

Canandaigua Limited

Directors' report and financial statements

Registered number 3649497

For the year ended 28 February 2010



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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 2010

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.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors do not recommend the payment of a dividend (2009 £nil).

Investments

The company did not recognise any impairment loss during the year (2009 £269,877,000). The prior year impairment reflected the identification of impairment indicators surrounding the future cash flows expected to be realised through the company's investments.

Directors and directors' interests

The directors who served during the year were as follows:

R Sands
T Christensen
D Malhotra (resigned 2 March 2010)
D Klein (resigned 3 April 2009)
H Glennie (appointed 3 April 2009 and then resigned 2 March 2010)
F P Hetterich (appointed 17 February 2010)

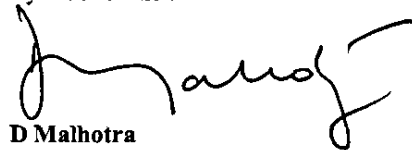
Statement of disclosure to auditors

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



D Malhotra
Secretary

The Guildway
Old Portsmouth Road
Artington
Guildford
GU3 1LR

28 May 2010

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 auditors' report to the members of Canandaigua Limited

We have audited the financial statements of Canandaigua Limited for the year ended 28 February 2010 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on 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 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/UKNP.

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 2010 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.

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

28 May 2010

Profit and loss account
for the year ended 28 February 2010

	<i>Note</i>	2010 £000	2009 £000
Impairment loss – investments	7	-	(269,877)
Interest receivable and similar income	4	7,133	39,170
Interest payable and similar charges	5	(13,672)	(10,649)
Loss on ordinary activities before taxation		(6,539)	(241,356)
Tax on loss on ordinary activities	6	-	5,144
Loss for the financial year	11	(6,539)	(236,212)

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

All of the activities of the company are classed as continuing

Balance sheet
at 28 February 2010

	<i>Note</i>	2010 £000	2009 £000
Fixed assets			
Investments	7	-	-
Current assets			
Cash at bank and in hand		31	31
Debtors	8	126,670	123,557
		<u>126,701</u>	<u>123,588</u>
Creditors amounts falling due within one year	9	(95,988)	(86,336)
Net current assets		<u>30,713</u>	<u>37,252</u>
Net assets		<u>30,713</u>	<u>37,252</u>
Capital and reserves			
Called up share capital	10	93,486	93,486
Share Premium	11	159,229	159,229
Capital contribution reserve	11	82,815	82,815
Profit and loss account	11	(304,817)	(298,278)
Equity shareholders' funds	12	<u>30,713</u>	<u>37,252</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 28 May 2010 and were signed on its behalf by


T Christensen
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 consolidated financial statements under US Generally Accepted Accounting Principles, and which are demonstrably equivalent to EU Endorsed International Financial Reporting Standards

The company is also, on the same basis, exempt from the requirement of FRS 1 to present a cash flow statement

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 [or, if hedged forward, at the rate of exchange under the related forward currency contract] 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

2 Loss on ordinary activities before taxation

The audit fee for both years was borne by the ultimate parent company

Fees payable to the company's auditor:	2010 £000	2009 £000
Fees for the audit of the company	6	6
Other services fees for the audit of the company's subsidiaries	174	169
fees for other services pursuant to legislation	96	102
	<hr/>	<hr/>
	276	277
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Notes (continued)

3 Directors' remuneration

The directors received no remuneration for their services to the company (2009 £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

	2010 £000	2009 £000
Interest receivable on loans to group undertakings	7,133	8,112
Gain on translation of foreign company loans	-	31,058
	<u>7,133</u>	<u>39,170</u>

5 Interest payable and similar charges

	2010 £000	2009 £000
Loss on translation of foreign company loans	6,692	-
Interest payable on loans to group undertakings	6,980	10,649
	<u>13,672</u>	<u>10,649</u>

Notes (continued)

6 Tax on loss on ordinary activities

The tax credit comprises

	2010 £000	2009 £000
UK corporation tax	-	-
Adjustments in respect of prior years		
- UK corporation tax	-	(5,144)
Total tax credit on loss on ordinary activities	-	(5,144)

Factors affecting the tax credit for the current year

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows

	2010 £000	2009 £000
Loss on ordinary activities before taxation	(6,539)	(241,356)
Tax on ordinary activities at standard UK corporation tax rate of 28% (2009 28.17%)	(1,831)	(67,983)
<i>Effects of</i>		
Expenses not deductible for tax purposes	1,832	76,016
Group relief not paid for	(1)	(8,033)
Adjustments to tax charge in respect of previous years	-	(5,144)
Current tax credit for the year	-	(5,144)

Notes (continued)

7 Investments

	Shares in group companies £000
Cost	
At beginning and end of year	269,877
Provision	
At beginning and end of year	269,877
Net book amounts	
At end of year	-
At beginning of year	-

The company has investments in the following principal subsidiary undertakings, all of which are registered in England and Wales

Name		Holding	%	Principal activity
Constellation Europe Limited	(Holdings)	90,646,398 ordinary shares of 25p each	100	Intermediate holding company
Avalon Cellars Limited*		-	100	Intermediate holding company
Avalon Cellars Two Limited*		-	100	Intermediate holding company
Constellation Wines Europe Limited*		-	100	Distributor of beverages
Constellation Europe Brands Limited*		-	100	Intermediate holding company
Constellation Europe Limited*		-	100	Production, packaging and distribution of beverages
Vincor UK Limited*		-	100	Intermediate holding company
Western Wines Limited*		-	100	Non Trading company

* indirectly owned

The company has a 50% interest in the following through its 50% holding in Matthew Clark (Holdings) Limited

Name	Holding	%	Principal activity
The Wine Studio Limited*	-	50	Wholesale distributor of beverages
Matthew Clark Wholesale Limited*	-	50	Wholesale distributor of beverages
Forth Wines Limited*	-	50	Wholesale distributor of beverages

Notes (continued)

8 Debtors: amounts falling due within one year

	2010 £000	2009 £000
Due from group undertakings	126,670	123,557
	<u>126,670</u>	<u>123,557</u>

9 Creditors: amounts falling due within one year

	2010 £000	2009 £000
Due to group undertakings	95,988	86,336
	<u>95,988</u>	<u>86,336</u>

10 Share capital

	2010 £000	2009 £000
<i>Authorised share capital</i> 200,000,000 ordinary shares of £1 each (2009 200,000,000)	200,000	200,000
<i>Allotted, called up and fully paid</i> 93,486,156 ordinary shares of £1 each (2009 93,486,156)	93,486	93,486

Notes (continued)

11 Reserves

	Capital Contribution Reserve £000	Share Premium £000	Profit and loss account £000
At beginning of year	82,815	159,229	(298,278)
Loss for the financial year	-	-	(6,539)
At end of year	82,815	159,229	(304,817)

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

12 Reconciliation of movements in shareholders' funds

	2010 £000	2009 £000
Opening shareholders' funds	37,252	114,452
Premium on share issue	-	159,012
Loss for the financial year	(6,539)	(236,212)
Closing shareholders' funds	30,713	37,252

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 Relations of Constellation Brands Inc, at 370 Woodcliff Drive, 3rd Floor, Fairport, NY 14450, USA