

Bacardi-Martini Corporation Limited

Annual report

for the year ended 31 March 2011

Registered no 04926284

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# **Bacardi-Martini Corporation Limited**

**Annual report for the year ended  
31 March 2011**

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# **Bacardi-Martini Corporation Limited**

## **Directors and advisors**

AB Vora  
MJ de Witte  
AJ Carter  
GJ Chart

## **Secretary**

AP Devlin

## **Registered office**

28 Dorset Square  
London  
NW1 6QG

## **Independent auditors**

PricewaterhouseCoopers LLP  
Savannah House  
3 Ocean Way  
Ocean Village  
Southampton  
SO14 3TJ

# **Bacardi-Martini Corporation Limited**

## **Directors' report for the year ended 31 March 2011**

The directors present their seventh financial statements of Bacardi-Martini Corporation Limited (the 'company') for the year ended 31 March 2011

### **Principal activities**

The company's principal activity during the period was the provision of administration services to other Bacardi companies

### **Review of business and future developments**

The profit and loss account is set out on page 7

The balance sheet at 31 March 2011, which is set out on page 8, shows net current assets of £2,090,000 (2010 £1,592,000) and total shareholders' funds of £2,090,000 (2010 £1,592,000)

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The turnover within the business has increased due to an expansion in the level of administration services provided to other Bacardi companies. Costs incurred for administration purposes by the company are recharged to other group members.

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be maintained as the company employs its resources to promote the level of service provided to the wider Bacardi group.

### **Dividends**

The directors do not recommend the payment of a dividend (2010 £nil)

### **Directors and their interests**

The directors of the company at 31 March 2011, all of whom have been directors for the whole of the year ended on that date, are listed on page 1

No director had any interest in the shares of the company or in any other company within the group which is required to be notified to the company. For this purpose the executive and non-executive directors are exempt from notifying the company of their interests in shares in a body corporate incorporated outside Great Britain.

### **Employee involvement**

It is the company's policy to ensure close co-operation with employees and to promote staff development by way of training schemes. The company is committed to effective communications, which it maintains through formal and informal briefings, company magazine and electronic media.

# **Bacardi-Martini Corporation Limited**

## **Directors' report for the year ended 31 March 2011 (continued)**

### **Employee involvement (continued)**

The company has procedures for the timely and accurate communication of financial results and other significant business issues to its employees

### **Disabled employees**

The company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

### **Charitable contributions**

The company made various charitable contributions during the year totalling £5,000 (2010: £4,956). This was made up of donations to benevolent charities. The company made no political contributions during the period (2010: £nil).

### **Financial risk management**

Due to the size of the organisation, the board has the responsibility to review and agree the policies for financial risk management. However, these are currently not considered material for the company as the company is funded by larger group companies.

### **Directors' responsibilities statement**

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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.

# **Bacardi-Martini Corporation Limited**

## **Directors' report for the year ended 31 March 2011 (continued)**

### **Directors' responsibilities statement (continued)**

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.

### **Statement of disclosure of information to auditors**

As far as each of the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the 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 auditors are aware of that information.

### **Auditors**

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be put to the Annual General Meeting.

### **By order of the Board**



AP Devlin  
Secretary  
3 August 2011

# **Bacardi-Martini Corporation Limited**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BACARDI-MARTINI CORPORATION LIMITED**

We have audited the financial statements of Bacardi-Martini Corporation Limited for the year ended 31 March 2011 which comprise 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3 and 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the director's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 March 2011 and of its profit 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

## **Bacardi-Martini Corporation Limited**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BACARDI-MARTINI CORPORATION LIMITED (continued)**

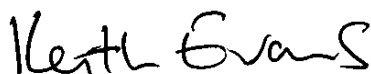
#### **Opinion on other matter prescribed by the Companies Act 2006**

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



Keith Evans (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Southampton  
9 August 2011



# Bacardi-Martini Corporation Limited

## Profit and loss account for the year ended 31 March 2011

	Notes	2011 £'000	2010 £'000
Turnover	2	9,631	8,344
Gross profit		9,631	8,344
Administrative expenses		(9,023)	(7,799)
Operating profit	3	608	545
Interest receivable and similar income	6	75	108
Profit on ordinary activities before taxation		683	653
Taxation on profit on ordinary activities	8	(185)	(181)
Retained profit for the year	12	498	472

All of the turnover and operating profit shown above is derived from continuing activities

The company has no recognised gains and losses other than those included in the profit above, and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and retained profit for the year, and their historical cost equivalents

