



STARBUCKS COFFEE COMPANY (UK) LIMITED

Registered Number 2959325

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

27 SEPTEMBER 2009

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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 27 SEPTEMBER 2009**

DIRECTORS

N Williams
D Willson-Rymer

SECRETARY

A Thurston

REGISTERED OFFICE

Chiswick Park
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W4 5YE
United Kingdom

AUDITORS

Deloitte LLP
Chartered Accountants
London

BANKERS

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Major Corporate Banking
8th Floor
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EC2M 4RB
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Wragge & Co LLP
55 Colmore Row
Birmingham
B3 2AS
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STARBUCKS COFFEE COMPANY (UK) LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 27 SEPTEMBER 2009

The directors present their report and the audited financial statements of the company for the 52 week period ended 27 September 2009.

PRINCIPAL ACTIVITIES

The principal activities of the company are the retail and wholesale trade of gourmet coffee, tea and related products in the United Kingdom

BUSINESS REVIEW AND FUTURE DEVELOPMENT

The full results for the period are shown on page 12. The loss after tax for the period amounted to £52,106,342 (2008 £46,971,511) This is after royalties and license fees of £24,226,930 (2008 £24,122,614) The directors do not recommend payment of a dividend (2008 £nil).

These accounts reflect the performance of the business during a period which included a challenging recession. In response to these trading conditions, management undertook rigorous action to introduce initiatives to improve the overall health of the business, to improve the customer experience, and to provide customers with greater value for money. These included the introduction of a customer reward programme called Starbucks Card Rewards, that offers greater value to registered Card customers, the introduction of 100% Fairtrade certified espresso in all UK stores; and a number of stores were closed as part of a review of underperforming sites.

A new coffee category, Starbucks VIA™ Ready Brew was also successfully trialled in stores in London and distributed on easyJet flights from its hubs in Newcastle, Gatwick, Stansted and Madrid

Additionally, throughout 2009 Starbucks UK continued to honour its ongoing commitment to doing business in a responsible way. This includes how it works in the communities around its stores, how it strives to mitigate its environmental impact and its approach to ethical coffee sourcing.

There was evidence that customers responded to these and other initiatives, as well as to overall economic conditions. The fiscal year ended with record numbers of customers in stores and a return to rising like-for-like (comparable) store sales. This trend has continued in the 2010 financial year to date. Details of post balance sheet events are set out in note 23.

Key Performance Indicators

In 2009, the number of customers in the UK rose to exceed two million a week.

Sales increased by 3.9% against the preceding accounting period. Gross profit margin deteriorated slightly from 20.8% in the prior period to 18.0%, due to lower sales flow through, and higher store property costs, mainly relating to the review of underperforming stores. At the operating profit level a higher impairment charge was offset by head office labour cost savings following the restructuring exercise.

As at 27 September 2009, 666 Starbucks stores in the UK were company operated, a net increase of two since the start of the period. At the period end, 46 licensed stores were in operation, an increase of 28 since the start of the period.

STARBUCKS COFFEE COMPANY (UK) LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 27 SEPTEMBER 2009

Community Investment

Starbucks and the Prince's Trust

In 2009 Starbucks and The Prince's Trust announced a new five-year partnership to give unemployed young people the skills, confidence and work experience to get a job or secure training

The Prince's Trust was created in 1976 by the Prince of Wales. The organisation gives practical and financial support to young people who need it most. Through a range of different training programmes, The Prince's Trust helps young people at risk of dropping out of school, who are in trouble with the law or facing long-term (generational) unemployment to develop key skills, confidence and motivation, enabling them to move into work, education or training

Starbucks partnership with The Prince's Trust involves

- Provision of work placements for young people in Starbucks stores in cities throughout the UK
- Volunteering support from Starbucks partners (employees) - partners have already been involved in developing job skill workshops and various fundraising activities
- Sponsorship for a booklet for local employers, *Just the Job*, is being used to encourage other employers to provide work placements
- Fundraising through selling a unique book, sponsored by Starbucks, entitled *Inspired by music* (which includes contributions from high profile names such as Al Pacino, Boris Johnson and others)

