

Canandaigua Limited

Directors' report and financial statements

Registered number 3649497

For the year ended 29 February 2016

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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 29 February 2016.

Strategy report

This directors' report has been prepared under the small company provisions of the Companies Act 2006 and accordingly no strategic report has been prepared.

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.

Political or charitable donations

The company made no political or charitable donations in either year.

Results and dividends

The loss before tax for the year was £3,148,000 (2015: £3,229,000).

The directors do not recommend the payment of a dividend (2015: £Nil).

Directors and directors' interests

The directors who served during the year were as follows:

R Sands
FP Hetterich
TJ Mullin

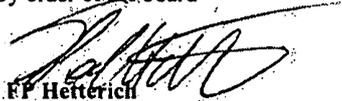
Statement of disclosure to auditor

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 auditor is 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 auditor is aware of that information.

Auditors

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

By order of the board


FP Hetterich
Director

100 New Bridge Street
London
United Kingdom
EC4V 6JA
28 June 2016

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 laws 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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 29 February 2016 set out on pages 5 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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 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/auditscopeukprivate.

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 29 February 2016 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic report.



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

11 July 2016

Profit and loss account
for the year ended 29 February 2016

	<i>Notes</i>	2016 £000	2015 £000
Administrative expenses		-	(25)
Operating loss		-	(25)
Interest receivable and similar income	<i>4</i>	958	902
Interest payable and similar charges	<i>5</i>	(4,106)	(4,106)
Loss on ordinary activities before taxation	<i>2</i>	(3,148)	(3,229)
Tax on loss on ordinary activities	<i>6</i>	-	-
Loss for the year and total comprehensive income		<u>(3,148)</u>	<u>(3,229)</u>

The notes on pages 8 to 13 form part of these financial statements.

Balance sheet
at 29 February 2016

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Investments	7		-		-
Current Assets					
Cash at bank and in hand		3		3	
Debtors	8	<u>16,310</u>		<u>15,352</u>	
		16,313		15,355	
Creditors: amounts falling due within year	9	<u>(70,981)</u>		<u>(66,875)</u>	
Net current liabilities			<u>(54,668)</u>		<u>(51,520)</u>
Net liabilities			<u>(54,668)</u>		<u>(51,520)</u>
Capital and reserves					
Called up share capital	10		93,486		93,486
Share premium			159,229		159,229
Capital contribution reserve			82,815		82,815
Profit loss account			<u>(390,198)</u>		<u>(387,050)</u>
Equity shareholders' deficit			<u>(54,668)</u>		<u>(51,520)</u>

The notes on pages 8 to 13 form part of these financial statements.

These financial statements were approved by the board of directors on 28 June2016 and were signed on its behalf by:


FP Hetterich
Director

Statement of Changes in Equity

	Called up Share capital	Share Premium account	Capital contribution reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
Balance at 1 March 2014	93,486	159,229	82,815	(383,821)	(48,291)
Total comprehensive income for the period					
Total comprehensive loss				(3,229)	(3,229)
Total comprehensive loss for the period					
Balance at 28 February 2015	93,486	159,229	82,815	(387,050)	(51,520)
Balance at 1 March 2015	93,486	159,229	82,815	(387,050)	(51,520)
Total comprehensive income for the period					
Total comprehensive loss				(3,148)	(3,148)
Total comprehensive income for the period					
Balance at 29 February 2016	93,486	159,229	82,815	(390,198)	(54,668)

Notes

(forming part of the financial statements)

1 Accounting policies

Canandaigua Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The presentation currency of these financial statements is sterling.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

The Company's ultimate parent undertaking, Constellation Brands Inc. includes the Company in its consolidated financial statements. The consolidated financial statements of Constellation Brands Inc. are prepared in accordance with US GAAP and are available to the public and may be obtained from the address in note 11. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Constellation Brands Inc include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the Company has not retrospectively changed its accounting under old UK GAAP for accounting estimates.

There are no judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next 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 Practice, and which are demonstrably equivalent to EU Endorsed International Financial Reporting Standards. The address is available from note 11.

