



**STARBUCKS COFFEE COMPANY (UK) LIMITED**

**Registered Number 02959325**

**Report and Financial Statements**

**For the 53 week period ending 2 October 2016**

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# **STARBUCKS COFFEE COMPANY (UK) LIMITED**

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**STARBUCKS COFFEE COMPANY (UK) LIMITED**

**DIRECTORS AND OTHER INFORMATION  
FOR THE PERIOD ENDED 2 OCTOBER 2016**

**DIRECTORS**

A Thurston  
P Harris  
N Shores

**SECRETARY**

A Thurston

**REGISTERED OFFICE**

Chiswick Park  
566 Chiswick High Road  
London  
W4 5YE  
United Kingdom

**AUDITOR**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London  
United Kingdom

**BANKERS**

Citibank  
Citigroup Centre  
Canary Wharf  
London  
E14 5LB  
United Kingdom

**SOLICITORS**

Wragge & Co LLP  
55 Colmore Row  
Birmingham  
B3 2AS  
United Kingdom

## STARBUCKS COFFEE COMPANY (UK) LIMITED

### STRATEGIC REPORT FOR THE PERIOD ENDED 2 OCTOBER 2016

The directors present their strategic report for the 53 week period (2015: 52 weeks) ended 2 October 2016 for Starbucks Coffee Company (UK) Limited ("the Company"). In preparing this Strategic Report, the directors have complied with s414C of the Companies Act 2006.

#### STATE OF AFFAIRS

The profit for the period, after taxation, is £6,663,484 (2015: £25,773,052). The directors do not recommend payment of a dividend (2015: £nil).

The Company has adopted FRS 101 – *Reduced Disclosure Framework* and has taken advantage of the disclosure exemptions allowed under this standard.

The Company's key financial and other performance indicators during the period were as follows

	2016	2015
	£	£
Turnover (Continuing operations)	379,863,586	405,641,634
Operating profit	6,371,903	27,877,483
Profit for the financial period	6,663,484	25,773,052
Shareholder's equity	66,198,800	57,705,649
Current assets as a % of current liabilities (' <i>quick ratio</i> ')	180.08%	133.80%

The full results for the period are shown on page 11. Starbucks in the UK has experienced significant economic and geopolitical headwinds this year which affected sales, including slowing economic growth, impact of Brexit and ongoing security concerns contributing to weakening consumer confidence. The general consumer environment was more cautious than the prior year, with footfall noticeably down across the store estate leading to lower sales.

The Company continues to deliver on its successful strategy by transferring equity stores to license and franchise partners. Gross profit for the period fell by 24.5% to £80,909,786 (2015: £107,192,144). The operating margin weakened to 1.7% (2015: 6.9%).

Profit before tax decreased to £13,382,634 (2015: £34,216,739) which was impacted by a lower footfall and a decrease to 1.0% in comparable (like for like) sales (2015: 3.8%). While external factors had a significant impact on the performance of the business during the period, measures continue to be taken to implement our strategy to balance the portfolio and continue to improve profitability, including: the renegotiation of leases and the closure of unprofitable stores; continued focus on reducing costs; lower expenditure and administrative costs due to opening more franchise stores and an associated fall in headcount and thus staff costs of 10.9%.

The Company has increased the number of licensed stores and franchised stores by a net 9 and 105 respectively. We have been very encouraged by the performance of these stores and the Company expects more to open in FY2017.

The Company has continued to see a reduction in equity store employee (partner) numbers and associated costs with a net 62 equity stores sold or closed during the year and costs driven

## **STARBUCKS COFFEE COMPANY (UK) LIMITED**

### **STRATEGIC REPORT (continued) FOR THE PERIOD ENDED 2 OCTOBER 2016**

#### **STATE OF AFFAIRS (continued)**

by the strategic shift to more franchise activity, with a greater number of partners shifting to franchise stores.

The board believes that good environmental practices support the Company's strategy by enhancing the reputation of the Company, the efficiency of production and the quality of products. Consequently, the Company continues to put environmental responsibilities high on the agenda.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The retail specialty coffee market environment remains highly competitive with all of the main players seeking to grow market penetration. The Company's objective is to maintain Starbucks as a well-recognised and respected brand. To achieve this goal, the Company plans to grow revenue and profits in existing stores and other channels, to add new stores through a disciplined approach, and to introduce relevant new products.

