23.5 Degrees Topco Limited

Registered number: 09180152

Annual report

For the year ended 31 August 2023

23.5 DEGREES TOPCO LIMITED

COMPANY INFORMATION

Directors	Mr M Hepburn Mr J B Cleland Mr L Contardo Mr B J Mulholland Mr M Snaith
Company secretary	Gateley Secretaries Limited
Registered number	09180152
Registered office	Unit 3, Hedge End Retail Park Charles Watts Way Hedge End Southampton Hampshire England SO30 4RT
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 5th Floor Merck House Seldown Lane Poole Dorset BH15 1TW

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2023

The Directors present their Strategic Report for 23.5 Degrees Topco Limited (the ‘Company’) and its subsidiaries (the ‘Group’) together with the audited consolidated financial statements for the year ended 31 August 2023.

Strategic overview

The 23.5 Degrees Group consists of 23.5 Degrees Topco Limited, 23.5 Degrees Holdings Limited and 23.5 Degrees Limited.

The principal activity of the Group during the year was the operation of franchised Starbucks outlets.

23.5 Degrees Group is a private equity invested, dedicated Starbucks franchise chain with a business model focused on accelerated growth through new site development and ensuring that the group operate the Starbucks store to the highest possible brand standards.

Review of the business

The year to 31 August 2023 presented numerous other challenges for the Group as the economy dealt with inflationary pressures and geopolitical instability impacting its supply chain.

In the context of the wider inflationary environment, Management chose not to fully pass on the large increases in costs of goods and energy to the Group’s customers, which dampened in-year profitability. Inflationary pressures have eased since the start of the new fiscal year (September 2023) and the Group is already beginning to see a reduction in commodity prices, and will enjoy the benefit of a better value new electricity contract from November 2023, which will halve the cost per kWh previously paid.

Despite macro pressures, the business performed strongly and operationally the teams overcame supply chain and inflationary challenges, putting its partners and customers’ at the front of decision-making processes and as a result enjoyed strong transaction growth and improving partner loyalty.

This allowed the Group to close the year with £83.5m sales (2022: £75.0m). All stores traded throughout the year and the business has successfully rolled out 11 more drive-through stores, creating more job opportunities across the UK, and closed Trowbridge at the end of Jul-23, bringing the store count to 100.

As usual, but with more relevance throughout this unprecedented period, the directors’ priority has been the wellbeing and safety of our workforce, our customers, the communities we trade within and all other company stakeholders (from Starbucks to suppliers and landlords).

Headcount in support functions has been increased to underpin future growth ambitions, with further investment in the property team (appointment of an interim property director) and investment in level 5 apprenticeships.

The Directors believe focusing and investing in people is fundamental to the delivery of the Group’s vision and strategy.

In January 2023 the Group settled the HSBC term loan and investors loan notes plus accrued interests from cash reserves.

Considering the underlying economic uncertainty in the last 12 months, the Directors are delighted with its performance this financial year and with how it has navigated through the turbulent trading environment.

Basis of preparation

Taking into consideration all actions successfully put in place by the business in the past 12 months and the agility to adapt to ever-changing macro factors, the Directors have adopted the going concern basis of preparation for these accounts after assessing the principal risks and having considered the impact of downside scenarios for the following 12 months.

The major external variables in the forecast are inflationary pressures and interest hikes.

All scenarios focused on stressing cashflows based on reduction of transactions or average transaction values, being the two main drivers of cash generation in the business. Whilst the situation continues to evolve, the board has considered a number of impacts on sales, profits and cash flows, identifying more than adequate mitigating actions in all cases.

Financial risk management objectives and policies

The Group’s principal financial instruments comprise bank balances and trade creditors. The main purpose of these instruments is to raise funds for the Group’s day to day operations and store build costs to accelerate the growth.

Due to the nature of the financial instruments used by the Group there is no exposure to price risk. The Group’s approach to managing other risks applicable to the financial instruments concerned is shown below. In respect of the bank balances the liquidity risk is managed by maintaining a balance between continuity of funding and by monitoring cash conversion, which for this business is always above 1.

The liquidity risk around trade creditors is managed by ensuring sufficient funds are available to meet amounts due.

Business risks

The principal risks and uncertainties affecting the Group can be summarised as follows:

(A) Current economic outlook

Changes in the country’s economic conditions may impact consumer spending. The franchisor is mitigating the impact on the supply chain and inflationary pressures. ‘Coffee culture’ in the UK has also been built over the last 20 years and habits are ingrained in consumer behaviours.

