

Registered number 6190419

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**COSTA BEIJING LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2013**

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**COSTA BEIJING LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	AJ Marshall MJ Price (appointed 24 June 2013) CCB Rogers (appointed 6 July 2012)
<b>COMPANY SECRETARY</b>	RW Fairhurst
<b>REGISTERED NUMBER</b>	6190419
<b>REGISTERED OFFICE</b>	Whitbread Court Houghton Hall Business Park Porz Avenue Dunstable Bedfordshire LU5 5XE
<b>INDEPENDENT AUDITOR</b>	Ernst & Young LLP 1 Colmore Square Birmingham West Midlands B4 6HQ

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## **COSTA BEIJING LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2013**

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The directors present their report and the financial statements for the year ended 28 February 2013

#### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is that of a holding company

#### **DIRECTORS**

The directors who served during the year were

J Derkach (resigned 19 July 2012)  
AJ Marshall  
CCB Rogers (appointed 6 July 2012)

All fees paid to the directors as remuneration are borne by Whitbread Group PLC and it is not practical to allocate the amount for services in respect of this Company

#### **QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

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

#### **PROVISION OF INFORMATION TO AUDITOR**

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

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

#### **AUDITOR**

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

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

This report was approved by the board on 14 NOVEMBER 2013 and signed on its behalf



Secretary

R FAIRHURST

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## **COSTA BEIJING LIMITED**

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### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2013**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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## **COSTA BEIJING LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF COSTA BEIJING LIMITED**

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We have audited the financial statements of Costa Beijing Limited for the year ended 28 February 2013, which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 28 February 2013 and of its loss 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.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

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**COSTA BEIJING LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF COSTA BEIJING LIMITED**

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report

*Ernst & Young LLP*

Simon O'Neill (Senior Statutory Auditor)  
for and on behalf of

**Ernst & Young LLP**

Statutory Auditor

Birmingham

Date

*20/11/2013*

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**COSTA BEIJING LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 28 FEBRUARY 2013**

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	Note	Year ended 28 February 2013 £	As restated Year ended 1 March 2012 £
Administrative expenses		(3)	(5,440)
Other operating income	2	<u>59,088</u>	<u>40,373</u>
<b>OPERATING PROFIT</b>		<b>59,085</b>	<b>34,933</b>
Interest receivable and similar income	6	<b>126,901</b>	<b>81,617</b>
Interest payable and similar charges	7	<u>(213,589)</u>	<u>(192,030)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(27,603)</b>	<b>(75,480)</b>
Tax on loss on ordinary activities	8	<u>6,672</u>	<u>18,336</u>
<b>LOSS FOR THE FINANCIAL PERIOD</b>	13	<u><b>(20,931)</b></u>	<u><b>(57,144)</b></u>

All amounts relate to continuing operations

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

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**COSTA BEIJING LIMITED**

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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 28 FEBRUARY 2013**

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	Note	Year ended 28 February 2013 £	As restated Year ended 1 March 2012 £
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(20,931)</b>	<b>(57,144)</b>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		<b>(20,931)</b>	<b>(57,144)</b>
Prior year adjustment		<b>74,892</b>	
<b>TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST FINANCIAL STATEMENTS</b>		<b>53,961</b>	

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




**COSTA BEIJING LIMITED**  
**REGISTERED NUMBER. 6190419**

**BALANCE SHEET**  
**AS AT 28 FEBRUARY 2013**

		<b>28 February</b>		<b>As restated</b>
	<b>Note</b>	<b>£</b>	<b>£</b>	<b>1 March</b>
				<b>2012</b>
				<b>£</b>
<b>FIXED ASSETS</b>				
Investments	9	3,959,011		2,788,091
<b>CURRENT ASSETS</b>				
Debtors	10	-	12,645	
Cash at bank		-	336	
			<u>12,981</u>	
<b>CREDITORS:</b> amounts falling due within one year	11	<u>(4,293,298)</u>	<u>(3,114,428)</u>	
<b>NET CURRENT LIABILITIES</b>		<b>(4,293,298)</b>		<b>(3,101,447)</b>
<b>NET LIABILITIES</b>		<b>(334,287)</b>		<b>(313,356)</b>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	12	2		2
Profit and loss account	13	<u>(334,289)</u>		<u>(313,358)</u>
<b>SHAREHOLDERS' DEFICIT</b>	14	<b>(334,287)</b>		<b>(313,356)</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
14 NOVEMBER 2013



