

Costa International Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

Company Number: 01416662



COSTA INTERNATIONAL LIMITED

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COSTA INTERNATIONAL LIMITED

Company Information

Registered number 01416662

Directors A Cook
J Crookall
G Mowat
M Otard (American)
P Schaillee (Belgian)

Company secretary S Savjani

Registered office 3 Knaves Beech Business Centre,
Davies Way, Loudwater,
High Wycombe,
Buckinghamshire,
HP10 9QR,
United Kingdom.

Statutory auditor Ernst & Young
Chartered Accountants,
Ernst & Young Building,
Harcourt Centre,
Harcourt Street,
Dublin 2,
Ireland.

COSTA INTERNATIONAL LIMITED

Strategic Report for the Year Ended 31 December 2022

The Directors present their Strategic Report on Costa International Limited (also referred to as the “Company” or “Costa”) for the year ended 31 December 2022. Where referenced, ‘Costa Group’ and ‘Costa Coffee’ refers to the Company and all of its directly and indirectly owned subsidiaries, together with its parent undertaking, Costa Limited, and all of Costa Limited’s directly and indirectly owned subsidiaries.

Principal Activity

The Company operates as the international franchisor of the Costa brand. Costa Coffee continues to establish an international omni-channel strategy with equity stores, franchises and wholesale operations in Europe, United States of America, Asia Pacific, the Middle East and Africa.

Business review

The Directors believe that this omni-channel “Total Coffee Company” strategy represents a unique proposition and that the Company has the capacity to further build on its international foundations with strong backing from The Coca-Cola Company, the ultimate parent undertaking. Costa’s fast-moving consumer goods (FMCG) business continues to grow, through accessing the Coca-Cola distribution network. Costa is well placed to continue to grow its multi-market and platform business.

The Company saw year on year growth in its turnover and operating profit from the continued expansion of its global operations.

In Europe, the Company’s partnership with Coca-Cola Europacific Partners and Coca-Cola Hellenic Bottling Company generated growth in its FMCG and business to business (B2B) across multiple markets, with 8,871 B2B placements by the end of 2022. Due to the ongoing situation in Russia, the Company closed all 26 of its franchise stores in the country.

In MENA, the Company launched new franchise businesses in Morocco, Oman and Bahrain, and opened 54 stores across the region in 2022. It also signed a significant number of new franchise partners across the region in advance of 2023.

In Asia, the Company’s franchise partner in India more than doubled the number of Costa stores to a total of 103 stores by the end of the year, and a new franchise business was launched in Pakistan.

The Company’s B2B business continued its expansion across multiple markets in Asia (China, Japan, Singapore, and Malaysia), Mexico and in the United States of America, with 7,169 B2B placements by the end of 2022.

The profit for the year, after taxation, was £15,619,000 (2021: loss of £855,000).

The Company’s key financial and other performance indicators during the year were as follows:

	2022 £’000	2021 £’000	Change
Turnover (continuing operations)	18,456	15,696	18 %
Operating profit	17,495	1,113	1,472 %
Profit/(loss) for financial year	15,619	(855)	1,927 %
Shareholder’s equity	132,596	116,977	13 %

Operating profit has increased year on year, primarily driven by increased turnover as the Company emerges from Covid and improved trading conditions, as well as the reversal of impairments recognised in the prior year for intercompany recoverability. The Company made a profit after tax of £15.6m (2021: loss of £855k), driven by year on year increases in operating profit less the tax charge. Shareholder’s equity has increased as a result of the profit after tax in the year.

COSTA INTERNATIONAL LIMITED

Strategic Report for the Year Ended 31 December 2022 (continued)

Principal risks and uncertainties

Brand perception

Risk: A long-term decline in the customer perception of the Company's brand impacts its ability to grow and achieve appropriate levels of return.

Mitigation: The Company ensures that it has a well-known brand that is well marketed to consumers. Across all key markets, regular consumer research is conducted to measure brand sentiment, net promoter score and market share, in order to constantly check brand performance. As a total coffee company, the Company's brand perception is built through multiple touchpoint including store experiences and FMCG products. Marketing spend therefore is wide-ranging across stores, digital programmes, grocery shopper environments and advertising to ensure brand awareness and equity are continually invested in. This enables ongoing adjustments to marketing investment to ensure brand and business objectives are met.