(B) Interest rate fluctuations

Changes to SONIA and Bank of England rates might impact the company cashflow to repay interests. The negative working capital nature of the business, together with the low gearing, allows the company to have adequate headroom for any upwards changes to interest rates.

(C) Increased competition

Increased numbers of coffee outlets operating in the same geographical areas may impact the Group’s success at securing new sites at competitive rates. The directors are confident of counteracting these risks by continuing to strengthen its covenant for landlord security and with the further investment in its property team.

Key performance indicators

The Directors consider financial and non-financial key performance indicators on the day to day running of the business.

The list below, by no means exhaustive, summarises the main indicators discussed by the Board:

- Sales by store
- Profitability by store
- Transaction by store
- Staff turnover
- Equal opportunity
- Cash conversion
- Staff wellbeing and safety
- Health and Safety
- Customer Service Levels
- Brand Operational Standards
- Development pipeline
- Waste sustainability
- Ethical sourcing
- Utilities KPIs monitoring

Future developments

The business growth strategy has 3 core area of focus, referred to as the '3 cups', underpinned by the central function of HR, Legal, Property and Finance:

In ‘Cup 1’ the Group must maintain the improved profitability, whilst ensuring that the base remains stable as more stores are added to the Group. The development of the staff team to progress through our training programme is vital as our baristas today are our store managers or area managers of tomorrow.

‘Cup 2’ is the Group’s site delivery cup. The Group takes the Starbucks approved stores through the legal and property challenges to deliver the new store to the operations team on day 1 of trading. In the year just closed we delivered 11 brand new stores.

‘Cup 3’ is the Group’s property acquisition team who are scouring our territories in search of future new sites that will fit within the overall Starbucks estate whilst delivering against the stringent selection criteria guaranteeing trading success once open. The Group is focusing primarily on Drive Thru locations.

The Directors are very proud that they have a robust, but flexible and dedicated team who have worked tirelessly to develop the group to where it is today for the benefit of everyone.

The Directors would like to thank them all for their efforts in the past 12 months, and for their continued commitment.

Section 172 statement

As highlighted in the review of the business, the year ended 31 August 2023 kept presenting several challenges for the Group as the hospitality sector re-emerged from the pandemic outbreak.

In normal circumstances the board always takes into account the impact of its strategic decisions on the wider stakeholders the Group interacts with (whether these are employees, shareholders, investors, the brand, suppliers and the communities it operates within) and this was even more relevant during the year this accounts represent.

During the past 12 months period in particular the Directors worked very closely with shareholders, investors, the brand and key suppliers to ensure the decisions and actions taken would be of mutual benefit for everybody the Group interacts with.

Particular attention was dedicated to the well-being of the workforce, the preservation of jobs and supporting the local communities the Group operates within.

This report was approved by the board and signed on its behalf.

Luca Contardo (Dec 7, 2023 10:41 GMT)

Mr L Contardo
Director

Date: Dec 7, 2023

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2023

The Directors present their report and the financial statements for the year ended 31 August 2023.

Results and dividends

The profit for the year, after taxation, amounted to £1,087,545 (2022: profit of £6,187,598).

The Directors recommend the payment of a dividend for the year of £1,662,653 (2022: £nil).

Directors

The Directors who served during the year and to the date of this report were:

Mr M Hepburn
Mr J B Cleland
Mr L Contardo
Mr B J Mulholland
Mr M Snaith

Directors' responsibilities statement

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the audited consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 Parent Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Parent Company and the Group's financial statements and then apply them consistently;
- make judgements 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 Parent Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and the Group 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 Parent Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

A review of the business is detailed within the Group Strategic Report on page 1 confirming the pleasing developments during the year that are in line with the strategic business plan. The Directors have full commitment from investors and lenders to support the business strategy to roll out stores. The business has adequate funding and cash reserves to keep delivering its strategic objectives set by the board and in line with those objectives. The Parent Company and the Group has the necessary funds and support to continue as a going concern for a period of at least 12 months from the signing of the financial statements.

Employee involvement

During the period, the policy of providing employees with information about the Parent Company and the Group has been continued and employees have also been encouraged to present their suggestions and views on the Parent Company and the Group’s performance. Regular meetings are held between management staff and employees to allow a free flow of information and ideas.