# Bacardi-Martini Corporation Limited

## Balance sheet at 31 March 2011

	Notes	2011 £'000	2010 £'000
<b>Current assets</b>			
Debtors	9	5,095	3,600
		5,095	3,600
Creditors: amounts falling due within one year	10	(3,005)	(2,008)
<b>Net current assets</b>		<b>2,090</b>	<b>1,592</b>
<b>Net assets</b>		<b>2,090</b>	<b>1,592</b>
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Profit and loss account	12	2,090	1,592
<b>Equity shareholders' funds</b>	13	<b>2,090</b>	<b>1,592</b>

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The financial statements on pages 7 to 16 were approved by the board of directors on 3 August 2011 and were signed on its behalf by



GJ Chart  
Director

# **Bacardi-Martini Corporation Limited**

## **Notes to the financial statements for the year ended 31 March 2011**

### **1 Accounting policies**

#### **Principal accounting policies**

The accounts are prepared under the historical cost convention, and in accordance with applicable Accounting Standards in the United Kingdom

A summary of the more important accounting policies, which have been applied consistently, is set out below

#### **Cash flow statement**

The company is a wholly owned subsidiary of Bacardi-Martini BV, a company registered in the Netherlands. The accounts of Bacardi-Martini BV are delivered to the Registrar of Companies in the UK for filing purposes. Accordingly, Bacardi-Martini Corporation Ltd is exempt under the terms of Financial Reporting Standard 1 (Revised 1996) from preparing a cash flow statement

#### **Turnover**

Turnover, which is stated net of value added tax, comprises of invoiced value of administration services to other Bacardi Group companies and is recognised at the point at which the service is provided

#### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the profit and loss account

# Bacardi-Martini Corporation Limited

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 1 Accounting policies (continued)

#### Pensions

The company contributes to a funded pension scheme consisting of a defined contribution section and a defined benefit section for the benefit of the employees of the Bacardi UK group, known as the Bacardi-Martini UK Pension Scheme. The assets of the scheme are held in a separate trustee administered fund. The company also contributes to an unfunded executive scheme.

The company is unable to separately identify its share of the underlying assets and liabilities of these schemes. The main assumptions relating to the scheme valuation and the results of the valuation are detailed in the Bacardi-Martini Limited financial statements. Contributions to both the defined benefit scheme and the unfunded scheme are accounted for as if they were a defined contribution scheme and charged to the profit and loss account as incurred.

The costs of the defined contributions pension scheme are also charged to the profit and loss account as incurred.

Further information on pension arrangements is set out in note 14 to the accounts.

### 2 Turnover

Turnover is attributable to one class of activity and originates in the United Kingdom. It is solely derived from Europe.

### 3 Operating profit

This is stated after charging

	2011 £'000	2010 £'000
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The analysis of auditors' remuneration is as follows		
- Fees payable to the Company's auditors for the audit of the Company's annual accounts	6	6
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# Bacardi-Martini Corporation Limited

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 4 Directors' remuneration

Remuneration paid to directors of the company

	<b>2011</b>	2010
	<b>£'000</b>	£'000
Aggregate emoluments	<b>935</b>	638
Pension contributions	<b>17</b>	20
	<b>952</b>	658

The emoluments of Mr de Witte and Mr Chart are paid by Bacardi-Martini Limited. Their services to this company represent a small part of their duties and their emoluments are deemed to be wholly attributable to services to Bacardi-Martini Limited. Accordingly, the above details include no emoluments in respect of Mr de Witte and Mr Chart.

Retirement benefits accrued to two directors under a defined benefit scheme (2010: accrued to two directors under a defined benefit scheme) and are accounted for through a group entity, Bacardi-Martini Limited.

The highest paid director for the period received the following remuneration

	<b>2011</b>	2010
	<b>£'000</b>	£'000
Aggregate emoluments and benefits	<b>615</b>	394

The accrued pension benefit for the highest paid director at 31 March 2011 was £nil (2010: £nil).

### 5 Staff costs and numbers

	<b>2011</b>	2010
	<b>£'000</b>	£'000
Wages and salaries	<b>4,568</b>	3,724
Social security costs	<b>550</b>	486
Pension costs	<b>207</b>	431
	<b>5,325</b>	4,641

Pension costs include certain pension accruals relating to employees participating in the Bacardi-Martini Limited unfunded pension scheme. See also note 14.