Starbucks and the National Literacy Trust

Starbucks and the National Literacy Trust (NLT) have been working together since 2001 with the aim of supporting communities and promoting the value of reading from a young age. The NLT is an independent charity that changes lives through literacy. It links home, school and the wider community to inspire learners and create opportunities for everyone

Starbucks' partnership with the NLT has positively affected the lives of thousands of young people, and Starbucks customers and partners (employees) have shared almost half a million books with children through joint initiatives including Starbucks annual Bookdrive

The National Literacy Trust's Reading Is Fundamental, UK programme (RIF) works in areas of disadvantage to give children who may have few or no books at home a choice of free books to keep, and it enables them to make informed, interesting reading decisions. With support from Starbucks, RIF coordinators run fun book-choice events, by linking with local libraries, to increase opportunities and reading enjoyment for children in low-income areas

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

STARBUCKS COFFEE COMPANY (UK) LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 27 SEPTEMBER 2009

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
- Non-compliance with local reporting standards, laws and other legal obligations.
- Fraud, error and material misstatement of 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
- Foreign currency risk exposure

The company has established a risk management process to ensure that proper procedures are in place and that they are operating effectively in order to deal with strategic and operational issues

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

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 of the company 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 risk 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

STARBUCKS COFFEE COMPANY (UK) LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 27 SEPTEMBER 2009

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. If the business did consider this risk to be a significant risk it would hedge using forward currency contracts.

DIRECTORS

The directors of the company who served throughout the period, except as noted, are

C Burrows	Resigned 9 October 2008
M Coles	Resigned 1 December 2009
M Hulley	Resigned 30 October 2009
D Willson-Rymer	
N Williams	Appointed 30 October 2009

EMPLOYEES (PARTNERS)

During such times of economic instability we recognise that our responsibility for the experience and care that each of our partners and customers receive is even more crucial than ever.

During FY09 we saw the reorganisation of our Support Centre (head office) with a 20% reduction in roles. The development of our strategy led to the redesign of numerous roles to ensure absolute focus and capability of our partners on our strategic priorities. Through meaningful consultation we were able to minimise redundancies resulting in less than half of the headcount reductions leaving the business. It was and remains important to us that our mission and guiding principles are just as relevant during these challenging times.

We also saw the closure of a number of stores where they no longer proved profitable. This activity put at risk a significant number of partners. However, through extensive consultation across the estate and the flexibility of our partners, we have been able to manage over two thirds of those at risk into alternative stores. Our desire to retain our talented partners has helped set up the local alternative stores with even greater capability and passion.

During the summer of 2009 we conducted a partner engagement survey to understand the current levels of engagement for partners both with the overall company and their local teams. The results showed exceptional results around alignment of individual objectives with those of the broader business and great engagement within the 'families' within the store teams.

Our greatest improvements, since our last survey in July 2008, were regarding senior management's willingness to respond to ideas and suggestions and the transparency and honesty of our communication. There continue to be opportunities for us to make progress, but the trends show improvement around most areas and particularly engagement across our district manager population.

STARBUCKS COFFEE COMPANY (UK) LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 27 SEPTEMBER 2009

Our focus on developing talent and retaining stability has created significant traction across the business. The strength and experience across the operations team in particular has enabled improved efficiency and further development of best practices. The launch of a new development programme to assist our leaders and managers' ability to coach and support their partners' development, has created a greater sense of focus on coaching skills and effective personal development planning.

Our Future Leaders programme continues to receive excellent feedback from our high potential store managers and is creating a strong pipeline of talent that will accelerate our performance and their career progression. Our internal promotion rates show that consistently over two thirds of all vacancies are filled by promotions. The success of our partners' progress and development was celebrated in our FY09 conference.

