

Registration number: 2867474

# Hertford Cellars Limited

Annual Report and Financial Statements

for the Year Ended 30 June 2014

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# **Hertford Cellars Limited**

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**Hertford Cellars Limited**  
**Strategic Report for the Year Ended 30 June 2014**

The directors present their strategic report for the year ended 30 June 2014.

The purpose of the strategic report is to inform members of the Company and help them to assess how the directors have performed their duty under s172 of the Companies Act.

**Business review**

***Fair review of the business***

The principal activity of the Company is the holding of investments in a joint venture. The directors intend that the Company continues to be a holding company.

**Performance**

The profit before tax for the year was £5,000,000 (2013: £Nil).

***Principal risks and uncertainties***

The Company holds investment in a joint venture, Matthew Clark (Holdings) Limited. Its risks are similar to those of the joint venture.

**Legal and regulatory environment**

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

**Risks/uncertainty**

The Group uses a consistent documented approach in its treatment of risk, ensuring appropriate mitigation over legal, regulatory and financial exposures. Regular management review and strategic exercises seek to identify those areas of risk and uncertainty that need to be addressed and put in place appropriate actions to moderate them.

Approved by the Board of Directors on 25.05.14 and signed on its behalf by:



AG Wood  
Director

**Hertford Cellars Limited**  
**Directors' Report for the Year Ended 30 June 2014**

The directors present their report and the financial statements for the year ended 30 June 2014.

**Directors of the company**

The directors who held office during the year were as follows:

JA Stevenson

PM Schaafsma

T Sinclair (resigned 11 December 2013)

S Gorst (appointed 31 July 2013)

RJ Ratcliffe (appointed 6 March 2014)

AG Wood (appointed 6 March 2014)

**Dividends**

The company made a dividend payment of £5,000,000 during the financial year ended 30 June 2014 (2013: £Nil). This dividend has not been recognised as a liability in the financial statements.

**Political donations**

The Company did not make any political donations or incur any political expenditure during the current or previous year.

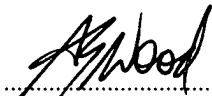
**Statement of disclosure to auditor**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditor is unaware of.

**Auditor**

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

Approved by the Board of Directors on 25.09.14 and signed on its behalf by:



AG Wood  
Director

The Guildway  
Old Portsmouth Road  
Artington  
Guildford  
Surrey  
GU3 1LR

## **Hertford Cellars Limited**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Strategic Report, 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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **Independent Auditor's Report to the Members of Hertford Cellars Limited**

We have audited the financial statements of Hertford Cellars Limited for the year ended 30 June 2014, set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 3), 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 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeprivate](http://www.frc.org.uk/auditscopeprivate).

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and 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  
Hertford Cellars Limited**

*..... continued*

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Huw Brown (Senior Statutory Auditor)**

**For and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants  
100 Temple Street  
Bristol  
BS1 6AG

Date: 26 September 2014

**Hertford Cellars Limited**  
**Profit and Loss Account for the Year Ended 30 June 2014**

	Note	2014 £ 000	2013 £ 000
Operating profit/(loss)		-	-
Income from shares in joint ventures		<u>5,000</u>	<u>-</u>
Profit on ordinary activities before taxation		5,000	-
Tax on profit on ordinary activities	5	<u>-</u>	<u>-</u>
Profit for the financial year	10	<u><u>5,000</u></u>	<u><u>-</u></u>

All operations are continuing.


The Company has no recognised gains or losses in either year other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.



**Hertford Cellars Limited**  
**(Registration number: 2867474)**  
**Balance Sheet at 30 June 2014**

	Note	2014 £ 000	2013 £ 000
<b>Fixed assets</b>			
Investments	6	<u>19,872</u>	<u>19,872</u>
<b>Current assets</b>			
Debtors	7	73,849	70,631
Creditors: Amounts falling due within one year	8	<u>(5,000)</u>	<u>(1,782)</u>
Net current assets		<u>68,849</u>	<u>68,849</u>
Net assets		<u><u>88,721</u></u>	<u><u>88,721</u></u>
<b>Capital and reserves</b>			
Called up share capital	9	-	-
Share premium account	10	105,657	105,657
Profit and loss account	10	<u>(16,936)</u>	<u>(16,936)</u>
Shareholders' funds	11	<u><u>88,721</u></u>	<u><u>88,721</u></u>

These financial statements were approved by the Board of Directors on 25.09.14 and signed on its behalf by:

  
 .....  
 AG Wood  
 Director

**Hertford Cellars Limited**  
**Notes to the Financial Statements for the Year Ended 30 June 2014**

**1 Accounting policies**

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

**Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The Company is a holding company of investment in joint ventures. Its assets and liabilities are largely connected to the continued trading of its joint ventures. The Company is party to a cross guarantee over the borrowings of Accolade Wines Australia (as described in note 12) and the UK group. In their going concern assessment, the directors have considered the ability of the Company, the UK group and Accolade Wines Australia to continue as a going concern and have no reason to believe that conditions exist such that the cross guarantee will be called upon. The directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the Company has access to adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Under FRS 1, the Company is exempt from the requirement to present a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

The Company has also taken advantage of the exemption provided by FRS 8 whereby disclosure is not required in the financial statements of subsidiary undertakings, 100 per cent whose voting rights are controlled in the group, with entities that are part of the group or investees of the group qualifying as related parties.