Employment of disabled persons

The Parent Company and the Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Group’s policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Qualifying third party indemnity provisions

The Directors benefit from a qualifying third party indemnity provision in the form permitted by the Section 234 of the Companies Act 2006 in respect of certain third party actions against directors. No claim or notice of claim in respect of these indemnities has been received in the period. The qualifying indemnity provision was in force throughout the financial period and up to the date of approval of the Directors' Report.

Greenhouse gas emissions, energy consumption and energy efficiency action

Carbon Emissions Using Location Based Emissions Factors			
	Units	**2023**	**2022**
TURNOVER	£	83,539,389	74,979,076
STATEMENT OF FINANCIAL POSITION TOTAL	£	8,986,779	9,561,887
NUMBER OF EMPLOYEES	N	1,729	1,569
ENERGY INPUTS			
Total Purchased Electricity	kWh	7,140,267	6,677,191
Total Purchased Gas	kWh	6,531	0
Total Energy Use		7,146,798	6,677,191
EMISSIONS			
Scope 1 – Combustion of Gas	$kgCO_2e$	760	0
Total Scope 1 emissions	**$kgCO_2e$**	760	0
Scope 2 – Purchased Electricity	$kgCO_2e$	1,479,000	1,404,050
Total Scope 2 emissions	**$kgCO_2e$**	1,479,000	1,404,050
Total Emissions	**$kgCO_2e$**	1,479,760	1,404,050
Total Emissions	**tCO_2e**	1,480	1,403
Carbon Intensity	**tCO_2e per £m Turnover**	17.72	18.74

Greenhouse gas emissions, energy consumption and energy efficiency action (continued)

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2023 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per £million turnover.

Measures taken to improve energy efficiency

The business has implemented energy monitoring in all its stores, which will allow the business to highlight any wasted energy as it happens and take remedial action.

The business has embarked on a Solar PV installation schedule, with 10 stores as a test implementation. The business aims to roll out the solar PV installation across its entire estate once the proof of concept has been established.

Matters covered in the Group Strategic Report

The Group has prepared a Strategic Report in accordance with section 414C(11) of the Companies Act 2006 and (Strategic Report and Directors' Report) Regulations 2013 and covers topics such as review of business, key performance indicators, future developments and business risks.

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 the Director is aware, there is no relevant audit information of which the Parent Company and the Group's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Parent Company and the Group's auditor is aware of that information.

Events after the end of the reporting period

The Company has also rolled out 1 new drive through store in September and is on site with further 4 stores which will open in December underpinning its strategy to keep rolling out this type of asset in the coming years.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

This report was approved by the board and signed on its behalf by:

Luca Contardo (Dec 7, 2023 10:41 GMT)

Mr L Contardo
Director

Date: Dec 7, 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 23.5 DEGREES TOPCO LIMITED

Opinion

We have audited the financial statements of 23.5 Degrees Topco Limited (the ‘Company’) and its subsidiaries (the 'Group') for the year ended 31 August 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group and the Parent Company’s affairs as at 31 August 2023 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Company and its industry, we identified that the principal risks of noncompliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety/fire regulation, food standards, anti-bribery, corruption and fraud, money laundering.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group and the Parent Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the accuracy of manual journals posted to revenue in one of the subsidiaries), and significant one-off or unusual transactions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 23.5 DEGREES TOPCO LIMITED

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

This report is made solely to the Group and the Parent 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 Group's and the Parent 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 Group and the Parent Company and the Group's and the Parent Company's members as a body for our audit work, for this report, or for the opinions we have formed.

Stephen Mills
Stephen Mills (Dec 8, 2023 11:02 EST)

Stephen Mills (Senior statutory auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
5th Floor
Merck House
Seldown Lane
Poole
Dorset
BH15 1TW

Date: Dec 8, 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2023

	Note	2023 £	2022 £
Turnover	4	83,539,389	74,979,078
Cost of sales		(50,113,371)	(42,495,884)
Gross profit		33,426,018	32,483,194
Administrative expenses		(30,916,692)	(23,632,348)
Fair value movements		(146,661)	215,092
Operating profit	5	2,362,665	9,065,938
Interest payable and similar expenses	9	(734,630)	(1,033,038)
Profit before taxation		1,628,035	8,032,900
Tax on profit	10	(540,490)	(1,845,302)
Profit for the financial year		1,087,545	6,187,598
Other comprehensive income		-	-
Total comprehensive income for the year		1,087,545	6,187,598

The Consolidated Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

The notes on pages 22 to 41 form part of these financial statements.