This year we launched new performance management tools to all of our baristas and shift supervisors. The development of 'success profiles' for all store roles has helped provide clarity of 'what good looks like' and created a reference point for constructive coaching conversations across the store partner population.

We have an uncompromising commitment to equal opportunities and embrace diversity as an essential component in the way we do business. We will not discriminate against anyone applying for a job or whilst in our employment for reasons of gender, marital status, family status, sexual orientation, religion, age, disability or for any other reason. Key activities across our partner representatives and at our leadership conference focused on our partners' understanding of being inclusive of working styles and preferences, leading to greater depth of understanding and dialogue.

This value set has led us to further develop our ability to be inclusive of varying learning abilities and also to those from disadvantaged backgrounds through our partnership with The Princes Trust. The development of an entry framework for The Princes Trust students enables them to be supported into a period of work placement that seeks to build their confidence and expectations around the workplace.

'Partner Blend', our employee feedback mechanism, has continued to evolve into an even more effective dialogue. The focus around key business challenges and opportunities and continued development of these partners to assist them to be effective in this role, has elevated the effectiveness of this group. The passion and challenge that this group bring, helps us to continue to develop improvements that deliver a greater partner and customer experience.

Overall our key performance indicators show significant improvements on partner turnover, stability and engagement on the prior year.

STARBUCKS COFFEE COMPANY (UK) LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 27 SEPTEMBER 2009

GOING CONCERN

As discussed in the Business Review, the company is funded by, and meets its day to day working capital requirements through a loan from the ultimate parent company, Starbucks Corporation. The directors have received a written commitment of continuing financial support from the ultimate parent company to provide sufficient funding to enable the company to meet its liabilities as they fall due for at least the next twelve months. The annual financial statements, quarterly SEC filings, and other financial information relating to Starbucks Corporation are available through the Starbucks.com website.

During the financial period ended 27 September 2009 £14m additional equity was issued, increasing Starbucks Corporation's future commitment to the UK business.

Having taken account of the written commitment 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 accounts.

AUDITORS

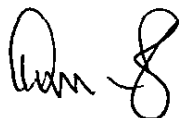
Each of the persons who is a director at the date of approval of this report confirms that

- 1 So far as the director is aware, there is no relevant audit information of which the company's auditors are not aware, and
- 2 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 auditors are 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 auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By Order of the Board on 22 June 2010



D Willson-Rymer
Director



N Williams
Director

STARBUCKS COFFEE COMPANY (UK) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PERIOD ENDED 27 SEPTEMBER 2009

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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STARBUCKS COFFEE COMPANY (UK) LIMITED

We have audited the financial statements of Starbucks Coffee Company (UK) Limited for the 52 week period ended 27 September 2009 which comprises the Profit and Loss Account, the Balance Sheet and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 (APB'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.

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 27 September 2009 and of its loss 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 matter prescribed by the Companies Act 2006

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
STARBUCKS COFFEE COMPANY (UK) LIMITED
(continued)**

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



John Adam (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
24 June 2010

STARBUCKS COFFEE COMPANY (UK) LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE 52 WEEKS ENDED 27 SEPTEMBER 2009**

		Period ended 27 September 2009	Period ended 28 September 2008
	Note	£	£
TURNOVER	2	388,267,109	373,539,310
Cost of sales		(318,528,780)	(295,723,520)
Gross profit		69,738,329	77,815,791
Administrative expenses		(111,093,260)	(98,185,265)
OPERATING LOSS	3	(41,354,931)	(20,369,475)
Loss on disposal of fixed assets		(4,791,955)	(2,401,091)
Interest receivable and similar income	6	192,644	419,553
Interest payable and similar charges	6	(6,266,908)	(3,992,650)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(52,221,150)	(26,343,663)
Tax credit/(charge) on loss on ordinary activities	7	114,808	(20,627,848)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	17	(52,106,342)	(46,971,511)

The profit and loss account above (together with the related notes) relating to the period ended 27 September 2009 reflect the trading for a 52 week period from 29 September 2008. The comparative data is for the 52 week period ended on 28 September 2008.

