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FRANCIACORTA LIMITED

FINANCIAL STATEMENTS

For the year ended
31 DECEMBER 2011

Company number 02797699

FRANCIACORTA LIMITED
FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2011

Company registration number	02797699
Registered office	New Penderel House 2nd Floor 283 – 288 High Holborn London WC1V 7HP
Business address	Units 2 and 3 199 Eade Road London N4 1DN
Directors	A Pirozzi Esq S D Bridgeman Esq J D N Pires Esq C J Dos Santos Esq G Segatta Esq
Secretary	S D Bridgeman Esq
Bankers	Barclays Bank PLC London Corporate Banking P O Box 544 54 Lombard Street London EC3V 9EX
Auditor	Grant Thornton UK LLP Registered Auditor Chartered Accountants Grant Thornton House Melton Street Euston Square London NW1 2EP

INDEX **PAGE**

The directors present their annual report together with the audited financial statements for the year ended 31 December 2011

Principal activities

The principal activity of the group during the period was the sale of wines and provisions The principal activity of the company is to act as an investment holding company and to provide management services to companies in which it has an interest The financial position of the group and company at the period end is set out in the balance sheets on pages 11 and 12 respectively

Business review and future developments

In the year to 31 December 2011, the group made a consolidated profit after tax of £274,805 which compares to a loss of £100,436 for the comparative year, excluding the effect of exceptional items in both years The directors are pleased with the improvement in performance, which has been achieved through continued focus on credit management and maintaining margins Sales have remained flat compared to 2010, reflecting the fact that the sector continues to feel the impact of a general economic environment which remains challenging

The company, along with its two principal trading subsidiaries, Alivini Company Limited and Alivini North Limited, entered into a Company Voluntary Arrangement (CVA) in the prior year The group has met all scheduled payments to the administrator during the year under review, further details of which are provided in Note 1 to the attached financial statements

Looking forward, the group is expecting to make a further small profit in the year to 31 December 2012, although this will depend on how the group performs in the months leading up to Christmas Management continues to monitor cash flow carefully, however, latest forecasts indicate that there should be sufficient funds to meet working capital requirements, as well as the fixed monthly payments to be made to the supervisor of the CVA

Going concern

When preparing these financial statements, management has applied the going concern assumption The group is forecast to make a small profit in the year to 31 December 2012, subject to the group performing in line with budgets during the crucial Christmas trading period Management has prepared forecasts to 31 December 2013 which indicate that the group will be able to meet its working capital requirements during the period, as well as the fixed monthly payments to be made to the supervisor of the CVA (see Note 1 to the attached financial statements)

The group has an invoice discount facility in place, the terms of which have been taken into account when preparing the aforementioned forecasts, although the facility has no fixed renewal date, the minimum term is to September 2013 When preparing the aforementioned forecasts, management has assumed that the facility will remain available thereafter on the same or similar terms Should this not be the case, which would be contrary to expectations, it is unlikely that the group would be able to continue to meet its liabilities as they fall due, unless alternative facilities were secured on similar or better terms

Directors
The present membership of the Board is set out below All served on the Board throughout the period

A Pirozzi Esq
S D Bridgeman Esq
J D N Pires Esq
C J Dos Santos Esq
G Segatta Esq

Summary of key performance indicators
The directors have monitored the progress of the overall group strategy and the individual strategic elements by reference to certain financial and non-financial key performance indicators as follows

	2011 Actual	2010 Actual	Method of calculation
Growth in sales (%)	1	(21)	Year-on-year sales growth expressed as a percentage
Gross profit margin %	28	26	Gross profit margin is the ratio of gross profit to sales expressed as a percentage
Staff costs including commission agents and charges for the services of the directors (£'000)	2,994	2,966	Salaries, national insurance and pension contributions and commissions paid to sales agents

Principal risks and uncertainties
The management of the business and the nature of the group's strategy are subject to a number of risks The directors have set out below the principal risks facing the business The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified below Where possible, processes are in place to monitor and mitigate such risks

High proportion of fixed overheads and variable revenues
A large proportion of the group's overheads are fixed There is the risk that any significant changes in revenue may lead to the inability to cover such costs Management closely monitors fixed overheads against budget on a monthly basis and cost saving exercises are implemented when there is an anticipated decline in revenues

Competition
The market in which the group operates is highly competitive As a result there is constant downwards pressure on margins and the additional risk of being unable to meet customers' expectations Policies of constant price monitoring and on-going market research are in place to mitigate such risks

Fluctuations in currency exchange rates
Approximately 90% of the group's purchases, which represent 65% of cost of sales, relates to purchases made from Italy and other countries in the European Union As a group, therefore there is exposure to foreign currency fluctuations

The group manages its foreign exchange exposure on a net basis, and where possible uses forward foreign exchange contracts and other derivatives/financial instruments to reduce the exposure If the hedging activity does not mitigate the exposure, then the results and the financial condition of the group may be adversely impacted by foreign currency fluctuations The directors make every effort to ensure that price increases caused by adverse currency movements are passed onto customers as soon as practicable

Financial risk management objectives and policies
The group uses various financial instruments which include cash, loans and other items, such as trade debtors and trade creditors that arise directly from its operations The main purpose of these financial instruments is to raise finance for the company's operations The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below

