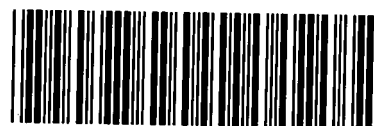


Rome PIK Holdco Limited

Report and Financial Statements

31 May 2018

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COMPANIES HOUSE

Company Information

Registered No. 05936498

Directors

G W Ford
B J Price

Secretary

B J Price

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

Santander UK Plc
17 Ulster Terrace
London NW1 4PJ

Solicitors

Linklaters
1 Silk Street
London EC2Y 8HQ

Registered Office

9-15 Neal Street
London
WC2H 9PW
United Kingdom

Strategic Report

The directors present their report and financial statements for Rome PIK Holdco Limited ('the company') for the year ended 31 May 2018.

Principal activities and review of the business

Rome PIK Holdco Limited is an intermediate parent undertaking and holds the share capital of Caffè Nero Group Holdings Ltd. Due to its principal activity of being a parent undertaking, the directors do not consider specific key performance indicators to exist. The company is one of a group of companies set up to facilitate the acquisition of Italian Coffee Holdings Ltd in 2007 by its ultimate parent.

Financial instruments and risk management

The risk of financial instruments exposes the company to risks. The resultant risk and procedures in place to manage such risks are summarised below:

Interest rate risk

Excess cash is placed on short term deposit for up to a week with Santander at variable money market rates.

Credit risk

The company limits its exposure to credit risk by only lending to fellow group companies who are considered low risk due to the strength of the enlarged group of which the company is a member. The maximum credit risk exposure is represented by the carrying value of the amount due from the parent undertaking.

Liquidity risk

Exposure to liquidity risk arises on trade payables due to third parties and amounts owed to group companies.

Capital management

Capital comprises shareholders' equity and financing from the company's parent undertakings. The primary objective of the company's capital management policy is to ensure that the company has adequate capital to support the business. The company monitors the cost of the various sources of capital on an ongoing basis and manages cost through planning future alternative sources of capital. No changes in these factors were made during the year. The company has no externally imposed capital restrictions.

Investment Impairment risk

The directors' understanding of the risks associated with the investments held by the entity relate to the potential impairment of those investments. To identify any risk of impairment in a timely manner, the company reviews the financial performance of its investments on a regular basis. To date, all investments have had a strong year and are not exhibiting indicators of impairment. This is expected to continue for the foreseeable future.

Treasury and risk management

The company's parent undertaking, Rome Topco Unlimited, holds a shareholder loan in the company and the company in turn holds a shareholder loan in its subsidiary, Caffè Nero Group Holdings Ltd. This liability and related interest charges are passed down the enlarged group in the form of intercompany loans, and are reflected in the company's balance sheet.

Strategic Report (continued)

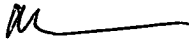
Principal risks and uncertainties

The directors continually identify, evaluate and manage material risks and uncertainties faced by the company that could adversely affect the company's business, operating results and financial condition. The directors consider the principal risks and uncertainties facing the business to comprise the following:

Company specific risks:

- A breakdown in internal control through fraud or error.
- The loss of key personnel or the failure to manage succession planning.
- Inability of subsidiary company to repay its debt.

The company continually monitors this area, has developed policies and appointed qualified personnel to mitigate this risk.



Ben Price
Director

Date: 12/10/2018

Directors' Report

Registered No. 05936498

The directors present their report and financial statements for the year ended 31 May 2018.

Results and dividends

The company generated a loss before taxation for the year of £207k (2017 – profit of £3k). No dividend is proposed (2017 – nil).

Going concern

The financial statements have been prepared on a going concern basis which assumes that the company will be able to meet its liabilities as they fall due for the foreseeable future.