Political and economic climate impact

Risk: Uncertain/volatile political and economic climate results in a decline in GDP, consumer and business spending and inflation pressure impacting growth plans. The global inflation on commodities and the high CPI in the UK results in cost of goods sold pressures.

Mitigation: There is a rigorous business planning process in place that considers many scenarios with appropriate responses. The Company also has strong site selection teams with well-established processes in place based on market and economic fundamentals, both at a macro and micro level. These are supported by sensitivity analysis and a robust investment appraisal process to help deliver good levels of return and significant progress is being made with the Company's efficiency programme that aims to offset rising costs and provide funds for reinvestment. As an indirect subsidiary of The Coca-Cola Company, Costa procurement is also working very closely with the Coca-Cola procurement team to help mitigate cost increases as well as identify additional supply contingency options. The Costa Group has established third party roasting, manufacturing, and warehousing relationships to service its growing international customer base. Costa now has a team of Trade Compliance, Food Safety and Sustainability professionals to ensure we are appropriately positioned against an evolving regulatory landscape in the territories in which we operate.

Invasion of Ukraine

On 8 March 2022, the Company's ultimate parent, The Coca-Cola Company, announced the suspension of its business in Russia as a result of the conflict in Ukraine, as a result the Company closed all 26 of its franchise stores in the country. After making enquiries, the Directors do not expect this suspension of business to have a material adverse impact on the Company's business to continue as a going concern.

Roastery

Risk: There is an inability to operate the Costa roastery for more than one week.

Mitigation: The workforce at the roastery is long standing and experienced thereby mitigating this risk and use is made of an independent risk engineering report. There is also a contingency plan which includes roasting coffee elsewhere if required, this supplier regularly grinds and packs coffee for our business. In addition to holding sufficient stocks of roasted beans, we also have a selection of coffee roasters that regularly roast-pack coffee on our behalf for local markets.

COSTA INTERNATIONAL LIMITED

Strategic Report for the Year Ended 31 December 2022 (continued)

Principal risks and uncertainties (continued)

Climate Change

Risk: Climate change may impact coffee bean prices and availability.

Mitigation: During the second half of 2023 the Company began its review of potential risks that may result from climate change and that could potentially impact its business; the review is expected to conclude by the end of 2023. An update on this work and any changes to principal risks and uncertainties associated with climate change will be provided in the Company's next Strategic Report.

Staff engagement and retention

Risk: Failure to maintain staff engagement and retention in a tightening labour market.

Mitigation: The success of the Company's businesses would not be possible without the passion and commitment of its teams. Team retention is a key component of the Company's review of performance. Team engagement is fundamental. This is monitored closely through our regular engagement surveys, the results of which are reviewed by the Executive Committee with trends analysed and appropriate actions reviewed and agreed. Human resource systems are also being upgraded to provide greater insight.

Cyber and data security

Risk: A data breach could result in loss of income and/or reputational damage and/or consumer confidence and/or regulatory fines.

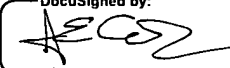
Mitigation: A series of IT security controls are in place, including Email/Web Protection, 2 Factor Authentication, End Point protection, Segmentation, DLP, WAF & DDOS protection including Perimeter controls and Web and Mobile Assets along with Threat Intelligence Services. The principle of secure by design is applied. A suite of information security and data privacy policies and standards are in place, and regular phishing campaigns are conducted along with penetration testing of critical assets and red team exercises. A continuous security improvement programme is in place to improve technical controls, which includes continuous monitoring. The industry recognised NIST Framework is applied, ensuring adequate controls are in place to detect, protect, respond, and recover from a security incident.

Change management

Risk: The Company's ability to execute the significant volume of change.

