

Coffee Corporate Services Limited (formerly Life Coffee Cafes Limited)

Annual Report and Financial Statements

for the Year Ended 31 December 2021

Company Number: 05284755

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COFFEE CORPORATE SERVICES LIMITED

Contents

Company Information	I
Directors' Report	2 to 4
Statement of Directors' Responsibilities	5
Independent Auditor's Report	6 to 9
Income Statement	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 to 20

COFFEE CORPORATE SERVICES LIMITED

Company Information

Directors

J Crookall

S Martin

Company secretary

S Savjani

Registered office

Costa House,
Houghton Hall Business Park,
Porz Avenue, Houghton Regis,
Dunstable,
Bedfordshire,
LU5 5YG

Registered number

05284755

Statutory auditor

Ernst & Young LLP
400 Capability Green
Luton
Bedfordshire
LU1 3LU

COFFEE CORPORATE SERVICES LIMITED

Directors' Report for the Year Ended 31 December 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

This report has been prepared in accordance with the special provisions of section 381 of the Companies Act 2006 relating to small companies. The Directors have taken an exemption under this regime not to disclose the strategic report.

Directors of the Company

The Directors, who held office during the year, and to the date of this report (except as noted) were as follows:

G McDonald (resigned 31 July 2022)

J Carlin (appointed 18 March 2021 and resigned 31 August 2022)

J Crookall

S Martin (appointed 5 September 2022)

The secretaries, who held office during the year, and to the date of this report (except as noted) were as follows:

R Fairhurst (resigned 14 May 2021)

S Savjani (appointed 23 April 2021)

Principal activity

Since March 2021 the principal activity of the Company became the provision of research and development services to Costa Express Limited.

Future developments

No significant future developments are expected.

Events after the balance sheet date

In September 2022 an intercompany dividend of £4,884,000 payable to Costa Limited was declared.

The Company changed its name from Life Coffee Cafes Limited to Coffee Corporate Services Limited in the same month.

Dividends

No dividends were paid in respect of the 2021 financial year (2020: £Nil).

In September 2022, an intercompany dividend of £4,884,000, payable to Costa Limited was declared, which will be reflected in the 2022 statutory accounts.

Change of Company name

In September 2022, the Company changed its name from Life Coffee Cafes Limited to Coffee Corporate Services Limited.

Disclosure of information to the auditors

Each Director has taken 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 auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

COFFEE CORPORATE SERVICES LIMITED

Directors' Report for the Year Ended 31 December 2021 (continued)

Going concern

The Directors have adopted the going concern basis for preparation of the financial statements of the Company for the financial period ended 31 December 2021.

To support the Directors' assessment of going concern, the Company has received a parental letter of support from Costa Limited. This confirms that Costa Limited will support the Company as necessary to meet its liabilities as they fall due and has the ability to do so for the period to 31 December 2023. The Costa Group has a cash-pooling arrangement; as such, the going-concern assessment has been conducted on a Group basis. In forming their view on going concern, the Directors considered the Company's and Group strategic plan, balance sheet position, agreed financing and forward-looking forecasts up to the end of 2023.

The Director has stress tested the assumptions that fed into this exercise, considering the impacts of various risks occurring in isolation and in combination, as well as various risk mitigating actions that could be taken.

In each of the stress test scenarios modelled, the Company remained within its agreed financing levels. In some severe but possible scenarios modelled, the Company remained within its agreed financing only if appropriate mitigating capital management actions were taken. These included reductions in non-essential capital expenditure and discretionary spend. Reverse stress testing indicated to the Directors that the Company would only need to seek additional financing in a highly unlikely scenario, where multiple improbable events occurred simultaneously or in short succession. The Directors have a reasonable expectation that the Company will be able to continue to operate and meet its liabilities as they fall due for the period to 31 December 2023.

