STARBUCKS EMEA LTD

Registered Number 9084257

Report and Financial Statements

For the 53 week period to 2 October 2016

STARBUCKS EMEA LTD

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DIRECTORS AND OTHER INFORMATION FOR THE PERIOD ENDED 2 OCTOBER 2016

DIRECTORS	K Engskov (resigned 29 July 2015) D Macdonald R Iley (resigned 10 January 2017) A Thurston F Wubben M Brok (appointed 29 July 2015)
SECRETARY	A Thurston
REGISTERED OFFICE	Chiswick Park 566 Chiswick High Road London W4 5YE United Kingdom
AUDITOR	Deloitte LLP Statutory Auditor London, United Kingdom
BANKERS	Citibank Citigroup Centre Canary Wharf London E14 5LB United Kingdom
SOLICITORS	Wragge & Co LLP 55 Colmore Row Birmingham B3 2AS United Kingdom

STRATEGIC REPORT
FOR THE PERIOD ENDED 2 OCTOBER 2016

The directors present their strategic report for the 53 week period ended 2 October 2016 (2015: 52 week period ended 27 September 2015) for Starbucks EMEA Ltd ("the Company"). In preparing this Strategic Report, the directors have complied with s414C of the Companies Act 2006.

STATE OF AFFAIRS

Since Starbucks opened its first stores in Europe in 1998, we have grown to over 2,600 stores in 38 countries. Our largest EMEA market remains the UK, but we have continued to expand across the region. Our base in London has enabled Starbucks to implement its growth strategy, and in the last year, Starbucks successfully launched in South Africa and Slovenia, and announced plans to open our first store in Italy in 2017.

FY16 was another profitable year for Starbucks EMEA Limited. Profit chargeable to tax rose to $89,106,000 (2015: $50,965,000). Starbucks paid UK corporation tax of $3,390,000.

Our EMEA markets continue to perform strongly, with Turkey in particular continuing to outperform, further supporting our growth strategy. Highlights for FY16 include:

- Following the formation of our strategic licensing partnership with REWE, a leading premium retailer. Starbucks has successfully completed the transfer of all German stores to franchise ownership.
- After announcing an exclusive licensed partnership with Taste Holdings in July 2015 for the opening of stores in South Africa, the first Starbucks store opened in Johannesburg in April 2016.

We continue to employ on average 260 partners in our Amsterdam hub to support our EMEA business. On this site we roast and distribute all of the coffee for the whole of Europe, and that has not changed since the European Head Office moved to London.

The principal activities of the Company are the licensing and management of the Starbucks business within Europe, Middle East and Africa ("EMEA"). The Company undertakes these activities through (i) its role as the headquarters for EMEA, including the provision of brand management and support services to the EMEA Business and (ii) as the centre of ownership and commercialisation/exploitation of certain intangible properties relevant to the EMEA business.

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

The profit for the period, after taxation was $215,716,000 (2015: $666,949,000). The directors do not recommend the payment of a dividend for the period.

Key performance indicators

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

	2016 $'000	2015 $'000
Turnover (Continuing operations)	216,956	185,460
Operating profit	56,506	24,019
Profit for the financial period	219,106	666,949
Shareholder's equity	1,428,939	1,215,278

Turnover from continuing operations comprises royalty payments.

The profit for the period of $219,106,000 (2015: $681,968,000) consists of a dividend of $130,000,000 (2015: $631,003,000) and $89,106,000 (2015: $50,965,000) from its principal activities. The dividend of $130,000,000, (2015: $631,003,000) was previously subject to taxation and was therefore not subject to further UK tax, in accordance with UK tax rules.

Principal risks and uncertainties

The Company has established a risk committee that meets quarterly and which evaluates the Company's risk appetite. The principal risks and uncertainties facing the Company are:

Competitive Risks

The Company's revenues are reliant on successful operations of Group companies with whom the Company has long term royalty arrangements.

As these fellow Group companies are retailers that are dependent upon consumer discretionary spending, their results, and hence our results, are sensitive to changes in macro-economic conditions. Our customers may have less money for discretionary purchases and may stop or reduce their purchases of our products or trade down to Starbucks or competitors' lower priced products. Decreases in customer traffic and/or average value per transaction will negatively impact our financial performance as reduced revenue without a corresponding decrease in expenses result in sales de-leveraging, which creates downward pressure on margins and also negatively impacts comparable store sales, net revenue, operating income and earnings per share. There is also a risk that if negative economic conditions persist for a long period of time or worsen, consumers may make long-lasting changes to their discretionary purchasing behaviour, including less frequent discretionary purchases on a more permanent basis.