Mitigation: The Company has an ongoing extensive programme of change, supported and coordinated by regional, functional and central transformation teams. Change programmes include developing and rolling out enabling systems in Finance and Supply Chain, at point of sale, as well as customer relationship management and human resource systems to improve end to end processes and facilitate evolving business models. This is alongside the Company's on-going efficiency programme, as well as continuous upgrading of digital capability and customer propositions, enabling Costa to deliver its growth plans over the coming years. To help ensure the successful delivery of these change projects, internal project delivery expertise and capability has been significantly enhanced, augmented with third party expertise where required. Governance and control frameworks are in place, coupled with regular reporting to the Executive Committee.

Approved by the Board on 28 September 2023 and signed on its behalf by:

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A Cook
Director

COSTA INTERNATIONAL LIMITED

Directors' Report for the Year Ended 31 December 2022

Registered No. 01416662

The Directors present their report and the financial statements for the year ended 31 December 2022.

Principal activity

The principal activity of the Company is the operation of international franchise agreements. The Company is well placed to look at strategic opportunities by capitalising on The Coca-Cola Company's strength and market expertise.

Directors and secretary of the Company

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

R Cornella (American) (resigned 30 April 2022)

J Crookall

G McDonald (resigned 31 July 2022)

G Mowat

The following directors were appointed after the year end:

A Cook (appointed 13 February 2023)

M Otarid (American) (appointed 13 February 2023)

P Schaille (Belgian) (appointed 11 April 2023)

The secretary who held office during the year, and to the date of this report is:

S Savjani

Dividends

The Directors did not recommend a dividend be made in respect of financial year ended 31 December 2022 (2021: £nil)

Future developments

No significant future developments are expected.

Events after the balance sheet date

There were no significant events between the Balance Sheet date and the date of signing of the financial statements, which would require adjustment to or disclosure in the financial statements.

Disclosure of information to the auditor

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.

COSTA INTERNATIONAL LIMITED

Directors' Report for the Year Ended 31 December 2022 (continued)

Going concern

The Directors have adopted the going concern basis for preparation of the financial statements of the Company and its UK domiciled subsidiaries for the financial period ended 31 December 2022.

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposures to risk are described in the Strategic Report.

The financial statements have been prepared on a going concern basis as, having reviewed the current position and cash flow projections of the Company (including those of its subsidiaries), the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future at the time of approving the financial statements. The Company has received a letter of support from its ultimate parent company, The Coca-Cola Company, stating its commitment to provide continuing financial support to enable the Company to meet financial obligations as and when they fall due covering a period of twelve months from the date of approval of the financial statements, but only to the extent that money is not otherwise available to meet such liabilities.

It is our view, to the best of our current knowledge, that the conflict in Ukraine will not have a material adverse impact on the Company's ability to continue as a going concern. Further details regarding the adoption of the going concern basis, in preparing the financial statements, can be found in the Accounting Policies.

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

Price risk

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

Credit risk and impairment

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

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

Liquidity risk

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

Cash flow risk

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

Foreign exchange risk

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

COSTA INTERNATIONAL LIMITED

Directors' Report for the Year Ended 31 December 2022 (continued)

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

Interest rate risk

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

Capital risk management

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

Litigation risk

Litigation or legal proceedings could expose the Company to significant liabilities and damage its reputation. The Company evaluates any litigation, claims and legal proceedings to assess the likelihood of unfavourable outcomes and to estimate, if possible, the amount of potential losses and put in place procedures to mitigate such losses.

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 revenues. The Company will review any changes in laws and regulations that might impact the business to mitigate any such impacts.

Political donations

During the year the Company did not make donations to any political party or other political organisation and did not incur any political expenditure within the meanings of sections 362 to 379 of the Companies Act 2006 (2021: £nil).


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 and remains in place at the date of this report.