23.5 DEGREES TOPCO LIMITED
REGISTERED NUMBER: 09180152

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2023

	Note		2023 £		2022 £
Fixed assets					
Intangible assets	**12**		2,105,406		2,243,078
Tangible assets	**13**		20,378,234		16,766,768
			22,483,640		19,009,846
Current assets					
Stocks	**15**	530,870		398,677	
Debtors: Amounts falling due after more than one year	**16**	416,871		234,817	
Debtors: Amounts due within one year	**16**	3,841,434		4,783,774	
Cash and cash equivalents	**17**	8,600,383		20,420,517	
		13,389,558		25,837,785	
Creditors: Amounts falling due within one year	**18**	(16,818,843)		(26,179,612)	
Net current liabilities			(3,429,285)		(341,827)
Total assets less current liabilities			19,054,355		18,668,019
Creditors: Amounts falling due after more than one year	**19**		(8,711,793)		(8,360,951)
Provisions for liabilities					
Deferred taxation	**21**	(1,355,783)		(745,181)	
			(1,355,783)		(745,181)
Net assets			8,986,779		9,561,887
Capital and reserves					
Called up share capital	**22**		1,444		1,444
Share premium account	**23**		7,628,483		7,628,483
Profit and loss account	**23**		1,356,852		1,931,960
Total equity			8,986,779		9,561,887

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 AUGUST 2023

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

Luca Contardo (Dec 7, 2023 10:41 GMT)

Mr L Contardo
Director

Date: Dec 7, 2023

The notes on pages 22 to 41 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2023

	Note		2023 £		2022 £
Fixed assets					
Investments in subsidiaries	**14**		2,500,100		2,500,100
			2,500,100		2,500,100
Current assets					
Debtors	**16**	4,830,126		4,296,472	
Cash and cash equivalents	**17**	624,335		627,425	
		5,454,461		4,923,897	
Creditors: amounts falling due within one year	**18**	(294,027)		(538,162)	
Net current assets			5,160,434		4,385,735
Total assets less current liabilities			7,660,534		6,885,835
Net assets			7,660,534		6,885,835
Capital and reserves					
Called up share capital	**22**		1,444		1,444
Share premium account	**23**		7,628,483		7,628,483
Profit and loss account	**23**		30,607		(744,092)
Total equity			7,660,534		6,885,835

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the Parent Company for the year was £2,437,352 (2022: £280,524).

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

Luca Contardo (Dec 7, 2023 10:41 GMT)

Mr L Contardo
Director

Date: Dec 7, 2023

The notes on pages 22 to 41 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2023

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 September 2021	1,444	7,628,483	(4,255,638)	3,374,289
Profit for the year	-	-	6,187,598	6,187,598
At 1 September 2022	1,444	7,628,483	1,931,960	9,561,887
Profit for the year	-	-	1,087,545	1,087,545
Dividends paid (note 11)	-	-	(1,662,653)	(1,662,653)
At 31 August 2023	1,444	7,628,483	1,356,852	8,986,779

The notes on pages 22 to 41 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2023

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 September 2021	1,444	7,628,483	(1,024,616)	6,605,311
Profit for the year	-	-	280,524	280,524
At 1 September 2022	1,444	7,628,483	(744,092)	6,885,835
Profit for the year	-	-	2,437,352	2,437,352
Dividends paid (note 11)	-	-	(1,662,653)	(1,662,653)
At 31 August 2023	1,444	7,628,483	30,607	7,660,534

The notes on pages 22 to 41 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2023

