Company reg: 09004090 (England:Wales)

Cuppa-Cino Trading Limited

Annual Report and Financial Statements

for the Period from 1 May 2019 to 31 December 2019

CUPPA-CINO TRADING LIMITED

Contents

CUPPA-CINO TRADING LIMITED

Company Information

Directors	G McDonald
	J Crookall
Company secretary	R Fairhurst
Registered office	Costa House, Houghton Hall Business Park, Porz Avenue, Houghton Regis, Dunstable, Bedfordshire, LU5 5YG
Registered number:	09004090
Statutory auditor	Ernst & Young LLP 400 Capability Green, Luton, LU1 3LU

CUPPA-CINO TRADING LIMITED

Directors' Report for the 35 Weeks Ended 31 December 2019

The directors present their report and the financial statements for the period from 1 May 2019 to 31 December 2019. On 12 July 2019 Costa Limited acquired the shares of Cuppa-Cino Trading Ltd for £1.49m.

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 exemption under this regime not to disclose the strategic report.

Principal activity
The principal activity of the Company is leaseholder of train platform retail stores.

Directors of the Company
The directors, who held office during the period, were as follows:

G McDonald (appointed 2 December 2019)

S Highfield (appointed 12 July 2019 and resigned 31 August 2020)

K Seljeflot (appointed 12 July 2019 and resigned 11 March 2020)

P Masters (resigned 12 July 2019)

D Paul (appointed 12 July 2019 and resigned 29 November 2019)

A Roberts (resigned 12 July 2019)

The following director was appointed after the period end:

J Crookall (appointed 11 March 2020)

Principal risks and uncertainties

Laws and regulations
Changes in, or failure to comply with, the laws and regulations applicable to our business operations could increase our costs or reduce our net operating income

Mitigation: A robust lease management policy is in place which is administered via managing agents whom manage the legal and property obligations at travel locations and compliance with the travel operators. Our property processes are audited each year and have recently been updated to ensure correct policy.

Coronavirus (COVID-19)
Risk: From March 2020 the COVID-19 global pandemic arose in the UK and introduced significant uncertainty for the UK economy.

Mitigation: The Directors consider the Company, a Subsidiary of Costa Limited, to be a member of the Costa group of UK domiciled companies headed by Costa Limited. The COVID-19 risk mitigation detailed below is applicable to the Costa group of companies.

The Company's Directors have updated the plans for 2020 and 2021 based on the impact of COVID-19 and have built a strategy for reset and growth in three phases:

• Managing the crisis - focusing on looking after our people and ruthlessly prioritising spend.
• Resetting to emerge stronger - preparing to win in our core markets and support winning propositions such as Costa Express, Proud to Serve and Ready to Drink.
• Invest in growth for the future - investing in initiatives that allow us to stay ahead of long-term trends and for future international launches.

CUPPA-CINO TRADING LIMITED

Directors' Report for the 35 Weeks Ended 31 December 2019

Principal risks and uncertainties (continued)

Strong steps have been taken to protect the business and manage cash through the crisis to ensure the business can come out of the crisis stronger and ready to grow in the future. The following nine areas have been identified as priorities:

• Prioritise the health and wellbeing of our people, customers and consumers. The Company ensuring that it follows government guidelines, delivered a rapid response to close stores (97% of the UK stores were initially closed) and set up Costa Express to continue to operate safely.

• The Company is monitoring the situation and following the Government guidelines to reassure its customers and employees on any decisions taken to re-open shops. The business has offered goodwill gestures to support the national efforts including free coffee to medical teams and care packages to key workers.

• Ruthless focus on discretionary spend including prioritisation and accessing government support where necessary.

• Must win in the UK Retail and Costa Express as footfall returns to recover sales at pace. The Company is focusing on changes in customer sentiment and needs and providing contactless Drive-Thru and deliver to support re-opening and contactless Costa Express ordering.

• Review retail basics and franchise opportunities.

• Continue to support Costa Express, Proud to Serve, Ready to Drink and At Home launches.

• Invest in initiatives that allow the business to stay ahead of long-term changes in consumer trends.

• Plan for launches in key international markets to ensure we maximise in 2021.

• Continue 'Must Do' technology programmes.

Future developments

No significant developments are expected

Going concern

In order 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 at least 12 months after the date of these financial statements.

