
COFFEE NATION HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 MARCH 2012

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COFFEE NATION HOLDINGS LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--|
| DIRECTORS | S Martin M Price KJ Slater (appointed 15 March 2012) |
| COMPANY SECRETARY | R W Fairhurst |
| COMPANY NUMBER | 06543325 |
| REGISTERED OFFICE | 3 Knaves Beech Loudwater High Wycombe Buckinghamshire HP10 9QR |
| AUDITORS | Ernst & Young LLP Apex Plaza Forbury Road Reading Berkshire RG1 1YE |

COFFEE NATION HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 1 MARCH 2012**

The directors present their report and the financial statements for the 11 month period ended 1 March 2012

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was that of a holding company

DIRECTORS

The directors who served during the period were

S Martin
J Derkach (resigned 19 July 2012)
M Price
KJ Slater (appointed 15 March 2012)

All fees paid to directors are borne by the parent company and it is not practical to allocate the amount for services in respect of this Company

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

A qualifying indemnity provision (as defined in Section 236(1) of the Companies Act 2006) is in force for the benefit of the directors

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information

COFFEE NATION HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 1 MARCH 2012**

AUDITORS

KPMG LLP resigned as auditors on 06 December 2011 and Ernst & Young LLP were appointed in their place

The auditors, Ernst & Young LLP, will be proposed for re appointment in accordance with Section 485 of the Companies Act 2006

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board on 15 NOVEMBER 2012 and signed on its behalf



Secretary
R FAIRHURST

COFFEE NATION HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 1 MARCH 2012

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 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,
- 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 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.

COFFEE NATION HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COFFEE NATION HOLDINGS LIMITED

We have audited the financial statements of Coffee Nation Holdings Limited for the 11 month period ended 1 March 2012, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement, 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

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 1 March 2012 and of its loss for the 11 month period 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial 11 month period for which the financial statements are prepared is consistent with the financial statements.

COFFEE NATION HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COFFEE NATION HOLDINGS LIMITED

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 in preparing the Directors' Report

Ernst & Young LLP

Debbie O'Hanlon (Senior Statutory Auditor)

for and on behalf of

Ernst & Young LLP

Reading

Date *20 November 2012*

COFFEE NATION HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 1 MARCH 2012**

| | Note | 11 months ended 1 March 2012 £000 | Year ended 31 March 2011 £000 |
|--|------|---|--|
| TURNOVER | | - | 1,100 |
| Administrative expenses | | - | (153) |
| OPERATING PROFIT | | - | 947 |
| Interest receivable and similar income | 4 | - | 206 |
| Interest payable and similar charges | 5 | (1,673) | (3,774) |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (1,673) | (2,621) |
| Tax on loss on ordinary activities | 6 | 664 | - |
| LOSS FOR THE FINANCIAL PERIOD | 12 | (1,009) | (2,621) |

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and Loss Account

The notes on pages 8 to 14 form part of these financial statements

COFFEE NATION HOLDINGS LIMITED
REGISTERED NUMBER: 06543325

BALANCE SHEET
AS AT 1 MARCH 2012

| | Note | 1 March 2012 £000 | 31 March 2011 £000 |
|--|------|-------------------------|--------------------------|
| FIXED ASSETS | | | |
| Investments | 7 | 11,703 | 11,703 |
| CURRENT ASSETS | | | |
| Debtors | 8 | 665 | 2,267 |
| CREDITORS: amounts falling due within one year | 9 | (28,010) | (7) |
| NET CURRENT (LIABILITIES)/ASSETS | | (27,345) | 2,260 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | (15,642) | 13,963 |
| CREDITORS: amounts falling due after more than one year | 10 | - | (28,596) |
| NET LIABILITIES | | (15,642) | (14,633) |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 11 | 1 | 1 |
| Share premium account | 12 | 65 | 65 |
| Profit and loss account | 12 | (15,708) | (14,699) |
| SHAREHOLDERS' DEFICIT | 13 | (15,642) | (14,633) |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 NOVEMBER 2012

Director
M PRICE



The notes on pages 8 to 14 form part of these financial statements

COFFEE NATION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 MARCH 2012

1. ACCOUNTING POLICIES

1.1 Authorisation

The financial statements for Coffee Nation Holdings Limited for the 11 months ended 1 March 2012 were authorised for issue by the Board of Directors on 15 November 2012

1.2 Basis of preparation of financial statements

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

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of Section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

1.3 Going concern

The Company's activities together with the factors likely to affect its future development, performance and position are set out in the Principal Activities above. The financial position of the Company is set out in the following accounts.