**Dividends**

Dividends are only recognised as a liability to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

**Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised on all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less tax have occurred at the balance sheet date. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates enacted at the balance sheet date.

## Hertford Cellars Limited

### Notes to the Financial Statements for the Year Ended 30 June 2014

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#### 1 Accounting policies (continued)

##### Investments

Investments are held at cost, less any provision for any impairment. The carrying amounts of the Company's investments are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an investment exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

The recoverable amount of investments is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment.

#### 2 Auditor's remuneration

	2014 £ 000	2013 £ 000
Audit of the financial statements	15	15

The audit fee for both years was borne by a fellow group company.

#### 3 Particulars of employees

There were no employees or staff costs for either year.

#### 4 Directors' remuneration

Directors remuneration for both years was borne by a subsidiary of the controlling party.

# Hertford Cellars Limited

## Notes to the Financial Statements for the Year Ended 30 June 2014

..... *continued*

### 5 Taxation

#### Tax on profit on ordinary activities

	2014 £ 000	2013 £ 000
<b>Current tax</b>		
Corporation tax charge/(credit)	-	-
UK Corporation tax	-	-

#### Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2013 - the same as) the standard rate of corporation tax in the UK of 22.5% (2013 - 23.75%).

The differences are reconciled below:

	2014 £ 000	2013 £ 000
Profit on ordinary activities before taxation	5,000	-
Corporation tax at standard rate	1,125	-
Expenses not deductible for tax purposes	(1,125)	-
Total current tax	-	-

#### Factors that may affect future tax charges

In the March 2013 Budget, the Chancellor announced another reduction in the main rate of UK corporation tax to 20% with effect from 1 April 2015. This change became substantively enacted on 2 July 2013.

## Hertford Cellars Limited

### Notes to the Financial Statements for the Year Ended 30 June 2014

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#### 6 Fixed Asset Investments

##### Shares in group undertakings and participating interests

	Joint Ventures £ 000	Total £ 000
<b>Cost</b>		
At 1 July 2013	19,872	19,872
At 30 June 2014	19,872	19,872
<b>Net book value</b>		
At 30 June 2014	19,872	19,872
At 30 June 2013	19,872	19,872

##### Details of undertakings

Details of the principal investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Holding	Proportion of voting rights and shares held	Principal activity
<b>Significant holdings</b>			
Matthew Clark (Holdings) Limited	Ordinary	50%	Holding Company
Matthew Clark Wholesale Limited (indirectly owned)	Ordinary	50%	Wholesale distributor of beverages
The Wine Studio Limited (indirectly owned)	Ordinary	50%	Wholesale distributor of beverages
Matthew Clark (Scotland) Limited (indirectly owned)	Ordinary	50%	Dormant company

# Hertford Cellars Limited

## Notes to the Financial Statements for the Year Ended 30 June 2014

..... continued

### 7 Debtors

	2014 £ 000	2013 £ 000
Amounts owed by group undertakings	<u>73,849</u>	<u>70,631</u>

### 8 Creditors: Amounts falling due within one year

	2014 £ 000	2013 £ 000
Amounts owed to group undertakings	<u>5,000</u>	<u>1,782</u>

### 9 Share capital

Alloted, called up and fully paid equity

	30 June 2014		30 June 2013	
	No.	£	No.	£
Ordinary share of £1 each	102	102	102	102

### 10 Reserves

	Share premium account £ 000	Profit and loss account £ 000	Total £ 000
At 1 July 2013	105,657	(16,936)	88,721
Profit for the year	-	5,000	5,000
Dividends	-	(5,000)	(5,000)
At 30 June 2014	<u>105,657</u>	<u>(16,936)</u>	<u>88,721</u>

### 11 Reconciliation of movement in shareholders' funds

	2014 £ 000	2013 £ 000
Profit for the financial year	5,000	-
Dividends	<u>(5,000)</u>	<u>-</u>
Net addition/(reduction) to shareholders' funds	-	-
Shareholders' funds at 1 July	<u>88,721</u>	<u>88,721</u>
Shareholders' funds at 30 June	<u>88,721</u>	<u>88,721</u>

## **Hertford Cellars Limited**

### **Notes to the Financial Statements for the Year Ended 30 June 2014**

*..... continued*

#### **12 Cross guarantees**

The Company has a cross guarantee with its UK group and Accolade Wines Australia (a related party group under common control) in relation to their debt funding. The directors have no reason to believe that this cross guarantee will be called upon.

#### **13 Ultimate controlling party**

The company is controlled by Accolade Wines Europe No.2 Limited (registered in England and Wales).

The largest and smallest group in which they are consolidated is that headed by Accolade Wines Holdings Europe Limited (registered in England and Wales). The consolidated financial statements of this group are available to the public, and may be obtained from Accolade Wines, The Guildway, Old Portsmouth Road, Artington, Guildford, Surrey, United Kingdom, GU3 1LR.

The ultimate controlling party is the CHAMP III Funds comprised of Perpetual Trustee Company Limited as trustee of the CHAMP Buyout III Trust, Perpetual Corporate Trust Limited as trustee of the CHAMP Buyout III (SWF) Trust, PT Limited as trustee for the CHAMP Buyout III (WW) Trust and CHAMP Buyout III Pte Ltd who collectively hold 80.1%. The remaining shareholding is owned by Constellation Brands Inc.