Reappointment of auditor

The Company reviews and makes recommendations each year in accordance with section 485 of the Companies Act 2006 with regard to the appointment of an external auditor. During the year, Ernst & Young LLP resigned as auditor and was replaced by Ernst & Young, Chartered Accountants. The auditor, Ernst & Young Chartered Accountants, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 28 September 2023 and signed on its behalf by:

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A Cook
Director

COSTA INTERNATIONAL LIMITED

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is 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 Company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board on 28 September 2023 and signed on its behalf by:

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A Cook
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COSTA INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of Costa International Limited for the year ended 31 December 2022 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

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

Other information

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COSTA INTERNATIONAL LIMITED
(continued)**

Other information (continued)

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COSTA INTERNATIONAL LIMITED (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are FRS101, Companies Act 2006, UK tax legislations, GDPR, UK Bribery Act, The Equality Act, Competition laws, Consumer rights laws, Environmental regulations, Health and Safety Laws, Employment regulations, Modern Slavery Act, Foods Standards Agency requirements, Government food labelling requirement.
- We understood how Costa International Limited is complying with those frameworks by making enquiries of those charged with governance and management. We understood the potential incentive and ability to override the controls. We considered management's attitude and tone from the top to embed a culture of honesty and ethical behaviour whereby a strong emphasis is placed on fraud prevention which may reduce opportunities for fraud to take place. We further understood the adoption of accounting standards and considered the compliance with the above laws.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by obtaining and reading internal policies, holding enquiries of management and those charged with governance and the in-house legal counsel as to any fraud risk framework within the entity.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:
 - Inquiry of management and those charged with governance as to any fraud risk framework within the entity, including whether a formal fraud risk assessment is completed;
 - Inquiry of management, those charged with governance and the entity's in-house legal team around actual and potential litigation and claims;
 - Inquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations, including communications with regulators and tax authorities;
 - Reading minutes of meetings of those charged with governance;
 - Inquiry of management over reports to whistleblowing hotlines;

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COSTA INTERNATIONAL LIMITED
(continued)**

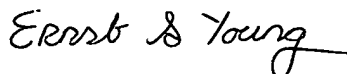
***Explanation as to what extent the audit was considered capable of detecting irregularities,
including fraud (continued)***

- Reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness agreeing back to source documentation or independent confirmations;
- Using data analytics to highlight potentially anomalous transactions in areas of the business which are determined to have an elevated fraud risk;
- Evaluating the business rationale of significant transactions outside the normal course of business; and
- Challenging judgements made by management. This included corroborating the inputs and considering contradictory evidence.

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

Use of our report

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



Dermot Daly (Senior statutory auditor)
for and on behalf of Ernst & Young Chartered Accountants, Statutory Auditor
Dublin

Date: 28 September 2023

COSTA INTERNATIONAL LIMITED**Income Statement for the Year Ended 31 December 2022**

	Note	2022 £ 000	2021 £ 000
Revenue	4	18,456	15,696
Operating costs		(7,743)	(5,514)
Movement in provisions for group companies		<u>6,782</u>	<u>(9,069)</u>
Operating profit	5	17,495	1,113
Finance income	7	<u>21</u>	<u>-</u>
Profit before tax		17,516	1,113
Taxation	9	<u>(1,897)</u>	<u>(1,968)</u>
Profit/(loss) for the year		<u>15,619</u>	<u>(855)</u>

There were no recognised gains and losses for the current or previous financial period other than those included in the Income Statement.

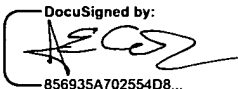
The above results were derived from continuing operations.

COSTA INTERNATIONAL LIMITED**Balance Sheet**

as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Assets			
Non-current assets			
Intangible assets	10	31,613	31,613
Investments	11	51,303	51,303
Deferred tax assets	9	656	905
		<u>83,572</u>	<u>83,821</u>
Current assets			
Trade and other receivables	12	52,734	35,004
Income tax asset	9	13	712
Cash and cash equivalents		<u>101</u>	<u>1,764</u>
		<u>52,848</u>	<u>37,480</u>
Total assets		<u>136,420</u>	<u>121,301</u>
Current liabilities			
Trade and other payables	13	(2,291)	(2,117)
Accruals and deferred income		<u>(877)</u>	<u>(1,064)</u>
		<u>(3,168)</u>	<u>(3,181)</u>
Net current assets		<u>49,680</u>	<u>34,299</u>
Total assets less current liabilities		<u>133,252</u>	<u>118,120</u>
Non-current liabilities			
Deferred tax liabilities	9	<u>(656)</u>	<u>(1,143)</u>
Total assets		<u>132,596</u>	<u>116,977</u>
Equity			
Called-up share capital	14	109,533	109,533
Retained earnings		<u>23,063</u>	<u>7,444</u>
Shareholder's equity		<u>132,596</u>	<u>116,977</u>