Legislative Risks

The Company is not aware of any legislative risks that might impact the operations of the Company or subsidiaries of the Company. The Company continues to review laws and regulations in UK and Europe to monitor such risks.

Our policies and procedures are designed to comply with all applicable laws, accounting and reporting requirement, tax rules and other regulations and requirements as well as applicable trade, labour, healthcare privacy, food, anti-bribery and corruption and merchandise laws. The complexity of the regulatory environment in which we operate and the related costs of compliance are both increasing due to additional or changing legal and regulatory requirements, our ongoing expansion into new markets and new channels, and the fact that foreign laws occasionally conflict with domestic laws. In addition to potential damages to our reputation and brand, failure to comply with the various laws and regulations as well as changes in laws and regulations or the manner in which they are interpreted or applied, may result in litigation, civil and criminal liability, damages, fines and penalties, increased cost of regulatory compliance and restatements of our financial statements.

Financial Risks

Market risk is defined as the risk of losses due to changes in foreign currency exchange rates and interest rates. We manage our exposure to various market-based risks according to a market price risk management policy. Under this policy, market-based risks are quantified and evaluated for potential mitigation strategies, such as entering into hedging transactions. The market price risk management policy governs how hedging instruments may be used to mitigate risk. Risk limits are set annually and prohibit speculative trading activity. We also monitor and limit the amount of associated counterparty credit risk. In general, hedging instruments do not have maturities in excess of three years.

Foreign Currency Exchange Risk
A portion of our operations consists of activities not denominated in US dollars, we have transactions in other currencies, primarily the British pound, the Swiss Franc and Euro. To reduce cash flow volatility from foreign currency fluctuations, we enter into derivative instruments to hedge portions of cash flows of anticipated revenue streams and inventory purchases in currencies other than our functional currency, the US dollar, as well as the translation risk of certain balance sheet items.

Interest Rate Risk
Long-term Debt
We utilise short-term and long-term financing and may use interest rate hedges to manage our overall interest expense related to our existing fixed-rate debt, as well as to hedge the variability in cash flows due to changes in the benchmark interest rate related to anticipated debt issuances.

Reputational Risks

Our success depends substantially on the value of our brands and failure to preserve their value, either through our actions or those of our business partners, could have a negative impact on our financial results.

We believe we have built an excellent reputation globally for the quality of our products, for delivery of a consistently positive consumer experience and for our corporate social responsibility programs. Our brand is recognized throughout the world and we have received high ratings in global brand value studies. To be successful in the future, particularly outside of the US, where the Starbucks brand and our other brands are less well-known, we believe we must preserve, grow and leverage the value of our brands across all sales channels. Brand value is based in part on consumer perceptions on a variety of subjective qualities.

Additionally, our business strategy, including our plans for new stores, foodservice, branded products and other initiatives, relies significantly on a variety of business partners, including licensee and joint venture relationships, particularly in our international markets. Licensees and food service operators are often authorised to use our logos and provide branded beverages, food and other products directly to customers. We provide training and support to, and monitor the operations of, certain of these business partners, but the product quality and service they deliver may be diminished by any number of factors beyond our control, including financial pressures they may face. We believe customers expect the same quality of products and service from our licensees and food services providers as they do from us and we strive to ensure customers receive the same quality of products and service experience whether they visit a company-operated store, licensed store or food service location. We also source our food, beverage and other products from a wide variety of domestic and international business partners in our supply chain operations, and in certain cases such products are produced or sourced by our licensees directly.

Business incidents, whether isolated or recurring and whether originating from us or our business partners, that erode consumer trust, such as actual or perceived breaches of privacy, contaminated food, recalls or other potential incidents, particularly if the incidents receive considerable publicity, including rapidly through social or digital media, or result in litigation, can significantly reduce brand value and have a negative impact on our financial results. Consumer demand for our products and our brand equity could diminish significantly if we or our licensees or other business partners fail to preserve the quality of our products, are perceived to act in an unethical or socially irresponsible manner, including with respect to the sourcing or content of our products, fail to comply with laws and regulations or fail to deliver a consistently positive consumer experience in each of our markets. Additionally, inconsistent uses of our brand and other of our intellectual property assets, as well as failure to protect our intellectual property, including from unauthorized uses of our brand or other of our intellectual property assets, can erode consumer trust and our brand value and have a negative impact on our financial results.

