

Canandaigua Limited

Directors' report and financial statements

Registered number 3649497

For the year ended 28 February 2011

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Directors' report

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 28 February 2011

Principal activities

The principal activity of the Company is the holding of investments in subsidiary undertakings. The directors intend that the company continue to be a holding company.

On 31 January 2011 Canandaigua Limited purchased Constellation Europe (Holdings) Limited 19.9% investment in Vincon UK Limited for £11,940,000 which was settled by a reduction in the receivable the Company holds with Constellation Europe (Holdings) Limited. This investment consisted of

- 2,135,148 Preferred Ordinary shares of £0.6442 each
- 8,976,355 Convertible Redeemable Preference shares of £0.6442 each
- 4,781,970 Convertible loan notes of £1 each

On 30 June 2011 this investment was sold to Constellation International Holdings Limited at book value.

Results and dividends

The loss before tax for the year was £5,948,000 (2010: £6,539,000).

The directors do not recommend the payment of a dividend (2010: *Nil*).

Directors and directors' interests

The directors who served during the year were as follows:

R Sands
T Christensen (resigned 18 April 2011)
D Malhotra (resigned 2 March 2010)
H Glennie (resigned 2 March 2010)
F P Hetterich
T J Mullin (appointed 18 April 2011)


Statement of disclosure to auditors

The directors who held office at the date of approval of the directors' report confirm that so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

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

By order of the board


F P Hetterich
Director

The Guildway
Old Portsmouth Road
Artington
Guildford
GU3 1LR

4 October 2011

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 Canandaigua Limited

We have audited the financial statements of Canandaigua Limited for the year ended 28 February 2011 set out on pages 5 to 12. 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 Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 web-site 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 28 February 2011 and of its loss 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 matter prescribed by the Companies Act 2006

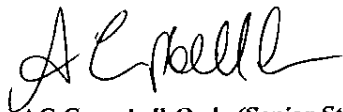
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Canandaigua 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



AC Campbell-Orde (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
100 Temple Street
Bristol
BS1 6AG

4 October 2011

Profit and loss account
for the year ended 28 February 2011

	<i>Note</i>	2011 £000	2010 £000
Interest receivable and similar income	<i>4</i>	6,437	7,133
Interest payable and similar charges	<i>5</i>	(12,385)	(13,672)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(5,948)	(6,539)
Tax on loss on ordinary activities	<i>6</i>	-	-
		<hr/>	<hr/>
Loss for the financial year	<i>11</i>	(5,948)	(6,539)
		<hr/>	<hr/>

The notes on pages 7 to 12 form part of the financial statements

The company has no recognised gains and losses other than the results for the year as set out above

Balance sheet
at 28 February 2011

	<i>Note</i>	2011 £000	2010 £000
Fixed assets			
Investments	7	11,940	-
Current assets			
Cash at bank and in hand		31	31
Debtors	8	63,230	126,670
		<u>63,261</u>	<u>126,701</u>
Creditors' amounts falling due within one year	9	<u>(50,436)</u>	<u>(95,988)</u>
Net current assets		<u>12,825</u>	<u>30,713</u>
Net assets		<u>24,765</u>	<u>30,713</u>
Capital and reserves			
Called up share capital	11	93,486	93,486
Share Premium	12	159,229	159,229
Capital contribution reserve	12	82,815	82,815
Profit and loss account	12	<u>(310,765)</u>	<u>(304,817)</u>
Equity shareholders' funds	12	<u>24,765</u>	<u>30,713</u>

The notes on pages 7 to 12 form part of the financial statements

These financial statements were approved by the board of directors on 4 October 2011 and were signed on its behalf by



F P Hetterich
Director

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, which have been applied consistently throughout the year and the preceding year

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 401 of the Companies Act 2006 because it is a wholly owned subsidiary of Constellation Brands Inc which prepares publicly available consolidated financial statements under US Generally Accepted Accounting Principles, and which are demonstrably equivalent to EU Endorsed International Financial Reporting Standards. The accounts are available from the address in note 14

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

The company is a holding company of subsidiary investments. Its assets and liabilities are largely connected to its subsidiaries. As a consequence, the directors believe that business risk is low, and that the company is well placed to manage this risk 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 of preparation for the financial statements

Taxation

The charge for taxation is based on the loss 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, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

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

Notes (continued)

2 Loss on ordinary activities before taxation

The audit fee for the year was borne by the ultimate parent company (2010 subsidiary of the company)

Fees payable to the company's auditor.	2011 £000	2010 £000
Fees for the audit of the company	3	6
Other services fees for the audit of the company's subsidiaries	-	174
fees for other services pursuant to legislation	-	96
	<u>3</u>	<u>276</u>