All results arise from continuing operations. The company has no recognised gains or losses other than the loss for the current period and loss for the prior period, and accordingly a statement of total recognised gains and losses has not been presented.

STARBUCKS COFFEE COMPANY (UK) LIMITED

BALANCE SHEET AS AT 27 SEPTEMBER 2009

		Period ended 27 September 2009 £	Period ended 28 September 2008 £
	Note		
FIXED ASSETS			
Tangible fixed assets	9	90,024,713	111,803,091
CURRENT ASSETS			
Stocks	10	2,307,932	1,702,841
Debtors			
- due within one year	11	21,517,635	22,841,389
- due after one year	12	3,356,637	1,127,629
Cash at bank and in hand		16,480,160	9,452,684
		<u>43,662,364</u>	<u>35,124,542</u>
CREDITORS - amounts falling due within one year	13	<u>(155,001,990)</u>	<u>(129,411,326)</u>
NET CURRENT LIABILITIES		<u>(111,339,626)</u>	<u>(94,286,784)</u>
TOTAL (LIABILITIES)/ASSETS LESS CURRENT LIABILITIES		(21,314,913)	17,516,307
CREDITORS - amounts falling due after more than one year	14	(5,811,471)	(8,054,585)
NET (LIABILITIES)/ASSETS		<u>(27,126,384)</u>	<u>9,461,722</u>
CAPITAL AND RESERVES			
Called up share capital	15	298,935	297,535
Share premium account	16	150,307,074	136,308,474
Profit and loss account	17	(177,732,393)	(127,144,287)
SHAREHOLDER'S (DEFICIT)/FUNDS	18	<u>(27,126,384)</u>	<u>9,461,722</u>

Approved by the Board on 22 June 2010



D Willson-Rymer
Director



N Williams
Director

Company registration number 2959325

STARBUCKS COFFEE COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 SEPTEMBER 2009 (continued)

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the current and preceding periods.

a) Basis of accounting

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

Under the provisions of Financial Reporting Standard 1 (revised) – “Cash Flow Statements”, the Company has not presented a cash flow statement because its ultimate parent company, Starbucks Corporation, which is incorporated in Washington, USA, has prepared consolidated financial statements and these accounts are publicly available.

As described in the directors' report on page 8 the accounts have been prepared on a going concern basis.

b) 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	Shorter of 10 years or the length of 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.

c) Stocks

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

d) 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.

e) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

STARBUCKS COFFEE COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 SEPTEMBER 2009 (continued)

Full provision is made for deferred tax on all material timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or the right to pay less, tax in the future have occurred at the balance sheet date

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

f) Pensions

Employees are offered a benefits package, as part of their remuneration package, which they may choose to invest in a number of benefits, including a defined contribution personal pension plan. The company does not contribute to personal pension plans over and above the benefits package offered. The charge to the profit and loss account is in respect of amounts payable in the period.

g) Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate at the forward contract rate.

h) Share based payments

Share option plans give rise to recognition of an expense based on the expected benefit granted to beneficiaries calculated using the Black Scholes Merton model. This expense is apportioned over the option vesting period with the corresponding adjustment increasing the capital contribution reserve. For further details see Note 5.

2. TURNOVER

Turnover 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.

STARBUCKS COFFEE COMPANY (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 SEPTEMBER 2009 (continued)****3. OPERATING LOSS**

	Period ended 27 September 2009 £	Period ended 28 September 2008 £
Operating loss is stated after charging:		
Auditors' remuneration - audit fees	82,500	93,000
Auditors' remuneration - non-audit fees	45,210	35,762
Operating leases - land and buildings	64,834,326	59,999,290
Royalties and license fees	24,226,930	24,122,614
Share based payments	1,518,236	490,518
Impairment - owned assets	9,945,161	1,984,209
Depreciation of tangible assets	24,280,702	25,288,456