The company's immediate parent undertaking, Rome Topco Unlimited, has confirmed to the directors that it will not seek repayment of amounts owed totalling £223.0m for a period of no less than 12 months from the date of approving these financial statements for issue. The company is part of a group of companies that are dependent on the ongoing trading and financing activities of Caffè Nero Group Holdings Ltd, the company's 100% subsidiary ('the group'). The directors of the group have produced cash flow forecasts that indicate that the group will continue as a going concern for the foreseeable future, which is no less than 12 months from the date of approving these financial statements. In making this assessment, the directors have taken into account the ongoing difficult macro-economic and trading environment prevailing in the UK and have reflected this in their assumptions on the group's growth prospects. The directors remain confident their forecasts are achievable.

Having made due and careful enquiry, the directors consider that there are no material uncertainties that may cast doubt over the group's ability to continue as a going concern and therefore apply the same conclusion to the company.

Directors

The directors who served the company during the year to the date of approving these financial statements for issue were as follows:

G W Ford

B J Price

Financial Instruments

Financial instruments have been discussed within the strategic report of these accounts.

Disclosure of information to the auditor

Each of the persons who are directors at the time when this Directors' report is approved have confirmed that;

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that ought to have been taken as directors' in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.


This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Directors' Report (continued)

Auditor

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditors.

On behalf of the Board



Ben Price
Director

Date: 12/10/2018

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable UK 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 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 for that period.

In preparing those financial statements, the directors are required to:

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

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.

Independent auditor's report

to the members of Rome PIK Holdco Limited

We have audited the financial statements of Rome PIK Holdco Limited for the year ended 31 May 2018 which comprise the Statement of Comprehensive Income, Statement of Cash Flows, Statement of Financial Position, Statement of Changes in Shareholders' Equity and the related notes 1 to 8, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 May 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs); 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 below. 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial

Independent auditor's report (continued)

to the members of Rome PIK Holdco Limited

Other information (continued)

statements or our knowledge obtained in 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have 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 strategic report or 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 by the parent company, 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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement as set out on page 6, 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 (continued)

to the members of Rome PIK Holdco Limited

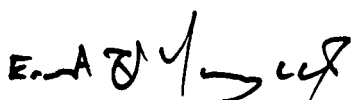
Auditor's responsibilities for the audit of the financial statements

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.

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.

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.



Zishan Nurmohamed (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

15/10/2018

Statement of Comprehensive Income

for the year ended 31 May 2018

		2018	2017
	Note	£000	£000
Finance cost payable to parent undertaking		(17,259)	(15,896)
Finance income from subsidiary undertaking		17,052	15,899
(Loss)/profit before taxation		(207)	3
Income tax	3	–	–
(Loss)/profit for the year		(207)	3
Other comprehensive income		–	–
Total comprehensive income		(207)	3

All amounts relate to continuing activities.

Statement of Cash Flows

for the year ended 31 May 2018

		2018	2017
	Note	£000	£000
Operating activities			
(Loss)/profit before tax		(207)	3
<i>Adjustments to reconcile profit for the year to net cash flow from operating activities:</i>			
Finance income		(17,052)	(15,899)
Finance expense		17,259	15,896
Net movement in cash		–	3
Cash and cash equivalents at 1 June		–	–
Cash and cash equivalents at 31 May		–	–

Statement of Financial Position

at 31 May 2018

	Notes	2018 £000	2017 £000
Non-current assets			
Investments	4	2,024	2,024
Current assets			
Investments	5	98,450	98,450
Amounts due from subsidiary undertakings	5	153,740	136,689
Total assets		<u>254,214</u>	<u>237,163</u>
Non-current liabilities			
Financial liabilities	6	(223,021)	(205,763)
Total liabilities		<u>(223,021)</u>	<u>(205,763)</u>
Net assets		<u>31,193</u>	<u>31,400</u>
Capital and reserves			
Called up share capital	7	—	—
Share premium account		2,024	2,024
Capital contribution		110,600	110,600
Retained earnings		(81,431)	(81,224)
Total equity		<u>31,193</u>	<u>31,400</u>