Approved by the Board on 28 September 2023 and signed on its behalf by:

DocuSigned by:

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A Cook
 Director
 Company Number : 01416662

COSTA INTERNATIONAL LIMITED**Statement of Changes in Equity for the Year Ended 31 December 2022**

	Called-up share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2021	58,258	8,299	66,557
Loss for the year	-	(855)	(855)
Total comprehensive loss	-	(855)	(855)
New share capital subscribed	51,275	-	51,275
At 31 December 2021	109,533	7,444	116,977

At 31 December 2022

	Called-up share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2022	109,533	7,444	116,977
Profit for the year	-	15,619	15,619
Total comprehensive income	-	15,619	15,619
At 31 December 2022	109,533	23,063	132,596

COSTA INTERNATIONAL LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information and basis of preparation

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

The address of its registered office is:

3 Knaves Beech Business Centre,
Davies Way, Loudwater,
High Wycombe,
Buckinghamshire,
HP10 9QR,
United Kingdom.

These financial statements were authorised for issue by the Board on 28 September 2023.

Basis of preparation

The financial statements have been prepared under the historical cost convention, except that as disclosed in the accounting policies, certain items are shown at fair value, and on the going concern basis.

The Company claims the exemption from preparing group financial statements under section 400 of the Companies Act 2006 as it is included in the group financial statements of The Coca-Cola Company, incorporated in Delaware, United States of America. These financial statements present information about the Company as an individual undertaking and not as a group.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' as issued by the Financial Reporting Council (FRC). These financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

The financial statements are prepared in pounds sterling (£), which is the functional currency, and all values are rounded to the nearest thousand (£ 000), except when otherwise indicated.

Going concern

The financial statements have been prepared on a going concern basis as, having reviewed the current position and cash flow projections of the Company (including those of its subsidiaries), the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future at the time of approving the financial statements. The Company has received a letter of support from its ultimate parent company, The Coca-Cola Company, stating its commitment to provide continuing financial support to enable the Company to meet financial obligations as and when they fall due covering a period of twelve months from the date of approval of the financial statements, but only to the extent that money is not otherwise available to meet such liabilities.

It is our view, to the best of our current knowledge, that the conflict in Ukraine will not have a material adverse impact on the Company's ability to continue as a going concern.

COSTA INTERNATIONAL LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies

Summary of disclosure exemptions

In these financial statements, the Company has taken advantage of the exemptions available under FRS 101 in respect of the following disclosures:

- (a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based Payment, because the share-based payment arrangement concerns the instruments of another group entity;
- (b) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (c) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- (d) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
- (e) the requirements of paragraphs 10(d), 10(f), 39(c), 40(a), 40(d) and 134-136 of IAS 1 Presentation of Financial Statements;
- (f) the requirements of IAS 7 Statement of Cash Flows;
- (g) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (h) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;;
- (i) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets;
- (j) the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- (k) 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;

These exemptions which the Company has availed of are disclosed in the consolidated financial statements of the ultimate parent company, The Coca-Cola Company.

Summary of significant accounting policies

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

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2022 have had a material effect on the financial statements.

COSTA INTERNATIONAL LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Revenue recognition

The Company earns revenue from franchise and territory fees.

The following five step principles are applied to revenue recognition:

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

Franchise and territory fees are detailed in signed franchise agreements with franchise partners. The performance obligation is the agreement not to open other stores within the territory and the right to use Costa intellectual property, and the fee agreed in the contract is the transaction price. The performance obligation is satisfied over time, and so the revenue is recognised monthly over the contract term.

Finance income and finance costs

Finance income is recognised as the interest accrues, using the effective interest method.