The impairment loss of £9,945,161 (2008 £1,984,209) was measured by reference to the value in use of the assets using a discount rate of 5% (2008 6%) which reflects the risks inherent in the forecast cashflows

STARBUCKS COFFEE COMPANY (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 SEPTEMBER 2009 (continued)**

4. DIRECTORS AND EMPLOYEES

	Period ended 27 September 2009	Period ended 28 September 2008
	£	£
Staff costs, including directors		
Wages and salaries	110,804,630	103,975,800
Social security costs	8,239,975	7,823,889
Other pension costs	1,212,669	910,901
	<u>120,257,274</u>	<u>112,710,591</u>

Average number employed	No.	No.
Shop staff	9,315	8,899
Administration	308	326
	<u>9,623</u>	<u>9,225</u>

Directors' remuneration	£	£
Emoluments	402,056	939,184
Pension scheme contributions	25,671	94,008
Benefits in kind	1,227	5,999
	<u>428,954</u>	<u>1,039,191</u>

Highest paid director	£	£
Emoluments	254,575	506,555
Pension scheme contributions	15,375	10,078
Benefits in kind	308	2,167
	<u>270,258</u>	<u>518,800</u>

	No.	No.
The number of directors who were members of pension schemes was as follows	<u>2</u>	<u>4</u>

STARBUCKS COFFEE COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 SEPTEMBER 2009 (continued)

5. SHARE BASED PAYMENTS

Share based payments are accounted for as a "contribution from parent" under the equity method in accordance with Urgent Issues Task Force Abstract 44 'Group and Treasury Share Transactions' and FRS 20. Under the transitional provision of FRS 20, the company has recognised costs on all options granted after 7 November 2002

The Company recognised total expenses of £1,518,236 and £490,518 related to equity settled share based payment transactions in the current and prior periods respectively

Equity settled share option scheme

The Company operates an equity settled share option scheme, 'Beanstock', for all partners (employees) of the Company. Partners are rewarded with a grant of options in the company's ultimate parent company (Starbucks Corporation) up to a maximum of 8% base wages at the discretion of the board of directors. The options vest evenly over the following four years, and are exercisable at the closing price on 20 November following the relevant period end.

Options which remain unexercised ten years after grant date expire. Options are forfeited if the partner leaves the company before the options vest, and forfeits vested options if they are not exercised within 90 days of leaving the Company. Partners are permitted to elect for a 'cashless exercise' of vested share options by immediately selling the shares acquired upon exercise of the options.

On 18 March 2009, Starbucks Corporation shareholders approved a proposal to allow for a one time share option exchange programme, designed to provide eligible employees an opportunity to exchange certain outstanding underwater share options for a lesser amount of new options to be granted with lower exercise prices. On 1 May 2009 Starbucks Corporation commenced the option exchange programme, which expired on 29 May 2009.

Details of the share options outstanding during the period are as follows

	As at 27 September 2009		As at 28 September 2008	
	Number of share options	Weighted average exercise price (\$)	Number of share options	Weighted average exercise price (\$)
Options outstanding at beginning of period	1,647,187	30.92	1,364,184	33.89
Granted during the period	1,236,638	8.70	659,900	22.44
Granted under option exchange programme during the period	97,166	14.92	-	-
Forfeited during the period	(864,668)	18.65	(339,398)	28.30
Cancelled under option exchange programme during the period	(289,315)	29.26	-	-
Exercised during the period	(8,951)	10.58	(37,499)	13.30
Options outstanding at the end of the period	1,818,057	21.15	1,647,187	30.92
Options exercisable at the end of the period	1,330,141		458,956	

STARBUCKS COFFEE COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 SEPTEMBER 2009 (continued)

5. SHARE BASED PAYMENTS (continued)

Range of prices (\$)	Outstanding at 27 September 2009	Outstanding at 28 September 2008
	Number of share options	Number of share options
4.00 - 10.00	1,029,033	97,768
10.00 - 16.00	270,323	305,502
16.00 - 28.00	341,118	704,202
28.00 - 36.00	73,913	248,538
36.00 - 38.00	103,670	291,177
	1,818,057	1,647,187

The weighted average share price at the date of exercise for share options exercised during the period was \$10.58 (2008: \$13.30). The options outstanding at 27 September 2009 had a weighted average exercise price of \$9.17 (2008: \$22.44), and a weighted average remaining contractual life of nine years (2008: nine years). In the current period, options were granted on 19 November 2008 (2008: 19 November 2007).