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

Liquidity risk
The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs Short-term flexibility is achieved through invoice discounting facilities

Cash flow interest rate risk
The group finances its operations through a mixture of retained profits, invoice discount facilities and unsecured loans All of the group's borrowings are at variable rates of interest The group manages its exposure to interest rate fluctuations by seeking to minimise short term borrowings through the use of its invoice discounting facilities

Credit risk
The group's principal financial assets are cash deposits and trade debtors The principal credit risk arises from its trade debtors

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history

Statement of 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) 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 and profit or loss of the company and group for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information

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 Act

ON BEHALF OF THE BOARD

S. Bridgeman

S D Bridgeman Esq
Director
29/8/ 2012

Grant Thornton

Independent auditor's report to the members of Franciacorta Limited

We have audited the financial statements of Franciacorta Limited for the year ended 31 December 2011 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated and parent company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes 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 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 website 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 group's and of the parent company's affairs as at 31 December 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 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 Franciacorta 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

Grant Thornton UK LLP

Harold C Wilson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
London
.... 29 August 2012

Basis of Preparation
The financial statements have been prepared under the historical cost convention and include the results of the group's operations as indicated in the directors' report and are prepared in accordance with applicable accounting standards The principal accounting policies, which have been reviewed by the directors in the light of FRS18 and are considered to remain the most appropriate to the group's circumstances, are set out below

The principal accounting policies of the group have remained unchanged from the previous year and are set out below

Going concern
When preparing these financial statements, management has applied the going concern assumption The group is forecast to make a small profit in the year to 31 December 2012, subject to the group performing in line with budgets during the crucial Christmas trading period Management has prepared forecasts to 31 December 2013 which indicate that the group will be able to meet its working capital requirements during the period, as well as the fixed monthly payments to be made to the supervisor of the CVA (see Note 1 to the attached financial statements)

The group has an invoice discount facility in place, the terms of which have been taken into account when preparing the aforementioned forecasts, although the facility has no fixed renewal date, the minimum term is to September 2013 When preparing the aforementioned forecasts, management has assumed that the facility will remain available thereafter on the same or similar terms Should this not be the case, which would be contrary to expectations, it is unlikely that the group would be able to continue to meet its liabilities as they fall due, unless alternative facilities were secured on similar or better terms

Basis of consolidation
The group financial statements consolidate the financial statements of the company and all subsidiaries for the financial year ended 31 December 2011

Turnover
Turnover represents the net invoiced value of goods, excluding value added tax Turnover arose from the company's principal activity, which is that of the sale of wines and provisions Turnover is recognised at the point of sale, which is when the goods are supplied to the customer

Invoice discount facility
The group has an invoice discount facility in place based on the value of trade debtors Under this arrangement, the group has retained both the credit and late payment risk associated with the trade debtors As the group has retained substantially all the risks and rewards of ownership of the trade debtors, it continues to recognise the trade debtors in the balance sheet with advances from the facility provider treated as a separate liability

Deferred taxation
Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date Deferred tax assets are recognised when it is more likely than not that they will be recovered Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date Amounts relating to deferred taxation are undiscounted as the impact would be insignificant to these financial statements

Tangible fixed assets and depreciation
Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives The rates generally applicable are

Short leasehold improvements	Straight line over the life of the lease
Plant and machinery	20% straight line
Computer equipment and furniture	20% - 25% straight line
Motor vehicles	25% straight line

Assets acquired under hire purchase contracts are depreciated over their estimated useful lives

Leasing and hire purchase commitments
Assets acquired under hire purchase contracts are capitalised at their fair value on acquisition and finance charges are allocated over the period of the contract in proportion to the capital element outstanding

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

Pensions
The group operates a money purchase benefit pension scheme for certain employees The group's contributions are charged against profits in the year in which the contributions are made

Stocks
Stocks are stated at the lower of cost and net realisable value

Investments
Investments held as fixed assets are stated at cost less provision for any impairment in value In the consolidated accounts, investments in associated undertakings are accounted for using the equity method The consolidated profit and loss account includes the group's share of the pre-tax profits and attributable taxation of the associated undertakings based on financial statements for the financial period In the consolidated balance sheet, the investment in the associated undertakings is shown at the group's share of the net assets of the associated undertakings Following the implementation of FRS 9 and 10, goodwill arising on the acquisition of an associate is capitalised, as part of the carrying amount in the consolidated balance sheet, and amortised over its estimated useful life

Acquisitions, disposal and goodwill
On the acquisition of a business, including an interest in an associated undertaking, fair values are attributed to the group's share of net tangible assets Where the cost of acquisition exceeds the values attributable to such net assets the difference is treated as purchased goodwill and is written off to the profit and loss account in equal annual instalments over the directors' estimate of its useful life, which is usually 20 years

The profit or loss on the disposal of a previously acquired business includes the attributable amount of any purchased goodwill relating to that business

The results and cash flows relating to a business are included in the consolidated profit and loss account and the consolidated cash flow statement from the date of acquisition up to the date of disposal

Foreign currency
Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account

Provisions
A provision is recognised when the group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation

Provisions for onerous lease contracts are recognised when the group believes the unavoidable costs of meeting the lease obligations exceed the economic benefits expected to be received under the lease

Financial instruments
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

FRANCIACORTA LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2011

	Note	**Year ended 31 December 2011 £**	Year ended 31 December 2010 £
Turnover	2	**19,758,578**	19,505,453
Cost of sales		**(14,321,496)**	(14,409,705)
Gross profit		**5,437,082**	5,095,748
Administration expenses		**(5,063,326)**	(5,329,315)
Exceptional expense arising under onerous lease	16	**(192,000)**	-
Exceptional credit on write back of creditors under Company Voluntary Arrangement	1	**-**	3,224,419
Operating profit	3	**181,756**	2,990,852
Share of profit / (loss) of associate	10	**10,235**	(52,707)
Gain on liquidation of subsidiary undertaking	11	**-**	277,249
Total operating profit · Group and share of associate		**191,991**	3,215,394
Interest receivable and similar income	4	**1,266**	1,280
Interest payable and similar charges	5	**(108,184)**	(102,765)
		(106,918)	(101,485)
Profit on ordinary activities before taxation			
- group undertakings		**74,838**	3,166,616
- associated undertakings		**10,235**	(52,707)
		85,073	3,113,909
Tax on results on ordinary activities			
- group undertakings	7	**-**	11,956
- associated undertakings	10	**(2,268)**	(1,882)
		(2,268)	10,074
Profit for the financial year	20	**82,805**	3,123,983

All transactions arise from continuing operations under FRS 3 *Reporting Financial Performance*

The accompanying accounting policies and notes form an integral part of these financial statements

	Note	At 31 December 2011	At 31 December 2010
		£	£
Fixed assets			
Intangible assets	8	**69,493**	100,563
Tangible assets	9	**196,141**	180,886
Investments	10	**30,980**	23,524
		296,614	304,973
Current assets			
Stocks	12	**2,444,126**	2,380,221
Debtors	13	**4,085,827**	4,060,803
Cash at bank and in hand		**208,639**	233,142
		6,738,592	6,674,166
Creditors: amounts falling due within one year	14	**(4,018,905)**	(3,849,466)
Net current assets		**2,719,687**	2,824,700
Total assets less current liabilities		**3,016,301**	3,129,673
Creditors: amounts falling due after more than one year	15	**(1,846,782)**	(2,234,449)
Onerous lease provision	16	**(192,000)**	-
		977,519	895,224
Capital and reserves			
Called up share capital	18	**58,500**	58,500
Share premium account		**39,000**	39,000
Capital redemption reserve	19	**6,171**	6,171
Profit and loss account	20	**873,848**	791,553
Equity shareholders' funds	21	**977,519**	895,224

The financial statements were approved by the Board of Directors on 29/8/2012

S D Bridgeman

S D Bridgeman Esq - Director
Company Number: 02797699

The accompanying accounting policies and notes form an integral part of these financial statements

FRANCIACORTA LIMITED
COMPANY BALANCE SHEET AT 31 DECEMBER 2011

	Note	At 31 December 2011 £	At 31 December 2010 £
Fixed assets			
Investments	11	**1,238,275**	1,238,275
Current assets			
Debtors	13	**10,205**	10,200
Cash at bank and in hand		**1,806**	1,836
		12,011	12,036
Creditors: amounts falling due within one year	14	**(567,255)**	(593,696)
Net current liabilities		**(555,244)**	(581,660)
Total assets less current liabilities		**683,031**	656,615
Creditors: amounts falling due after more than one year	15	**(750,001)**	(750,001)
		(66,970)	(93,386)
Capital and reserves			
Called up share capital	18	**58,500**	58,500
Share premium account		**39,000**	39,000
Capital redemption reserve	19	**6,171**	6,171
Profit and loss account	20	**(170,641)**	(197,057)
Equity shareholders' deficit	21	**(66,970)**	(93,386)

The financial statements were approved by the Board of Directors on 29/8/2012

S D Bridgeman

S D Bridgeman Esq - Director
Company Number : 02797699

The accompanying accounting policies and notes form an integral part of these financial statements

FRANCIACORTA LIMITED
CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 DECEMBER 2011

	Note	Year ended 31 December 2011	Year ended 31 December 2010
		£	£
Net cash (outflow) / inflow from operating activities	22	**(81,602)**	799,542
Returns on investments and servicing of finance			
Interest received and similar income		**1,266**	1,280
Interest paid		**(98,094)**	(96,181)
Interest element of hire purchase contracts		**(10,090)**	(6,584)
Net cash (outflow) from returns on investments and servicing of finance		**(106,918)**	(101,485)
Taxation			
Corporation tax repaid		**12,003**	-
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		**(111,380)**	(21,762)
Receipts from sale of tangible fixed assets		**5,495**	11,123
Net cash (outflow) from capital expenditure and financial investment		**(105,885)**	(10,639)
Net cash (outflow) / inflow before financing		**(282,402)**	687,418
Financing			
Receipt from new borrowings		**75,000**	-
Repayment of borrowings		**(20,335)**	(104,038)
Capital element of finance lease rentals		**(40,876)**	(72,707)
Net cash inflow / (outflow) from financing		**13,789**	(176,745)
(Decrease) / increase in cash in the year	23	**(268,613)**	510,673