	2023 £	2022 £
Cash flows from operating activities		
Profit for the financial year	1,087,545	6,187,598
Adjustments for:		
Amortisation of intangible assets	534,575	518,525
Depreciation of tangible assets	4,042,043	3,675,523
Loss on disposal of tangible assets	42,595	56,246
Interest charge	734,630	1,033,038
Taxation charge	(70,112)	1,845,302
Increase in stocks	(132,193)	(40,090)
Increase in debtors	(6,788)	(877,019)
(Decrease)/increase in creditors	(4,776,818)	2,667,682
Net fair value gains	(146,661)	(215,092)
Corporation tax received/(paid)	1,447,788	(4,287,505)
Net cash (used in)/generated from operating activities	2,756,604	10,564,208
Cash flows from investing activities		
Purchase of intangible fixed assets	(417,000)	(272,000)
Sale of intangible assets	20,097	9,253
Purchase of tangible fixed assets	(7,747,636)	(3,741,695)
Sale of tangible fixed assets	166,567	51,351
Net cash used in investing activities	(7,977,972)	(3,953,091)
Cash flows from financing activities		
Repayment of bank loans and loan notes	(5,568,421)	(378,947)
New finance leases	4,435,826	2,238,909
Repayments of finance leases	(3,516,035)	(2,961,418)
Dividends paid	(1,662,653)	-
Interest paid	(287,483)	(534,702)
Net cash used in financing activities	(6,598,766)	(1,636,158)
Net (decrease)/increase in cash and cash equivalents	(11,820,134)	4,974,959

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

	2023 £	2022 £
Cash and cash equivalents at beginning of year	20,420,517	15,445,558
Cash and cash equivalents at the end of year	8,600,383	20,420,517
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	8,600,383	20,420,517

1. General information

The Company (No. 09180152) is a private company limited by shares, incorporated and registered in England and Wales. The address of the registered office of the Company is the same as that of all subsidiary undertakings, and is 3 Hedge End Retail Park, Charles Watts Way, Hedge End, Southampton, SO30 4RT.

The principal activity of the Company during the year was that of a holding company.

The principal activity of the Group during the year was the operation of franchised Starbucks outlets.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The financial statements have been presented in Pounds Sterling as this is the currency of the primary economic environment in which the Group operates and are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries (the 'Group') as if they form a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

2.3 Going concern

A review of the business is detailed within the Group Strategic Report on page 1 confirming the pleasing developments during the year that are in line with the strategic business plan. The Directors have full commitment from investors and lenders to support the business strategy to roll out stores. The business has adequate funding and cash reserves to keep delivering its strategic objectives set by the board and in line with those objectives. The Group has the necessary funds and support to continue as a going concern for a period of at least 12 months from the signing of the financial statements.

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised.

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The point at which these conditions is considered to be met is at point of sale of goods within the stores.

2.5 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term.

2.6 Finance leases: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.7 Sale and leaseback

Where a sale and leaseback transaction results in a finance lease, where there is an excess of proceeds over the carrying amount of the asset, the gain is not initially recognised. Instead, the proceeds are presented as a liability and subsequently measured at amortised cost using the effective interest method.

2.8 Interest payable and similar expenses

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2. Accounting policies (continued)

2.9 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in other creditors as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Parent Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. Accounting policies (continued)

2.11 Intangible assets

Goodwill

Goodwill represents the difference between the consideration and associated costs paid in order to acquire a business, and the fair value of the acquirer's share of the identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and any accumulated impairment losses. Goodwill is amortised on a straight line basis charged to the Consolidated Statement of Comprehensive Income over its useful economic life.

Negative goodwill

Negative goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, negative goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

Negative goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income in administrative expenses.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is recognised in the Consolidated Statement of Comprehensive Income in administrative expenses.

At each reporting date the Group assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Goodwill	-	10 % per annum - straight line
Franchise fees	-	10 % per annum - straight line
Negative goodwill	-	10 % per annum - straight line

2. Accounting policies (continued)

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Group assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	-	10% per annum
Plant and machinery	-	12% to 33% per annum
Fixtures, fittings and equipment	-	20% per annum
Computer equipment	-	33% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

2.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2. Accounting policies (continued)

2.17 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Holiday pay accrual

A liability is recognised for any unused holiday pay entitlement which staff have not used at the year end. This is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday pay entitlement as accrued at the Statement of Financial Position date.

2.19 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a Director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. Accounting policies (continued)

2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable.

Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting are recognised in the year in which the estimate is revised, if the revision affects only that year, in the year of the revision and future years, if the revision affects both current and future years.

3.1 Critical judgements in applying the Group's accounting policies

(i) Impairment of intangible assets

Intangible assets includes goodwill which is subject to impairment review as well as amortisation. In assessing the recoverability of goodwill, the Group makes judgements regarding whether impairment indicators exist based on legal factors, market conditions and operating performances of stores held. Assessment made on the basis of other factors may result in a different conclusion. Future events could cause the Group to conclude that impairment indicators exist and that the carrying values of these assets are impaired.

