Registered number: 07471527

THE COCONUT COLLABORATIVE LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

THE COCONUT COLLABORATIVE LTD

COMPANY INFORMATION

Directors	M Rampolla J U Averdieck C G Frost M Capiod
Registered number	07471527
Registered office	10 Queen Street Place London EC4R 1AG
Independent auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

THE COCONUT COLLABORATIVE LTD

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the 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 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 Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 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 Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Business review

The business has continued to grow with turnover 28% ahead of last year with strong sales through the Covid-19 lockdowns in the UK, and both the European and US business increasing sales volume by increasing distribution points and introducing more products to the market. The business planned well for Brexit, and the logistical challenges that posed, and saw minimal impact on that front. The directors are satisfied with the progress made by the Group during the year and believe the business is well positioned for the future.

Directors

The directors who served during the year were:

M Rampolla (appointed 19 March 2020)
J U Averdieck
C G Frost
M Capiod

Principal risks and uncertainties

Covid-19 has potential to disrupt supply chains and adversely affect foreign exchange rates.

The food industry's supply chain is regarded as essential by government and its workers classed as essential workers. Consequently, there has been no significant disruption to date to our business from Covid-19. Supply chain risk is managed by building stock positions to cover short term supply chain impacts.

Raw materials for the Group's products are sourced from overseas and therefore the business is subject to risks of exchange rate fluctuation and changes in commodity prices. The business manages short term exchange risk by purchasing currency under forward contracts. It manages commodity prices by fixing the price of its annual volume requirement for the year ahead. Covid-19 continues to have an impact on global shipping and increasing the freight rates for these raw materials. The new freight rates have been factored in forecasts.

Failure of the UK and EU to agree a new free trade agreement poses a possible risk of business interruption for products imported to the UK from the Group's European manufacturers. The business has mitigated the risk to its European customers by trading with EU customers through a subsidiary in the Netherlands.

Key Performance Indicators

	2020	2019
	£	£
Turnover	15,190,222	11,825,931
Cost of Sales	(9,914,241)	(8,292,263)
Gross Profit	5,275,981	3,533,668

	2020	2019
No. Branded Products Sold	92	102
No. UK Customers	31	25
No. European Customers	22	8
No. US Customers	15	12
Tonnes of product sold worldwide	2,979	1,975

Disclosure of information to auditors

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 Company and the Group's auditors are 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 Company and the Group's auditors are aware of that information.

Auditors

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

Small companies note

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

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

This report was approved by the board on 18 October 2021 and signed on its behalf.

J U Averdieck
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COCONUT COLLABORATIVE LTD

Opinion

We have audited the financial statements of The Coconut Collaborative Ltd (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Statement of Changes in Equity and the related notes, 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 Financial Reporting Standard 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's and of the parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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's or 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COCONUT COLLABORATIVE LTD (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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. 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- *the directors were not entitled to prepare the financial statements in accordance with the small* companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Group Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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's 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 either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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 Group financial statements.

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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:
Based on our understanding of the company and industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to company law applicable in England and Wales. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, payroll and sales tax, both overseas and in the UK.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COCONUT COLLABORATIVE LTD (CONTINUED)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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

Ian Cliffe (Senior Statutory Auditor)

for and on behalf of
Haysmacintyre LLP

10 Queen Street Place
London
EC4R 1AG

18 October 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Turnover	15,190,222	11,825,931
Cost of sales	(9,914,241)	(8,292,263)
Gross profit	5,275,981	3,533,668
Distribution costs	(1,246,321)	(852,103)
Administrative expenses	(7,804,047)	(6,386,549)
Operating loss	(3,774,387)	(3,704,984)
Interest payable and similar expenses	(19,311)	(28,869)
Loss before tax	(3,793,698)	(3,733,853)
Tax on loss	(43,163)	108,723
Loss for the financial year	(3,836,861)	(3,625,130)

There were no recognised gains and losses for 2020 or 2019 other than those included in the consolidated statement of comprehensive income.