Finance costs are recognised as an expense in the period in which they are incurred, except for gross interest costs incurred on the financing of major projects, which are capitalised until the time that the projects are available for use.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the Company at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

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.

COSTA INTERNATIONAL LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

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.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment. The carrying value of investments are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Cost is the fair value of the consideration given, including acquisition charges associated with the investment.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank, cash in hand and short-term deposits with an original maturity of three months or less.

Impairment of non-financial assets

The Company assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Individual assets are grouped, for impairment assessment purposes, at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets (cash generating units or CGUs). If such indication of impairment exists, or when annual impairment testing for an asset group is required, the Company makes an estimate of the recoverable amount.

The recoverable amount of an asset or CGU is the greater of its fair value less costs of disposal 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined with reference to the CGU to which the asset belongs. An impairment loss is recognised in the income statement within operating expenses if the carrying amount exceeds its estimated recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the CGU's recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimated future cashflows used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the income statement. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's carrying amount, less any residual value, on a straight-line basis over its remaining useful life.

For the purposes of impairment testing, all centrally held assets are allocated in line with IAS 36 to CGUs based on management's view of the consumption of the asset. Any resulting impairment is recorded against the centrally held asset.

For the purposes of the impairment review of property, plant and equipment, the Company considers each trading outlet to be a separate CGU. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Consideration is also given, where appropriate, to the market value of the asset either from independent sources or, in conjunction with, an accepted industry valuation methodology.

COSTA INTERNATIONAL LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, although excluding intangible assets, deferred tax assets, prepayments and deferred tax liabilities.

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

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

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

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

Classification and measurement

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

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

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

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

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

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

COSTA INTERNATIONAL LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Financial instruments (continued)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; 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.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the Company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

The Company's financial assets at amortised costs include trade debtors, amounts owed from related parties and other receivables.

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.

The Company's financial liabilities at amortised costs include trade payables, amounts due to related parties and other payables.

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.

Derecognition

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the income statement.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as FVTOCI is not recognised in the income statement on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

The Company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

COSTA INTERNATIONAL LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Financial instruments (continued)

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Modification of financial assets and financial liabilities

Financial assets

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

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

Financial liabilities

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

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

Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. The carrying values are reviewed for impairment if events or changes in circumstances indicate that they may not be recoverable or where an annual assessment is required.

Amortisation

Asset class

Intellectual property rights

Amortisation method and rate

Indefinite useful life hence not amortised

UK Company Law requires that indefinite-lived intangible assets be amortised. However, the Company does not believe this gives a true and fair view because not all intangible assets decline in value. In addition, since intangibles that do decline in value rarely do so on a straight-line basis, straight-line amortisation of these intangibles over an arbitrary period does not reflect the economic reality. Therefore, in order to present a true and fair view of the economic reality under FRS 101, certain intangible assets are considered indefinite-lived and are not amortised. The Company is not able to reliably estimate the impact on the financial statements on the basis that the useful economic life of these indefinite-lived intangible assets cannot be predicted with a satisfactory level of reliability nor can the pattern in which these intangible assets diminish be known. These intangible assets are subject to an annual impairment test.

COSTA INTERNATIONAL LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported as assets and liabilities at the balance sheet date and the amounts reported as revenues and expenses during the year. Although these amounts are based on management's best estimates, events or actions may mean that actual results ultimately differ from those estimates, and these differences may be material. The estimates and the underlying assumptions are reviewed regularly.

The following are the key judgements, apart from those involving estimations (dealt with separately below) that management have made in the process of applying the Company's accounting policies and which have the most significant effect on the amounts recognised in the financial statements.

Impairment

Impairment tests of intangible assets, investments in subsidiaries and amounts owed by group companies are conducted each financial period. In these impairment tests, the carrying value of assets are compared with estimates of their value in use or recoverable amounts. In forming these valuation estimates assumptions are applied, in particular in assessing future cash flow generation from value in use, discounting those future cash flow estimates and fair value less cost to sell.

