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ALIVINI (NORTH) LIMITED

FINANCIAL STATEMENTS

For the year ended
31 December 2010

Company no 2880642

ALIVINI (NORTH) LIMITED
FINANCIAL STATEMENTS

For the year ended 31 December 2010

Company registration number	2880642
Registered office	Manfield House 2nd Floor 1 Southampton Street London WC2R 0LR
Directors	A Pirozzi S D Bridgeman J D N Pires C J Dos Santos G Segatta
Secretary	S D Bridgeman
Auditor	Grant Thornton UK LLP Registered Auditor Chartered Accountants Grant Thornton House Melton Street Euston Square London NW1 2EP

ALIVINI (NORTH) LIMITED
FINANCIAL STATEMENTS

For the year ended 31 December 2010

INDEX **PAGE**

The directors present their report together with the audited financial statements for the year ended 31 December 2010

Principal activity
The principal activity of the company in the year under review was that of the sale of wines and provisions

Business review
There was a loss for the period after taxation amounting to £75,691 (2009 loss £137,994 for the 18 month period) The directors do not recommend the payment of a dividend

Company voluntary arrangement
The company experienced a deterioration in its working capital position in the period to 31 December 2009 and entered into a Company Voluntary Arrangement ("CVA") on 23 February 2010 The arrangement was supported by 100% of the company's creditors, both in terms of amount and timing of payment The directors took this course of action when it became evident that the company would not be able to meet its obligations as they fell due

Details of how the CVA has been accounted for in the preparation of these financial statements are disclosed in Note 1

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

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

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 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,
- 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

Small company exemptions
This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

BY ORDER OF THE BOARD

S Bridgeman

S Bridgeman
Secretary
27/9/2011

GrantThornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALIVINI (NORTH) LIMITED

We have audited the financial statements of Alivini (North) Limited for the year ended 31 December 2010 which comprise the principal accounting policies, the profit and loss account, the balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities)

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 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit 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 company's affairs as at 31 December 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALIVINI (NORTH) 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, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors' Report

Grant Thornton UK LLP

Harold C Wilson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
28 September 2011

Basis of Preparation
The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom applicable accounting standards and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

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

Going concern
The financial statements have been prepared under the going concern basis, which is dependent on the continuing financial and operational support of the parent company, Franciacorta Limited Franciacorta Limited has indicated its intention to continue to provide such support for a period of not less than twelve months from the date of signing of the financial statements The financial statements do not include any adjustments which would result from a withdrawal of such support

Turnover
Turnover represents net invoiced value of goods, excluding value added tax Turnover arose wholly in the United Kingdom Turnover arises 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

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	straight line over the life of the lease
Plant and machinery	20% straight line
Motor vehicles	25% straight line
Furniture and equipment	25% straight line

Stocks
Stocks are stated at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items

Deferred taxation
Deferred tax is recognised on all timing differences where the transactions or events that give the company 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

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.

Hire purchase and leasing commitments
Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet Those held under hire purchase contracts are depreciated over their estimated useful lives Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter The interest element of these obligations is charged to the profit and loss account over the relevant period The capital element of the future payments is treated as a liability

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of 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

Cash flow statement
Exception has been taken from preparing a cash flow statement on the grounds that a cash flow statement is included in the financial statements of the parent company, Franciacorta Limited

ALIVINI (NORTH) LIMITED
PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2010

	Note	Year ended 31 December 2010 £	18 month period ended 31 December 2009 £
Turnover		3,283,162	8,601,540
Cost of sales		(2,682,838)	(6,666,807)
Gross profit		600,324	1,934,733
Exceptional credit on write back of creditors under Company Voluntary Arrangement	1	56,536	-
Administrative expenses		(725,317)	(2,058,283)
		(68,457)	(123,550)
Other operating income		-	151
Operating loss	2	(68,457)	(123,399)
Interest payable and similar charges	3	(7,234)	(14,595)
Loss on ordinary activities before taxation		(75,691)	(137,994)
Tax on loss on ordinary activities	5	-	-
Loss on ordinary activities after taxation	15	(75,691)	(137,994)

All transactions arise from continuing operations

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

	Note	At 31 December 2010	At 31 December 2009
		£	£
Fixed assets			
Tangible assets	6	**90,669**	142,353
Current assets			
Stocks	7	**164,663**	136,194
Debtors	8	**774,427**	875,705
Cash at bank and in hand		**3,211**	3,037
		942,301	1,014,936
Creditors: amounts falling due within one year	9	**1,738,123**	1,770,735
Net current liabilities		**(795,822)**	(755,799)
Total assets less current liabilities		**(705,153)**	(613,446)
Creditors: amounts falling due after more than one year	10	**27,500**	43,516
		(732,653)	(656,962)
Capital and reserves			
Called up share capital	14	**751**	751
Profit and loss account	15	**(733,404)**	(657,713)
Shareholders' funds	16	**(732,653)**	(656,962)