By Order of the Board on 2017.

D Macdonald
Director

DIRECTOR'S REPORT
FOR THE PERIOD ENDED 2 OCTOBER 2016

The directors present their report and the audited financial statements of Starbucks EMEA ltd ("the Company") for the 53 week period (2015: 52 week period) ended 2 October 2016. Disclosures required under s416(4) which have been elevated to the strategic report are:

- Financial risk management objectives and policies.

DIRECTORS

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

K Engskov (resigned 29 July 2016)
D Macdonald
R Iley (resigned 10 January 2017)
A Thurston
F Wubben
M Brok (appointed 29 July 2016)

DIVIDENDS

The directors do not recommend the payment of a dividend for the period.

FUTURE DEVELOPMENTS

For the fiscal year 2017, we expect revenue growth driven by new store openings, continued expansion into new territories and continued growth in the Channel Development business.

POLITICAL CONTRIBUTIONS

The Company made no political contributions during the period.

EVENTS SINCE THE BALANCE SHEET DATE

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

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic Report on pages 3 to 6.

The Company has considerable financial resources together with long-term royalty agreements with other group companies across different geographic areas and industries. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, 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 annual report and accounts.

DISABLED EMPLOYEES (PARTNERS)

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

EMPLOYEE (PARTNER) INVOLVEMENT

The Company operates a framework for partner information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. During the period, the policy of providing partners with information, including information relating to the economic and financial factors affecting the performance of the Company, has been continued. Regular meetings are held between management and partners to allow a free flow of information and ideas. Partners participate directly in the success of the business through the Company's profit sharing schemes and are encouraged to invest in the Company through participation in share option schemes.

DIRECTORS' LIABILITIES

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

AUDITOR

A resolution to reappoint Deloitte LLP as auditor will be put to the members at the Annual General Meeting.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were members of the board at the time of approving the directors' report are listed on page 2. Having made enquiries of fellow directors and of the Company's auditor, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

By Order of the Board on 2017.

D Macdonald
Director

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

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

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

In preparing those financial statements, the directors are required to:

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STARBUCKS EMEA LTD

We have audited the financial statements of Starbucks EMEA Ltd for the period ended 2 October 2016 which comprise the Profit and Loss Account, the statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity 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), including FRS 101 "Reduced disclosure framework".

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 2 October 2016 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Sukhbinder Kooner (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
2017

STARBUCKS EMEA LTD
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 2 OCTOBER 2016

	Note	Period ended 2 October 2016 $'000	Period ended 27 September 2015 $'000
Turnover	3	216,956	185,460
Cost of sales		(73,565)	(92,710)
GROSS PROFIT		**143,391**	**92,750**
Administrative expenses		(42,108)	(23,955)
Other operating expenses	9	(44,777)	(44,776)
OPERATING PROFIT		**56,506**	**24,019**
Dividend income		130,000	631,003
Interest receivable and similar income	7	32,587	26,959
Other financial gain		14	-
Interest payable and similar charges		(1)	(13)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	**219,106**	**681,968**
Tax expense for the period	8	(3,390)	(15,019)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		**215,716**	**666,949**

STARBUCKS EMEA LTD
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 2 OCTOBER 2016

OTHER COMPREHENSIVE INCOME:

	Note	Period ended 2 October 2016 $'000	Period ended 27 September 2015 $'000
Profit for the financial year		215,716	666,949
Items that may subsequently be reclassified to profit or loss:			
Cash flow hedges:			
Losses arising during the period	19	(5,004)	(1,155)
Tax on items relating to components of other comprehensive income		939	231
Other comprehensive loss for the period, net of tax		(4,065)	(924)
Total comprehensive income for the period		**211,651**	**666,025**