The notes on pages 13 to 28 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note		2020 £		2019 £
Fixed assets					
Intangible assets	6		24,853		24,516
Tangible assets	7		83,047		81,719
			107,900		106,235
Current assets					
Stocks	9	995,747		601,841	
Debtors: amounts falling due within one year	10	3,895,525		2,209,817	
Cash at bank and in hand	11	1,851,359		489,692	
		6,742,631		3,301,350	
Creditors: amounts falling due within one year	12	(5,253,897)		(3,866,030)	
Net current assets/(liabilities)			1,488,734		(564,680)
Total assets less current liabilities			1,596,634		(458,445)
Creditors: amounts falling due after more than one year	13		(50,000)		-
Net assets/(liabilities)			1,546,634		(458,445)
Capital and reserves					
Called up share capital	14		3,921		3,320
Share premium account	15		12,624,691		6,980,754
Other reserves	15		375,646		280,187
Profit and loss account	15		(11,457,624)		(7,722,706)
			1,546,634		(458,445)

The consolidated financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 October 2021.

J U Averdieck
Director

The notes on pages 13 to 28 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note		2020 £		2019 £
Fixed assets					
Intangible assets	6		24,853		24,516
Tangible assets	7		67,217		71,768
Fixed asset investments			1,221		1,122
			93,291		97,406
Current assets					
Stocks	9	620,680		438,395	
Debtors: amounts falling due within one year	10	12,286,690		6,703,315	
Cash at bank and in hand	11	1,428,290		228,987	
		14,335,660		7,370,697	
Creditors: amounts falling due within one year	12	(4,235,893)		(3,324,748)	
Net current assets			10,099,767		4,045,949
Total assets less current liabilities			10,193,058		4,143,355
Creditors: amounts falling due after more than one year	13		(50,000)		-
Net assets			10,143,058		4,143,355
Capital and reserves					
Called up share capital	14		3,921		3,320
Share premium account	15		12,624,691		6,980,754
Other reserves	15		375,646		280,187
Profit and loss account carried forward			(2,861,200)		(3,120,906)
			10,143,058		4,143,355

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 October 2021.

J U Averdieck
Director

The notes on pages 13 to 28 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Share premium account	Share option reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2019	2,872	4,113,211	143,597	(4,125,134)	134,546
Loss for the year	-	-	-	(3,625,130)	(3,625,130)
Reversal of share option charge	-	-	(27,558)	27,558	-
Employee share option charge	-	-	164,148	-	164,148
Shares issued during the year	448	2,867,543	-	-	2,867,991
At 1 January 2020	3,320	6,980,754	280,187	(7,722,706)	(458,445)
Loss for the year	-	-	-	(3,836,861)	(3,836,861)
Reversal of share option charge	-	-	(101,943)	101,943	-
Employee share option charge	-	-	197,402	-	197,402
Shares issued during the year	601	5,643,937	-	-	5,644,538
At 31 December 2020	3,921	12,624,691	375,646	(11,457,624)	1,546,634

The notes on pages 13 to 28 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2019	2,872	4,113,211	143,597	(2,681,944)	1,577,736
Loss for the year	-	-	-	(466,520)	(466,520)
Reversal of share option charge	-	-	(27,558)	27,558	-
Employee share option charge	-	-	164,148	-	164,148
Shares issued during the year	448	2,867,543	-	-	2,867,991
At 1 January 2020	3,320	6,980,754	280,187	(3,120,906)	4,143,355
Profit for the year	-	-	-	157,763	157,763
Reversal of share option charge	-	-	(101,943)	101,943	-
Employee share option charge	-	-	197,402	-	197,402
Shares issued during the year	601	5,643,937	-	-	5,644,538
At 31 December 2020	3,921	12,624,691	375,646	(2,861,200)	10,143,058

The notes on pages 13 to 28 form part of these financial statements.