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standards for Smaller Entities (effective April 2008)

The financial statements were approved by the Board of Directors on 27/9/2011

S Bridgeman

S Bridgeman
Director
Company registration no 2880642

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

1 Company Voluntary Arrangement

The company entered into a Company Voluntary Arrangement ("CVA") on 23 February 2010 Under the terms of the arrangement, the company reached agreement with its creditors to pay at least 29 pence in the pound on all outstanding balances In addition, the Company is a member of a VAT group with the parent company, Franciacorta Limited, and a fellow subsidiary of Franciacorta Limited, Alivini Company Limited 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 via the supervisor to settle all liabilities The terms also stipulate that the company will be required to make additional payments should it exceed forecast profit after tax for each year for a five year period subsequent to the company 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 exceeded

The value of the creditors on the date of the CVA are higher than the agreed amount to be paid under the CVA terms Accordingly, the directors have 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

The CVA liability will be settled via payments to the supervisor of not less than £2,000 per month in months 1 to 12 and not less than £2,600 in months 13 to 60 and continuing thereafter on a similar basis until the liability is settled Further details are provided below

	£	£
Gross value of creditors on date of CVA		103,652
Amount to be repaid under terms of CVA		
- VAT creditors	24,667	
- All other creditors	22,449	47,116
Exceptional credit on write back of creditors under terms of CVA		56,536
Total liability under CVA		47,116
Less Value of CVA payments made to supervisor during 2010		(20,000)
Amount due at 31 December 2010 – included within Creditors Amounts falling due within one year		27,116

2 Operating loss

The loss on ordinary activities before taxation is stated after charging

	Year ended 31 December 2010 £	18 month period ended 31 December 2009 £
Auditor's remuneration		
- Audit services	5,250	5,800
Depreciation		
- Tangible fixed assets owned	23,278	29,645
- Tangible fixed assets held under finance leases and hire purchase contracts	22,876	78,349
Other operating leases - land and buildings	63,000	128,955
Other operating leases - plant and machinery	4,622	9,452
Loss on disposal of fixed assets	-	2,562

3 Interest payable and similar charges

	Year ended 31 December 2010 £	18 month period ended 31 December 2009 £
Hire purchase interest	7,234	13,782
Other interest	-	813
	7,234	14,595

4 Directors and employees

Staff costs during the period were as follows

	Year ended 31 December 2010	18 month period ended 31 December 2009
	£	£
Wages and salaries	299,597	912,895
Social security costs	28,960	91,699
	328,557	1,004,594

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

	Year ended 31 December 2010	18 month period ended 31 December 2009
	Number	Number
Sales and distribution	12	24
Administration excluding directors	4	6
	16	30

The directors do not take compensation for their roles as directors of the company as they are remunerated by other group companies

5 Tax on loss on ordinary activities

There is no tax payable by reference to the current or preceding year

6 Tangible fixed assets

	Short Leasehold	Plant and machinery	Motor vehicles	Furniture and equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2010	23,832	149,727	268,630	1,801	443,990
Disposals	-	(5,530)	-	-	(5,530)
At 31 December 2010	**23,832**	**144,197**	**268,630**	**1,801**	**438,460**
Depreciation					
At 1 January 2010	19,176	35,654	245,007	1,800	301,637
Provided in the year	-	29,945	16,209	-	46,154
At 31 December 2010	**19,176**	**65,599**	**261,216**	**1,800**	**347,791**
Net book amount at 31 December 2010	**4,656**	**78,598**	**7,414**	**1**	**90,669**
Net book amount at 31 December 2009	4,656	114,073	23,623	1	142,353

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

	Plant and machinery	Motor vehicles	Total
	£	£	£
Cost			
At 1 January 2010	73,928	32,348	106,276
Transfer to ownership	-	(32,348)	(32,348)
At 31 December 2010	**73,928**	**-**	**73,928**
Depreciation			
At 1 January 2010	17,250	16,844	34,094
Charge for year	14,789	8,087	22,876
Transfer to ownership	-	(24,931)	(24,931)
At 31 December 2010	**32,039**	**-**	**32,039**
Net book value			
At 31 December 2010	**41,889**	**-**	**41,889**
At 31 December 2009	56,678	15,504	72,182

7 Stocks

	At 31 December 2010 £	At 31 December 2009 £
Finished goods	164,663	136,194

8 Debtors

	At 31 December 2010 £	At 31 December 2009 £
Trade debtors	732,804	857,794
Other debtors	21,930	-
Prepayments and accrued income	19,693	17,911
	774,427	875,705

Trade debtors include an amount of £732,804 (2009 £857,794) which provides security in respect of an invoice discount facility