The potential business risks and uncertainties which could have a significant effect on the achievement of these objectives are shown below:

- Economic conditions;
- Damage to the brand by not maintaining product integrity or by not innovating new products, thereby failing to satisfy the existing customer base or attract new customers;
- Failure to anticipate, appropriately invest in and effectively manage the human, information technology and logistical resources necessary to support the growth of the business. This includes ensuring the competence to deliver the Starbucks Experience to millions of customers through multiple sites;
- Adverse impacts resulting from negative publicity regarding the Company's business practices or the health effects of consuming its products;
- Loss of business confidence through failure to maintain or build market share in the intensely competitive UK specialty coffee market;
- Failure to comply with applicable laws and regulations could harm our business and financial results;
- Significant increase in the market price or significant decrease in the availability of high-quality Arabica coffee or fluid milk could adversely affect the Company's business and financial results; and
- Foreign currency risk exposure.

The key elements of our system of internal control that minimise and mitigate against the perceived risks are:

**Delegation:** there is a clear organisational structure with lines of authority and responsibility for control; procedures for reporting decisions, actions and issues. This structure enables management to control activities and resolve issues in a prompt and effective manner.

**Reporting:** the managing board approves and reviews the annual operating plan and quarterly forecasts. Key business performance indicators are reviewed and monitored on a regular basis. This ensures the Company maintains performance standards in respect of, but not limited to, financial results, beverage and food experience to customers, cleanliness of stores and health and safety issues.

**STARBUCKS COFFEE COMPANY (UK) LIMITED**

**STRATEGIC REPORT (continued)  
FOR THE PERIOD ENDED 2 OCTOBER 2016**

**PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

Internal audit: an internal audit function, based in Seattle, conducts an annual evaluation of the Company's internal control over financial reporting which includes a written assessment of the effectiveness of such controls under Section 404 Sarbanes-Oxley Act.

Financial risk management: the financial risk management objectives and policies are designed to ensure that the Company has sufficient proceeds from financial assets to fund obligations from liabilities as they fall due. The most important components of financial risks are interest rate risk, currency risk, credit risk, cash flow risk and price risk. The Company does not have any third party loans. It relies on the support of its ultimate parent, Starbucks Corporation, which is able to provide loans as required.

Due to this policy and the nature of the Company's business as a retailer, the directors consider interest rate risk, cash flow risk and credit risk are mitigated. Interest rate hedging has not been considered necessary during the period. The directors consider the most relevant financial risks are price risk and currency risk. Although coffee prices are subject to considerable volatility, Starbucks tends to trade on a negotiated basis with long term partners at a substantial premium above commodity coffee prices. The directors consider that these two factors reduce exposure to price risk. The business does not currently consider its foreign exchange exposure to be significant and hence does not have any forward contracts in place.

By Order of the Board on 5 April 2017

A handwritten signature in black ink, appearing to be 'P Harris', with a large loop at the start and a long horizontal stroke at the end.

**P Harris**  
Director

## **STARBUCKS COFFEE COMPANY (UK) LIMITED**

### **DIRECTORS' REPORT FOR THE PERIOD ENDED 2 OCTOBER 2016**

The directors present their report and the audited financial statements of Starbucks Coffee Company (UK) Limited ("the Company") for the 53 week period ended 2 October 2016 (2015: 52 week period ended 27 September 2015).

Disclosures required under s416 (4) which have been elevated to the strategic report are:

- Financial risk management objectives and policies.

### **DIRECTORS**

The directors of the Company who served throughout the period, except as noted, were:

C Carter (resigned 21 December 2015)

A Thurston

M Fox (resigned 29 April 2016)

R Iley (appointed 21 December 2015, resigned 10 January 2017)

P Harris (appointed 21 December 2015)

N Shores (appointed 8 November 2016)

### **DIVIDENDS**

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

### **PRINCIPLE ACTIVITIES**

The principle activities of the Company are the retail and wholesale trade of gourmet coffee, tea and related products in the United Kingdom.

### **GOING CONCERN**

As discussed in the Strategic Report, the Company is profitable, and meets its day-to-day working capital requirements through cash generated through its ongoing activities.

Having taken account of the profitability and the Company's forecasts and projections, notwithstanding the current uncertain economic conditions, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### **FUTURE DEVELOPMENTS**

The Company is cautious on the outlook going into 2017 due to persistent economic and geopolitical headwinds including slowing economic growth, the impact of Brexit and ongoing security concerns affecting consumer confidence. While these factors will impact comparable (like for like) sales per store, we expect the business to hold up well as we maintain focus on cost management alongside the strategic realignment of our portfolio.