Covid-19, 2022 War in Ukraine and inflationary considerations

Throughout 2022 the UK experienced increased inflation, primarily driven by an increase in demand post Covid-19 and has been exacerbated by the ongoing war in Ukraine. This has resulted in an increase in the cost of raw materials used in our retail business, significant increases in gas and electricity prices, and has also contributed to a drop in retail footfall as customers reduce household spend. The Company has considered such effects on operating overheads and has embedded inflationary increases and reduced footfall into its forecasts used in our sensitivity analysis. Furthermore, the Company has fully hedged its energy prices to March 2024. Whilst the effects of such economic pressures are significant, we do not believe it to impact on our conclusions reached over going concern and viability.

Should it be required, the group could seek external debt, however, at present management have no plans or requirements to do so. Costa Limited currently has no external debt outside of The Coca-Cola Company. The UK entity has no internal debt outside of normal intercompany trading.

After taking into consideration the circumstances described above, the financial statements have been prepared on the assumption that the Group is a going concern.

Price risk, credit risk, liquidity risk and cash flow risk

Price risk

Price risk is the risk that the movement in the price of key materials will adversely affect the profitability of the business. The Company has no major exposure to price risk.

Credit risk and impairment

Credit risk is the risk that one party to a financial instrument will cause a financial loss of the other party by failing to discharge an obligation. The Company is exposed to a small amount of credit risk attributable to its trade and other receivables. This is minimised by dealing with counterparties who demonstrate an appropriate payment history and/or with good credit ratings and who satisfy the Company's credit worthiness procedures. The amounts included in the balance sheet are net of expected credit losses, which have been estimated by management based on prior experience and any known factors at the balance sheet date.

COFFEE CORPORATE SERVICES LIMITED

Directors' Report for the Year Ended 31 December 2021 (continued)

Price risk, credit risk, liquidity risk and cash flow risk (continued)

The Company minimises the risk of default in relation to cash and cash equivalents by spreading these deposits across a number of counterparties and dealing in accordance with The Coca-Cola Company Group Treasury Policy which specifies acceptable credit ratings and maximum investments for any counterparty.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Excess cash used in managing liquidity is placed on interest-bearing deposits and managed by The Coca-Cola Company Group Treasury team under the Group Treasury policy.

Cash flow risk

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. The Company mitigates cash flow risk through various measures including regularly updating business plans, conducting market research, tighter debt control and conducting cash flow analysis and forecasts.

Foreign exchange risk

Foreign exchange risk is currently not significant to the Company and is managed by The Coca-Cola Company Group Treasury team under its Group Treasury Policy.

Interest rate risk

Interest rate risk is currently not significant to the Company and is managed by The Coca-Cola Company Group Treasury team under its Group Treasury Policy.

Capital risk management

The Company's primary objective in regard to capital management is to ensure that it continues to operate as a going concern and has sufficient funds at its disposal to grow the business. The Company aims to maintain sufficient funds for working capital and future investment in order to meet growth targets.

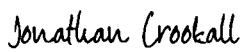
Directors' liabilities

A qualifying indemnity provision (as defined in section 236(1) of the Companies Act 2006) is in force for the benefit and remains in place at the date of this report.

Reappointment of auditors

The Company reviews and makes recommendations each year in accordance with section 485 of the Companies Act 2006 with regard to the appointment of external auditors. The auditors, Ernst & Young Chartered Accountants, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed and approved at a meeting of the board of directors.

Approved by the board on 23 November 2022 and signed on its behalf by:

DocuSigned by:

.....34210298F7874BC.....
J Crookall
Director

COFFEE CORPORATE SERVICES LIMITED

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable United Kingdom 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 Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). 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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company financial position and financial performance;
- in respect of the Company financial statements, state whether applicable UK Accounting Standards, including FRS 101, 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 appropriate to presume that the Company will not 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 Company 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. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Costa Group website.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COFFEE CORPORATE SERVICES LIMITED