The Directors of Costa Limited have undertaken an assessment of Costa Limited and its UK domiciled subsidiaries (the Group) financial forecasts to end of May 2022, including the impact of COVID-19 in the UK. As the Group has a cash-pooling arrangement with financial support provided from Costa Limited to its UK Domiciled subsidiaries, the going-concern assessment has been conducted on a Group basis. The Group has modelled downturn scenarios which have been summarised below that also include mitigations including reducing discretionary marketing and capital spend.

As a result of the above, the Directors have deemed it appropriate to adopt the going-concern basis in the preparation of the financial statements of the Company for the financial period ended 31 December 2019.

The Group is funded by its operating profits and working capital improvements. As at 31 December 2019, the Group held a substantial cash balance of £317m and had no external borrowing. Despite the strong position of the Group's financial position, it has become clear that COVID-19 had introduced a significant amount of economic uncertainty in 2020 which has continued into 2021 for the retail and hospitality sectors, which has impacted the Group's ability to generate revenue and profit. As at the date of signing, there remains no external debt facilities drawn down on by the Group and it still has a substantial cash balance. Should it be required, the Group could seek external debt, however, at present management have no plans or requirements to do so.

In forming their view on going concern, the Directors considered the Group's strategic plan, balance sheet position and forward-looking plans, which covered the period to 31 May 2022. Specifically, the following scenarios were prepared:

- The base case position was prepared which included management's assumptions and estimates formulated through experience of lockdowns experienced in 2020 and into 2021.
- The base position is based off the Budget for 2021
- The base position is prudent and assumes:
    - that the lockdown continues for Q2 2021, no government relief has been assumed for furlough, VAT or rate relief;
    - that quarter one 2022 trading conditions mirror that of quarter one 2021 despite a vaccine being available and the likelihood of a more normal return to pre-pandemic trading conditions. No cash benefits from furlough or VAT reclaims have been assumed.
- Sensitivity analysis performed that suggests if sales missed by 30%, and Costa reduced capex and marketing spend by 50% Costa would still remain cash positive.

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

Events after the balance sheet date

Shortly after the end of the financial period, the COVID-19 pandemic emerged as a major socio-economic and business event. The Company's strategic response to the pandemic is laid out in the Director's Report

On 23rd March 2020 all Costa stores temporarily closed except for a small percentage supporting key workers were shut following government announcements. During the closure period Costa fitted all stores with protective screens, other appropriate PPE and redesigned stores to meet social distancing requirements. The number of stores that could use collect or delivery from our digital services was also significantly increased. Our stores opened on a phased basis from May with the majority of stores open by August. Trading continued to out-perform expectation despite the UK entering a further phased lockdown from October 2020, entering full lockdown in December 2020 which continued into 2021.

The Directors consider COVID-19 to be a non-adjusting event but it could have a material impact on the Group's turnover, asset recoverability and results for the year ending 31 December 2020.

There are no other post balance sheet events that would require an adjustment or disclosure in the financial statements.

Directors' liabilities

A qualifying indemnity provision (as defined in section 236(1) of the Companies Act 2006) is in force for the benefit of the directors for the year ended 31 December 2019 and remains in place at the date of this report.

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.

Appointment of auditor

The Company reviews and makes recommendations each year in accordance with section 486 of the Companies Act 2006 with regards to the appointments of external auditors. Following the Annual General meeting Ernst & Young LLP were appointed as the external auditors with the effect from 2 March 2020.

Approved by the Board on 28 April 2021 and signed on its behalf by:

Jill McDonald

....

G McDonald

Director

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 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 and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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 CUPPA-CINO TRADING LIMITED (continued)

Disclaimer of opinion

We were engaged to audit the financial statements of Cuppa-cino Trading Limited (the 'company') for the year ended 31 December 2019 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 20, 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).