1. General information

The Coconut Collaborative Ltd is a private company limited by shares incorporated in England and Wales. The registered office and company registration number can be found on the company information page.

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 judgment in applying the Group's 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.

Figures within the accounts have been rounded to the nearest £.

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.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2. Accounting policies (continued)

2.3 Going concern

As of 31 December 2020, the Group had a net asset position of £1,546,634 (2019: net liabilities £458,445), operating losses for the period of £3,774,387 (2019: £3,704,984) and cash and cash equivalents of £1,851,359 (2019: £489,692).

During the year ended 31 December 2020, the Group raised £428,422 through placement of 4,192 shares and have raised a further $7,000,036 through the issue of 55,960 shares.

The Directors expect that net cash inflows from future operating activities in conjunction with cash generated from share issues to be sufficient to cover the Group's working capital requirements through to a breakeven position. The Group has also successfully expanded its revenue base by increasing orders from major customers which will have additional net cash inflows.

The Group plans to continue to expand overseas and requires external funding to do so.

As a result of the above matters, the Directors are of the view that the Group will continue as a going concern and, therefore, will realise its assets and liabilities and commitments in the normal course of business and as the amounts stated in the financial statements. The Directors remain confident about the successful achievement of projected targets and therefore no adjustments have been made to these financial statements relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue 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 revenue is recognised:

Sale of goods

Revenue 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 revenue 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.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

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 accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2. Accounting policies (continued)

2.10 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Consolidated Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Consolidated Statement of Comprehensive Income is charged with fair value of goods and services received.

The share option charge was calculated using the Black Scholes Option pricing model which requires the use of various estimates and assumptions.

2.11 Taxation

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 balance sheet date in the countries where the Company and the Group operate and generate income.

2.12 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.

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:

Trademarks	-	20 % straight line

2. Accounting policies (continued)

2.13 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.

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:

Plant and machinery	-	4 years straight line
Fixtures and fittings	-	4-5 years straight line

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.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.15 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less cost 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 stocks are imparied, the carrying amount is reduced to its selling price less cost to complete and sell. The impairment loss is recognised immediatley in the profit or loss.

2.16 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.17 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. Accounting policies (continued)

2.18 Creditors

Short term creditors are measured at the transaction price.

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 non-puttable 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 financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates. The directors consider the following items to be areas subject to estimation and judgement.

Depreciation
The estimated useful economic lives of tangible fixed assets are based on management's judgement and experience. When management identifies that actual useful economic lives differ materially from the estimates used to calculate depreciation, that charge is adjusted prospectively. Historically no changes have been required. The directors are required to evaluate the carrying values of tangible fixed assets for impairment whenever the circumstances indicate that the carrying value of such assets may not be recoverable.

Amortisation
The trademark is being amortised over 5 years. The estimated useful economic life of trademark is based on management's judgement and experience. When management identifies that actual useful economic lives differ materially from the estimates used to calculate amortisation, that charge is adjusted prospectively.

Debtors
Short term debtors are measured at transaction price, less impairment. When management identifies that debts may not be recoverable, a provision is made against the specific debt.

Stock
At each reporting date, the directors evaluate the value of stock held and record a provision where the recoverable value is deemed to be less than the carrying value. The provision is based on, amongst other things, a consideration of future product sales. The actual recoverable value may differ from the estimated value, which could impact operating results positively or negatively.

Share option charge
Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. The Company uses the Black-Scholes pricing model to estimate fair value at each exercise and period end date, and to calculate the share option charge recognised in the year. The key assumptions used in the model are the expected future volatility in the price of the Company's shares and the expected life of the options. The impact of changes in key assumptions is described in note 16.