Opinion

We have audited the financial statements of Coffee Corporate Services Limited (the 'company') for the year ended 31 December 2021 which comprise the Income Statement, the Statement of changes in equity and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the provisions available for small entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period to 31 December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COFFEE CORPORATE SERVICES LIMITED (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the director's responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COFFEE CORPORATE SERVICES LIMITED (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are United Kingdom General Accepted Accounting Practice, the Companies Act 2006, and the United Kingdom direct and indirect tax regulations. The company has minimal transactions, and no employees.
- We understood how Coffee Corporate Services Limited is complying with those frameworks by making enquires of senior finance personnel and those charged with governance. We considered management's attitude and tone from the top to embed a culture of honesty and ethical behaviour whereby a strong emphasis is placed on fraud prevention which may reduce opportunities for fraud to take place.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by discussing with senior finance personnel and those charged with governance as to the rationale behind the specific accounting transactions. Due to the nature of the company, the risk of material misstatement is deemed to be low.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included reading board meeting minutes and relevant approval documents, enquires of senior finance personnel and those charged with governance and agreement of transactions to supporting source documentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COFFEE CORPORATE SERVICES LIMITED (continued)

Use of our report

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.

Ernst & Young LLP

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Joanne Mason (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Luton UK
Date 28 November 2022

COFFEE CORPORATE SERVICES LIMITED**Income Statement for the Year Ended 31 December 2021**

		31 December 2021 £ 000	31 December 2020 £ 000
	Note		
Revenue	4	266	-
Operating (costs)/credits		<u>(244)</u>	<u>23</u>
Operating profit	5	<u>22</u>	<u>23</u>
Profit before tax		22	23
Tax expense	8	<u>(4)</u>	<u>(4)</u>
Profit for the year		<u>18</u>	<u>19</u>

The above results were derived from continuing operations.

There are no items to be included in the Statement of Comprehensive Income and accordingly a separate Statement of Comprehensive Income has not been presented.

COFFEE CORPORATE SERVICES LIMITED**Balance Sheet as at 31 December 2021**

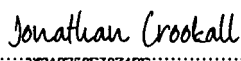
Company number:

05284755

	Note	31 December 2021 £ 000	31 December 2020 £ 000
Assets			
Current assets			
Trade and other receivables	9	5,146	4,884
Total assets		5,146	4,884
Trade and other payables	10	(244)	-
Total liabilities		(244)	-
Net assets		4,902	4,884
Equity			
Profit and loss account		4,902	4,884
Total equity		4,902	4,884

The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime.

Approved by the Board on 23 November 2022 and signed on its behalf by:

DocuSigned by:

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 J Crookall
 Director

COFFEE CORPORATE SERVICES LIMITED**Statement of Changes in Equity for the Year Ended 31 December 2021**

	Notes	Retained earnings £ 000	Total £ 000
At 1 January 2020		4,865	4,865
Profit for the year		19	19
Total comprehensive income		19	19
At 31 December 2020		4,884	4,884

		Retained earnings £ 000	Total £ 000
At 1 January 2021		4,884	4,884
Profit for the year		18	18
Total comprehensive income		18	18
At 31 December 2021		4,902	4,902

COFFEE CORPORATE SERVICES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2021

1 General information and basis of preparation

The Company is a private company limited by share capital incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales.

The address of its registered office is:

Costa House,
Houghton Hall Business Park,
Porz Avenue, Houghton Regis,
Dunstable,
Bedfordshire,
LU5 5YG

2 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' as issued by the Financial Reporting Council (FRC). The financial statements have therefore been prepared in accordance with FRS 101.

The financial statements are presented in pounds sterling, which is the functional currency, and all values are rounded to the nearest thousand except when otherwise stated.

Summary of disclosure exemptions

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard. Where required, equivalent disclosures are given in the consolidated financial statements of The Coca-Cola Company.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IAS 7 Statement of Cash Flows;
- (b) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (c) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- (d) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- (e) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- (f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- (h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

COFFEE CORPORATE SERVICES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Going concern

The Directors have adopted the going concern basis for preparation of the financial statements of the Company for the financial period ended 31 December 2021.