STARBUCKS EMEA LTD
BALANCE SHEET
AS AT 2 OCTOBER 2016

	Note	2 October 2016 $'000	27 September 2015 $'000
FIXED ASSETS			
Intangible fixed assets	9	1,586,447	1,631,224
Investments	10	477,986	477,986
		2,064,433	**2,109,210**
CURRENT ASSETS			
Deferred tax asset	16	1,170	231
Debtors:			
- Amounts falling due within one year	11	57,943	38,766
- Amounts falling due after one year	11	587,059	551,886
		645,002	**590,652**
Cash at bank and in hand		67,355	187,332
Derivative financial instruments		4,040	51,480
		717,567	**829,695**
CREDITORS - amounts falling due within one year	12	(1,349,379)	(1,722,376)
NET CURRENT LIABILITIES		**(631,812)**	**(892,681)**
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,432,621**	**1,216,529**
CREDITORS - amounts falling due after more than one year	14	(2,211)	(616)
Provision for liabilities	15	(1,471)	(635)
NET ASSETS		**1,428,939**	**1,215,278**
CAPITAL AND RESERVES			
Equity share capital	17	-	-
Share premium	18	547,986	547,986
Hedging reserve	19	(4,989)	(924)
Retained earnings	20	885,942	668,216
SHAREHOLDER'S FUNDS		**1,428,939**	**1,215,278**

The notes on page 16 to 32 are an integral part of these financial statements.

The financial statements for Starbucks EMEA Ltd (registration number 9084257) were approved by the board of directors on 2017 and were signed on its behalf by

D Macdonald
Director

STARBUCKS EMEA LTD

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

	Equity share capital $'000	Share premium $'000	Hedging reserve $'000	Retained earnings $'000	Total $'000
At 12 June 2014	-	-	-	-	-
Profit for the financial year	-	-	-	666,949	666,949
Other comprehensive income	-	-	(924)	-	(924)
Total comprehensive income for the period	**-**	**-**	**(924)**	**666,949**	**666,025**
Shares subscribed for	-	547,986	-	-	547,986
Capital contribution for equity-settled share based payments	-	-	-	1,267	1,267
At 27 September 2015	**-**	**547,986**	**(924)**	**668,216**	**1,215,278**
Profit for the financial year	-	-	-	215,716	215,716
Other comprehensive income	-	-	(4,065)	-	(4,065)
Total comprehensive income for the period	**-**	**-**	**(4,065)**	**215,716**	**211,651**
Shares subscribed for	-	-	-	-	-
Capital contribution for equity-settled share based payments	-	-	-	2,010	2,010
At 2 October 2016	**0**	**547,986**	**(4,989)**	**885,942**	**1,428,939**

The notes on page 16 to 32 are an integral part of these financial statements.

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

The financial statements of Starbucks EMEA Ltd (the "Company") for the period ended 2 October 2016 were authorised for issue by the board of directors on 2017and the balance sheet was signed on the board's behalf by D Macdonald.

Starbucks EMEA Ltd is incorporated in the United Kingdom and registered in England and Wales.

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

The Company's financial statements are presented in US Dollars because that is the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest thousand dollars ($'000) except when otherwise indicated.

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

The results of Starbucks EMEA Ltd are included in the consolidated financial statements of Starbucks Corporation which can be obtained from the Investor Relations section of the Starbucks website at investor.starbucks.com.

2. Summary of significant accounting policies

2.1. Basis of preparation

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

The financial statements have been prepared in accordance with the historical cost convention modified for the revaluation of certain financial instruments. The Company has adopted FRS 101 for all periods presented. The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 2 October 2016.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of IFRS 7 Financial Instruments: Disclosures;

(b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;

(c) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;

(d) the requirements of IAS 7 Statement of Cash Flows;

(e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

(f) the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and

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

2.2. Going Concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic report pages 3 to 6.

The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future.

The directors, having assessed the responses of the directors of the Company's parent Starbucks Corporation to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of Starbucks Corporation, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3. Significant accounting judgements, estimates and assumptions

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

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

Functional currency
The functional currency is the currency of the primary economic environment in which the Company operates. IAS 21 The effects of Changes in Foreign Exchange Rates requires the Company to consider certain indicators when determining the functional currency of the Company. Management applies judgement to determine the functional currency of the Company based on the Company's relevant facts and circumstances. Based on the Managements findings around the cash flows and financing of the Company, Management has determined the functional currency to be US Dollars.