The fair values of the options were calculated using the Black-Scholes-Merton option valuation model. The assumptions used were evaluated and revised, as necessary, to reflect the market conditions and the Company's experience. The inputs into the model were as follows:

	Period ended 27 September 2009	Period ended 28 September 2008
Weighted average share price (\$)	9.17	22.87
Weighted average exercise price (\$)	9.17	22.44
Weighted average fair value (\$)	5.54	6.70
Number of shares originally granted	1,333,804	659,900
Vesting period	1 - 4 years	1 - 4 years
Expected volatility	44.49%	28.84%
Contractual life	10 years	10 years
Expected life	4.52	4.52
Risk-free rate	2.09	3.45
Expected dividend yield	-	-
Expected forfeitures	39.00%	36.50%

Expected volatility is based on a combination of historical volatility of the Company's stock and the one-year implied volatility of its traded options, for the related vesting periods.

Expected life is estimated using historical exercise behaviour.

The risk-free interest rate is based on the implied yield available on US Treasury zero coupon issues with an equivalent remaining term.

The Company has not paid dividends in the past, and had not announced any dividend issue at the period end.

STARBUCKS COFFEE COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 SEPTEMBER 2009 (continued)

UK Share Incentive Plan

The UK Share Incentive Plan, 'SIP', was open to all partners and enables partners to purchase shares from regular payroll deductions. Up to 10% of salary may be saved in the plan. Shares are purchased at the lower of fair market value at the beginning and end of the six month long offering periods, which begin in May and November. At the time of share purchase, partners are rewarded with a matching share for every six shares purchased. On leaving the Company, matching shares may be removed from the plan. This scheme was discontinued within the current period. Outstanding cash was returned to the participating partners.

The total number of shares that can be issued under the plan is 1.4 million. There were 27,461 shares issued under the plan during the current period, at an average price of \$12.56. The fair value of these partnership shares were expensed during the current year.

There were 25,676 shares issued under the plan during the prior period, at an average price of \$18.91.

6. INTEREST

	Period ended 27 September 2009 £	Period ended 28 September 2008 £
Bank interest receivable	192,644	419,553
Bank interest payable	-	(92,278)
Interest payable to group companies	(6,266,908)	(3,900,372)
Interest payable	(6,266,908)	(3,992,650)

Interest on borrowings from group companies is calculated at LIBOR (one year rate) plus 4% as adjusted for changes in LIBOR each fiscal quarter.

7. TAX (CREDIT)/CHARGE ON LOSS ON ORDINARY ACTIVITIES

	Period ended 27 September 2009 £	Period ended 28 September 2008 £
The tax (credit)/charge in the company profit and loss account comprises		
UK corporation tax @ 28% (2008 29%)		
Current tax		
Current year	-	2,534,141
Prior years	(114,808)	2,990,767
	(114,808)	5,524,908
Deferred tax (note 8)		
Current year	-	15,102,940
	-	15,102,940
	(114,808)	20,627,848

STARBUCKS COFFEE COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 SEPTEMBER 2009 (continued)

The difference between the total current tax detailed above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows.