We do not express an opinion on the accompanying financial statements of the company. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

We were appointed as auditors of the company on 18 November 2020 and were unable to obtain sufficient appropriate audit evidence on the opening balances in accordance with ISA 510 *Initial Audit Engagements – Opening Balances*. We were unable to satisfy ourselves by alternative means concerning the opening balances at 1 May 2019 and have determined the effect to be pervasive. Amounts recognized in the balance sheet at 1 May 2019 are as follows: Property, plant and equipment £16,000, Trade and other receivables £55,000, Cash and cash equivalents £5,000, Trade and other payables £133,000 and Retained earnings £57,000. Furthermore, we were unable to obtain sufficient appropriate audit evidence in accordance with ISA 500 *Audit Evidence* to audit the profit and loss movements during the period prior to the acquisition from 1 May 2019 to 12 July 2019, the date of acquisition and the remaining balances at 31 December 2019. The amounts we were unable to obtain sufficient appropriate audit evidence are as follows: Income £196,000, Administrative expenses £243,000, Trade and other receivables £141,000, Trade and other payables £129,000, Capital Contributions £116,000 and Retained earnings £104,000. We have been unable to obtain the necessary audit evidence to satisfy ourselves as it is unavailable as a result of the acquisition of the company which occurred in the period. Since the opening balances enter into the determination of the financial performance, we were unable to determine whether adjustments might have been necessary in respect of the loss for the 35-week period reported in the profit and loss account and statement of changes in equity.

Other Matter

The corresponding figures for the period from 1 May 2018 to 30 April 2019 are unaudited.

Opinions on other matters prescribed by the Companies Act 2006

Notwithstanding our disclaimer of an opinion on the financial statements, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUPPA-CINO TRADING LIMITED (continued)

Matters on which we are required to report by exception

Notwithstanding our disclaimer of an opinion on the financial statements, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit performed subject to the pervasive limitation described above, we have not identified material misstatements in the directors' report.

Arising from the limitation of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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:

- 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
- 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 directors' responsibilities statement 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.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the company's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUPPA-CINO TRADING 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

Joanne Mason (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton

Date: 29 April 2021

CUPPA-CINO TRADING LIMITED

Profit and Loss Account for the 35 Weeks Ended 31 December 2019

	Note	35 weeks ended 31-Dec 2019 £ 000	52 weeks ended 30-Apr 2019 £ 000 Unaudited
Income	3	196	495
Administrative expenses	4	(243)	(548)
Operating loss		**(47)**	**(53)**
Finance revenue	6	(10)	-
Finance cost	7	10	(2)
Loss before tax		**(47)**	**(55)**
Tax expense	9	-	-
Loss for the year		**(47)**	**(55)**

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.

CUPPA-CINO TRADING LIMITED

Balance Sheet

as at 31 December 2019

	Note	31 December 2019 £ 000	30 April 2019 £ 000 Unaudited
Assets			
Non-current assets			
Property, plant and equipment	10	-	16
Right of Use Asset - Long term finance lease receivable	11	539	-
		539	16
Current assets			
Right of Use Assets - Short term finance lease receivable	11	246	-
Trade and other receivables	12	141	55
Cash and cash equivalents		-	5
		387	60
Total assets		**926**	**76**
Current liabilities			
Trade and other payables	13	129	133
Income tax liability	9	-	-
Short term lease liabilities	14	246	-
		375	133
Non-current liabilities			
Long term lease liabilities	14	539	-
		539	-
Total liabilities		**914**	**133**
Net assets /(liability)		**12**	**(57)**
Equity			
Called-up share capital	15	-	-
Capital Contributions		116	-
Retained earnings		(104)	(57)
Total equity		**12**	**(57)**

Approved by the Board on and signed on its behalf by:

Jill McDonald

G McDonald
Director

The notes on pages 13 to 27 form an integral part of these financial statements.

CUPPA-CINO TRADING LIMITED

Statement of Changes in Equity for the 35 Weeks Ended 31 December 2019

	Called-up share capital £ 000	Capital contributions £ 000	Retained earnings £ 000	Total £ 000
At 1 May 2018 Unaudited	-	-	(2)	(2)
Loss for the period	-	-	(55)	(55)
Total comprehensive losses	-	-	(55)	(55)
At 30 April 2019 Unaudited	-	-	**(57)**	**(57)**

	Called-up share capital £ 000	Capital contributions £ 000	Retained earnings £ 000	Total £ 000
At 1 May 2019 Unaudited	-	-	(57)	(57)
Loss for the period	-	-	(47)	(47)
Total comprehensive losses	-	-	(47)	(47)
Capital contributions issued	-	116	-	116
At 31 December 2019	**-**	**116**	**(104)**	**12**

Notes to the Financial Statements for the 35 Weeks Ended 31 December 2019

1 General information and basis of preparation

The Company is a private company limited by share capital, incorporated and domiciled in United Kingdom.