Director

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

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## **COSTA BEIJING LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013**

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#### **1 ACCOUNTING POLICIES**

##### **1.1 Authorisation**

The financial statements of Costa Beijing Limited for the year ended 28 February 2013 were authorised for issue by the Board of Directors on 14 NOVEMBER 2013

##### **1.2 Basis of preparation of financial statements**

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

##### **1.3 Cash flow**

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

##### **1.4 Going concern**

The financial position of the Company is set out in these financial statements. As at 28 February 2013, the Company's liabilities exceeded its assets by £334,287

The accounts have been prepared on the going concern basis on the grounds that the parent company has confirmed its current intention to provide support so the company may continue operations for the next twelve months from the date of the approval of these accounts

##### **1.5 Investments**

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

##### **1.6 Foreign currencies**

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

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

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

#### **2 OTHER OPERATING INCOME**

	<b>Year ended 28 February 2013 £</b>	<b>Year ended 1 March 2012 £</b>
Foreign exchange difference - gain	<b>59,088</b>	<b>40,373</b>

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**COSTA BEIJING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2013**

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**3. AUDITORS' REMUNERATION**

Audit fees for the year were paid by Whitbread Group PLC. Information about the total audit fees paid by the Group can be found in the Whitbread PLC annual report and financial statements for the year ended 28 February 2013.

**4. RESTATEMENT OF 2011/12**

In the year ended 3 March 2011 Costa Beijing Ltd provided loan funding to its joint venture interest, Hualian Costa (Beijing) Food & Beverage Management Company Limited. The accounting for this transaction has been reassessed in order that interest income at a rate of 5.84% is recorded in the financial statements of Costa Beijing Ltd in accordance with the loan agreements with the joint venture. Interest income of £20,325 and £81,617 has been recorded in the years ended 3 March 2011 and 1 March 2012. Interest income for the year ended 3 March 2011 has been reflected in the brought forward reserves for 1 March 2012. The effect of this restatement on the Profit & Loss Account, Balance Sheet and related notes for 1 March 2012 is as follows:

	Restated £	Effect of restatement £	As previously reported £
<b>PROFIT &amp; LOSS ACCOUNT</b>			
Interest receivable and similar income	81,617	81,617	-
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAX</b>	<b>(75,480)</b>	<b>81,617</b>	<b>(157,097)</b>
Tax on loss on ordinary activities	18,336	(21,359)	39,695
<b>LOSS FOR FINANCIAL PERIOD</b>	<b>(57,144)</b>	<b>60,258</b>	<b>(117,402)</b>
<b>BALANCE SHEET</b>			
Investments	2,788,901	101,942	2,686,149
Debtors	12,645	(27,050)	39,695
<b>NET CURRENT LIABILITIES</b>	<b>(3,101,447)</b>	<b>27,050</b>	<b>(3,074,397)</b>
<b>NET LIABILITIES</b>	<b>(313,356)</b>	<b>74,892</b>	<b>(388,248)</b>
Profit & Loss Account	(313,358)	74,892	(388,250)
<b>SHAREHOLDERS' DEFICIT</b>	<b>(313,356)</b>	<b>74,892</b>	<b>(388,248)</b>

**5. STAFF COSTS**

The company has no employees other than the directors, who did not receive any remuneration (2012 - £NIL). All fees paid to directors as remuneration are borne by Whitbread Group PLC and it is not practical to allocate the amount for services in respect of this Company.

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**COSTA BEIJING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2013**

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**6. INTEREST RECEIVABLE**

	<b>Year ended 28 February 2013 £</b>	<b>As restated Year ended 1 March 2012 £</b>
Other interest receivable	<b>126,901</b>	<b>81,617</b>

Interest received relates to loans made as part of the joint venture in Hualian Costa (Beijing) Food & Beverage Management Company Limited

**7. INTEREST PAYABLE**

	<b>Year ended 28 February 2013 £</b>	<b>Year ended 1 March 2012 £</b>
On loans from group undertakings	<b>213,589</b>	<b>192,030</b>

**8. TAXATION**

	<b>Year ended 28 February 2013 £</b>	<b>As restated Year ended 1 March 2012 £</b>
UK corporation tax credit on loss for the year	<b>(6,672)</b>	<b>(18,336)</b>