The accompanying accounting policies and notes form an integral part of these financial statements

FRANCIACORTA LIMITED
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 DECEMBER 2011

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Profit for the financial year	**74,838**	3,178,572
Share of profit/(loss) of associate	**7,967**	(54,589)
Currency translation differences on foreign currency net investments	**(510)**	(3,959)
Total recognised gains and losses for the financial year	82,295	3,120,024

The accompanying accounting policies and notes form an integral part of these financial statements

1 Company voluntary arrangement

The company and two of its subsidiaries, Alivini Company Limited and Alivini (North) Limited, entered into Company Voluntary Arrangements (CVA) on 23 February 2010 Under the terms of the arrangements, Franciacorta Limited reached agreement with its creditors to pay at least 30 pence in the pound on all outstanding balances, Alivini Company Limited reached agreement to pay at least 35 pence in the pound and Alivini North Limited reached agreement to pay at least 29 pence in the pound In addition, all three companies are members of a VAT group Under the terms of the CVA, HM Revenue and Customs are entitled to make a claim against each member of the VAT group for the VAT liabilities of each company, such that the total amount which will be paid to HM Revenue and Customs in respect of outstanding VAT liabilities is 94 pence in the pound

The terms of the CVA set out the minimum amount which must be paid by each company via the supervisor to settle all liabilities The terms also stipulate that each company will be required to make additional payments should they exceed forecast profit after tax for each year for a five year period subsequent to the companies entering into the CVA For years one and two, the forecasts were agreed with the supervisor at the time of the CVA and management understand that similar forecasts will be set for years three to five In the opinion of the directors, none of the companies are likely to exceed these forecasts and, accordingly, no provision has been made for any additional contributions which would become due if such forecasts were achieved

For each company, the value of the creditors on the date of their respective CVA was higher than the agreed amount to be paid under the CVA terms Accordingly, the directors recognised the difference between the creditors on the date of the CVA and the amount to be paid as an exceptional credit in the profit and loss account for the year ended 31 December 2010

The CVA liability will be settled via payments to the supervisor for a period of sixty months and continue thereafter on a similar basis until the liabilities are settled Franciacorta Limited is to pay not less than £1,250 per month in months 1 to 12 and not less than £2,000 in months 13 to 60 The respective amounts for Alivini Company Limited are £25,000 and £30,000 per month and for Alivini North Limited £2,000 per month and £2,600 per month

2 Turnover

The total turnover and profit before taxation of the group for the period has been derived from its principal activity wholly undertaken in the United Kingdom and Europe Turnover represents the invoiced value of goods supplied during the period excluding value added tax £Nil (2010 £18,072) of the group's turnover was derived from sales to European customers

3 Operating profit

The profit on ordinary activities before taxation is stated after

	Year ended 31 December 2011	Year ended 31 December 2010
	£	£
Auditor's remuneration		
Audit services	**38,800**	35,000
Amortisation of intangible assets	**31,070**	31,071
Depreciation		
Tangible fixed assets owned	**55,176**	73,169
Tangible fixed assets held under finance leases and hire purchase contracts	**40,949**	49,101
(Profit) on disposal of tangible assets	**(5,495)**	(806)
Foreign exchange (gains)	**(427,617)**	(523,823)
Other operating lease rentals		
- Plant and machinery	**28,390**	28,509
- Land and buildings	**358,257**	363,000

4 Interest receivable and similar income

	Year ended 31 December 2011	Year ended 31 December 2010
	£	£
Bank interest received	**1,266**	525
Other interest receivable	**-**	755
	1,266	1,280

5 Interest payable and similar charges

	Year ended 31 December 2011	Year ended 31 December 2010
	£	£
On bank overdrafts	**83**	-
On invoice discount facilities	**97,016**	92,654
Loan interest	**995**	-
On other loans	**-**	3,527
Hire purchase interest	**10,090**	6,584
	108,184	102,765

6 Directors and employees

Staff costs during the period were as follows

	Year ended 31 December 2011	Year ended 31 December 2010
	£	£
Wages and salaries	**2,706,298**	2,693,338
Social security costs	**269,954**	272,647
	2,976,252	2,965,985

The average number of employees of the group during the period was

	Year ended 31 December 2011	Year ended 31 December 2010
	Number	Number
Office and management	**26**	26
Warehouse, selling and distribution	**70**	70
	96	96

Directors and employees (continued)

Remuneration in respect of directors was as follows

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Emoluments	**425,203**	425,013
	425,203	425,013

During the period, retirement benefits accrued to no directors (2010 retirement benefits accrued to no directors)

Remuneration of highest paid director

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Emoluments	**120,902**	120,742

7 Tax on result on ordinary activities

The tax charge is based on the results for the period and represents

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
United Kingdom corporation tax at 26 5% (2010 28%)		
- (over) provision in prior year	-	(11,956)
Total tax (credit)	-	(11,956)

The tax assessed for the period is lower than the standard rate of corporation tax in the United Kingdom 26 5% (2010 28%)