9 Creditors: amounts falling due within one year

	At 31 December 2010 £	At 31 December 2009 £
Trade creditors	9,733	44,010
Amounts owed to group undertakings	1,217,030	1,108,032
Creditor arising on Company Voluntary Arrangement (see note 1)	27,116	-
Other taxation and social security	-	69,779
Accruals and deferred income	18,200	26,600
Invoice discount facility (see note 11)	449,924	496,471
Hire purchase contracts (see note 12)	16,120	25,843
	1,738,123	1,770,735

Creditors: amounts falling due within one year (continued)

In addition to being secured against the company's trade debtors, as disclosed in note 8, the invoice discounting borrowings are secured by a cross company guarantee and debenture The co-guarantors are the parent company, Franciacorta Limited, and fellow subsidiaries of Franciacorta Limited.

The invoice discounting borrowings were also secured by the personal guarantees of the directors, further details of which are provided in note 19 to these financial statements

10 Creditors: amounts falling due after more than one year

	At 31 December 2010 £	At 31 December 2009 £
Hire purchase contracts (see note 12)	**27,500**	43,516
	27,500	43,516

11 Loans

An analysis of the maturity of loans is given below

	At 31 December 2010 £	At 31 December 2009 £
Amounts falling due within one year or on demand		
Invoice discount facility	**449,924**	496,471

12 Obligations under hire purchase contracts

Borrowings are repayable as follows

	Hire purchase contracts	
	At 31 December 2010 £	At 31 December 2009 £
Gross obligations repayable		
Within one year	**21,812**	32,791
Between one and five years	**37,441**	59,252
	59,253	92,043

Obligations under hire purchase contracts (continued)

	At 31 December 2010 £	At 31 December 2009 £
Finance charges repayable		
Within one year	5,692	6,948
Between one and five years	9,941	15,736
	15,633	22,684

	At 31 December 2010 £	At 31 December 2009 £
Net obligations repayable		
Within one year	16,120	25,843
Between one and five years	27,500	43,516
	43,620	69,359

13 Operating lease commitments

The following operating lease payments are committed to be paid within one year

	At 31 December 2010		At 31 December 2009	
	Land and buildings £	Other operating leases £	Land and buildings £	Other operating leases £
Expiring:				
Between one and five years	-	-	-	9,450
In five years or more	63,000	-	25,000	-
	63,000	-	25,000	9,450

14 Share capital

	At 31 December 2010 £	At 31 December 2009 £
Authorised		
1,000 ordinary shares of £1 each	**1,000**	1,000
Allotted, called up and fully paid		
751 ordinary shares of £1 each	**751**	751

15 Reserves

	Profit and loss account £
At 1 January 2010	(657,713)
Loss for the period	(75,691)
At 31 December 2010	**(733,404)**

16 Reconciliation of movements in shareholders' funds

	Year ended 31 December 2010 £	18 month period ended 31 December 2009 £
Loss for the financial period	**(75,691)**	(137,994)
Shareholders' funds at 1 January 2010	**(656,962)**	(518,968)
Shareholders' funds at 31 December 2010	**(732,653)**	(656,962)

17 Capital commitments

The company had no capital commitments at 31 December 2010 or 31 December 2009

18 Contingent liabilities

Company Voluntary Arrangement

As disclosed in Note 1 above, the company entered into a Company Voluntary Arrangement ("CVA") on 23 February 2010 The company has accrued the total amount expected to be payable under the terms of the CVA Arrangement As disclosed in Note 1 above, the CVA terms stipulate that the company will be required to make additional payments should it exceed forecast profit after tax for each year for a five year period subsequent to the company 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

The company is a member of a VAT group with Franciacorta Limited, the parent company, and Alivini Company Limited, a fellow subsidiary of the parent company Should Franciacorta Limited or Alivini Company Limited fail to meet its VAT obligations to HM Revenue and Customs, including those on the date that the companies entered a CVA, HM Revenue and Customs are entitled to make additional claims against Alivini North Limited in this respect over and above the amount accrued as per Note 1 above

Cross Guarantee for Invoice Discount Facility

The company has provided a cross guarantee in respect of an invoice discount facility granted to other subsidiary companies of the parent company, Franciacorta Limited

19 Transactions with related parties

As a wholly-owned subsidiary of Franciacorta Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Franciacorta Limited on the grounds that accounts are publicly available from the Registered Office

As disclosed in note 9 to the financial statements, the invoice discount facility is 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

20 Ultimate parent company

The company's ultimate parent undertaking is Franciacorta Limited, a company incorporated in England and Wales The largest and smallest group of undertakings for which group accounts have been drawn up, including the company, is that headed by Franciacorta Limited Copies of the accounts of the parent company can be obtained from Munslows, 2nd Floor Manfield House, 1 Southampton Street, London, WC2R 0LR The company is ultimately controlled by A Pirozzi, who has a controlling interest in Franciacorta Limited, which is the parent company