3 Directors' remuneration

The directors received no remuneration for their services to the company (2010 £nil)

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

4 Interest receivable and similar income

	2011 £000	2010 £000
Interest receivable on loans to group undertakings	<u>6,437</u>	<u>7,133</u>

5 Interest payable and similar charges

	2011 £000	2010 £000
Loss on translation of foreign currency loans	5,645	6,692
Interest payable on loans to group undertakings	6,740	6,980
	<u>12,385</u>	<u>13,672</u>

Notes (continued)

6 Tax on loss on ordinary activities

The tax credit comprises

	2011 £000	2010 £000
UK corporation tax	-	-
Total tax credit on loss on ordinary activities	-	-

Factors affecting the tax credit for the current year

The current tax credit for the period is lower (2010 lower) than the standard rate of corporation tax in the UK of 28% (2010 28%). The differences are explained below

	2011 £000	2010 £000
Loss on ordinary activities before taxation	(5,948)	(6,539)
Tax on ordinary activities at standard UK corporation tax rate of 28% (2010 28%)	(1,665)	(1,831)
<i>Effects of</i>		
Expenses not deductible for tax purposes	1,040	1,832
Group relief provided	625	(1)
Current tax credit for the year	-	-

On 22 June 2010 the Chancellor announced that the main rate of UK corporation tax will reduce from 28% to 27% with effect from 1 April 2011. This tax change became substantively enacted in July 2010 but as no deferred tax has been recognised not included in the above figures.

On 23 March 2011 the Chancellor announced a further reduction in the main rate of UK corporation tax to 26 per cent with effect from 1 April 2011. This change became substantively enacted on 29 March 2011. The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 23 per cent by 1 April 2014. The first of these changes became substantively enacted on 5 July 2011. This has not been reflected in the figures above as it was not substantively enacted at the balance sheet date.

The remaining changes proposed on 23 March 2011 have not yet been substantively enacted and therefore are not included in the figures above.

Notes (continued)

7 Investments

	Shares in group companies £000
<i>Cost</i>	
At beginning of period	269,877
Additions	11,940
	<hr/>
At end of period	281,817
	<hr/>
<i>Provision</i>	
At beginning and end of year	269,877
	<hr/>
<i>Net book amounts</i>	
At end of year	11,940
	<hr/>
At beginning of year	-
	<hr/>

Details of principal subsidiaries, all of which are registered in England and Wales are as follows

<i>Name</i>	<i>% of shares</i>	<i>Principal activity</i>
Constellation Europe Holdings Limited	100%	Holding company
Avalon Cellars	100%	Holding company
Manor Park Cellars Limited	100%	Holding company

On 31 January 2011 Canandaigua Limited purchased Constellation Europe (Holdings) Limited 19.9% investment in Vincor UK Limited for £11,940,000. This investment consisted of

- 2,135,148 Preferred Ordinary shares of £0.6442 each
- 8,976,355 Convertible Redeemable Preference shares of £0.6442 each
- 4,781,970 Convertible loan notes of £1 each

On 30 June 2011 this investment was sold to Constellation International Holdings Limited at book value

Notes *(continued)*

8 Debtors. amounts falling due within one year

	2011 £000	2010 £000
Due from group undertakings	63,230	126,670
	<u> </u>	<u> </u>

9 Creditors. amounts falling due within one year

	2011 £000	2010 £000
Due to group undertakings	50,436	95,988
	<u> </u>	<u> </u>

10 Share capital

	2011 £000	2010 £000
<i>Allotted, called up and fully paid</i>		
93,486,156 ordinary shares of £1 each (2010 93,486,156)	93,486	93,486
	<u> </u>	<u> </u>

11 Reserves

	Capital Contribution Reserve £000	Share Premium £000	Profit and loss account £000
At beginning of year	82,815	159,229	(304,817)
Loss for the financial year	-	-	(5,948)
	<u> </u>	<u> </u>	<u> </u>
At end of year	82,815	159,229	(310,765)
	<u> </u>	<u> </u>	<u> </u>

The capital contribution reserve and the profit and loss account are regarded as distributable

Notes (continued)

12 Reconciliation of movements in shareholders' funds

	2011 £000	2010 £000
Opening shareholders' funds	30,713	37,252
Loss for the financial year	(5,948)	(6,539)
Closing shareholders' funds	24,765	30,713

13 Related party transactions

The company has taken advantage of the exemption provided by FRS 8 (*as amended in December 2008*) whereby disclosure is not required in the financial statements of subsidiary undertakings, 100 per cent of whose voting rights are controlled in the group, with entities that are part of the group or investees of the group qualifying as related parties

14 Ultimate parent company

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