As at 1 March 2012, the Company had net liabilities amounting to £15,642,000. The accounts have been prepared on a going concern basis on the grounds that the parent company has undertaken to provide continuing support for the foreseeable future.

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.5 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse, using rates that have been enacted or substantively enacted at balance sheet date.

Deferred tax assets and liabilities are not discounted.

COFFEE NATION HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 MARCH 2012**

1. ACCOUNTING POLICIES (continued)

1.6 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and Loss Account

2 AUDITORS' REMUNERATION

| | 11 months ended 1 March 2012 £000 | Year ended 31 March 2011 £000 |
|--|--|--|
| Fees payable to the Company's auditor for the audit of the Company's annual accounts | - | 7 |

Audit fees for the period were paid by the parent company, Whitbread Group PLC. Information about the total audit fees paid by the Group can be found in the Whitbread PLC report and financial statements for the year ended 1 March 2012

3. STAFF COSTS

The Company has no employees other than the directors, who did not receive any remuneration (2011 - £NIL). All fees paid to directors as remuneration are borne by the parent company and it is not practical to allocate the amount for services in respect of this Company

4. INTEREST RECEIVABLE

| | 11 months ended 1 March 2012 £000 | Year ended 31 March 2011 £000 |
|--|--|--|
| Interest receivable from group companies | - | 206 |

COFFEE NATION HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 MARCH 2012**

5. INTEREST PAYABLE

| | 11 months ended 1 March 2012 £000 | Year ended 31 March 2011 £000 |
|----------------------------------|--|--|
| On bank loans and overdrafts | - | 553 |
| On other loans | - | 2,304 |
| Amortisation of finance costs | - | 917 |
| On loans from group undertakings | 1,673 | - |
| | <u>1,673</u> | <u>3,774</u> |

6. TAXATION

| | 11 months ended 1 March 2012 £000 | Year ended 31 March 2011 £000 |
|--|--|--|
| Analysis of tax (credit)/charge in the period/year | | |
| UK corporation tax (credit)/charge on loss for the period/year | (435) | - |
| Adjustments in respect of prior periods | (229) | - |
| | <u>(664)</u> | <u>-</u> |
| Tax on loss on ordinary activities | <u>(664)</u> | <u>-</u> |

COFFEE NATION HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 MARCH 2012**

6. TAXATION (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (2011 - higher than) the standard rate of corporation tax in the UK of 26% (2011 - 28%). The differences are explained below

| | 11 months ended 1 March 2012 £000 | Year ended 31 March 2011 £000 |
|--|--|--|
| Loss on ordinary activities before tax | <u>(1,673)</u> | <u>(2,621)</u> |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 28%) | (435) | (734) |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | - | 502 |
| Adjustments to tax charge in respect of prior periods | (229) | - |
| Group relief | - | 232 |
| Current tax (credit)/charge for the period/year (see note above) | <u>(664)</u> | <u>-</u> |

Factors that may affect future tax charges

The Finance Act 2011 reduced the main rate of UK corporation tax to 26% from 1 April 2011 and to 25% from 1 April 2012

In his budget of 21 March 2012, the Chancellor of the Exchequer announced an additional 1% reduction in the rate of corporation tax, with effect from 1 April 2012. Further changes to corporation tax are also proposed, to reduce the main rate by 1% per annum to 22% by 1 April 2014. These changes had not been substantively enacted at the balance sheet date and consequently, in accordance with UK accounting standards, are not reflected in these financial statements.