	Period ended 27 September 2009	Period ended 28 September 2008
	£	£
Loss on ordinary activities before tax	(52,221,150)	(26,343,663)
Tax credit on loss on ordinary activities at standard UK corporation tax rate of 28% (2008. 29%)	(14,621,922)	(7,639,662)
Effects of depreciation in excess of capital allowances	5,203,700	4,294,627
Expenses not deductible for tax purposes	6,362,080	5,254,779
Short lease premiums	(254,752)	(199,221)
Short term timing differences	1,714,998	823,619
Adjustment in respect of prior years	(114,808)	2,990,767
Trading losses carried forward	1,595,896	-
Tax (credit)/charge for the period	(114,808)	5,524,908

8. DEFERRED TAX

	Period ended 27 September 2009	Period ended 28 September 2008
	£	£
Deferred tax asset brought forward	-	15,102,940
Current year net charge to profit and loss account	-	(15,102,940)
Deferred tax asset carried forward	-	-

The full deferred tax asset was written off in the prior period, as the company does not believe there is sufficient evidence that the asset will reverse in the foreseeable future

At the balance sheet date the deferred tax asset not recognised in the accounts principally in relation to capital allowances, other short term timing differences and unused tax losses amounts to £33.5m (2008 £20.2m)

The company is in discussion with HM Revenue and Customs (HMRC) regarding its transfer pricing policy. The company believes its transfer pricing policy is reasonable and can defend its position. The company believes it has sufficient unrecognised deferred tax assets that it could utilise in the event of a transfer pricing adjustment by HMRC. The unrecognised deferred tax asset position disclosed above is prior to any adjustment that may arise from these discussions with HMRC.

STARBUCKS COFFEE COMPANY (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 SEPTEMBER 2009 (continued)**

9. TANGIBLE FIXED ASSETS

	Short leasehold property £	Fixtures and fittings £	Plant and equipment £	Assets in course of construction £	Total £
Cost					
Opening balance	115,426,637	53,562,321	44,448,053	4,971,059	218,408,070
Additions	8,072,080	2,258,247	5,216,214	1,692,899	17,239,440
Disposals	(5,474,743)	(2,919,093)	(6,316,401)	(285,095)	(14,995,332)
Reclassifications	2,262,939	1,369,364	1,053,662	(4,685,965)	-
Closing balance	120,286,913	54,270,839	44,401,528	1,692,898	220,652,178
Depreciation					
Opening balance	52,303,555	27,512,833	26,788,591	-	106,604,979
Charge for the year	12,803,395	4,181,065	7,296,242	-	24,280,702
Disposals	(3,443,489)	(2,348,049)	(4,411,839)	-	(10,203,377)
Impairment	5,085,564	2,343,615	2,515,982	-	9,945,161
Closing balance	66,749,025	31,689,464	32,188,976	-	130,627,465
Net book value					
As at 27 September 2009	53,537,888	22,581,375	12,212,552	1,692,898	90,024,713
As at 28 September 2008	63,123,082	26,049,488	17,659,462	4,971,059	111,803,091

There are no leased assets included within plant and equipment or fixtures and fittings (2008 £nil)

10. STOCKS

	Period ended 27 September 2009 £	Period ended 28 September 2008 £
Goods for resale	2,307,932	1,702,841

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 27 SEPTEMBER 2009 (continued)**

11. DEBTORS – amounts falling due within one year:

	Period ended 27 September 2009	Period ended 28 September 2008
	£	£
Trade debtors	3,565,281	3,660,912
Other debtors	1,148,100	2,272,718
Amounts due from other group undertakings	97,867	527,027
Prepayments and accrued income	16,706,387	16,380,732
	<u>21,517,635</u>	<u>22,841,389</u>

12. DEBTORS – amounts falling due after more than one year:

	Period ended 27 September 2009	Period ended 28 September 2008
	£	£
Prepayments and accrued income	3,356,637	1,127,629
	<u>3,356,637</u>	<u>1,127,629</u>

13. CREDITORS – amounts falling due within one year

	Period ended 27 September 2009	Period ended 28 September 2008
	£	£
Trade creditors	10,492,801	7,278,039
Amounts owed to group undertakings	111,015,453	89,856,647
Other taxation and social security	6,268,465	2,623,809
Other creditors	1,150	3,763
Accruals and deferred income	27,224,121	29,649,068
	<u>155,001,990</u>	<u>129,411,326</u>