Profit on ordinary activities before tax	**74,838**	3,166,616
Profit on ordinary activities multiplied by standard rate of corporation tax of 26 5% (2010 28%)	**19,832**	886,652
Effect of		
Expenses not deductible for tax purposes	**62,510**	14,136
Depreciation (less than)/in excess of capital allowances	**(22,374)**	5,248
Losses carried back	-	(11,956)
Losses on cessation of trade	-	14,864
Non-taxable credit on company liquidation	-	(77,630)
Unrelieved trading losses	**6,120**	67,810
Losses for tax purposes utilised	**(66,088)**	(17,386)
Non-taxable exceptional credit arising on Company Voluntary Arrangement (Note 1)	-	(893,694)
Total current tax (credit)	-	(11,956)

Losses for taxation purposes of £1,801,390 (2010 £1,468,762) are available to carry forward to reduce future years' corporation tax liabilities

8 Intangible fixed assets

	Goodwill on consolidation £
Cost	
At 1 January 2011 and 31 December 2011	**652,568**
Amortisation	
At 1 January 2011	552,005
Provided in the year	31,070
At 31 December 2011	583,075
Net book amount at 31 December 2011	**69,493**
Net book amount at 31 December 2010	100,563

9 Tangible fixed assets - Group

	Short leasehold improve-ments £	Plant and machinery £	Computer equipment and furniture £	Motor vehicles £	Total £
Cost					
At 1 January 2011	105,725	248,924	82,384	858,355	1,295,388
Additions	-	-	2,400	108,980	111,380
Disposals	-	-	-	(65,784)	(65,784)
At 31 December 2011	**105,725**	**248,924**	**84,784**	**901,551**	**1,340,984**
Depreciation					
At 1 January 2011	89,396	166,440	57,580	801,086	1,114,502
Provided in the year	6,591	31,877	1,563	56,094	96,125
Disposals	-	-	-	(65,784)	(65,784)
At 31 December 2011	**95,987**	**198,317**	**59,143**	**791,396**	**1,144,843**
Net book amount at 31 December 2011	**9,738**	**50,607**	**25,641**	**110,155**	**196,141**
Net book amount at 31 December 2010	16,329	82,484	24,804	57,269	180,886

Tangible fixed assets (continued)

Included above are assets held under hire purchase contracts as follows

	Net book value		Depreciation charge	
	2011	2010	**2011**	2010
	£	£	**£**	£
Motor vehicles	**2,960**	39,826	**26,163**	34,312
Plant and machinery	**27,103**	41,889	**14,786**	14,789
Total	**30,063**	81,715	**40,949**	49,101

10 Investments held as fixed assets - group

Investment in Associate

	£
Share of net assets	
At 1 January 2011	23,524
Movement arising during the year	7,456
At 31 December 2011	**30,980**

Details of the trading associate of the group are as follows

Company	Country of registration or incorporation	Shares held and proportion of voting rights Class	%
Eurofoods Tranport Srl	Italy	Ordinary	45 44

The group's share of its associate Eurofoods Transport Srl is set out on the following page The information is derived from the associate's management accounts and annual financial statements The principal activity of the Italian subsidiary is the provision of shipping and transport services

The directors understand that Eurofoods Transport Srl ceased trading in July 2012

Investments held as fixed assets (continued) - group

	£	£
Share of turnover of associate		**592,276**
Share of profit before tax		**10,235**
Share of tax		**(2,268)**
Share of profit after tax		**7,967**
Share of assets		
Share of fixed assets	**2,693**	
Share of current assets	**140,362**	**143,055**
Share of liabilities		
Liabilities due in less than one year		**112,075**
Share of net assets		**30,980**

11 Investments held as fixed assets - Company

	At 31 December 2011 £	At 31 December 2010 £
Shares in subsidiary undertakings	**1,238,275**	1,238,275

The principal trading subsidiaries of the company are as follows

Company	**Country of registration or incorporation**	**Class**	**Shares held and proportion of voting rights %**
Alivini Company Limited	England and Wales	Ordinary	100
Alivini (North) Limited	England and Wales	Ordinary	100
Camisa Shops Limited	England and Wales	Ordinary	100

Investments held as fixed assets (continued) - Company

The principal activities of Alivini Company Limited and Alivini (North) Limited are the sale of wines and provisions

Camisa Shops Limited was established in June 2007 and has a carrying value of £100 The principal activity of Camisa Shops Limited is to trade as an Italian delicatessen

Shares in subsidiary undertakings

	£
Cost	
At 1 January 2011 and 31 December 2011	1,238,275
Net book value	
At 31 December 2011	**1,238,275**
At 31 December 2010	1,238,275

In May 2010, the directors placed the subsidiary company Perfect Pasta Limited in liquidation as it had sustained losses since incorporation and was not expected to become profitable in the future The company had net liabilities of £521,946 when it was liquidated and the group has recognised this as a gain on disposal At the time of the company's liquidation, the group was owed £244,697 by Perfect Pasta Limited and this amount has been written off in full and the loss set against the aforementioned profit on disposal

12 Stocks

	At 31 December 2011 £	At 31 December 2010 £
Goods for resale	**2,444,126**	2,380,221