The address of its registered office is:
Costa House,
Houghton Hall Business Park,
Porz Avenue, Houghton Regis,
Dunstable,
Bedfordshire,
LU5 5YG

These financial statements were authorised for issue by the Board 28 April 2021.

Accounting policies

Summary of significant accounting policies and key accounting estimates
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.

Basis of preparation
The Company meets the definition of a qualifying entity 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 period represents 35 weeks to 31 December 2019 (prior financial period: 52 weeks to 30 April 2019). The Company is reporting a 35 weeks financial period ended 31 December 2019, to enable its year end to align with its controlling counterpart The Coca-Cola Company, which acquired Costa Limited in January 2019.

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 in relation to share-based payments, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the consolidated financial statements of The Coca-Cola Company.

1 General information and basis of preparation (continued)

Going concern

In order 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 at least 12 months after the date of these financial statements.

The Directors of Costa Limited have undertaken an assessment of Costa Limited and its UK domiciled subsidiaries (the Group) financial forecasts to end of May 2022, including the impact of COVID-19 in the UK. As the Group has a cash-pooling arrangement with financial support provided from Costa Limited to its UK Domiciled subsidiaries, the going-concern assessment has been conducted on a Group basis. The Group has modelled downturn scenarios which have been summarised below that also include mitigations including reducing discretionary marketing and capital spend.

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In forming their view on going concern, the Directors considered the Group's strategic plan, balance sheet position and forward-looking plans, which covered the period to 31 May 2022. Specifically, the following scenarios were prepared:

- The base case position was prepared which included management's assumptions and estimates formulated through experience of lockdowns experienced in 2020 and into 2021.
- The base position is based off the Budget for 2021
- The base position is prudent and assumes:
    - that the lockdown continues for Q2 2021, no government relief has been assumed for furlough, VAT or rate relief; and
    - that quarter one 2022 trading conditions mirror that of quarter one 2021 despite a vaccine being available and the likelihood of a more normal return to pre-pandemic trading conditions. No cash benefits from furlough or VAT reclaims have been assumed.
- Sensitivity analysis performed that suggests if sales missed by 30%, and Costa reduced capex and marketing spend by 50% Costa would still remain cash positive.

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

2 Accounting policies

Changes resulting from adoption of IFRS 16

IFRS 16 Leases became mandatorily effective for the period beginning on or after 1 January 2019. The Company has applied this for the first time in this accounting period which resulted in changes to the accounting policies.

The Company owns the lease title to five property leases which are managed by Costa Limited, the parent company of Cuppa-Cino Trading Limited. The Company has recognised a finance lease receivable from Costa Limited reflecting the usage of the leased assets by the parent company, and a right of use lease liability reflecting the lease commitment payable to the lessor.

Right of Use Asset -Finance Lease Receivables
Amounts due to Cuppa-Cino Trading Limited have been recorded on transition as receivables measured at the Company's net investment in the leases from 1 May 2019.

Right of use liability
The Company transitioned to IFRS 16 using the modified retrospective approach and as a result the cumulative effect of initial application is recognised in retained earnings at 1 May 2019. The prior period figures were not adjusted.

On adoption of IFRS 16, the Company elected to apply the relief provisions available and has not reviewed contracts under the definition of a lease per IFRS 16, which had previously not been classified as leases under the principles of IAS 17. Therefore, only contracts entered into or modified on or after 1 May 2019 have the definition of a lease per IFRS 16 applied.

For leases classified as operating leases under IAS 17, these lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 May 2019. The Company has used the following practical expedients permitted by IFRS 16 when applying this for the first time to leases previously classified as operating leases:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Applied the short-term lease exemptions to leases with a lease term not exceeding 12 months from the date of initial application;
- Applied the low-value assets recognition exemption;
- Relied on its assessment of whether the leases are onerous immediately before the date of initial application;
- Excluded the initial direct costs from measurement of the right-of-use assets at the date of initial application; and
- Used hindsight in determining the lease term where the contract contains options to extent or terminate the lease

The company recognised lease liabilities in relation to leases that were classified as "operating leases" under the principles of IAS 17 - Leases. On transition, an additional £963k (30 Apr 2019 - £nil) of lease liabilities and £963k (30 Apr 2019 - £nil) of finance lease receivables were recognised

2 Accounting policies (continued)

	As originally reported 30 April 2019 £ 000
	Unaudited
Operating lease commitments at 30 April 2019	-
Operating lease commitments discounted at the incremental borrowing rate	-
Adjustments resulting from the different treatment of extension and termination options	995
Less effect of discounting using incremental borrowing rate at adoption	(32)
Lease liabilities recognised at 1 May 2019	**963**

These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 May 2019. The weighted average rate applied was 1.68%.