### **EVENTS SINCE THE BALANCE SHEET DATE**

There have been no material events since the balance sheet date, which impact the results reported in these accounts or which require disclosure.

## **STARBUCKS COFFEE COMPANY (UK) LIMITED**

### **DIRECTORS' REPORT (continued) FOR THE PERIOD ENDED 2 OCTOBER 2016**

#### **DISABLED EMPLOYEES (PARTNERS)**

The Company recognises its responsibility towards disabled individuals and gives full and fair consideration to applicants in positions suited to their particular abilities where appropriate openings exist. Where employees become disabled during their service, every effort is made to provide them with meaningful support and assistance and continued employment.

#### **EMPLOYEE (PARTNER) INVOLVEMENT**

Starbucks believes our partners are integral to the success of the business and is committed to supporting them through a number of initiatives.

In September 2015, Starbucks announced plans to extend the National Living Wage to all partners, including those aged under 25. This commitment to the National Living Wage recommendations came into effect on the 1<sup>st</sup> of April 2016, increasing the basic pay to £7.20 per hour for all employees, including apprentices and more than 4,500 members of staff who are under 25.

Additionally, as part of the September 2015 announcement, Starbucks has implemented the 'Home Sweet Loan' programme, developed by Shelter as the Tenancy Deposit Loan Scheme. This programme provides interest-free loans to help partners pay rental deposits when they are moving into a new home.

The Company is committed to supporting the UK Skills Agenda. At a time of record youth unemployment, we are very pleased to be able to play our part in helping committed young people acquire new skills and paid employment. Our priority is to inspire and enable 16 to 18 year olds, and beyond, to build sustainable life and career development through an educational route that works for them, while facing the realities of paying the bills. This is through apprenticeships, working with local schools and colleges and also being one of two leading employers to support the NCS Head start programme. This focuses on helping young people to be successful in work by volunteering and completing employability workshops and understanding how those skills can be an alternative to the traditional educational route.

We continue to make progress in developing our partners and we remain committed to our apprenticeship programmes. Within the last 12 months, we started a further 206 apprenticeships, bringing the total to 1,219 apprenticeships starts across different levels, since we launched the programme in April 2012.

We will continue to commit to apprenticeships in 2017 and aspire to offer a further 200 apprentices across level 2 (barista), level 3 (shift supervisor), levels 4 and 5 higher apprenticeships for store and district managers, as well as a suite of apprenticeships in a variety of different disciplines all the way up to level 6, Degree, for our head office support centre and field based partners. In addition to this, we have extended our apprenticeship programmes to our franchise partners, with take-up already on both our level 2 and 3 programmes.

We are committed to supporting our franchised owners to provide great training for partners. By focusing on the partner experience, we have seen partner retention improve whilst enabling us to fill skills gaps and improve our bench strength.



## **STARBUCKS COFFEE COMPANY (UK) LIMITED**

### **DIRECTORS' REPORT (continued) FOR THE PERIOD ENDED 2 OCTOBER 2016**

We have made good progress in providing ongoing support for our retail leadership teams having focused on coaching to improve performance with district managers and store managers. We have seen an improvement in leadership particularly around engaging and developing their teams and enhancing the customer experience. We will continue in FY17 to focus on enhancing partners' skills and confidence to lead their team – whether in retail or support roles.

Starbucks continues to engage with partners through listening groups and the partner blend committee – which is akin to an employee council. We are able to effectively engage in two way communication and encourage partners to help us continue to improve our business processes and key performance indicators.

### **DIRECTORS' LIABILITIES**

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

### **AUDITOR**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is not aware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself 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 provision of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By Order of the Board on 5 April 2017



**P Harris**  
Director

## **STARBUCKS COFFEE COMPANY (UK) LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PERIOD ENDED 2 OCTOBER 2016**

The directors are responsible 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework" 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; 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STARBUCKS COFFEE COMPANY (UK) LIMITED**

We have audited the financial statements of Starbucks Coffee Company (UK) Limited for the period ended 2 October 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 25. 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), including FRS 101 "Reduced disclosure framework".

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, 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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2 October 2016 and of its profit for the 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 matters prescribed by the Companies Act 2006**

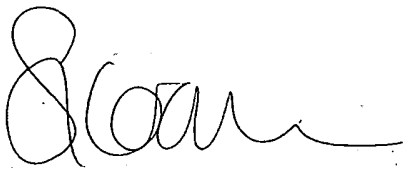
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
STARBUCKS COFFEE COMPANY (UK) 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.