Amounts owed to group undertakings are payable on demand and include non secured borrowings at LIBOR plus 4% from group companies

STARBUCKS COFFEE COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 SEPTEMBER 2009 (continued)

14. CREDITORS – amounts falling due after more than one year

	Period ended 27 September 2009	Period ended 28 September 2008
	£	£
Accruals and deferred income	5,811,471	8,054,585
	<u>5,811,471</u>	<u>8,054,585</u>

15. CALLED UP SHARE CAPITAL

	As at 27 September 2009		As at 28 September 2008	
	Ordinary shares of 10p each		Ordinary shares of 10p each	
	Number	£	Number	£
Authorised	<u>5,105,869</u>	<u>510,587</u>	<u>5,105,869</u>	<u>510,587</u>
Allotted, called up and fully paid	<u>2,989,354</u>	<u>298,935</u>	<u>2,975,354</u>	<u>297,535</u>

In July 2009 14,000 ordinary shares of £0.10 each were issued to the parent company, Starbucks Coffee Holdings (UK) Limited at a premium of £999.90 per share reflecting Starbucks Corporation's increase in investment in the UK business.

16. SHARE PREMIUM ACCOUNT

	Period ended 27 September 2009
	£
Opening	136,308,474
Shares issued during the period	13,998,600
Closing	<u>150,307,074</u>

17. PROFIT AND LOSS ACCOUNT

	Period ended 27 September 2009	Period ended 28 September 2008
	£	£
Opening	(127,144,287)	(80,663,294)
Loss for the period	(52,106,342)	(46,971,511)
	<u>(179,250,629)</u>	<u>(127,634,805)</u>
Addition to capital contribution reserve (see note 5)	1,518,236	490,518
Closing	<u>(177,732,393)</u>	<u>(127,144,287)</u>

STARBUCKS COFFEE COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 SEPTEMBER 2009 (continued)

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS/ (DEFICIT)

	Period ended 27 September 2009	Period ended 28 September 2008
	£	£
Opening shareholder's funds	9,461,722	55,942,715
Loss for the financial period	(52,106,342)	(46,971,511)
Capital contributions (see note 5)	1,518,236	490,518
Issuance of ordinary shares	14,000,000	-
Closing	(27,126,384)	9,461,722

19. CONTINGENT LIABILITIES AND COMMITMENTS

At 27 September 2009, the company had entered into commitments for capital expenditure of £2,128,589 (2008 £2,231,940)

The company had entered into commitments under operating leases for which payments were due in the next financial period as follows

	27 September 2009	28 September 2008
	Land and buildings	Land and buildings
	£	£
Leases expiring in		
Less than one year	3,109,593	1,932,133
Within two to five years	12,794,137	12,440,749
More than five years	37,807,418	40,145,137
	53,711,148	54,518,019

20. FOREIGN EXCHANGE CONTRACTS

The company had no commitments under forward exchange currency contracts at the period end (2008 £nil)

21. PARENT COMPANY AND CONTROLLING PARTY

The company's immediate parent company and controlling party is Starbucks Coffee Holdings (UK) Limited, a company incorporated in Great Britain 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 group in which the results of the company are consolidated

Copies of the consolidated accounts of Starbucks Corporation can be obtained from Starbucks Coffee Company, Investor Relations, S-SR1, Starbucks Corporation, PO Box 34067, Seattle, WA 98124-1067

STARBUCKS COFFEE COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 SEPTEMBER 2009 (continued)

22. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption granted by Para 3 (c) of FRS 8 “Related Party Disclosures” not to disclose related party transactions with wholly owned Starbucks group companies

23. SUBSEQUENT EVENTS

In October 2009 13,000 ordinary shares of £0.10 each were issued to the parent company Starbucks Coffee Holdings (UK) Ltd at a premium of £999.90 per share. The transaction reflects Starbucks Corporation’s further investment in the UK business.