Impact on Statement of Financial Position as at 1 May 2019

	Presentation as at 30 April 2019 £ 000	IFRS 16 adjustments £ 000	As at 1 May 2019 £ 000
Assets			
Non-current lease receivable	-	716	716
Current lease receivable	-	247	247
	-	**963**	**963**
Liabilities			
lease liabilities - current	-	(247)	(247)
lease liabilities - non-current	-	(716)	(716)
	-	**(963)**	**(963)**

Changes in accounting policy

None of the other standards, interpretations and amendments effective for the first time from 1 May 2019 have had a material effect on the financial statements.

2 Accounting policies (continued)

Revenue recognition

Recognition

The company earns revenue through recharges to Costa Limited for lease-holding expenses.

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

Recharges

The contract has been established for the lease term of the five leases. The transaction price is the periodic leasehold associated expenses as notified by the suppliers in advance. The obligation is satisfied when the supplier has been paid and the intercompany transactions have been recorded as a receivable in Cuppa-Cino Trading Limited and a payable in Costa Limited.

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.

2 Accounting policies (continued)

Tangible assets

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	4 years Straight line

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as Non-current assets.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

Provision for liabilities

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases prior to 1 May 2019

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental payments in respect of operating leases are charged against operating profit on a straight-line basis over the period of the lease. Lease incentives are recognised as a reduction of rental costs over the lease term.

2 Accounting policies (continued)

Leases effective 1 May 2019

Definition

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and finance-lease receivables representing the income from Costa Limited which has the right to use the underlying assets.

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments for the lease term. The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Amounts due from Costa Limited for the use of the leased assets are recorded as a finance lease receivable for the lease term and is measured at the Company's net investment in the leases from 1 May 2019. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment in the lease.

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.

2 Accounting policies (continued)

Financial instruments

Financial assets at fair value through other comprehensive income (FVTOCI)
A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investments that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

If an equity investment is designated as FVTOCI, all gains and losses, except for dividend income, are recognised in other comprehensive income and are not subsequently included in the statement of income.

Financial assets at fair value through the profit or loss (FVTPL)
Financial assets not otherwise classified above are classified and measured as FVTPL.

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.

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.

Key accounting judgements and estimates

The preparation of the 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, the Directors have considered whether there are any such sources of estimation or critical accounting judgements in forming the financial statements and do not consider there to be any for the purposes of disclosure.

3 Income

The analysis of the Company's income for the period from continuing operations is as follows:

	35 weeks ended 31-Dec 2019 £ 000	52 weeks ended 30-Apr 2019 £ 000 Unaudited
Intercompany receivable	196	495
	196	495

The analysis of the Company's income for the period by market is as follows:

	35 weeks ended 31 December 2019 £ 000	52 weeks ended 30 April 2019 £ 000 Unaudited
UK	196	495

4 Administrative expenses

	35 weeks ended 31-Dec 2019 £ 000	52 weeks ended 30-Apr 2019 £ 000 Unaudited
Rent Charges	-	400
Depreciation	16	15
Rates and other sundry expenses	227	133
	243	548

5 Staff costs

The Company has no employees (30 April 2019: no employees) other than the directors, who did not receive any remuneration (30 April 2019: £nil). All fees paid to directors as remuneration are borne by Costa Limited and it is not practical to allocate the amount for services in respect of this Company.

6 Finance revenue

	35 weeks ended 31 December 2019 £ 000	52 weeks ended 30 April 2019 £ 000 Unaudited
Finance interest receivable	10	-

7 Finance costs

	35 weeks ended 31 December 2019 £ 000	52 weeks ended 30 April 2019 £ 000 Unaudited
Interest expense	-	2
Interest expense on right-of-use lease liability	10	-
	10	2

8 Auditors' remuneration

Audit fees for the year of £26,000 were borne by Costa Limited (30 April 2019; £nil).

