<u>116</u>	<u>-</u>	<u>607</u>	<u>3,414</u>
At 31 Mar 2010	<u>2,430</u>	<u>467</u>	<u>97</u>	<u>2</u>	<u>497</u>	<u>3,493</u>

### **13 Tangible fixed assets (continued)**

The cost to the group of the freehold property as at 31 March 2011 was £700,000(2010 £700,000)

At 31 March 2010, the Directors engaged an external firm of property consultants, Vail Williams, to complete a full existing use, market valuation of the Group's freehold property. The valuation indicated that the open market value of the property (including property improvements) was £2,900,000

### **14 Investments**

Group	Investment in joint venture
	£000
Cost	
At 1 April 2010	86
Additions	4
At 31 March 2011	<u>90</u>
Net book value	
At 31 March 2011	<u>90</u>
At 31 March 2010	<u>86</u>

The Group's investment in joint ventures represents a 50% shareholding in SAAM Wine Company Limited, a company incorporated in England and Wales. The principal activity of the joint venture company is the importation and distribution of South African Wine. The financial statements for the year ended 31 March 2011 report a retained profit of £5,736 (2010 £37,142) and net assets of £107,625 (2010 £101,889)

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
<b>Subsidiary undertakings</b>				
Bibendum Wine Limited	England	Ordinary shares	100%	Wine distributor
Mixbury Trading Company Limited ***	England	Ordinary shares	100%	Non trading
The Yorkshire Fine Wine Company Limited ***	England	Ordinary shares	100%	Dormant
H Youdell and Company Limited ***	England	Ordinary shares	100%	Dormant
European Wine Partnership LLP ***	England	Ordinary shares	70%	Non trading
The Argento Wine Company Limited*	England	Ordinary shares	67%	Wine distributor
The Argento Wine Company Argentina S A **	Argentina	Ordinary shares	67%	Wine distributor



**14 Investments (continued)**

\* 33% is held by Mixbury Trading Company Limited and 33% is held by Bibendum Wine Limited

\*\* Held by The Argento Wine Company Limited

\*\*\* Held by Bibendum Wine Limited

On liquidation of The Argento Wine Company Limited, Bibendum Wine Limited receive the first £3 million of net assets, with each shareholder receiving their proportion of the remaining net assets

Company	Group companies £000
Cost and net book value	
At 1 April 2010	21,491
Additions	14
At 31 December 2011	<u>21,505</u>

**15 Stocks**

	The group		The company	
	2011	2010	2011	2010
	£000	£000	£000	£000
Goods held for resale	<u>14,495</u>	<u>10,240</u>	<u>-</u>	<u>-</u>

**16 Debtors**

	The group		The company	
	2011	2010	2011	2010
	£000	£000	£000	£000
Trade debtors	34,568	28,299	-	-
Other debtors	1,456	608	-	-
Amounts due from group undertakings	-	-	8	9
Deferred taxation (Note 17)	75	55	-	-
Prepayments and accrued income	6,353	2,527	-	-
	<u>42,452</u>	<u>31,489</u>	<u>8</u>	<u>9</u>

Included within other debtors is a balance of £153,000 (2010 £153,000) due from the Employee Benefit Trust in more than one year

**17 Deferred taxation**

The movement in the deferred taxation asset during the year was

	The group		The company	
	2011	2010	2011	2010
	£000	£000	£000	£000
Asset brought forward	55	64	-	-
Increase/(decrease) in asset	20	(9)	-	-
Asset carried forward	<u>75</u>	<u>55</u>	<u>-</u>	<u>-</u>

The group's asset for deferred taxation consists of the tax effect of timing differences in respect of

Group	2011		2010	
	Provided	Unprovided	Provided	Unprovided
	£000	£000	£000	£000
Excess of depreciation over taxation allowances	<u>75</u>	<u>-</u>	<u>55</u>	<u>-</u>

The company does not have either a provided or an unprovided deferred tax asset

**18 Creditors: amounts falling due within one year**

	<b>The group</b>		<b>The company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loans and overdrafts	13,015	12,897	—	—
Trade creditors	25,055	18,511	—	—
Amounts owed to subsidiary undertakings	—	—	3,606	3,605
Corporation tax	724	643	—	—
Other taxation and social security	3,924	3,065	—	—
Other creditors	4	76	—	—
Accruals and deferred income	12,728	6,921	—	—
	<u>55,450</u>	<u>42,113</u>	<u>3,606</u>	<u>3,605</u>

The bank loan and overdraft are secured by a fixed and floating charge over all the current and future assets of Bibendum Wine Limited, as well as over the freehold land and buildings of the group. Interest is charged at a rate related to The Royal Bank of Scotland base rate.