4. *Auditors' remuneration*

	2020 £	2019 £
Fees payable to the Group's auditor and its associates in respect of:		
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	20,850	17,050
	20,850	17,050

5. Employees

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

	Group 2020 No.	Group 2019 No.	Company 2020 No.	Company 2019 No.
Employees	41	38	36	33

6. Intangible assets

Group and Company

	Trademarks £
Cost	
At 1 January 2020	56,026
Additions	10,095
At 31 December 2020	66,121
Amortisation	
At 1 January 2020	31,510
Charge for the year on owned assets	9,758
At 31 December 2020	41,268
Net book value	
At 31 December 2020	24,853
At 31 December 2019	24,516

7. Tangible fixed assets

Group

	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 January 2020	21,423	138,616	160,039
Additions	-	30,257	30,257
At 31 December 2020	21,423	168,873	190,296
Depreciation			
At 1 January 2020	6,033	72,287	78,320
Charge for the year on owned assets	4,284	24,645	28,929
At 31 December 2020	10,317	96,932	107,249
Net book value			
At 31 December 2020	11,106	71,941	83,047
At 31 December 2019	15,390	66,329	81,719

7. Tangible fixed assets (continued)

Company

	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 January 2020	21,423	125,418	146,841
Additions	-	20,158	20,158
At 31 December 2020	21,423	145,576	166,999
Depreciation			
At 1 January 2020	6,033	69,040	75,073
Charge for the year on owned assets	4,284	20,425	24,709
At 31 December 2020	10,317	89,465	99,782
Net book value			
At 31 December 2020	11,106	56,111	67,217
At 31 December 2019	15,390	56,378	71,768

8. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2020	1,122
Additions	99
At 31 December 2020	1,221

8. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	**Registered office**	**Class of shares**	**Holding**
The Coconut Collaborative Inc	1240, Rosecrans Avenue, Suite 120, Manhattan Beach, CA, 90266	Ordinary	100%
The Coconut Collaborative BV	Kingsfordweg 151, Amsterdam, 1043GR	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2020 and the profit or loss for the year ended on that date for the subsidiary undertakings was as follows:

Name	Profit/(Loss) £
The Coconut Collaborative Inc	(3,357,507)
The Coconut Collaborative BV	(348,828)

9. Stocks

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Raw materials and consumables	50,237	105,213	36,973	105,213
Finished goods and goods for resale	945,510	496,628	583,707	333,182
	995,747	601,841	620,680	438,395

The difference between purchase price or production cost of stocks and their replacement cost is not material.

10. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	2,636,396	1,664,905	1,953,405	1,588,022
Amounts owed by group companies	-	-	8,991,340	4,616,464
Other debtors	194,451	207,831	164,341	178,349
Prepayments and accrued income	746,714	227,645	859,640	211,044
Tax recoverable	317,964	109,436	317,964	109,436
	3,895,525	2,209,817	12,286,690	6,703,315

11. Cash and cash equivalents

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	1,851,359	489,693	1,428,290	228,987
	1,851,359	489,693	1,428,290	228,987

12. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade creditors	3,137,029	1,942,884	2,342,214	1,544,000
Amounts due to factoring companies	596,432	709,787	596,432	709,787
Amounts owed to group undertakings	-	32	-	-
Other taxation and social security	50,892	41,135	50,892	41,135
Other creditors	119,954	29,205	119,954	29,205
Accruals and deferred income	1,349,590	1,142,987	1,126,401	1,000,621
	5,253,897	3,866,030	4,235,893	3,324,748

RBS Invoice Finance Limited holds a fixed charge over the assets of the Company. At the year end the amounts owed to RBS Invoice Finance Limited totalled £596,432 (2019: £709,787)

13. Creditors: Amounts falling due after more than one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Other loans	50,000	-	50,000	-
	50,000	-	50,000	-

14. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
336,167 (2019 - 331,975) Ordinary shares shares of £0.01 each	3,361.67	3,319.75
55,960 (2019 - nil) Preference A Shares shares of £0.01 each	559.60	-
	3,921.27	3,319.75

The Preference A shares have greater priority than the Ordinary shares in the event of a return of assets to the shareholders, but are equal to the Ordinary shares in all other respects.

On 19 February 2020, 2,938 new Ordinary Shares of 0.01 pence each were issued at a price of £102.20 per share.