The financial statements were approved by the Board of Directors on 12 October 2018 and signed on its behalf by:

Gerry Ford
Director

Date: 12/10/2018

Ben Price
Director

Date: 12/10/2018

Statement of Changes in Shareholders' Equity

for the year ended 31 May 2018

	<i>Called up share capital</i> £000	<i>Share premium account</i> £000	<i>Capital contribution</i> £000	<i>Retained earnings</i> £000	<i>Total</i> £000
At 1 June 2016	–	2,024	110,600	(81,227)	31,397
Total comprehensive income for the year	–	–	–	3	3
At 1 June 2017	–	2,024	110,600	(81,224)	31,400
Total comprehensive expense for the year	–	–	–	(207)	(207)
At 31 May 2018	–	2,024	110,600	(81,431)	31,193

Notes to the financial statements

at 31 May 2018

1. Accounting policies

Authorisation of financial statements and statement of compliance

Rome PIK Holdco Limited is a private limited company incorporated and domiciled in England and Wales.

The financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the European Union as applicable for the year ended 31 May 2018 applied in accordance with the provisions of the Companies Act 2006.

These financial statements have been prepared for the individual company only. The company has taken advantage of the exemption available under section 400 of the Companies Act 2006 not to prepare group financial statements as the results of the company are included in the consolidated financial statements of an intermediate parent undertaking and are publicly available (note 8).

Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 May 2018.

The financial statements are presented in Sterling, which is the functional and presentational currency of the company.

New standards and interpretations not applied

The following standards and interpretations, which have been issued by the IASB, become effective after the current year end and have not been early adopted by the group:

<i>International Accounting Standards (IAS/IFRS/IFRIC)</i>	<i>Effective date</i>
IFRS 9 Financial Instruments: Classification and measurement	01 January 2018
IFRS 15 Revenue from Contracts with Customers	01 January 2018
IFRS 16 Leases	01 January 2019

The effective dates stated here are those given in the original IASB standards. As the company prepares its financial statements in accordance with IFRS adopted by the European Union, the application of new standards will be subject to the standards having been endorsed for use in the EU via the EU Endorsement mechanism. In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation but the need for endorsement restricts the company's discretion to early adopt standards.

The directors do not anticipate that the adoption of the standards will have a material impact on the group's financial statements in the period of initial application.

Key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are the measurement and impairment of investments (note 5) and the recoverability of intra-group receivables. The Company identifies whether investments are impaired on an annual basis, and this requires an assessment of indicators of impairment and an estimation of the value in use of the group of cash generating units. This involves estimation of future cash flows and choosing a suitable discount rate. The recoverability of intra-group receivables is evaluated through its assessment of the ability of the debtor to pay in the context of the wider group's trading and capital structure.

Notes to the financial statements

at 31 May 2018

1. Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis which assumes that the company will be able to meet its liabilities as they fall due for the foreseeable future.

The company's immediate parent undertaking, Rome Topco Unlimited, has confirmed to the directors that it will not seek repayment of amounts owed totalling £223.0m for a period of no less than 12 months from the date of approving these financial statements for issue. The company is part of a group of companies that are dependent on the ongoing trading and financing activities of Caffè Nero Group Holdings Ltd, the company's 100% subsidiary ('the group'). The directors of the group have produced cash flow forecasts that indicate that the group will continue as a going concern for the foreseeable future, which is no less than 12 months from the date of approving these financial statements. In making this assessment, the directors have taken into account the ongoing difficult macro-economic and trading environment prevailing in the UK and have reflected this in their assumptions on the group's growth prospects. The directors remain confident their forecasts are achievable.

Having made due and careful enquiry, the directors consider that there are no material uncertainties that may cast doubt over the group's ability to continue as a going concern and therefore apply the same conclusion to the company.