In assessing whether there have been any indicators of impairment of assets, the Directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

3.2 Key sources of estimation uncertainty

(ii) Depreciation of tangible fixed assets

Management provide for depreciation on the cost of tangible fixed assets over the assets' useful lives after taking their residual values into account. Management estimate the residual values as the amount currently obtainable from the disposal of the asset, after deducting the estimated disposal costs, if the asset were already of the age and in the condition expected at the end of its useful life. Management estimate the useful lives of assets based on past experience with similar assets.

4. Turnover

An analysis of turnover by class of business is as follows:

	2023 £	2022 £
Sale of goods	83,539,389	74,979,078

All turnover arose within the United Kingdom and is derived from the principal activity of operating franchised Starbucks outlets.

5. Operating profit

The operating profit is stated after charging:

	2023 £	2022 £
Amortisation of intangible assets	534,575	518,525
Depreciation of tangible fixed assets	4,042,043	3,675,523
Loss on disposal of tangible fixed assets	42,595	56,246
Other operating lease rentals	6,606,891	5,608,485

6. Auditor's remuneration

During the year, the Group obtained the following services from the Group's auditor:

	2023 £	2022 £
Fees payable to the Group's auditor for the audit of the consolidated and Parent Company's financial statements	35,255	31,000

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Wages and salaries	21,426,583	18,678,923	572,748	818,946
Social security costs	1,042,863	903,332	103,304	110,029
Other pension costs	266,583	226,249	26,746	40,854
	22,736,029	19,808,504	702,798	969,829

The average monthly number of employees, including the Directors, during the year was as follows:

	2023 No.	2022 No.
Sales staff	1,692	1,531
Administrative staff	37	38
	1,729	1,569

8. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	849,200	865,011
Company contributions to defined contribution schemes	43,386	40,480
	892,586	905,491

During the year retirement benefits were accruing to 4 directors (2022: 4) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £300,000 (2022: £272,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £1,321 (2022: £1,321).

There were no key management personnel receiving remuneration other than Directors.

9. Interest payable and similar expenses

	2023 £	2022 £
Bank interest payable	265,772	599,732
Other interest payable	468,858	433,306
	734,630	1,033,038

£181,320 (2022: £419,147) of the bank interest payable relates to interest on loan notes which were repaid in January 2023.

10. Tax on profit

	2023 £	2022 £
Corporation tax		
Current tax on profit for the year	-	1,492,976
Adjustments in respect of previous periods	(70,112)	-
Deferred tax		
Fixed asset timing differences	610,602	352,326
Tax on profit	540,490	1,845,302

10. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022: higher than) the standard rate of corporation tax in the UK of 21.52% (2022: 19%). The differences are explained below:

	2023 £	2022 £
Profit before tax	1,628,035	8,032,900
Profit multiplied by standard rate of corporation tax in the UK of 21.52% (2022: 19%)	350,353	1,526,251
Effects of:		
Expenses not deductible for tax purposes	141,981	209,777
Capital allowances for year in excess of depreciation	(20,065)	(78,841)
Other tax adjustments	68	16
Adjustments to tax charge in respect of prior periods	(70,112)	(925,661)
Adjustments to tax charge in respect of prior periods- Deferred tax	61,366	1,145,467
Other permanent differences	336	-
Remeasurement of deferred tax for changes in tax rates	76,563	51,862
Deferred tax not recognised on movement of losses	-	(83,569)
Total tax charge for the year	540,490	1,845,302

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

11. Dividends

	2023 £	2022 £
Dividends paid at £0.002 (2022: £nil) per share	1,662,653	-

12. Intangible assets

Group

	Franchise fees £	Goodwill £	Negative goodwill £	Total £
Cost				
At 1 September 2022	2,072,000	3,401,374	(166,337)	5,307,037
Additions	417,000	-	-	417,000
Disposals	(150,000)	-	-	(150,000)
At 31 August 2023	2,339,000	3,401,374	(166,337)	5,574,037
Amortisation				
At 1 September 2022	819,418	2,359,940	(115,399)	3,063,959
Charge for the year	211,070	340,138	(16,633)	534,575
On disposals	(129,903)	-	-	(129,903)
At 31 August 2023	900,585	2,700,078	(132,032)	3,468,631
Net book value				
At 31 August 2023	1,438,415	701,296	(34,305)	2,105,406
At 31 August 2022	1,252,582	1,041,434	(50,938)	2,243,078