**19 Creditors: amounts falling due after more than one year**

	<b>The group</b>		<b>The company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loans	<u>46</u>	<u>214</u>	<u>—</u>	<u>—</u>

The remainder of the bank loan brought forward at 1 April 2010 is repayable over 2 years and attracts an interest rate related to The Royal Bank of Scotland base rate.

## **20 Share-based payments**

### *Equity-settled share-based payments*

The group has a share option scheme for certain employees (including directors). Options are exercisable at a price which is not less than the market price of the Company's shares at the date of grant.

The inputs into the Black Scholes model used to value the options granted are as follows:

	May 2007	September 2008
Weighted average share price	£5.50	£5.50
Weighted average exercise price	£6.52	£21.10
Expected volatility	39%	28%
Expected life	10 years	8 years
Risk free rate	4.53%	4.47%
Expected dividend yield	6%	0%

## **21 Commitments under operating leases**

At 31 March 2011 the group had annual commitments under non-cancellable operating leases as set out below:

The group	2011		2010	
	Land and buildings £000	Other items £000	Land and buildings £000	Other items £000
Operating leases which expire				
Within 1 year	-	60	-	132
Within 2 to 5 years	48	48	48	9
	<u>48</u>	<u>108</u>	<u>48</u>	<u>141</u>

## **22 Related party transactions**

An amount of £153,000 (2010 £153,000) in respect of shares sold by the Bibendum Wine Employee Share Option Plan is due from the Employee Benefit Trust. Of this amount, £71,750 (2010 £71,750) is due from a director to the Employee Benefit Trust.

The company has taken advantage of the exemption in FRS 8 concerning related party transactions with its wholly owned subsidiaries.

During the year, Bibendum Wine Limited purchased wine totalling £4,083,468 (2010 £1,836,012) and provided services totalling £1,335,730 (2010 £430,852) from/to The Argento Wine Company Limited, a 66.6% subsidiary of the company. Goods are bought and sold on the basis of the price list in force with non related parties. At 31 March 2011, the outstanding balance due to The Argento Wine Company Limited was £718,209 (2010 £440,277). No amounts were written off in the year.

During the year, Bibendum Wine Limited purchased wine totalling £511,713 (2010 £473,932) from SAAM Wine Company Limited, a joint venture vehicle of which the company holds a 50% interest. Goods are bought and sold on the basis of the price list in force with non related parties. During the year, the Company sold marketing and other services to SAAM Wine Company Limited to the value of £39,143 (2010 £50,328). At 31 March 2011, the outstanding balance due to SAAM Wine Company Limited was £23,010 (2010 £65,543). No amounts were written off in the year.

## **23 Share capital**

Authorised share capital

	2011 £000	2010 £000
2,450,000 Ordinary shares of £1 each	<u>2,450</u>	<u>2,450</u>

Allotted and called up

	2011 No	£000	2010 No	£000
1,688,014 Ordinary shares of £1 each	<u>1,688,014</u>	<u>1,688</u>	<u>1,688,014</u>	<u>1,688</u>

Options on shares have been issued under the Executive Share Option Scheme. The number of shares under options are as follows:

Date first exercisable	Date on which the exercise period ends	Exercise Price per ordinary share	Number of ordinary shares
27 May 2006	27 May 2013	£3.29	80,000
31 August 2007	31 August 2014	£3.50	21,250
14 July 2009	14 July 2016	£5.50	40,000
13 December 2009	13 December 2016	£7.00	85,000
3 September 2008	3 September 2028	£21.10	133,352

**24 Share premium account**

There was no movement on the share premium account during the financial year

**25 Revaluation reserve**

	The group		The company	
	2011	2010	2011	2010
	£000	£000	£000	£000
Revaluation reserve	<u>200</u>	<u>200</u>	<u>200</u>	<u>-</u>