Taxation
Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of the Company's future taxable profits. Further details are contained in note 8.

Intangible assets
Intangible assets with finite useful lives that are acquired separately are carried at cost, which is the fair value of the assets on initial recognition, less accumulated amortisation and accumulated impairment losses. Determination of the assets' fair value requires management judgement around the long term growth rates of the territories within the EMEA region. Amortisation is recognised on a straight-line basis over their estimated useful lives. Determination of useful lives requires management judgement as to the period over which the assets will generate economic benefit. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.3. Significant accounting judgements, estimates and assumptions (continued)

Assessing recoverability of investments in subsidiaries
Management's review of the recoverability of the investment in its subsidiary has been performed by assessing whether there have been events and changes within the company or in its external environment of the type set out in IAS 36 *Impairment of assets* which might be indicators of impairment. This assessment does not suggest that such factors are present.

2.4. Significant accounting policies

a) Foreign currency translation
The Company's financial statements are presented in US Dollars, which is also the Company's functional currency.
Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

b) Investments in subsidiaries
Investments in subsidiaries are accounted for at cost less any provision for impairment.

c) Financial assets
Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.
All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.
Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and short-term deposits, loan notes and derivative financial instruments.

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

2.4. Significant accounting policies (continued)

d) Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Interest bearing loans and borrowings

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

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in interest receivable and similar income and interest payable and similar charges.

e) Fair values

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

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

Intangible assets acquired separately are measured on initial recognition at cost, which is the fair value of the assets on initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the income statement as the expense category that is consistent with the function of the intangible assets.

Licenses

Separately acquired licenses are shown at historical cost. Licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of licenses over their estimated useful lives of 38 years.

2.4. Significant accounting policies (continued)

g) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine extent of the impairment loss.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

h) Hedge accounting

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair value or cash flows of the hedged item.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the profit and loss account as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income at that time is accumulated in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

i) Cash and short-term deposits

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

2.4. Significant accounting policies (continued)

j) Provisions

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

k) Share-based payments

Where the Company's parent company has granted rights to its equity instruments to partners of the Company, such arrangements are accounted for as equity-settled share-based payment arrangements. In such instances a capital contribution is recognised to the extent that the Company is not recharged by its parent.

l) Income taxes

The income taxes are calculated in accordance with tax requirements in the UK.
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.
Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised;
- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.
The carrying amount of deferred income tax assets is reviewed at each balance sheet date.
Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.
Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

2.4. Significant accounting policies (continued)

m) Revenue Recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:
Royalty and license income
Revenue earned from the use of Company's license is recognised on an accrual basis in accordance with the substance of the relevant agreements.
Interest income
Revenue is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.
Dividends
Revenue is recognised when the Company's right to receive payment is established.

n) Cost sharing Agreement
Pursuant to a Cost Sharing Agreement with Starbucks Corporation the Company contributes to the development and maintenance of certain intangible property. The amounts contributed do not qualify to be capitalised under FRS 101 and hence are expensed as incurred within cost of sales.

o) Operating profit
Operating profit is stated before investment income and finance costs.

p) Retirement benefit costs
Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefits schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the scheme are equivalent to those arising in a defined contribution retirement benefit scheme.

3. TURNOVER

An analysis of the Company's turnover by class of business is set out below.

	Period ended 2 October 2016 $'000	**Period ended 27 September 2015 $'000**
Royalty Income	212,376	181,937
License fee Income	6,371	4,943
Discounts/rebates	(1,790)	(1,420)
Turnover from continuing operations	216,957	185,460
Other operating income		
Interest receivable and other similar income	32,556	26,959
Dividend income from group undertakings	130,000	631,003
Total turnover	**379,513**	**843,422**

3. TURNOVER (continued)

An analysis of the Company's turnover by geographical market is set out below.

	Period ended 2 October 2016 $'000	Period ended 27 September 2015 $'000
Europe	188,042	161,660
Other	28,915	23,800
Turnover from continuing operations	**216,957**	**185,460**

Turnover represents the amount earned in the period net of VAT and discounts.
The Company holds licenses in respect of Starbucks intellectual property, which it has in turn sub-licensed to other Group companies and unrelated companies. The License to use this intellectual property was purchased from a parent entity during the period.
The Company generates revenue principally through royalty income received from licensees of the Company. The Company bears the risks and reward in respect of those sub-licenses, and is exposed to variable returns from its sub-licensees.