# Bacardi-Martini Corporation Limited

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 5 Staff costs and numbers (continued)

The average monthly number of employees during the year, including directors, was as follows

	2011 Number	2010 Number
Marketing	15	14
Administration	26	24
	41	38

### 6 Interest receivable and similar income

	2011 £'000	2010 £'000
Interest receivable from group undertakings	75	108
	75	108

### 7 Interest payable and similar expenses

There is no interest payable and similar expense in the current year (2010 £nil)

### 8 Taxation on profit on ordinary activities

	2011 £'000	2010 £'000
Current		
United Kingdom corporation tax charge at 28% (2010 28%)	208	220
Over provision in respect of prior periods	(23)	(39)
Tax on profit on ordinary activities	185	181

# Bacardi-Martini Corporation Limited

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 8 Taxation on profit on ordinary activities (continued)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 28% (2010 lower) The differences are explained below

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation	683	653
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2010 28%)	191	183
Effects of		
Non deductible items	17	37
Over provision in respect of prior periods	(23)	(39)
Current corporation tax charge for the year	185	181

The UK Budget 2011 announced the reduction in the rate of corporation tax to 26% was substantially enacted on 29 March 2011 and was effective from 1 April 2011 The March 2011 Budget Statement also included proposals to reduce the main corporation tax rate to 25% which was substantially enacted in the Finance Bill 2011 on 5 July 2011 This change has not been substantially enacted at the balance sheet date and, therefore, the effects are not included in the financial statements

### 9 Debtors

	2011 £'000	2010 £'000
Amounts owed by group undertakings	5,087	3,586
Other debtors	8	11
Prepayments and accrued income	-	3
	5,095	3,600

Included within amounts owed to group undertakings is an unsecured loan of £3,168,000 (2010 £2,410,000), repayable on demand which incurs interest at 1% above third party bank loan rates

# Bacardi-Martini Corporation Limited

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 10 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	165	83
Bank overdraft	8	10
Amounts due to group undertakings	727	930
Current corporation tax	73	92
Accruals and deferred income	2,032	893
	<b>3,005</b>	<b>2,008</b>

### 11 Called up share capital

	2011 £	2010 £
<b>Authorised</b>		
100 ordinary shares of £1 each	100	100
<b>Allotted, called up and unpaid</b>		
Allotted, called up and unpaid share capital - 1 ordinary share of £1 each	1	1

### 12 Reserves

	2011 £'000	2010 £'000
<b>Profit and loss account</b>		
At 1 April	1,592	1,120
Retained profit for the period	498	472
<b>At 31 March</b>	<b>2,090</b>	<b>1,592</b>

### 13 Reconciliation of movements in equity shareholders' funds

	2011 £'000	2010 £'000
Profit for the year	498	472
Opening shareholders' funds	1,592	1,120
<b>Closing shareholders' funds</b>	<b>2,090</b>	<b>1,592</b>



# **Bacardi-Martini Corporation Limited**

## **Notes to the financial statements for the year ended 31 March 2011 (continued)**

### **14 Pension obligations**

The company contributes to a funded pension scheme consisting of a defined contribution section and a defined benefit section for the benefit of the employees of the Bacardi-Martini Limited group, known as the Bacardi-Martini UK Pension Scheme. The assets of the scheme are held in a separate trustee administered fund.

#### **Defined benefit section**

The contributions to the scheme are determined on the advice of an independent qualified actuary on the basis of triennial valuations using the projected unit method.

The main assumptions relating to the scheme valuation and the results of the valuation are detailed in the Bacardi-Martini Limited financial statements. The company is unable to separately identify its share of the underlying assets and liabilities of the group defined benefit scheme. Contributions to the scheme are accounted for as if it were a defined contribution scheme.

During the period 1 April 2010 to 31 March 2011 the company contributed £nil (2010 £244,326) to the defined benefit section of the scheme.

#### **Unfunded executive scheme**

Bacardi-Martini Corporation Ltd contributes to an unfunded pension scheme for the benefit of the directors of the Bacardi Group.

The main assumptions relating to the scheme valuation and the results of the valuation are detailed in the Bacardi-Martini Limited financial statements. Contributions to the scheme are accounted for as if it were a defined contribution scheme.

The pension cost for the unfunded pension scheme amounted to £14,000 (2010 £21,000). Included in creditors is £nil in respect of contributions payable to the scheme (2010 £nil).

#### **Defined contribution section**

The pension cost for the defined contribution scheme amounted to £193,102 (2010 £165,581). Included in creditors is £nil in respect of contributions payable to the scheme (2010 £nil).

# **Bacardi-Martini Corporation Limited**

## **Notes to the financial statements for the year ended 31 March 2011 (continued)**

### **15 Related party transactions**

Advantage has been taken of the exemptions available for subsidiaries contained in FRS 8 not to disclose inter-group transactions

### **16 Ultimate holding company**

The directors regard Bacardi Limited, a company incorporated in Bermuda, as the ultimate parent company

The company that heads the smallest group of undertakings is Bacardi UK Limited. The financial statements of Bacardi UK Limited are included in the consolidated accounts of Bacardi-Martini BV, a company registered in the Netherlands, whose accounts are available from the Registrar at Companies House