**26 Share option reserve**

	The group		The company	
	2011	2010	2011	2010
	£000	£000	£000	£000
Balance brought forward	42	28	42	28
Charge for the year	<u>14</u>	<u>14</u>	<u>14</u>	<u>14</u>
Balance carried forward	<u>56</u>	<u>42</u>	<u>56</u>	<u>42</u>

**27 Own shares in EBT**

There was no movement on the balance of own shares in the EBT during the financial year

**28 Profit and loss account**

	The group		The company	
	2011	2010	2011	2010
	£000	£000	£000	£000
Balance brought forward	(598)	(1,181)	52	43
Profit for the financial year	<u>1,449</u>	<u>583</u>	<u>-</u>	<u>9</u>
Balance carried forward	<u>851</u>	<u>(598)</u>	<u>52</u>	<u>52</u>

Cumulative goodwill written off to group reserves amounts to £371,000 (2010 £371,000)

**29 Reconciliation of movements in shareholders' funds**

	The group		The company	
	2011	2010	2011	2010
	£000	£000	£000	£000
Profit for the financial year	1,449	583	-	9
Other net recognised gains and losses	-	200	-	-
Share option reserve	<u>14</u>	<u>14</u>	<u>14</u>	<u>14</u>
Net addition to shareholders' funds	<u>1,463</u>	<u>797</u>	<u>14</u>	<u>23</u>
Opening shareholders' funds	<u>17,446</u>	<u>16,649</u>	<u>17,896</u>	<u>17,873</u>
	<u>18,909</u>	<u>17,446</u>	<u>17,910</u>	<u>17,896</u>

**30 Notes to the cash flow statement**

**Reconciliation of operating profit to net cash inflow from operating activities**

	2011 £'000	2010 £'000
Operating profit	2,576	1,662
Amortisation	726	1,024
Depreciation	620	631
Increase in stocks	(4,255)	(490)
Increase in debtors	(10,943)	(271)
Increase/(decrease) in creditors	13,141	(134)
Equity-settled share-based payments	14	14
Net cash inflow from operating activities	<u>1,879</u>	<u>2,436</u>

**Returns on investments and servicing of finance**

	2011 £'000	2010 £'000
Income from other fixed asset investments	-	35
Interest received	34	3
Interest paid	(355)	(323)
Net cash outflow from returns on investments and servicing of finance	<u>(321)</u>	<u>(285)</u>

**Taxation**

	2011 £'000	2010 £'000
Taxation	<u>(839)</u>	<u>869</u>

**Capital expenditure**

	2011 £'000	2010 £'000
Payments to acquire tangible fixed assets	(552)	(492)
Receipts from sale of fixed assets	10	2
Net cash outflow from capital expenditure	<u>(542)</u>	<u>(490)</u>

**Financing**

	2011 £'000	2010 £'000
Repayment of bank loans	<u>(167)</u>	<u>(166)</u>

**30 Notes to the cash flow statement**

**Reconciliation of net cash flow to movement in net debt**

	2011 £'000	2010 £'000
Increase in cash in the period	10	2,364
Net cash outflow from bank loans	167	166
Change in net debt	<u>177</u>	<u>2,530</u>
Net debt at 1 April	<u>(10,272)</u>	<u>(12,802)</u>
Net debt at 31 March	<u>(10,095)</u>	<u>(10,272)</u>

**Analysis of changes in net debt**

	At 1 Apr 2010 £'000	Cash flows £'000	At 31 Mar 2011 £'000
Net cash			
Cash in hand and at bank	2,838	128	2,966
Overdrafts	<u>(12,719)</u>	<u>(118)</u>	<u>(12,837)</u>
	<u>(9,881)</u>	<u>10</u>	<u>(9,871)</u>
Debt			
Debt due within 1 year	(177)	-	(177)
Debt due after 1 year	<u>(214)</u>	<u>167</u>	<u>(47)</u>
	<u>(391)</u>	<u>167</u>	<u>(224)</u>
Net debt	<u>(10,272)</u>	<u>177</u>	<u>(10,095)</u>

**31 Ultimate controlling company**

There is no ultimate controlling party

**32 Financial commitments**

At 31 March 2011, the company had entered into forward foreign exchange purchase contracts with a value amounting to £16,202,429 (2010 £26,102,465)