4. PROFIT FOR THE PERIOD

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

	Period ended 2 October 2016 $'000	Period ended 27 September 2015 $'000
Fees payable to the Company's auditors (see note 5)	85	93
Staff Costs (see note 6)	24,623	18,575
Share based payments (see note 21)	2,010	1,267
Amortisation of intangible assets (see note 9)	44,777	44,776
Net foreign exchange (gains)/losses	(1,744)	1,154

5. AUDITOR REMUNERATION

The Company paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the Company.

	Period ended 2 October 2016 $'000	Period ended 27 September 2015 $'000
Audit of the Financial Statements	85	87
Other services	0	6
	85	93

6. STAFF COSTS AND DIRECTORS' REMUNERATION

The average monthly number of partners (including executive directors) was:

	Period ended 2 October 2016 No.	Period ended 27 September 2015 No.
Field based	25	12
Support centre based	108	59
	133	71

Their aggregate remuneration comprised:

	Period ended 2 October 2016	Period ended 27 September 2015
Staff costs, including directors	**$'000**	**$'000**
Wages and salaries	21,852	16,594
Social security costs	2,668	1,878
Other pension costs (see note 22)	338	103
	24,858	18,575

Directors' remuneration	**$'000**	**$'000**
Emoluments	2,463	2,597
Pension scheme contributions	13	14
Benefits in kind	55	278
	2,531	2,889

Highest paid director	**$'000**	**$'000**
Emoluments	455	1,313
Benefits in kind	6	263
	461	1,576

The number of directors who were members of pension schemes was as follows:	4	4

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period ended 2 October 2016 $'000	Period ended 27 September 2015 $'000
Interest receivable:		
Bank deposits	164	22
Amounts received from group undertakings	30,096	26,937
Available for Sale Investments	2,327	-
Total interest receivable and similar income	**32,587**	**26,959**

8. TAXATION

	Note	Period ended 27 September 2015 $'000	Period ended 27 September 2015 $'000
Corporation tax:			
UK corporation tax for the current year		11,657	14,384
Adjustment in relation to prior years		(9,103)	-
		2,554	14,384
Deferred tax	16	836	635
		3,390	**15,019**

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

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

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

8. TAXATION (continued)

	2 October 2016			27 September 2015		
	Dividend	**Continuing operations**	**Total**	**Dividend**	**Continuing operations**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Profit before tax	**130,000**	**89,106**	**219,106**	**631,003**	**50,965**	**681,968**
Tax at the UK Corporation tax rate of 20.0% (2015: 20.5%)	26,000	17,821	**43,821**	129,356	10,447	**139,803**
Tax effect of expenses that are not deductible in determining taxable profit	-	(6,164)	**(6,164)**	-	3,937	**3,937**
Share based payments temporary difference	-	827	**827**	-	633	**633**
Retirement benefits payments temporary difference	-	9	**9**	-	2	**2**
Adjustment in relation to prior years	-	(9,103)	**(9,103)**	-	-	**-**
Tax effect of income not taxable in determining taxable profit	(26,000)	-	**(26,000)**	(129,356)	-	**(129,356)**
Tax expense for the year	**-**	**3,390**	**3,390**	**-**	**15,019**	**15,019**
Effective tax rate	0.0%	3.8%	1.5%	0.0%	29.5%	2.2%

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised in other comprehensive income:

	Period ended 2 October 2016	Period ended 27 September 2015
	$'000	**$'000**
Deferred tax:		
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges:		
Gain arising during the period	939	231
	939	231
Total income tax recognised in other comprehensive income	939	231

9. INTANGIBLE ASSETS

	License Agreement (UK) $'000	License Agreement (EMEA) $'000	Total $'000
Cost			
At 27 September 2015	**422,350**	**1,253,650**	**1,676,000**
Additions	**-**	**-**	**-**
Disposal	**-**	**-**	**-**
At 2 October 2016	**422,350**	**1,253,650**	**1,676,000**
Amortisation			
At 27 September 2015	11,153	33,623	44,776
Charge for the year	11,153	33,624	44,777
At 2 October 2016	**22,306**	**67,247**	**89,553**
Carrying amount			
At 27 September 2015	**411,197**	**1,220,027**	**1,631,224**
At 2 October 2016	**400,044**	**1,186,404**	**1,586,447**

(a) Cost:

Effective 28 September 2014, another group entity, transferred certain intellectual property that existed under an Area Development, Operation and Cost Sharing Agreement to the Company. These rights comprise a license agreement (see (b) below) and a cost share agreement (see (c) below).