To support the Directors' assessment of going concern, the Company has received a parental letter of support from Costa Limited. This confirms that Costa Limited will support the Company as necessary to meet its liabilities as they fall due and has the ability to do so for the period to 31 December 2023. The Costa Group has a cash-pooling arrangement; as such, the going-concern assessment has been conducted on a Group basis. In forming their view on going concern, the Directors considered the Company's and Group strategic plan, balance sheet position, agreed financing and forward-looking forecasts up to the end of 2023.

The Directors stress tested the assumptions that fed into this exercise, considering the impacts of various risks occurring in isolation and in combination, as well as various risk mitigating actions that could be taken.

In each of the stress test scenarios modelled, the Company remained within its agreed financing levels. In some severe but possible scenarios modelled, the Company remained within its agreed financing only if appropriate mitigating capital management actions were taken. These included reductions in non-essential capital expenditure and discretionary spend. Reverse stress testing indicated to the Directors that the Company would only need to seek additional financing in a highly unlikely scenario, where multiple improbable events occurred simultaneously or in short succession. The Directors have a reasonable expectation that the Company will be able to continue to operate and meet its liabilities as they fall due for the period to 31 December 2023.

Covid-19, 2022 War in Ukraine and inflationary considerations

Throughout 2022 the UK experienced increased inflation, primarily driven by an increase in demand post Covid-19 and has been exacerbated by the ongoing war in Ukraine. This has resulted in an increase in the cost of raw materials used in our retail business, significant increases in gas and electricity prices, and has also contributed to a drop in retail footfall as customers reduce household spend. The Company has considered such effects on operating overheads and has embedded inflationary increases and reduced footfall into its forecasts used in our sensitivity analysis. Furthermore, the Company has fully hedged its energy prices to March 2024. Whilst the effects of such economic pressures are significant, we do not believe it to impact on our conclusions reached over going concern and viability.

Should it be required, the group could seek external debt, however, at present management have no plans or requirements to do so. Costa Limited currently has no external debt outside of The Coca-Cola Company. The UK entity has no internal debt outside of normal intercompany trading.

After taking into consideration the circumstances described above, the financial statements have been prepared on the assumption that the Group is a going concern.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2021 have had a material effect on the financial statements.

COFFEE CORPORATE SERVICES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Revenue recognition

The company earns revenue from the provision of research and development services to a subsidiary of the Costa group of companies. This revenue is recognised in the accounting period in which the services have been provided and is inclusive of a mark-up for transfer pricing. This revenue is recognised in the accounting period when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Income Tax

The income tax charge represents both the income tax payable, based on profit for the year and deferred income tax.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are charged or credited directly to equity. Otherwise, income tax is recognised in the income statement.

Deferred income tax is recognised in full, using the liability method, in respect of temporary differences between the tax base of the Company's assets and liabilities and their carrying amounts that have originated but have not been reversed by the balance sheet date. No deferred tax is recognised if the temporary difference arises from goodwill, or the initial recognition of an asset or liability, in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred income tax is recognised in respect of taxable temporary differences associated with investments in associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all, or part of, the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

COFFEE CORPORATE SERVICES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, excluding tangible assets, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The Company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the Company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the Company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

COFFEE CORPORATE SERVICES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Financial liabilities at fair value through the profit or loss

Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are deemed to expire. In this case the original financial asset is derecognised and a new financial asset is recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

Financial liabilities

If the terms of a financial liabilities are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual obligations from the cash flows from the original financial liabilities are deemed to expire. In this case the original financial liabilities are derecognised and new financial liabilities are recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial liabilities. In this case, the Company recalculates the gross carrying amount of the financial liabilities and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

3 Key accounting judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported as assets and liabilities at the balance sheet date and the amounts reported as revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

Impairment

Impairment tests of amounts owed by related parties are conducted each financial period. In these impairment tests, the carrying value of assets are compared with estimates of their value in use or recoverable amount. Informing these valuation estimates assumptions are applied, in particular in assessing future cashflow generation from value in use, discounting those future cashflow estimates and FVLCTS.