Investments

Non-current asset investments are stated at cost less provision for impairment. The carrying value of fixed asset investments is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Financial assets

Financial assets are recognised when the company becomes party to the contracts that give rise to them and are classified as financial assets at fair value through profit or loss; loans and receivables; held to maturity investments; or as available for sale financial assets, as appropriate. The company determines the classification of its financial assets at initial recognition and re-evaluates this designation at each financial year end. When financial assets are recognised initially, they are measured at fair value, being the transaction price, plus in the case of financial assets not a fair value through the profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, being the date that the company commits to purchase or sell the asset. Regular way transactions require delivery of assets within the timeframe generally established by regulation or convention in the market place. The subsequent measurement of financial assets depends on their classification, as follows:

Held to maturity investments

Non derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the company has the positive intention and ability to hold to maturity. Held to maturity investments are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process. Investments intended to be held for an undefined period are not included in the statement of comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets that are designated as such or are not classified in any other category.

Notes to the financial statements

at 31 May 2018

1. Accounting policies (continued)

Financial assets (continued)

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Available-for-sale financial assets

After initial recognition, available for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the statement of comprehensive income. For available-for-sale financial investments, the company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost, where 'significant' is estimated to be around 20% of the original cost of the investment and 'prolonged' is more than 12 months. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income – is removed from other comprehensive income and recognised in the statement of comprehensive income. Impairment losses on equity investments are not reversed through the statement of comprehensive income, increases in their fair value after impairment are recognised directly in other comprehensive income.

Impairment of financial assets

The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Derecognition of financial assets and liabilities

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in the statement of comprehensive income.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, 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; and
- deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Notes to the financial statements

at 31 May 2018

1. Accounting policies (continued)

Income taxes (continued)

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Capital instruments

Ordinary shares are classified as equity instruments. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in equity.

2. Auditors remuneration and director's emoluments and staff costs

Auditors' remuneration for 2017 and 2018 has been met by another group company.

No remuneration was paid or is payable to the directors in their capacity as directors of the company (2017 – £nil). The directors of this company are also directors of a fellow group undertaking, Nero Holdings Limited, who paid the directors remuneration and pension contributions of £780,373 (2017 – £767,514) in respect of services to the enlarged UK group of which the company is a member. It is not possible to identify the proportion of these remunerations that relate to services to this company.

The company had no employees during the current and prior years.

3. Income tax

There is no tax charge for the year ending 31 May 2018 (2017 – nil). Loss before tax for the year multiplied by the standard rate of corporation tax in the UK reconciles to the tax charge as follows:

	2018 £000	2017 £000
Loss on ordinary activities before tax	(207)	3
Loss on ordinary activities multiplied by the standard average rate of corporation tax in the UK of 19.00% (2017 – 19.83%)	(39)	1
Group relief for nil payment	39	(1)
Total current tax	–	–

4. Investments – non-current

	Shares in subsidiary undertakings £000
Cost:	
At 1 June 2017 and 31 May 2018	2,024

The company owns the entire share capital of Caffè Nero Group Holdings Ltd, which is the parent undertaking of Rome Bidco Limited, which owns the entire issued equity share capital of Italian Coffee

Notes to the financial statements

at 31 May 2018

4. Investments – non-current (continued)

Holdings Ltd, which owns the entire issued equity share capital of Nero Holdings Ltd, which operates Italian style coffee houses.