(b) License Agreement

The Licenses grant beneficial ownership of certain intangible property relevant to the operations of Starbucks stores, previously owned by another group entity, to the Company, and allows it to manage and use the licensed intangible property in Europe, the Middle East and Africa to produce, market, and sublicense Starbucks products and to further develop and improve the technology, trademarks, trade names and other licensed intangible property for such purposes.

The license further allows sub-licensing of the rights acquired from Starbucks Corporation under the license. Sub-licensees are granted non-exclusive rights to:

- develop and operate Starbucks stores;
- manufacture and distribute Starbucks products; and
- sub-license these rights to other group entities which in turn sub-license these rights to final franchisees of Starbucks stores.

The agreement provides that under any sub-license arrangement the Company will continue to be entitled to the majority risks and rewards (and variable returns). These rights entitle Starbucks EMEA Ltd to all of its turnover from continuing operations.

9. INTANGIBLE ASSETS (continued)

(c) Cost Sharing Agreement ("CSA")

Under the terms of the licenses, the Company is also required to make an annual contribution to the ultimate parent company Starbucks Corporation to maintain and enhance the licensed intangible property, share the cost of research and development, marketing and licensing and obtain certain beneficial rights in the intellectual property developed under the CSA for the use, consumption, or disposition of property or services embodying the developed intangibles. These payments do not meet the criteria for capitalisation and have been expensed as incurred.

10. SUBSIDIARIES

	$'000
Cost	
At 27 September 2015	477,986
Additions	-
At 2 October 2016	477,986
Net Book Value	477,986

Details of the Company's direct and indirect investments at 2 October 2016 are as follows:

Name	Place of incorporation and principal place of business	Proportion of ownership interest %	Proportion of voting power held %
Direct subsidiaries			
Starbucks Coffee EMEA BV	Amsterdam, Netherlands	100	100
Indirect Subsidiaries			
Starbucks Manufacturing EMEA BV	Amsterdam, Netherlands	100	100
Starbucks Switzerland Austria Holdings BV	Amsterdam, Netherlands	100	100
Starbucks Coffee Switzerland AG	Zurich, Switzerland	100	100
Starbucks Coffee Austria GmbH	Vienna, Austria	100	100
Starbucks Coffee France SAS	Paris, France	100	100
Starbucks Coffee Trading Company Sarl	Lausanne, Switzerland	100	100
Starbucks Coffee Netherlands BV	Amsterdam, Netherlands	100	100
Starbucks Farmer Support Center Mexico	Chiapas, Mexico	100	100
Starbucks Farmer Support Center Ethiopia Plc	Addis Ababa, Ethiopia	100	100
Corporacion Starbucks Farmer Support Center Colombia	Manizales, Colombia	100	100
Starbucks Farmer Support Center Tanzania Ltd	Mbeya, Tanzania	100	100
Starbucks Farmer Support Center Rwanda Ltd	Kigali, Rwanda	100	100
Starbucks Coffee Agronomy Company Srl	San Jose, Costa Rica	100	100
Starbucks Coffee Development (Yunan) Company Limited	Yunnan, China	100	100
Starbucks Singapore Investment Pte.	Singapore	51	51
Starbucks Aini Coffee (Yunnan) Company Limited	Yunnan, China	51	51

The investments in subsidiaries are all stated at cost less provision for impairment.