The judgements and estimates underlying impairment testing have resulted in intangible assets being impaired by £nil in the year (2021: £nil); investments in subsidiaries being impaired by £nil in the year (2021: £nil); and reversal of provisions against amounts owed by group companies of £6,782,000 being recognised in the year (2021: charge of £9,069,000).

COSTA INTERNATIONAL LIMITED**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)****4 Revenue**

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

	2022	2021
	£ 000	£ 000
Franchise fees	17,094	15,019
Territory fees	1,362	677
	<u>18,456</u>	<u>15,696</u>

The Company's turnover for the year by geographical location is as follows:

	2022	2021
	£ 000	£ 000
United Kingdom	484	644
Rest of world	17,972	15,052
	<u>18,456</u>	<u>15,696</u>

5 Operating profit

Arrived at after charging

	2022	2021
	£ 000	£ 000
Operating lease expense - plant and machinery	25	18
Management recharges from parent company	4,791	3,428
Other movements in bad and doubtful debt provision	122	(826)
Foreign exchange losses	<u>40</u>	<u>13</u>

6 Staff costs

The Company has no employees (2021: no employees) other than the Directors.

All fees of £35,000 paid to Directors as remuneration are borne by Costa Limited (2021: £32,000). An allocation based off turnover has been apportioned to the Company totalling this value.

	2022	2021
	£ 000	£ 000
Directors remuneration	32	29
Defined contributions scheme and cash in lieu of pension contributions	<u>3</u>	<u>3</u>
Total Directors remuneration	<u>35</u>	<u>32</u>

7 Finance income

	2022	2021
	£ 000	£ 000
Interest received from bank deposits	<u>21</u>	<u>-</u>

COSTA INTERNATIONAL LIMITED**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)****8 Auditor's remuneration**

Audit fees for the year of £76,760 were borne by and paid by Costa Limited (2021: £76,760).

9 Taxation

Tax charged/(credited) in the income statement

	2022	2021
	£ 000	£ 000
Current income tax		
UK corporation tax on profits for the period	539	861
Group relief payable	1,408	994
UK corporation tax adjustment to prior periods	(671)	79
Double taxation relief	<u>(539)</u>	<u>(861)</u>
Total UK current tax	737	1,073
Foreign tax	539	861
Foreign tax in respect of prior years	<u>618</u>	<u>35</u>
Total current income tax	1,894	1,969
Deferred tax		
Arising from origination and reversal of temporary differences	<u>3</u>	<u>(1)</u>
Total tax charge in the income statement	<u>1,897</u>	<u>1,968</u>

COSTA INTERNATIONAL LIMITED**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)****9 Taxation (continued)**

The UK corporation tax rate in effect for the year ended 31 December 2022 is 19% (2021: 19%). An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021. This rate change had no impact on the current year financial statements.

The tax on profit before tax for the year is different to the standard rate of corporation tax in the UK of 19% (2021: 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit before tax	<u>17,516</u>	<u>1,113</u>
Corporation tax at standard rate	3,328	211
Increase from effect of revenues exempt from taxation	(1,379)	-
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	-	1,647
(Decrease)/increase in current tax from unrecognised temporary difference from a prior period	(54)	114
Deferred tax expense/(credit) relating to changes in tax rates or laws	<u>2</u>	<u>(4)</u>
Total tax charge	<u><u>1,897</u></u>	<u><u>1,968</u></u>

The corporation tax balance is an asset of £13,000 (2021: £712,000).

Deferred tax

Deferred tax assets and liabilities

Deferred tax movement during the year:

	At 1 January 2022 £ 000	Recognised in income £ 000	Adjustments £ 000	At 31 December 2022 £ 000
Deferred tax asset	905	(3)	(246)	656
Deferred tax liability	(1,143)	-	487	(656)

COSTA INTERNATIONAL LIMITED**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)****9 Taxation (continued)****Deferred tax (continued)**

Deferred tax movement during the prior year:

	At 1 January 2021 £ 000	Recognised in income £ 000	Adjustments £ 000	At 31 December 2021 £ 000
Deferred tax asset	839	1	65	905
Deferred tax liability	(1,208)	-	65	(1,143)

The deferred tax liability represents withholding tax that will fall due on accrued income from overseas franchise partners upon cash settlement of their liabilities. The deferred tax asset represents the UK double tax relief available upon payment of the withholding tax. The amounts are in respect to different taxation authorities and are therefore not netted off.