The company has taken advantage of the exemption provided by FRS102 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.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

At 29 February 2016, the company had net current liabilities of £54,668,000 (2015: £51,520,000). The company has received confirmed support from its parent undertaking, Constellation International Holdings Limited for a period of at least 12 months from the date of approval of the financial statements. Consequently the directors consider that it is appropriate to adopt the going concern basis of preparation for the financial statements.

Notes (continued)

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

1.3 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest less issue costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

1.4 Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.5 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Notes (continued)

1.5 Taxation (continued)

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

1.6 Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable on borrowings owed to group undertakings.

Other interest receivable and similar income include interest receivable on amounts owed from group undertakings.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

2 Loss on ordinary activities before taxation

The audit fee for the year for itself and its subsidiaries was borne by the company's subsidiary (2015: the company's subsidiary).

Fees payable to the company's auditor:	2016	2015
	£000	£000
Fees for the audit of the Company	<u>7</u>	<u>7</u>

3 Directors' remuneration

The directors received no remuneration for their services to the Company (2015: £Nil)

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

4 Interest receivable and similar charges	2016	2015
	£000	£000
Interest receivable on loans from group undertakings	<u>958</u>	<u>902</u>

5 Interest payable and similar charges

	2016	2015
	£000	£000
Interest payable on loans from group undertakings	<u>4,106</u>	<u>4,106</u>

Notes (continued)

6 Tax on loss on ordinary activities

The tax credit comprises:

	2016	2015
	£000	£000
UK corporation tax	-	-
Total tax on profit on ordinary activities	<u>-</u>	<u>-</u>
Total tax reconciliation		
	2016	2015
	£000	£000
Loss on ordinary activities before tax	(3,148)	(3,229)
	<u>-</u>	<u>-</u>
Tax on ordinary activities at standard UK Corporation tax rate of 20.1% (2015: 21.2%)	(633)	(685)
<i>Effects of:</i>		
Losses not recognised	633	685
	<u>-</u>	<u>-</u>
Tax credit for the year	<u>-</u>	<u>-</u>

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly.

Notes (continued)

7 Fixed asset investments

	Shares in subsidiary undertakings £000
<i>Cost</i>	
At 1 March 2015	343,806
At 29 February 2016	<u>343,806</u>
<i>Amounts written-off</i>	
At 1 March 2015	343,806
At 29 February 2016	<u>343,806</u>
<i>Net book value</i>	
At 29 February 2016	<u> </u>
At 28 February 2015	<u> </u>

At 29 February 2016, the company held 20% or more of the allocated share capital of the following companies:

	Country of registration	Class of share capital held	Proportion held	Nature of business
Constellation Europe (Holdings) Limited	England and Wales	Ordinary	100%	Holding Company
Manor Park Cellars Limited *	England and Wales	Ordinary	100%	Dormant

* Indirectly held.

8 Debtors: amounts falling due within one year

	2016 £000	2015 £000
Loans receivable from group undertakings	<u>16,310</u>	<u>15,352</u>

Loans receivable from group undertakings includes an original loan of £12,291,000 on which interest is receivable at 6.24%. Any unpaid interest at the end of each year is rolled up into capital and interest is due on it. The entire loan is repayable on demand.

Notes (continued)

9	Creditors: amounts falling due within one year	2016	2015
		£000	£000
	Loan from group undertakings	<u>70,981</u>	<u>66,875</u>

Loans from group undertakings consist of a loan of £47,063,000 on which interest is due at 8.725%. Included in the balance is £20,874,000 (2015: £16,767,000) of unpaid interest. The entire loan and outstanding interest are repayable on demand.

10	Share capital	2016	2015
		£000	£000
	<i>Allotted, called up and fully paid</i>		
	93,486,156 ordinary shares of £1 each (2015: 93,486,156)	<u>93,486</u>	<u>93,486</u>

11 Ultimate parent company

The company is a subsidiary of Constellation International Holdings Limited, incorporated in the United States of America.

The smallest and largest group in which the results of the company are consolidated is headed by Constellation Brands Inc., the ultimate parent company 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.