13 Debtors

	The group		The company	
	At 31 December 2011	At 31 December 2010	**At 31 December 2011**	At 31 December 2010
	£	£	**£**	£
Trade debtors	**3,870,900**	3,811,473	**-**	-
Amounts owed by subsidiary undertakings	**-**	-	**10,200**	10,200
Corporation tax recoverable	**-**	12,002	**-**	-
Other debtors	**92,726**	112,893	**5**	-
Prepayments and accrued income	**122,201**	124,435	**-**	-
	4,085,827	4,060,803	**10,205**	10,200

Trade debtors include an amount of £3,870,900 (2010 £3,811,473) which provide security in respect of invoice discounting borrowings

14 Creditors: amounts falling due within one year

	The group		The company	
	At 31 December 2011	At 31 December 2010	**At 31 December 2011**	At 31 December 2010
	£	£	**£**	£
Loan	**37,500**	-	**-**	-
Invoice discount facilities	**2,368,430**	2,124,320	**-**	-
Shares classed as financial liabilities	**10,762**	10,762	**10,762**	10,762
Net obligations under hire purchase contracts	**29,365**	40,666	**-**	-
Trade creditors	**556,077**	644,496	**-**	-
Amounts owed to subsidiary undertakings	**-**	-	**444,743**	470,883
Amounts owed to associated undertaking	**60,655**	61,395	**-**	-
Corporation tax	**282**	282	**-**	-
Other taxes and social security costs	**392,623**	381,921	**17,043**	15,849
Other creditors	**6,542**	23,191	**-**	-
Other loans	**-**	10,960	**-**	-
Company Voluntary Arrangement liability (note 1)	**360,000**	378,612	**-**	1,496
Accruals and deferred income	**196,669**	172,861	**94,707**	94,706
	4,018,905	3,849,466	**567,255**	593,696

Creditors: amounts falling due within one year (continued)

The loan and invoice discount facilities are secured by a fixed and floating charge over all the assets of the two principal United Kingdom trading subsidiary companies, Alivini Company Limited and Alivini (North) Limited and by a cross guarantee between those companies and Franciacorta Limited

The invoice discounting borrowings and loan are also secured by the personal guarantees of the directors of the company A Pirozzi has provided a guarantee limited to £250,000 and S Bridgeman, G Segatta, C Dos Santos and J Pires have provided guarantees limited to £50,000 each

The deferred duty creditor of £64,283 (2010 £87,029) included in trade creditors above, is guaranteed by a third party In order for this guarantee to be given the group is required to hold £150,000 on deposit

Included within Other creditors is an amount of £6,542 (2010 £23,191) due to A Pirozzi Esq, a director of the company

15 Creditors: amounts falling due after more than one year

	The group		The company	
	At 31 December 2011	At 31 December 2010	**At 31 December 2011**	At 31 December 2010
	£	£	**£**	£
Loan	**28,125**	-	-	-
2010 loan stock	**366,666**	366,666	**366,666**	366,666
Other loans	**383,335**	383,335	**383,335**	383,335
Net obligations under hire purchase contracts	**14,541**	44,116	-	-
Company Voluntary Arrangement liability (note 1)	**1,054,115**	1,438,003	-	-
Accruals and deferred income	-	2,329	-	-
	1,846,782	2,234,449	**750,001**	750,001

The group entered into a loan in September 2011 to finance fixed asset additions The loan is repayable in 24 monthly instalments and bears interest at the Lloyds TSB Bank plc base rate plus 5% The loan is secured over the respective fixed assets Of the loan outstanding, £37,500 is due for repayment within one year

£366,666 2010 loan stock was issued at par to A Pirozzi Esq , a director of the company on 29 July 1997 as part of the agreement for the purchase of his minority holding in Alivini Company Limited This loan stock bears interests at 2% above bank base rate and was initially due for repayment during the year ended 31 December 2010 As part of the Company Voluntary Arrangement ("CVA") entered into during the year, it was agreed that this loan would not be settled until conclusion of the CVA The maximum amount outstanding during the year was £366,666 (2010 £366,666) Interest of £9,167, as accruing on the loan, has not been included in these accounts In the prior year, an amount of £9,167 was accrued in these accounts

Creditors: amounts falling due after more than one year (continued)

The other loan of £383,335 (2010 £383,335) is unsecured and relates to an amount due from A Pirozzi Esq, a director of the company As part of the Company Voluntary Arrangement ("CVA") entered into during the year, it was agreed that this loan would not be settled until conclusion of the CVA The maximum amount outstanding during the year was £383,335 (2010 £383,335) The loan bears interest at bank base rate and interest of £1,917, as accruing on the loan, has not been included in these accounts In the prior year, an amount of £1,917 was accrued in these accounts

Net obligations under hire purchase contracts

	The group	
	2011	2010
	£	£
Repayable within one year	**37,990**	50,896
Repayable between one and two years	**19,229**	37,990
Repayable between two and five years	-	19,484
	57,219	108,370
Finance charges and interest allocated to future accounting periods	**(13,313)**	(23,588)
	43,906	84,782
Included in current liabilities	**(29,365)**	(40,666)
	14,541	44,116

Obligations under hire purchase contracts are secured on the related assets and bear finance charges at rates ranging from 15% to 20% per annum