10 Intangible assets

	Intellectual property rights £ 000
Cost or valuation	
At 1 January 2022	31,613
At 31 December 2022	31,613
Carrying amount	
At 31 December 2022	31,613
At 31 December 2021	31,613

Intangible assets of £31.6m relates to international intellectual property rights in the Costa brand.

COSTA INTERNATIONAL LIMITED**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)****11 Investments**

Subsidiaries	£ 000
Cost or valuation	
At 1 January 2022	<u>109,586</u>
At 31 December 2022	<u>109,586</u>
Provision	
At 1 January 2022	<u>58,283</u>
At 31 December 2022	<u>58,283</u>
Carrying amount	
At 31 December 2022	<u><u>51,303</u></u>
At 31 December 2021	<u><u>51,303</u></u>

COSTA INTERNATIONAL LIMITED**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)****11 Investments (continued)**

Details of the subsidiaries as at 31 December 2022 are as follows:

Name of subsidiary	Principal activity	Country of incorporation, principal place of business and registered office	Proportion of ownership interest and voting rights held	
			2022	2021
Costa China Holdings Limited	Holding company	England 3 Knaves Beech Business Centre, Davies Way Loudwater, High Wycombe, Buckinghamshire, HP10 9QR	100%	100%
Costa Beijing Limited	Holding company	England 3 Knaves Beech Business Centre, Davies Way Loudwater, High Wycombe, Buckinghamshire, HP10 9QR	100%	100%
Costa Coffee M.E.N.A DMCC.	Franchise business	Dubai Unit No. Almas-33-A, Almas Tower, Plot No. LT-2, Jumeirah Lakes Towers.	100%	100%

12 Trade and other receivables

	2022 £ 000	2021 £ 000
Trade receivables	3,276	2,461
Provision for impairment of trade receivables	(968)	(846)
Net trade debtors	2,308	1,615
Amounts due from group companies	47,688	31,686
Prepayments and accrued income	2,254	1,309
Other receivables	484	394
Total current trade and other debtors	52,734	35,004

Amounts due from group companies are interest free and repayable on demand.

During the period, the Company recognised a net reversal in its provision against amounts owed by group companies of £6,782,000 (2021: charge of £9,069,000).

COSTA INTERNATIONAL LIMITED**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)****13 Trade and other payables**

	2022	2021
	£ 000	£ 000
Amounts due to group companies	2,208	1,017
Value added tax	58	54
Other payables	25	48
Accrued expenses	-	998
	<u>2,291</u>	<u>2,117</u>

Amounts due to group companies are interest free and repayable on demand

14 Share capital**Allotted, called up and fully paid shares**

	2022		2021
	No. 000	£ 000	No. 000
			£ 000
Ordinary of £1 each	<u>109,533</u>	<u>109,533</u>	<u>109,533</u>

15 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.

COSTA INTERNATIONAL LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

16 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.

Relationship between entity and parents

The parent of the smallest and largest group in which these financial statements are consolidated is The Coca-Cola Company, incorporated in United States of America.

These financial statements are available upon request from:

The Coca-Cola Company, PO Box 1734, Atlanta, Georgia 30301, United States of America.

The parent of the smallest group in which these financial statements are consolidated is The Coca-Cola Company, incorporated in United States of America.

17 Events after the financial period

There were no significant events between the Balance Sheet date and the date of signing of the financial statements, which would require adjustment to or disclosure in the financial statements.

18 Financial guarantees

The Company has entered into a Composite Accounting Agreement, together with, Costa China Holdings Limited, Costa Beijing Limited, Costa Express Limited and Costa Limited, with Barclays Bank ("the Bank"). Each participating company has provided a guarantee to the Bank. Under the terms of the Agreement and the guarantee, the Bank is authorised to allow set-off for interest purposes and in certain circumstances to seize credit balances and apply them in reduction of liabilities including debit balances within the Composite Accounting System.