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**COSTA BEIJING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2013**

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**8. TAXATION (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2012 - higher than) the standard rate of corporation tax in the UK of 24 17% (2012 - 26 17%) The differences are explained below

	<b>Year ended 28 February 2013 £</b>	<b>As restated Year ended 1 March 2012 £</b>
Loss on ordinary activities before tax	<b>(27,603)</b>	<b>(75,480)</b>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24 17% (2012 - 26 17%)	<b>(6,672)</b>	<b>(19,753)</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	1,417
<b>Current tax credit for the year (see note above)</b>	<b>(6,672)</b>	<b>(18,336)</b>

**Factors that may affect future tax charges**

The Finance Act 2012 reduced the main rate of UK corporation tax to 24% from 1 April 2012 and to 23% from 1 April 2013

In his budget of 20 March 2013, the Chancellor of the Exchequer confirmed the planned additional reduction in the rate of corporation tax to 21% from 1 April 2014 and announced a further reduction to 20% from 1 April 2015 These changes had not been substantively enacted at the balance sheet date and consequently, in accordance with UK accounting standards, are not reflected in these financial statements

The rate change will impact the amount of the future cash tax payment to be made by the Company

**COSTA BEIJING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2013**

**9 FIXED ASSET INVESTMENTS**

	Loans to joint ventures £	Investment in joint ventures £	Total £
<b>Cost or valuation</b>			
At 2 March 2012 (as restated)	1,585,836	1,202,255	2,788,091
Additions	1,111,832	-	1,111,832
Foreign exchange movement	59,088	-	59,088
At 28 February 2013	<u>2,756,756</u>	<u>1,202,255</u>	<u>3,959,011</u>
<b>Net book value</b>			
At 28 February 2013	<u>2,756,756</u>	<u>1,202,255</u>	<u>3,959,011</u>
At 1 March 2012 (as restated)	<u>1,585,836</u>	<u>1,202,255</u>	<u>2,788,091</u>

**Joint ventures**

Name	Country of incorporation	Holding	Principal activity
Hualian Costa (Beijing) Food & Beverage Management Company Limited	China	50%	Coffee Retailer

Additions to loans are primarily due to an increase in funding for the existing joint venture arrangement

**10. DEBTORS**

	28 February 2013 £	As restated 1 March 2012 £
Tax recoverable	<u>-</u>	<u>12,645</u>

**11 CREDITORS:  
Amounts falling due within one year**

	28 February 2013 £	1 March 2012 £
Amounts owed to group undertakings	4,272,920	3,114,428
Corporation tax	20,378	-
	<u>4,293,298</u>	<u>3,114,428</u>

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**COSTA BEIJING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2013**

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**12. SHARE CAPITAL**

	28 February 2013 £	1 March 2012 £
<b>Allotted, called up and fully paid</b>		
2 Ordinary shares shares of £1 each	<u>2</u>	<u>2</u>

**13. RESERVES**

	Profit and loss account £
At 2 March 2012 (as previously stated)	(388,250)
Prior year adjustment (note 4)	<u>74,892</u>
At 2 March 2012 (as restated)	(313,358)
Loss for the year	<u>(20,931)</u>
At 28 February 2013	<u>(334,289)</u>

**14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT**

	28 February 2013 £	As restated 1 March 2012 £
Opening shareholders' deficit	(388,248)	(256,212)
Prior year adjustments (note 4)	<u>74,892</u>	
Opening shareholders' deficit (as restated)	(313,356)	
Loss for the year	<u>(20,931)</u>	(57,144)
Closing shareholders' deficit	<u>(334,287)</u>	<u>(313,356)</u>

**15 RELATED PARTY TRANSACTIONS**

The company is a wholly-owned subsidiary of Whitbread PLC, the ultimate controlling entity of the Group, and has taken advantage of the exemption given in Financial Reporting Standard No 8 not to disclose transactions with other group companies

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**COSTA BEIJING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2013**

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**16 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent undertaking is Costa International Limited. The ultimate parent undertaking is Whitbread PLC.

The parent undertaking of the smallest group of undertakings for which group accounts are drawn up and of which the Company is a member is Whitbread Group PLC, registered in England and Wales. Copies of their accounts can be obtained from Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire LU5 5XE.

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member is Whitbread PLC, registered in England and Wales. Copies of their accounts can be obtained from Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire LU5 5XE.