



**CHARTERED**  
ACCOUNTANTS

# INVESTMENT OPPORTUNITIES

UK COFFEE MARKET



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## THE OPPORTUNITY

**There is a growing market for coffee in the UK as the younger generations move away not only from tea, but in many instances, alcoholic beverages too.**

The UK market has 3 main players Costa, Starbucks and Caffè Nero, but even after other smaller chains are included, the independent coffee outlets have a 60% market share.

In Australia there has been a move to more localised and specialised Coffee Hubs which feature their own Coffee roaster, and a training facility, as well as the traditional ranges of coffees and food offerings.

Think Micro-Brewery concept but for the Coffee Industry. The vision is to set up a chain of these Hubs across the UK in major towns and cities and also add smaller outlets which feed from a local hub. The Hubs would also form partnerships with, and support, the local independents with locally roasted coffee, to their own blends if required, and also offer free training for their new baristas.

The company would also look to sell freshly 'roasted on date' coffee online, in competition to the 'best before date' coffee supplied by the major supermarket chains; and then eventually create a demand for our coffee in these chains. There is then opportunity to explore the hotel and catering markets, and potentially a Master Franchisor arrangement.

A strategic alliance has been set up with Brisbane based 'Coffee Mogul' Philip Di Bella and his associates at ICT, to provide essential market knowledge, coffee brand expertise and guidance, as well as a competitively priced and sustainable supply of raw coffee beans. Philip set up Di Bella Coffee in 2005 with AUD\$5000 and sold it in 2014 for AUD\$47M.

The principal investor is confident this concept will become popular in the UK and wants to get ahead of the game so, ideally, envisages that trading will be commencing in early to mid 2020.

As a footnote, the principal is very concerned about the homeless situation in the UK therefore the venture would be looking to use the training facility to help the homeless by providing training to these people in order that they can get back into the workplace. This would be the company's main social responsibility aim. The other incidental benefit from this and the general training aspect we would be offering, would be to attract grants from the local authority(s) where locations are sought.

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# FINANCIAL HEADLINES

Based on a 5% investment of £60,000 an estimated return of £145,000 on top of the original investment is expected after 6 years.

**5% INVESTMENT**  
OF **£60,000** = ESTIMATED RETURN OF **£145K**  
AFTER **6 YEARS**

This estimated return is based on a dividend profile throughout the 5 years and an expected exit in Year 6, utilising the tax benefits that an Enterprise Investment Scheme provides. 5 Year Projections Headline Figures are as below, further detailed information via an Investor Pack is available on request.

## PROJECTED HEADLINE FIGURES

Trading periods	6m	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Turnover	611	1,743	3,024	4,454	5,869	7,379	9,044
Cost of Sales	171	507	790	1,098	1,405	1,731	2,090
Gross Profit	440	1,236	2,234	3,356	4,464	5,648	6,954
Overheads	450	1,153	2,080	3,113	4,143	5,157	6,343
Net Profit	(10)	83	154	243	321	491	611

## ENTERPRISE INVESTMENT BENEFITS

- Maximum investment by individual per annum of £1m.
- Income Tax relief at 30% - capped to tax deducted at source i.e. cannot generate a tax refund but can reduce tax position to nil.
- No Capital Gains Tax on disposal if held over 3 years.
- If there is a loss on disposal this can be offset against Income Tax.
- If held over 2 years qualifies for Business Property Relief and is Inheritance Tax free.
- Investment relief can be carried back 12 months.
- EIS reinvestment relief available if proceeds for asset used to subscribe for new shares, so defers Capital Gains Tax.
- Dividends received are free from Income tax.

*This investment opportunity has been prepared from information, explanations and opinions from the principal investor. This opportunity is not endorsed by this firm and no responsibility for loss occasioned to any person acting or refraining from action as a result of any information in this document can be accepted by this firm or any of its employees. It is advised that independent financial, accounting and legal advice is taken before entering into any financial arrangement.*



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