Details of company undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

<i>Name of company</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of Business</i>
Caffe Nero Group Holdings Ltd ⁽¹⁾	100%	Holding
Rome Bidco Limited ⁽¹⁾	100%	Financing
Italian Coffee Holdings Ltd ⁽¹⁾	100%	Holding
Harris and Hoole Limited ⁽¹⁾	100%	Coffee retail
Nero Holdings Limited ⁽¹⁾	100%	Coffee retail
Aroma Limited ⁽¹⁾	100%	Coffee retail
Caffe Nero Ventures Limited ⁽¹⁾	100%	Holding
Caffe Nero Investments Limited ⁽¹⁾	100%	Holding
Nero Coffee Roasting Limited ⁽¹⁾	100%	Coffee Roasting
Caffe Nero Ireland Limited ⁽²⁾ (Incorporated in the Republic of Ireland)	100%	Coffee retail
Caffe Nero Americas Limited ⁽¹⁾	100%	Holding
<i>Shares in subsidiary undertakings</i> <i>£000</i>		
Caffe Nero Americas Incorporated ⁽³⁾ (Incorporated in the United States)	100%	Coffee retail
Caffe Nero Gida Urunleri AS ⁽⁴⁾ (Incorporated in Turkey)	100%	Coffee retail
<i>Joint ventures</i>		
Green Coffee Sp z.o.o. ⁽⁵⁾ (Incorporated in Poland)	90.0%	Coffee retail
Muffia Sp. z.o.o Sp.k ⁽⁶⁾ (Incorporated in Poland)	30%	Food production

All shareholdings are of ordinary equity shares.

⁽¹⁾ Registered address for subsidiaries is: 3 Neal Street, London, WC2H 9PU

⁽²⁾ Registered address for subsidiary is: 2nd Floor Beaux Lane House, Mercer Street Lower, and Dublin 2

⁽³⁾ Registered address for subsidiary is: 320 Congress St Fl 4, Boston, MA, 02210 United States

⁽⁴⁾ Registered address for subsidiary is: Büyükdere Cad. No: 103 Noramin İş Merkezi Maslak Şişli, İstanbul, Turkey

⁽⁵⁾ Registered address for subsidiary is: Al. Jana Pawła II 29, 00-867 Warszawa, NIP: 5262590815

⁽⁶⁾ Registered address for subsidiary is: Ul. Burakowska 11, 01-066 Warszawa, NIP 5272495260

Notes to the financial statements

at 31 May 2018

5. Investments – current

*Loans to
subsidiary
undertakings
£000*

Cost:

At 1 June 2017 and 31 May 2018

98,450

In the opinion of the directors, the fair value of the investments in subsidiary undertakings is not less than the carrying amount. The loan to the company's subsidiary undertaking is repayable on demand, together with all the interest accrued on it of £153,740,000 (2017 – £136,689,000). Interest accrues on the outstanding principal amount of debt and any unpaid interest at a rate agreed by the lender and borrower. Interest is payable on such day or days as may be agreed by the lender and borrower.

6. Financial liabilities

*2018 2017
£000 £000*

Interest bearing loans and borrowings:

Loan from parent undertaking

98,450 98,450

Rolled up interest due to parent undertaking

124,571 107,313

Total

223,021 205,763

The loan is carried at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

7. Authorised and issued share capital

<i>Authorised</i>	<i>No.</i>	<i>2018</i>	<i>No.</i>	<i>2017</i>
		<i>£</i>		<i>£</i>
Ordinary shares of £1 each	100	<u>100</u>	100	<u>100</u>

<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>2018</i>	<i>No.</i>	<i>2017</i>
		<i>£</i>		<i>£</i>
Ordinary shares of £1 each	51	<u>51</u>	51	<u>51</u>

Notes to the financial statements

at 31 May 2018

8. Ultimate parent undertaking

At the year end, the ownership structure is as follows:

Immediate parent undertaking	Rome Topco Unlimited ⁽¹⁾
Parent undertaking of the smallest and largest group for which group financial statements are prepared	The Nero Company ⁽²⁾
Majority shareholder of The Nero Company	G W Ford ⁽³⁾

⁽¹⁾ Copies of the financial statements for Rome Topco Unlimited can be obtained from 9-15 Neal Street, London, WC2H 9PW.

⁽²⁾ The Nero Company is a company incorporated in Luxembourg. Copies of these group accounts can be obtained from Avenue 46a JF Kennedy, Luxembourg, and L-1855.

⁽³⁾ G W Ford is the ultimate controlling party of the company.