9 Tax expense

Current Income Tax

	31 December 2019 £ 000	30 April 2019 £ 000 Unaudited
UK Corporation Tax for the period	-	-
Total tax charge in the Income Statement	-	-

The total tax charge on the profit for the period is lower than the standard rate of corporation tax in the UK of 19%

The differences are reconciled below:

	31 December 2019 £ 000
Loss before tax	(47)
UK Corporation Tax for the period	-
Trade losses utilised	-
Total tax charges in the income statement	-

10 Tangible fixed assets

	Plant and machinery etc. £ 000
Cost	
At 1 May 2019 Unaudited	75
Additions	-
At 31 Dec 2019	75
Depreciation and Impairment	
At 1 May 2019 Unaudited	59
Depreciation Charged in the year	16
At 31 Dec 2019	75
Carrying amount	
At 31 Dec 2019	-
At 30 April 2019 Unaudited	16
	16

11 Right of Use Assets Lease receivables

	Current Land & buildings £ 000	Non-current Land & buildings £ 000	Total Land & buildings £ 000
Lease receivable			
As at 1 May 2019	247	716	963
Interest receivable	-	10	10
Lease receipts	-	(188)	(188)
Transfers	(1)	1	-
Balance as at 31 Dec 2019	246	539	785

12 Trade and other receivables

	31 December 2019 £ 000	30 April 2019 £ 000 Unaudited
Intercompany debtors	131	21
Prepayments	10	34
	141	55

13 Trade and other payables

	31 December 2019 £ 000	30 April 2019 £ 000 Unaudited
Trade Creditors	-	3
Intercompany payables	75	-
Directors loans	-	116
Other Creditors	54	14
	129	133

14 Short Term & Long-Term Lease liabilities

	Current	Non-current	Total
	Land & buildings	Land & buildings	Land & buildings
Lease liabilities	**£ 000**	**£ 000**	**£ 000**
Aa at 1 May 2019	247	716	963
Interest expense	-	10	10
lease payments	-	(188)	(188)
Transfers	(1)	1	-
Balance as at 31 Dec 2019	246	539	785

15 Share capital

Allotted, called-up and fully paid shares

	31 December 2019 No.	31 December 2019 £	30 April 2019 No.	30 April 2019 £ Unaudited
Ordinary of £1 each	120	120	100	100
Ordinary A of £1 each	-	-	20	20
	120	120	120	120

20 Ordinary A shares of £1 each were designated ordinary shares of £1 each on acquisition of Cuppa-Cino Trading Limited by Costa Limited on 12 July 2019.

16 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.

17 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.

18 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.

19 Transition to FRS 101

During the period, the Company transitioned to FRS 101, from FRS 102. There was no impact to the prior year values as a result from this change.

These financial statements, for the year ended 31st December 2019, are the first the company has prepared in accordance with FRS 101.

Accordingly, the company has prepared individual financial statements which comply with FRS 101 and the significant accounting policies meeting those requirements are described in the relevant notes. In preparing these financial statements, the company has started from an opening balance sheet as at 1 May 2019, the Company' s date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101.

There are no material reclassifications or remeasurements required as a result of the transition to FRS 101 by the company. There is therefore no change in equity at the transition date of 1 May 2019, equity at the comparative balance sheet date of 31 December 2019 or comprehensive income in the comparative period. Accordingly, reconciliations of this financial information under FRS 102 to FRS 101 have not been presented.

20 Events after the balance sheet date

Shortly after the end of the financial period, the COVID-19 pandemic emerged as a major socio-economic and business event. The Company's strategic response to the pandemic is laid out in the Director's Report

On 23rd March 2020 all Costa stores temporarily closed except for a small percentage supporting key workers were shut following government announcements. During the closure period Costa fitted all stores with protective screens, other appropriate PPE and redesigned stores to meet social distancing requirements. The number of stores that could use collect or delivery from our digital services was also significantly increased. Our stores opened on a phased basis from May with the majority of stores open by August. Trading continued to out-perform expectation despite the UK entering a further phased lockdown from October 2020, entering full lockdown in December 2020 which continued into 2021.

The Directors consider COVID-19 to be a non-adjusting event but it could have a material impact on the Group's turnover, asset recoverability and results for the year ending 31 December 2020.

There are no other post balance sheet events that would require an adjustment or disclosure in the financial statements.