13. Tangible fixed assets

Group

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Assets in the course of construction £	Total £
Cost						
At 1 September 2022	7,033,406	3,772,515	7,886,707	2,104,108	1,410,827	32,207,563
Additions	2,644,255	1,993,569	1,261,643	625,539	1,337,665	7,862,671
Disposals	(192,630)	(291,435)	(335,443)	(7,852)	(145,904)	(973,264)
Transfers between classes	361,777	-	13,290	3,264	(378,331)	-
At 31 August 2023	9,846,808	5,474,649	8,826,197	2,725,059	2,224,257	39,096,970
Depreciation						
At 1 September 2022	5,997,211	2,622,352	5,444,110	1,377,122	-	15,440,795
Charge for the year	1,815,786	590,790	1,096,901	538,566	-	4,042,043
Disposals	(155,751)	(266,561)	(335,211)	(6,579)	-	(764,102)
At 31 August 2023	7,657,246	2,946,581	6,205,800	1,909,109	-	18,718,736
Net book value						
At 31 August 2023	2,189,562	2,528,068	2,620,397	815,950	2,224,257	20,378,234
At 31 August 2022	1,036,195	1,150,163	2,442,597	726,986	1,410,827	16,766,768

Tangible fixed assets with a carrying value of £20,200,718 (2022: £16,766,768) are pledged as security for the Group's finance leases and bank loans.

Tangible fixed assets with a carrying value of £8,814,962 (2022: £7,406,904) are held under finance leases.

The Company had no tangible fixed assets as at the reporting date.

14. Investments in subsidiaries

Company

	Investments in subsidiary companies £
Cost	
At 1 September 2022	2,500,100
At 31 August 2023	2,500,100

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
23.5 Degrees Holdings Limited	Unit 3, Hedge End Retail Park Charles Watts Way, Hedge End, Southampton, United Kingdom, SO30 4RT	Holding company	Ordinary	100%
23.5 Degrees Limited *	Unit 3, Hedge End Retail Park Charles Watts Way, Hedge End, Southampton, United Kingdom, SO30 4RT	Operating of franchised Starbucks outlets	Ordinary	100%

The holding indicated with (*) is held indirectly through 23.5 Degrees Holdings Limited.

15. Stocks

	Group 2023 £	Group 2022 £
Finished goods	530,870	398,677

Stocks are stated net of a provision for impairment as at year end of £nil (2022: £nil).

Stock recognised in cost of sales during the year as an expense was £20,359,452 (2022: £15,749,386).

16. Debtors

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Due after more than one year				
Prepayments and accrued income	416,871	234,817	-	-
	416,871	234,817	-	-
Due within one year				
Amounts owed by group undertakings	-	-	4,830,126	4,296,472
Other debtors	964,589	150,815	-	-
Prepayments and accrued income	2,876,845	2,904,122	-	-
Corporation tax repayable	-	1,728,837	-	-
	4,258,305	5,018,591	4,830,126	4,296,472

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

17. Cash and cash equivalents

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Cash at bank and in hand	8,600,383	20,420,517	624,335	627,425

18. Creditors: amounts falling due within one year

	Group 2023 £	Restated Group 2022 £	Company 2023 £	Company 2022 £
Bank loans	-	5,568,421	-	-
Trade creditors	6,000,109	5,774,716	-	1,585
Corporation tax	-	-	-	92,965
Other taxation and social security	1,100,314	1,285,092	35,559	1,657
Obligations under finance lease and hire purchase contracts (note 20)	3,859,325	3,171,381	-	-
Other creditors	1,851,258	6,934,561	-	68,038
Accruals and deferred income	4,007,837	3,445,441	258,468	373,917
	16,818,843	26,179,612	294,027	538,162

Amounts owed to group undertakings are unsecured, interest free and payable on demand.

The bank loan is secured by way of a debenture, dated 22 June 2018, incorporating a fixed and floating charge over the Group's current and future assets.

The bank loan was held with HSBC Bank plc and is repayable over the period until June 2023, however it was repaid in full in January 2023. The interest rate on the loan is SONIA + 2.73%.

In 2022, other creditors includes £5,181,214 of institutional loan notes, which were repaid in full in January 2023.