Sukhbinder Kooner (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
5 April 2017

**STARBUCKS COFFEE COMPANY (UK) LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 2 OCTOBER 2016**

		<b>Period ended 2 October 2016</b>	<b>Period ended 27 September 2015</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>TURNOVER</b>	3	379,863,586	405,641,634
Cost of sales		<u>(298,953,800)</u>	<u>(298,449,490)</u>
<b>GROSS PROFIT</b>		<b>80,909,786</b>	<b>107,192,144</b>
Administrative expenses		<u>(74,537,883)</u>	<u>(79,314,661)</u>
<b>OPERATING PROFIT</b>	4	<b>6,371,903</b>	<b>27,877,483</b>
Profit on sale of tangible fixed assets	3	<u>6,710,469</u>	<u>6,209,990</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE FINANCE INCOME/(CHARGE)</b>		<b>13,082,372</b>	<b>34,087,473</b>
Interest receivable and similar income	7	301,298	132,874
Interest payable and similar charges	8	<u>(1,306)</u>	<u>(3,608)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>13,382,364</b>	<b>34,216,739</b>
Tax expense for the period	9	<u>(6,718,880)</u>	<u>(8,443,687)</u>
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b><u>6,663,484</u></b>	<b><u>25,773,052</u></b>

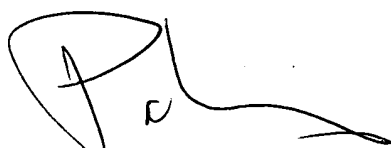
**STARBUCKS COFFEE COMPANY (UK) LIMITED**

**BALANCE SHEET  
AS AT 2 OCTOBER 2016**

		<b>2 October 2016</b>	<b>27 September 2015</b>
	Note	£	£
<b>FIXED ASSETS</b>			
Tangible fixed assets	10	39,323,082	45,030,069
		<u>39,323,082</u>	<u>45,030,069</u>
<b>CURRENT ASSETS</b>			
Deferred tax asset	16	465,415	1,345,485
Stocks	11	1,736,915	1,585,099
Debtors:			
- Amounts falling due within one year	12	78,926,622	34,374,351
- Amounts falling due after one year	13	710,168	1,531,507
		<u>79,636,790</u>	<u>35,905,858</u>
Cash at bank and in hand		12,911,423	73,603,577
		<u>94,750,543</u>	<u>112,440,019</u>
<b>CREDITORS - amounts falling due within one year</b>	14	<u>(52,614,808)</u>	<u>(84,037,783)</u>
<b>NET CURRENT ASSETS</b>		<u>42,135,735</u>	<u>28,402,236</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>81,458,817</b>	<b>73,432,305</b>
<b>CREDITORS - amounts falling due after more than one year</b>			
Accruals and deferred income	15	(15,260,017)	(15,726,656)
<b>NET ASSETS</b>		<u>66,198,800</u>	<u>57,705,649</u>
<b>CAPITAL AND RESERVES</b>			
Equity share capital	17	316,985	316,985
Share premium	18	330,789,024	330,789,024
Retained deficit	19	(264,907,209)	(273,400,360)
<b>SHAREHOLDER'S FUNDS</b>		<u>66,198,800</u>	<u>57,705,649</u>

The notes on pages 14 to 27 are an integral part of these financial statements.

The financial statements of Starbuck Coffee Company (UK) Limited (registered number 02959325) were approved by the board of directors on 5 April 2017 and were signed on its behalf by



**P Harris**

Director

**STARBUCKS COFFEE COMPANY (UK) LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 2 OCTOBER 2016**

	Equity share capital £	Share premium £	Retained deficit £	Total equity £
<b>At 28 September 2014</b>	<b>316,985</b>	<b>330,789,024</b>	<b>(301,579,125)</b>	<b>29,526,884</b>
Profit for the period	-	-	25,773,052	25,773,052
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>25,773,052</b>	<b>25,773,052</b>
Capital contribution for equity settled share based payments	-	-	2,405,713	2,405,713
<b>At 27 September 2015</b>	<b>316,985</b>	<b>330,789,024</b>	<b>(273,400,360)</b>	<b>57,705,649</b>
Profit for the period	-	-	6,663,484	6,663,484
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>6,663,484</b>	<b>6,663,484</b>
Capital contribution for equity settled share based payments	-	-	1,829,667	1,829,667
<b>At 2 October 2016</b>	<b>316,985</b>	<b>330,789,024</b>	<b>(264,907,209)</b>	<b>66,198,800</b>

The notes on page 14 to 27 are an integral part of these financial statements.