On 19 March 2020, 55,960 new Preferred A Shares of 0.01 pence each were issued at a price of £107.30 per share.

On 14 May 2020, 1,254 new Ordinary Shares of 0.01 pence each were issued at a price of £102.20 per share.

The variance between the share premium arising from the above and the share premium recognises in the accounts relates to the impact of foreign exchange rates and the deduction of share issue costs from the share premium account as permitted by FRS102.

All shares have been fully paid.

15. Reserves

Share premium account

Amount subscribed for share capital in excess of nominal value.

Profit and loss account

Includes cumulative profit and loss and all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Share option reserve

Includes cumulative charges in respect of employee share options.

16. Share based payments

The Company operates an Enterprise Management Incentive Scheme for the purpose of incentivising key members of staff.

The fair value of the options has been determined using the Black-Scholes option pricing model. The significant inputs into the model in respect of the options granted in the year ended 31 December 2020 were as follows:

Grant date share price - £97.00
Exercise price - £14.60
No. of share options issued - 2,300
Risk free rate - 0.75%
Expected Volatility - 50%

Using the above inputs the fair value of the options at the grant date was calculated at £197,402, with a share based payment charge of this amount recognised in the profit and loss account in the current year (2019: £164,148). The options have no service requirement attached but can only be exercised at the earliest of the following events:

- A sale of the Company,
- A listing of the Company's shares
- The Company selling its business in such a way that the "trading activities requirement" is no longer met.
- If the above has not occurred before the ninth anniversary of the date of grant, the option may be exercised in respect of vested shares.

Therefore, as the options can, in theory, be exercised anytime in the next 9 years, the full charge has been recognised in the year.

As at 1 January 2020 there were 4,920 share options outstanding. On 19 September 2020 the company issued 2,300 share options, all of which had an exercise price of £14.60 per share. No options were exercised or lapsed in the year in regard to the 2020 issuance. However, 850 options granted in 2019, 500 options granted in 2018 and 450 granted in 2017 all lapsed in the year due to employees departing. share option movements in the year, and the prior year comparative, can be seen in the table below.

	Weighted Average Exercise price (£) 2020 £	Number 2020 £	Weighted Average Exercise price (£) 2019 £	Number 2019 £
Outstanding at the beginning of the year		4,920		3,370
Granted during the year	14.6	2,300	11.59	2,400
Lapsed in the year	14.6	(1,800)	11.59	(850)
Outstanding at the end of the year	-	5,420	-	4,920

17. Pension commitments

The company operates a defined contribution pension scheme. During the period the company made contributions totalling £62,675 (2019: £44,107). At the year-end, pensions payable totalled £9,897 (2019: £5,280).

18. Commitments under operating leases

At 31 December 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

Operating lease payments of £135,000 (2019: £135,000) have been recognised as an expense during the year.

19. Related party transactions

Consultancy fees totalling £54,000 (2019: £50,000) were paid to Plentify Ventures Limited, a company of which M Capiod is a director. At year end, £24,000 of this balance was within accruals (2019: £nil), the remainder having been paid in the year (2019: £nil within accruals). Consultancy fees totalling £50,000 (2019: £nil) were paid to Grovemoor Estates Limited, a company connected to M Wosner who is an indirect shareholder in the Group. At year end, £10,000 of this balance was included within trade creditors (2019: £nil). During the year, expenditure of £13,952 (2019: £13,153) was recognised for the business travel and related expenses of J Averdieck, which was within accruals and trade creditors at year end. Inlcuded within other creditors at year end is a loan balance owed to J Averdieck of £76,388 (2019: £nil).

20. Post balance sheet events

Post year end, a Bridging Loan has been arranged from two shareholders totalling $800k. From which funds will be available for drawing on short notice should it be required prior to the Series B Investment round completing which is expected in Quarter 1 of 2022.

21. Controlling party

The directors do not consider there to be an ultimate controlling party.