16 Onerous lease provision

	Onerous lease provision
	£
Balance brought forward	-
Movement in the year	192,000
Balance carried forward	192,000

The group is a lessee for a commercial unit which has previously been sublet This unit is now vacant and, based on management's current expectations and discussions with a commercial letting agent, management believes that the unit may not be sublet during the remaining term of the lease Management has therefore recognised a provision for the total future lease payments to be made to the lessor as well as other ongoing unavoidable costs associated with leasing the unit

17 Deferred taxation

Potential amounts of deferred taxation assets unprovided at 26 5% (2010 28%) are

	Unprovided asset			
	The group		The company	
	At 31 December 2011	At 31 December 2010	**At 31 December 2011**	At 31 December 2010
	£	£	**£**	£
Other timing differences	**50,880**	-	-	-
Depreciation in excess of capital allowances	**11,658**	26,909	-	-
Unrelieved trading losses	**426,488**	384,344	-	-
Total unprovided deferred tax	**489,026**	411,253	-	-

The deferred tax asset will be recovered when there are suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

18 Share capital

	2011	2010
	£	£
Authorised		
92,500 ordinary shares of £1 each	**92,500**	92,500
7,500 B shares of £1 each	**7,500**	7,500
Ordinary shares of £1 each	**100,000**	100,000
Allotted, called up and fully paid		
58,500 ordinary shares of £1 each	**58,500**	58,500
1,329 B shares of £1 each	**1,329**	1,329
	59,829	59,829
Equity shares		
58,500 ordinary shares of £1 each	**58,500**	58,500
Shares classed as financial liabilities		
1,329 B shares of £1 each	**1,329**	1,329

M Serafina Esq resigned as a director on 27 July 2005 The company entered into an agreement with the retiring director to purchase his shares on that date for total consideration of £282,250 His holding of £7,500 ordinary shares of £1 each were re-designated as B shares which do not carry the right to attend General Meetings of the company, vote or receive dividends, give the bearer no right to appoint directors of the company and, on any winding up of the company, carry a right to receive a distribution amounting to the lesser of £200,000 and the balance due under the share purchase agreement

Share capital (continued)

The completion of the purchase is being undertaken in stages and £50,000, including accrued finance charges, remained outstanding at 31 December 2010 and remains payable at 31 December 2011 The B shares have been classed as financial liabilities in accordance with FRS 25 and the amounts due are included in 'Creditors Amounts falling due within one year' The effect of this treatment is to treat the difference between the initial price paid for the shares and the consideration as a finance charge which is charged to profit and loss account as the shares become due for redemption Historically, this charge has been disclosed in the profit and loss account as an exceptional item There is no charge in the year under review

19 Capital redemption reserve

	2011	2010
	£	£
At 1 January and 31 December	**6,171**	6,171

20 Profit and loss account

	The group		**The company**	
	At 31 December 2011	At 31 December 2010	**At 31 December 2011**	At 31 December 2010
	£	£	**£**	£
Retained profit / (deficit) brought forward	**791,553**	(2,328,471)	**(197,057)**	(192,687)
Profit/(loss) for the financial year	**82,805**	3,123,983	**26,416**	(4,370)
Foreign exchange translation differences	**(510)**	(3,959)	**-**	-
Profit/(deficit) carried forward	**873,848**	791,553	**(170,641)**	(197,057)

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements A profit of £26,416 (2010 loss of £4,370) is dealt with in the financial statements of the parent company

21 Reconciliation of movements in shareholders' funds

	The group		The company	
	At 31 December 2011	At 31 December 2010	**At 31 December 2011**	At 31 December 2010
	£	£	**£**	£
Profit / (loss) for the financial year	**82,805**	3,123,983	**26,416**	(4,370)
Foreign exchange transactions differences	**(510)**	(3,959)	**-**	-
Net movement in shareholders' funds/(deficit)	**82,295**	3,120,024	**26,416**	(4,370)
Opening shareholders' funds / (deficit)	**895,224**	(2,224,800)	**(93,386)**	(89,016)
Closing shareholders' funds/(deficit)	**977,519**	895,224	**(66,970)**	(93,386)

22 Net cash (outflow) / inflow from operating activities

	2011	2010
	£	£
Operating profit	**181,756**	2,990,852
Exceptional expense arising under onerous lease	**192,000**	-
Exceptional credit on write back of creditors under Company Voluntary Arrangement	**-**	(3,224,419)
Amortisation of intangible assets	**31,070**	31,071
Depreciation of tangible assets	**96,125**	122,270
Profit on sale of tangible fixed assets	**(5,495)**	(806)
(Increase) / decrease in stock	**(63,905)**	213,497
(Increase) / decrease in debtors	**(37,026)**	484,177
(Decrease) /increase in creditors due within one year	**(89,910)**	1,616,418
(Decrease) in creditors due after one year	**(386,217)**	(1,433,518)
Net cash (outflow) / inflow from operating activities	**(81,602)**	799,542

23 Reconciliation of net cash flow to movement in net debt

	2011	2010
	£	£
(Decrease)/increase in cash in the year	**(268,613)**	510,673
Cash outflow from decrease in debt and hire purchase financing	**40,876**	72,707
Receipt from new loans	**(75,000)**	-
Repayment of loans	**20,335**	104,038
Movement in net debt in the period	**(282,402)**	687,418
Net debt at 1 January	**(2,747,684)**	(3,435,102)
Net debt at 31 December	**(3,030,086)**	(2,747,684)