The rate change impacts the value of the unrecognised deferred tax asset as well as the amount of the future cash tax payment to be made by the Company.

Unrecognised deferred tax amounted to £198,000 (2011 £206,000)

COFFEE NATION HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 MARCH 2012**

7. FIXED ASSET INVESTMENTS

| | Investments in subsidiary companies £000 |
|----------------------------------|--|
| Cost or valuation | |
| At 1 April 2011 and 1 March 2012 | 11,703 |
| Net book value | |
| At 1 March 2012 | 11,703 |
| At 31 March 2011 | 11,703 |

Subsidiary undertakings

The following were subsidiary undertakings of the company

| Name | Country of registration and operation | Holding |
|-----------------------|--|---------|
| Coffee Nation Limited | England | 100% |

8. DEBTORS

| | 1 March 2012 £000 | 31 March 2011 £000 |
|------------------------------------|-------------------------|--------------------------|
| Amounts owed by group undertakings | - | 2,267 |
| Corporation tax repayable | 664 | - |
| Other debtors | 1 | - |
| | <u>665</u> | <u>2,267</u> |

**9. CREDITORS:
Amounts falling due within one year**

| | 1 March 2012 £000 | 31 March 2011 £000 |
|------------------------------------|-------------------------|--------------------------|
| Amounts owed to group undertakings | 28,003 | - |
| Accruals and deferred income | 7 | 7 |
| | <u>28,010</u> | <u>7</u> |

In line with the intercompany indebtedness agreement dated 31 January 2012, all intercompany balances are due to/from Whitbread Group PLC. As a result a net intercompany balance has been disclosed above.

COFFEE NATION HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 MARCH 2012**

10. CREDITORS:

Amounts falling due after more than one year

| | 1 March 2012 £000 | 31 March 2011 £000 |
|------------------------------------|----------------------------------|-----------------------------------|
| Amounts owed to group undertakings | - | 28,596 |
| | <u> </u> | <u> </u> |

11. SHARE CAPITAL

| | 1 March 2012 £000 | 31 March 2011 £000 |
|--|----------------------------------|-----------------------------------|
| Allotted, called up and fully paid | | |
| 72,144 (2011 - 72,144) A Ordinary shares of £0 01 each | 1 | 1 |
| 25,000 (2011 - 25,000) B Ordinary shares of £0 01 each | - | - |
| 2,856 (2011 - 2,856) Deferred shares of £0 01 each | - | - |
| | <u> </u> | <u> </u> |
| | <u> </u> 1 | <u> </u> 1 |

12. RESERVES

| | Share premium account £000 | Profit and loss account £000 |
|---------------------|---|---|
| At 1 April 2011 | 65 | (14,699) |
| Loss for the period | | (1,009) |
| | <u> </u> | <u> </u> |
| At 1 March 2012 | <u> </u> 65 | <u> </u> (15,708) |

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

| | 1 March 2012 £000 | 31 March 2011 £000 |
|-------------------------------|----------------------------------|-----------------------------------|
| Opening shareholders' deficit | (14,633) | (12,012) |
| Loss for the period/year | (1,009) | (2,621) |
| | <u> </u> | <u> </u> |
| Closing shareholders' deficit | <u> </u> (15,642) | <u> </u> (14,633) |

COFFEE NATION HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 MARCH 2012**

14. RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary of Whitbread PLC, the ultimate controlling entity of the group, and has taken advantage of the exemption given in Financial Reporting Standard 8 not to disclose transactions with other group companies

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Costa Limited. The ultimate parent undertaking is Whitbread PLC, a company incorporated in the United Kingdom.

The parent undertaking of the smallest group to consolidate these financial statements is Whitbread Group PLC, a company incorporated in the United Kingdom. Copies of the Whitbread Group PLC financial statements can be obtained from Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire LU5 5XE.

The parent undertaking of the largest group to consolidate these financial statements is Whitbread PLC, a company incorporated in the United Kingdom. Copies of the Whitbread PLC financial statements can be obtained from Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire LU5 5XE.