11. DEBTORS

	2 October 2016 $'000	27 September 2015 $'000
Amounts falling due within one year:		
Amounts receivable from the sale of services	6,520	5,808
Allowance for doubtful debts	(173)	(71)
	6,347	5,737
Amounts owed by group undertakings	35,756	20,133
Other debtors	15,557	12,877
Prepayments	283	19
	57,943	38,766

	2 October 2016 $'000	27 September 2015 $'000
Amounts falling due after more than one year:		
Amounts owed by group undertakings	587,059	551,886
	587,059	551,886

12. TRADE AND OTHER CREDITORS

	2 October 2016 $'000	27 September 2015 $'000
Trade creditors	781	695
Amounts owed to Group Undertakings	1,271,712	1,708,744
Other taxation and social security	10,378	9,392
Other creditors	57,520	-
Accruals and deferred income	8,988	3,545
	1,349,379	1,722,376

13. BANK LOANS, DEBENTURES AND OVERDRAFTS

	2 October 2016 $'000	27 September 2015 $'000
Unsecured borrowings at amortised costs		
Bank overdraft	-	-
Loans from related parties	1,245,619	1,676,000
	1,245,619	1,676,000
Total Borrowings		
Amount due for settlement within one year	1,245,619	1,676,000

The loan from related parties is interest free, unless it is not repaid when demanded when it will accrue interest until repaid.

14. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THEN ONE YEAR

	2 October 2016 $'000	27 September 2015 $'000
Deferred Income	2,211	616
	2,211	616

15. PROVISIONS

	Deferred Tax (see note 16) $'000	Total $'000
At 27 September 2015	**635**	**635**
Additional provision during the year	836	**836**
At 2 October 2016	**1,471**	**1,471**

16. DEFERRED TAX

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

	Revaluation of financial assets $'000	Retirement benefit obligations $'000	Share based payments $'000	Total $'000
At 27 September 2015	231	(2)	(633)	(404)
Credit to profit or loss	-	(9)	(827)	(836)
Charge to other comprehensive income	939	-	-	939
At 2 October 2016	**1,170**	**(11)**	**(1,460)**	**(301)**

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

	2 October 2016 $'000	27 September 2015 $'000
Deferred tax liabilities	(1,471)	(635)
Deferred tax assets	1,170	231
	(301)	**(404)**

17. CALLED UP SHARE CAPITAL

	Period ended 2 October 2016 $	Period ended 27 September 2015 $
Issued and fully paid up		
201 ordinary shares of £1.00 each	325	325

18. SHARE PREMIUM ACCOUNT

	Share Premium $'000
As at 27 September 2015	547,986
Premium arising on issue of equity shares	-
As at 2 October 2016	**547,986**

19. HEDGING RESERVES

	Total $'000
Balance at 27 September 2015	**(924)**
Loss recognised on cash flow hedges:	
Foreign Currency forward contracts	(5,004)
Interest rate swaps	-
Income tax related to losses recognised in other comprehensive income	939
Balance at 2 October 2016	**(4,989)**

Hedging reserve

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instruments is recognised in the profit or loss only when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

Gains and losses transferred from the hedging reserve into profit or loss during the period are included in the following line items in the profit and loss account:

	2016 $'000	2015 $'000
Turnover	538	788
Administrative expenses	(47)	(49)
	491	**739**

20. PROFIT AND LOSS ACCOUNT

	$'000
Balance at 27 September 2015	668,216
Profit for the financial year	215,716
Capital contribution for equity-settled share-based payments	2,010
Balance at 2 October 2016	**885,942**

21. SHARE BASED PAYMENTS

Equity-settled share option scheme

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

The weighted average share price at the date of exercise for share options exercised during the period was $30.31 (2015: $40.15). The options outstanding at 2 October 2016 had exercise prices ranging from $4.32 to $60.68 (2015: $4.32 to $56.91), and a weighted average remaining contractual life of 10 years. In 2016, options were granted on 16 November 2015 (2015: 17 November 2014). The aggregate of the estimated fair values of the options granted on those dates is $3,622,798 (2015: $3,296,192).

22. RETIREMENT BENEFIT SCHEMES

Defined contribution schemes

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

The total cost charged to income of $338,074 (2015: $103,175) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. As at 2 October 2016, contributions of $72,287 (2015: $11,477) due in respect of the current reporting period had not been paid over to the schemes.

23. CONTROLLING PARTY

In the opinion of the directors, the Company's ultimate parent company and ultimate controlling party is Starbucks Corporation, a company registered in the state of Washington, USA, and is the largest and smallest group in which the results of the Company are consolidated.

Copies of the consolidated accounts of Starbucks Corporation can be obtained from the Investor Relations section of the Starbucks website at investor.starbucks.com.

The Company's immediate controlling party is Starbucks EMEA Holdings Ltd.