The judgements and estimates underlying impairment testing have resulted in provisions against amounts owed by related parties of £nil (2020: £nil) being recognised in the year.

Estimates

There were no key estimates made by management in the process of applying the Group's accounting policies.

COFFEE CORPORATE SERVICES LIMITED**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)****4 Revenue**

The analysis of the Company's revenue for the year from continuing operations is as follows:

	31 December 2021 £ 000	31 December 2020 £ 000
Recharged services	<u>266</u>	<u>-</u>

5 Operating profit

Arrived at after charging/(crediting)

	31 December 2021 £ 000	31 December 2020 £ 000
<i>Included in administrative expenses:</i>		
Operating lease expense/(credit) - property	-	(23)
Staff costs	203	-
Miscellaneous costs	41	-

6 Staff costs

The Company had one employee during 2021 (2020: none).

The aggregate payroll costs were as follows:

	2021 £ 000	2020 £ 000
Wages and salaries	153	-
Social security costs	19	-
Pension costs	<u>31</u>	<u>-</u>
	<u>203</u>	<u>-</u>

7 Auditors' remuneration

Audit fees for the audit of the financial statements for the year of £10,000 were borne by Costa Limited (2020: £10,000).

COFFEE CORPORATE SERVICES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

8 Taxation

Tax charged in the income statement

	31 December 2021 £ 000	31 December 2020 £ 000
Current income tax		
UK corporation tax on profits for the year	3	-
Group relief payable/(receivable)	1	4
Double taxation relief	(3)	-
Total UK current tax	1	4
Foreign tax	3	-
Total tax charge in the income statement	4	4

The UK corporation tax rate is 19%. Finance Act 2021 increased the main rate of corporation tax to 25% effective from 1 April 2023.

The differences are reconciled below:

	31 December 2021 £ 000	31 December 2020 £ 000
Profit before tax	19	23
Corporation tax at standard rate	4	4
Total tax charge	4	4

The corporation tax balance is a liability of £nil (2020: £nil)

9 Trade and other receivables

	31 December 2021 £ 000	31 December 2020 £ 000
Amounts due from group companies	5,146	4,884

The trade and other receivables classified as financial instruments are disclosed above. The Company's exposure to credit and market risks, including maturity analysis, relating to trade and other receivables is disclosed in the financial risk review note.

COFFEE CORPORATE SERVICES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

10 Trade and other payables

	31 December 2021 £ 000	31 December 2020 £ 000
Amounts due to group companies	213	-
Accrued expenses	31	-
	<u>244</u>	<u>-</u>

Amounts due to group companies are repayable on demand. No interest has been charged since the Company was acquired by The Coca-Cola Company in 2019.

11 Share capital

The shares carry full voting, dividend and capital distribution rights.

Allotted, called-up and fully paid shares

	2021		2020	
	No.	£	No.	£
100 Ordinary shares of £1 each	100	100	100	100

12 Parent of group in whose consolidated financial statements the Company is consolidated

The name of the parent of the group in whose consolidated financial statements the Company's financial statements are consolidated is The Coca-Cola Company.

These financial statements are available upon request from The Coca-Cola Company, PO Box 1734, Atlanta, Georgia 30301, United States of America.

13 Related party transactions

The Company is a wholly-owned subsidiary of The Coca-Cola Company, the ultimate controlling entity, and has taken advantage of the exemption given in Financial Reporting Standard 101 (8(k)) not to disclose transactions with other group companies.

14 Events after the financial period

In September 2022, an intercompany dividend of £4,884,000, payable to Costa Limited was declared, which will be reflected in the 2022 statutory accounts.

The Company changed its name from Life Coffee Cafes Limited to Coffee Corporate Services Limited in the same month.

15 Parent and ultimate parent undertaking

The Company's immediate parent is Costa Limited. The ultimate parent is The Coca-Cola Company, Atlanta, Georgia, USA. The smallest and largest parent preparing consolidated financial statements is The Coca-Cola Company. The ultimate controlling party is The Coca-Cola Company.