# **STARBUCKS COFFEE COMPANY (UK) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 OCTOBER 2016**

### **1. Authorisation of financial statements and statement of compliance with FRS 101**

The financial statements of Starbucks Coffee Company (UK) Limited (the “Company”) for the period ended 2 October 2016 were authorised for issue by the board of directors on 5 April 2017 and the balance sheet was signed on the board’s behalf by P Harris.

Starbucks Coffee Company (UK) Limited is incorporated in the United Kingdom and registered in England and Wales.

The Company has applied Financial Reporting Standard 101 ‘Reduced Disclosure Framework’ (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

The Company’s financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates in and all values are rounded to the nearest pound (£) except when otherwise indicated.

These financial statements are separate financial statements. The Company has taken advantage of the exemption under s401 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Starbucks Corporation.

The results of Starbucks Coffee Company (UK) Limited are included in the consolidated financial statements of Starbucks Corporation which are available from the Investor Relations section of the Starbucks website at [investor.starbucks.com](http://investor.starbucks.com).

### **2. Summary of significant accounting policies**

#### **2.1. Basis of preparation**

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

The Company has adopted FRS 101 for all periods presented. The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 2 October 2016. The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- (c) the requirement in paragraph 38 of IAS 1 ‘Presentation of Financial Statements’ to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
- (d) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- (e) the requirements of IAS 7 Statement of Cash Flows;
- (f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and



## STARBUCKS COFFEE COMPANY (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 OCTOBER 2016

#### 2.1. Basis of preparation (continued)

- (h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

#### 2.2. Significant accounting judgements, estimates and assumptions

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

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

##### *Functional currency*

The functional currency is the currency of the primary economic environment in which the Company operates. IAS 21, "The effects of Changes in Foreign Exchange Rates", requires the company to consider certain indicators when determining the functional currency of the Company. Management applies judgement to determine the functional currency of the Company based on the Company's relevant facts and circumstances. Management has determined the functional currency to be pounds sterling.

##### *Impairment of tangible assets*

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## STARBUCKS COFFEE COMPANY (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 OCTOBER 2016

#### 2.2. Significant accounting judgements, estimates and assumptions (continued)

##### *Taxation*

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. Further details are contained in note 9.

#### 2.3. Significant accounting policies

##### *a) Foreign currency translation*

The company's financial statements are presented in Sterling, which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

##### *b) Financial assets*

###### *Initial recognition and measurement*

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and short-term deposits.

###### *Impairment of financial assets*

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

##### *c) Financial liabilities*

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are

## STARBUCKS COFFEE COMPANY (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 OCTOBER 2016

#### 2.3. Significant accounting policies (continued)

recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Amounts owed to group undertakings are recognised at amortised cost, using the Effective Interest Rate ("EIR") method.

#### *Interest-bearing loans and borrowings*

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

#### *d) Fair values*

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

#### *e) Tangible fixed Assets*

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets to write off their cost, less estimated residual value, on a straight line basis over their estimated useful lives as follows:

Short leasehold property	Length of the lease
Fixtures and fittings	4-7 years
Plant and equipment	3-5 years

Assets in the course of construction are stated at cost and are not depreciated as they are not in use at the period end.

#### *f) Stocks*

Stocks are stated at the lower of their cost and net realisable value.

#### *g) Cash and short-term deposits*

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

#### *h) Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

## **STARBUCKS COFFEE COMPANY (UK) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 OCTOBER 2016**

#### **2.3. Significant accounting policies (continued)**

##### ***i) Income taxes***

The income taxes are calculated in accordance with tax requirements in the UK.

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 by the balance sheet date.

Deferred income 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:

- deferred income 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; and
- 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.

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

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 credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

##### ***j) Revenue Recognition***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding rebates, value added tax and other sales taxes.

##### ***k) Operating leases***

Payments made under operating leases are charged to the profit and loss account on a straight line basis over the lease term, even if payments are not made on this basis. Premiums paid to former tenants to acquire operating leases are classified as prepayments and amortised over the lease term.

# STARBUCKS COFFEE COMPANY (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 OCTOBER 2016

### 3. TURNOVER

	Period ended 2 October 2016 £	Period ended 27 September 2015 £
Company owned stores	283,978,004	335,840,309
Licensing	26,746,220	24,337,006
Foodservices, franchising and other	69,139,362	45,464,319
<b>Turnover from continuing operations</b>	<b>379,863,586</b>	<b>405,641,634</b>
<b>Other operating income</b>		
Interest receivable and other similar income	301,298	132,874
Profit from disposal of fixed assets	6,710,469	6,209,990
<b>Total turnover</b>	<b>386,875,353</b>	<b>411,984,498</b>

Turnover from continuing operations represents the invoiced amount of goods and services supplied in the period net of VAT and discounts.