24 Analysis of changes in net debt

	At 1 January 2011	Cash flow	At 31 December 2011
	£	£	£
Cash at bank and in hand	233,142	(24,503)	**208,639**
Invoice discounting borrowings	(2,124,320)	(244,110)	**(2,368,430)**
Net cash	(1,891,178)	(268,613)	**(2,159,791)**
Loans due	(760,962)	(54,665)	**(815,627)**
Shares classed as financial liabilities	(10,762)	-	**(10,762)**
Hire purchase contracts	(84,782)	40,876	**(43,906)**
	(2,747,684)	(282,402)	**(3,030,086)**

25 Material non-cash movements

As disclosed in Note 1 to the consolidated financial statements, the group recognised an exceptional credit in the year to 31 December 2010 on the release of creditors following various group companies entering into Company Voluntary Arrangements ("CVA") during that year This credit had no impact on cash receivable by the Group Note 1 to the consolidated financial statements provides details of the cash payments due to the supervisor of the CVA

26 Capital commitments

The company had no capital commitments at 31 December 2011 or 31 December 2010

27 Contingent liabilities

Company Voluntary Arrangement
As disclosed in Note 1 above, Franciacorta Limited, Alivini Company Limited and Alivini (North) Limited entered into a Company Voluntary Arrangement ("CVA") on 23 February 2010 The total amount estimated to be payable under the terms of the CVA Arrangement has been accrued As disclosed in Note 1 above, the CVA terms stipulate that the companies will be required to make additional payments should they exceed forecast profit after tax for each year for a five year period subsequent to the companies entering into the CVA For years one and two, the forecasts were agreed with the supervisor at the time of the CVA and management understand that similar forecasts will be set for years three to five In the opinion of the directors, these forecasts are not likely to be exceeded and, accordingly, no provision has been made for any additional contributions which would become due if such forecasts were achieved

Cross Guarantee for Invoice Discount and Other Facility
The company has given cross guarantees in respect of invoice discounting facilities granted by an invoice discounting company as well as a loan Borrowings as at 31 December 2011 were £2,368,430 (2010 £2,124,320) in respect of the invoice discount facility and £65,625 (2010 £Nil) in respect of the loan

28 Pension costs

The group operates a money purchase benefit scheme for certain of its employees The assets of the scheme are held in trustee administered funds separate from those of the group All contributions had been paid at the balance sheet date

29 Leasing commitments

At 31 December 2011 the group had annual commitments under non-cancellable operating leases as follows

	2011		2010	
	Land and buildings	**Other**	Land and buildings	Other
	£	**£**	£	£
In one year or less	**210,000**	-	-	-
Between one and five years		-	210,000	-
In five years or more	**153,000**	-	153,000	-
	363,000	-	363,000	-

30 Transactions with related parties

No related party transactions have been disclosed between the company and 100% owned other group companies as permitted by Financial Reporting Standard 8 - "Related Party Disclosures"

Perfect Pasta Ltd was a 90% subsidiary and undertook the following transactions with other group companies during the prior year Sales to Alivini Company Ltd amounted to £66,078 and purchases from Alivini Company Ltd amounted to £53,353

Perfect Pasta Limited was placed into liquidation on 26 May 2010 The net amount due to Alivini Company Limited on that date was £40,015, however, the balance had been provided for in full in the prior year Perfect Pasta Limited owed Franciacorta Limited £189,910 at the time of liquidiation Franciacorta Limited had provided for this amount in full at the time of the liquidation

Loan interest of £11,084 as accruing to A Pirozzi Esq , a director of the company, has not been included in these accounts In the prior year, an amount of £11,084 was accrued in these accounts Details in respect of the loans due to A Pirozzi are disclosed in note 15 to the accounts

A Pirozzi, a director of the company, made a loan to the group during the year ended 31 December 2010 amounting to £50,000 The loan is interest free and the group repaid £16,649 (2010 £3,543) during the year The amount outstanding at 31 December 2011 was £6,542 (2010 £23,191)

A Pirozzi Esq, a director of the company, has a one third equity interest in Alivini Estonia OU, a company incorporated in Estonia Trade debtors include an amount of £35,947 (2010 £35,497) owed by that company A Pirozzi has guaranteed to the group that the balance outstanding at 31 December 2011 of £35,947 (2010 £35,947) will be repaid in full

The group purchased goods amounting to £753,258 (2010 £739,901) in the normal course of business from Eurofoods Transport srl, an associated undertaking The group owed £60,655 (2010 £61,395) to Eurofoods Transport srl at the balance sheet date

As disclosed in note 14 to these financial statements, the invoice discount facility is also secured by the personal guarantees of the directors A Pirozzi has provided a guarantee limited to £250,000 and S Bridgeman, G Segatta, C Dos Santos and J Pires have provided guarantees limited to £50,000 each

31 Controlling related party

The company is ultimately controlled by A Pirozzi, who has a controlling interest in Franciacorta Limited