The finance lease creditor is secured on the assets to which it relates.

The 2022 accruals and deferred income balance has been restated between amounts falling due within one year and amounts falling due within more than one year, to correctly recognise the aging of an accrual. The overall effect of this adjustment on equity is £nil.

19. Creditors: amounts falling due after more than one year

	Group 2023 £	Restated Group 2022 £
Obligations under finance leases and hire purchase contracts (note 20)	5,621,705	5,129,167
Other creditors	-	260,691
Accruals and deferred income	3,090,088	2,971,093
	8,711,793	8,360,951

20. Finance leases

Minimum lease payments under finance leases fall due as follows:

	Group 2023 £	Group 2022 £
Within one year	3,859,325	3,171,381
Between 1-5 years	5,621,705	5,129,167
	9,481,030	8,300,548

21. Deferred taxation

Group

	2023 £	2022 £
At beginning of year	(745,181)	532,806
Credited/(charged) to profit or loss	(610,602)	(1,277,987)
At end of year	(1,355,783)	(745,181)

The provision for deferred taxation is made up as follows:

	Group 2023 £	Group 2022 £
Fixed asset timing differences	(1,355,783)	(745,181)

The Company had no deferred tax as at 31 August 2023.

22. Called up share capital

	2023 £	2022 £
Allotted, called up and fully paid		
250,000,000 (2022: 250,000,000) Ordinary A shares of £0.000001 each	250	250
37,783 (2022: 37,783) Ordinary B shares of £0.010000 each	378	378
30,200 (2022: 30,200) Ordinary C shares of £0.010000 each	302	302
100,000 (2022: 100,000) Ordinary D shares of £0.000001 each	-	-
513,744,000 (2022: 513,744,000) Ordinary shares of £0.000001 each	514	514
10,000 (2022: 10,000) Ordinary E shares of £0.000001 each	-	-
36,000 (2022: 36,000) Ordinary F shares of £0.000001 each	-	-
9,000 (2022: 9,000) Ordinary G shares of £0.000001 each	-	-
22,400 (2022: 22,400) Preference shares of £0.000001 each	-	-
	1,444	1,444

All shares have full voting, dividend and capital distribution (including on winding up) rights; they do not contain any right of redemption.

23. Reserves

Share premium account

This account represents the consideration received by the Parent Company in exchange for newly-issued shares, which is in excess of the nominal value of those shares issued.

Profit and loss account

This account represents the cumulative profits and losses of the Group and Parent Company

24. Analysis of net debt

	At 1 September 2022 £	Cash flows £	New finance leases £	Repayment of finance leases £	At 31 August 2023 £
Cash at bank and in hand	20,420,517	(11,820,134)	-	-	8,600,383
Debt due within 1 year	(5,568,421)	5,568,421	-	-	-
Finance leases	(8,300,548)	-	(4,435,826)	3,516,035	(9,220,339)
	6,551,548	(6,251,713)	(4,435,826)	3,516,035	(619,956)

25. Capital commitments

The Group and Parent Company does not have any capital commitments as at 31 August 2023 (2022: £nil).

26. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £266,583 (2022: £226,249). Contributions totalling £100,290 (2022: £116,070) were payable to the fund at the reporting date and are included in creditors.

27. Commitments under operating leases

At 31 August 2023 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £	Group 2022 £
Not later than 1 year	6,876,369	5,572,642
Later than 1 year and not later than 5 years	26,833,077	21,404,771
Later than 5 years	53,236,859	42,613,382
	86,946,305	69,590,795

The Company had no commitments under the non-cancellable operating leases as at the reporting date.

28. Related party transactions

Group Companies

During the year the parent company entered into transactions, in the ordinary course of business, with other group companies or related parties. The parent company has taken advantage of the exemption under paragraph 33.1A of FRS102 not to disclose transactions with fellow group companies.

S H Recruitment & HR Solutions Limited

During the year, a company with a common director provided services to 23.5 Degrees Limited amounting to £351,000 (2022: £417,000). The balance owed to 23.5 Degrees Limited at the year end was £nil (2022: £16,000).

29. Events after the end of the reporting period

The Company has also rolled out 1 new drive through store in September and is on site with further 4 stores which will open in December underpinning its strategy to keep rolling out this type of asset in the coming years.

30. Controlling party

The Directors do not deem there to be a single ultimate controlling party.