All turnover derives from the Company's principal activities in the UK.

Company operated retail store revenues are recognised when payment is tendered at the point of sale. Other revenue consists primarily of product sales to customers other than through company-operated retail stores, as well as royalties and other fees generated from licensing operations. Sales of coffee, tea and related products are generally recognised upon shipment to customers, depending on contract terms.

No revenue was derived from exchanges of goods or services.

### 4. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging/(crediting):

	Period ended 2 October 2016 £	Period ended 27 September 2015 £
Fees payable to the Company's auditor (see note 5)	193,510	158,335
Operating leases - land and buildings	41,542,340	46,732,768
Royalties and license fees	26,921,977	27,343,682
Foreign exchange losses/(gains)	1,307,117	(505,308)
Share-based payments	1,829,667	2,405,713
Depreciation of tangible fixed assets	10,693,036	16,041,815
Impairment/(Reversal of impairment) of tangible fixed assets	1,755,897	(7,441,700)
(Profit)/loss on disposal of tangible fixed assets (see note 10)	(6,710,469)	(6,209,990)
Staff costs (see note 6)	90,157,663	101,223,303

The impairment loss of £1,755,897 (2015: reversal of impairment of £7,441,700) was measured by reference to the value in use of the assets over the next five years using an assumed growth rate of 2.5% (2015: 2.5%) and a discount rate of 1.84% (2015: 2.47%).

# STARBUCKS COFFEE COMPANY (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 OCTOBER 2016

### 5. AUDITOR'S REMUNERATION

Fees payable to Deloitte LLP for the audit of the company's annual accounts were £106,000 (2015: £98,500).

Fees payable to Deloitte LLP for non-audit services to the company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

### 6. STAFF COSTS AND DIRECTORS' REMUNERATION

	Period ended 2 October 2016	Period ended 27 September 2015
<b>Staff costs, including directors</b>	<b>£</b>	<b>£</b>
Wages and salaries	85,046,309	94,585,051
Social security costs	4,391,270	6,078,277
Other pension costs	720,084	559,975
	<u>90,157,663</u>	<u>101,223,303</u>
<b>Average number employed</b>	<b>No.</b>	<b>No.</b>
Store partners	5,601	6,652
Administration	188	196
	<u>5,789</u>	<u>6,848</u>
<b>Directors' remuneration</b>	<b>£</b>	<b>£</b>
Emoluments	673,114	832,293
Pension scheme contributions	4,000	11,359
	<u>677,114</u>	<u>843,652</u>
<b>Highest paid director</b>	<b>£</b>	<b>£</b>
Emoluments	558,666	276,395
Pension scheme contributions	4,000	6,447
	<u>562,666</u>	<u>282,842</u>
	<b>No.</b>	<b>No.</b>
The number of directors who were members of pension schemes was as follows:	2	4

**STARBUCKS COFFEE COMPANY (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 OCTOBER 2016**

**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>Period ended 2 October 2016 £</b>	<b>Period ended 27 September 2015 £</b>
<b>Interest receivable:</b>		
Bank interest receivable	221,661	121,957
Interest receivable from third parties	79,637	10,917
	<u>301,298</u>	<u>132,874</u>

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>Period ended 2 October 2016 £</b>	<b>Period ended 27 September 2015 £</b>
<b>Interest Payable:</b>		
Interest payable to third parties	1,306	3,608
	<u>1,306</u>	<u>3,608</u>

**9. TAXATION**

	<b>Period ended 2 October 2016 £</b>	<b>Period ended 27 September 2015 £</b>
<b>Corporation tax:</b>		
UK corporation tax	2,965,111	7,748,196
Adjustments in respect of prior years		
- UK corporation tax	2,873,699	371,597
	<u>5,838,810</u>	<u>8,119,793</u>
Deferred tax (see note 16)	880,070	323,894
	<u>6,718,880</u>	<u>8,443,687</u>

Corporation tax is calculated at 20.0 per cent (2015: 20.5 per cent) of the estimated taxable profit for the year.

# STARBUCKS COFFEE COMPANY (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 OCTOBER 2016

### 9. TAXATION (Continued)

The Finance Act 2016 (which was substantively enacted on 15 September 2016) provides for further reductions in the main tax rate down to 19% effective from 1 April 2017 and to 17% effective from 1 April 2020.

The charge for the year can be reconciled to the profit in the profit and loss account as follows:

	Period ended 2 October 2016 £	Period ended 27 September 2015 £
Profit before tax on continuing operations	<u>13,382,364</u>	<u>34,216,739</u>
Tax at the UK corporation tax rate of 20.0% (2015: 20.5%)	2,676,473	7,014,431
Tax effect of expenses not deductible for tax purposes	(2,353,528)	269,713
Fixed asset temporary differences not recognised	2,489,154	486,395
Share based payments	330,982	301,551
Temporary differences on expenses	702,100	-
Adjustments in respect of prior years	<u>2,873,699</u>	<u>371,597</u>
<b>Tax expense for the year</b>	<u><b>6,718,880</b></u>	<u><b>8,443,687</b></u>



**STARBUCKS COFFEE COMPANY (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 OCTOBER 2016**

**10. TANGIBLE FIXED ASSETS**

	Short leasehold property £	Fixtures and fittings £	Plant and equipment £	Asset retirement obligation £	Assets in course of construction £	Total £
<b>Cost</b>						
As at 27 September 2015	88,714,119	51,580,626	37,363,629	3,381,754	2,430,552	183,470,680
Additions	7,114,288	463,641	6,399,600	-	(1,254,250)	12,723,279
Disposals	(24,805,060)	(406,376)	(6,843,076)	(222,954)	1,389,072	(30,888,394)
As at 2 October 2016	71,023,347	51,637,891	36,920,153	3,158,800	2,565,374	165,305,565
<b>Depreciation</b>						
As at 27 September 2015	70,527,944	30,097,162	34,508,890	3,306,615	-	138,440,611
Charge for the year	7,547,904	(249,075)	3,394,207	-	-	10,693,036
Disposals	(19,506,902)	22,004	(5,212,418)	(209,745)	-	(24,907,061)
Impairment	1,240,077	418,309	97,511	-	-	1,755,897
As at 2 October 2016	59,809,023	30,288,400	32,788,190	3,096,870	-	125,982,483
<b>Net book value</b>						
As at 2 October 2016	11,214,324	21,349,491	4,131,963	61,930	2,565,374	39,323,082
As at 27 September 2015	18,186,175	21,483,464	2,854,739	75,139	2,430,552	45,030,069

**11. STOCKS**

	2 October 2016	27 September 2015
	£	£
Goods for resale	1,736,915	1,585,099

There is no material difference between the balance sheet value of stocks and their replacement cost.

**STARBUCKS COFFEE COMPANY (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 OCTOBER 2016**

**12. DEBTORS – amounts falling due within one year**

	<b>2 October 2016</b>	<b>27 September 2015</b>
	<b>£</b>	<b>£</b>
Trade debtors	16,020,828	13,539,068
Other debtors	4,548,770	7,032,280
Amounts due from other group undertakings	46,235,856	1,065,428
Prepayments	12,121,168	12,737,575
	<u>78,926,622</u>	<u>34,374,351</u>

**13. DEBTORS – amounts falling due after more than one year**

	<b>2 October 2016</b>	<b>27 September 2015</b>
	<b>£</b>	<b>£</b>
Prepayments	710,168	1,531,507
	<u>710,168</u>	<u>1,531,507</u>

**14. CREDITORS – amounts falling due within one year**

	<b>2 October 2016</b>	<b>27 September 2015</b>
	<b>£</b>	<b>£</b>
Trade creditors	5,491,236	4,594,592
Amounts owed to group undertakings	17,009,701	42,248,803
Other taxation and social security	11,438,803	11,665,302
Other creditors	2,642,133	2,903,586
Accruals	14,746,342	21,993,626
Deferred income	1,286,593	631,874
	<u>52,614,808</u>	<u>84,037,783</u>

**STARBUCKS COFFEE COMPANY (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 OCTOBER 2016**

**15. CREDITORS – amounts falling due after more than one year**

	<b>2 October 2016</b>	<b>27 September 2015</b>
	<b>£</b>	<b>£</b>
Accruals	4,557,280	5,973,607
Deferred income	10,702,737	9,753,049
	<u>15,260,017</u>	<u>15,726,656</u>

In July 2015, the Company acquired the rights to operate the Starbucks store value card from Starbucks Card Europe Limited. The deferred income balance relate to amounts placed on the store value cards by customer.

**16. DEFERRED TAX**

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	<b>Defined contribution obligations</b>	<b>Share based payments</b>	<b>Lease premium adjustments</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 27 September 2015	2,696	634,378	708,411	1,345,485
Charge/(credit) to profit or loss	13,961	(330,982)	(563,049)	(880,070)
At 2 October 2016	<u>16,657</u>	<u>303,396</u>	<u>145,362</u>	<u>465,415</u>

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	<b>2 October 2016</b>	<b>27 September 2015</b>
	<b>£</b>	<b>£</b>
Deferred tax liabilities	-	-
Deferred tax asset	465,415	1,345,485
	<u>465,415</u>	<u>1,345,485</u>

At the balance sheet date the deferred tax asset not recognised in the financial statements, principally in relation to capital allowances and other short term timing differences amounts to £30,664,336 (2015: £32,593,189).

**STARBUCKS COFFEE COMPANY (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 OCTOBER 2016**

**17. EQUITY SHARE CAPITAL**

	2 October 2016	27 September 2015
	£	£
<b>Authorised</b>		
<b>Allotted, called-up and fully-paid</b>		
3,169,850 ordinary shares of £0.10 each	316,985	316,985

**18. SHARE PREMIUM ACCOUNT**

	2 October 2016	27 September 2015
	£	£
Balance	330,789,024	330,789,024

**19. PROFIT AND LOSS ACCOUNT**

	£
Balance at 27 September 2015	(273,400,360)
Net profit for the year	6,663,484
Capital contribution for equity-settled share-based payments	1,829,667
As at 2 October 2016	(264,907,209)

**20. CONTINGENT LIABILITIES AND COMMITMENTS**

At 2 October 2016, the Company had entered into commitments for capital expenditure of £2,604,259 (2015: £1,322,530).

At the balance sheet date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>Land &amp; Buildings</b>	
	Period ended 2 October 2016	Period ended 27 September 2015
	£	£
<b>Leases expiring in</b>		
Less than one year	5,076,145	5,215,339
Within two to five years	17,017,629	16,338,780
More than five years	18,643,065	18,721,369
	40,736,839	40,275,488

Operating lease payments represent rentals payable by the group for certain of its office properties. Leases are negotiated for an average term of 15 years and rentals are fixed for an average of 5 years with an option to extend for a further 5 years at the then prevailing market rate. Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

## **STARBUCKS COFFEE COMPANY (UK) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 OCTOBER 2016**

#### **21. SHARE BASED PAYMENTS**

##### **Equity-settled share option scheme**

The Company participates in a share option scheme for all employees. Options are exercisable on the shares of the ultimate parent company, Starbucks Corporation, at a price equal to the estimated fair value of the parent company's shares on the date of grant.

The weighted average share price at the date of exercise for share options exercised during the period was \$28.84. The options outstanding at 2 October 2016 had exercise prices ranging from \$4.32 to \$61.87, and a weighted average remaining contractual life of 10 years. In fiscal 2016, options were granted on 16<sup>th</sup> November 2015. The aggregate of the estimated fair values of the options granted on that date is \$5,849,065.

#### **22. PARENT COMPANY AND ULTIMATE PARENT COMPANY**

The Company's immediate parent company and controlling party is Starbucks Coffee Holdings (UK) Limited, a company incorporated in the United Kingdom and registered in England and Wales. Starbucks Corporation a company registered in the state of Washington, USA, is considered to be the ultimate parent and controlling party, and is the largest and smallest group in which the results of the Company are consolidated.

Copies of the consolidated accounts of Starbucks Corporation can be obtained from the Investor Relations section of the Starbucks website at [investor.starbucks.com](http://investor.starbucks.com).

#### **23. RETIREMENT BENEFIT SCHEMES**

##### **Defined contribution schemes**

The Company operates defined contribution retirement benefit schemes for all qualifying partners. The assets of the schemes are held separately from those of the company in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the company are reduced by the amount of forfeited contributions.

The total cost charged to income of £720,084 represents contributions payable to these schemes by the company at rates specified in the rules of the plans. As at 2 October 2016, contributions of £87,670 due in respect of the current reporting period had not been paid over to the schemes.

#### **24. RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemption granted by FRS 101 *Reduced Disclosure Framework* in relation to paragraph 17 of IAS 24 Related Party Disclosures not to disclose related party transactions with wholly owned Starbucks group companies.

#### **25. EVENTS SINCE THE BALANCE SHEET DATE**

There have been no material events since the balance sheet date, which impact the results reported in these accounts or which require disclosure.