23.5 Degrees Topco Limited

Registered number: 09180152

Annual report

For the year ended 31 August 2022

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 2022

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 2022.

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 stores to the highest possible brand standards.

Review of the business

The year to 31 August 2022, still affected by the Covid-19 pandemic with the Omicron variant, presented numerous other challenges for the Group.

Nonetheless, the business performed strongly, aided by the government stimulus packages introduced to support the hospitality sector and the wider economy which ended in March 2022.

Operationally the teams overcame supply chain and inflationary challenges, putting its partners and customers at the front of decision-making processes.

This allowed the Group to close the year with £75.0m sales (2021: £66.7m). All stores traded throughout the year, with the exception of the Salisbury store, which closed in April 2022 and the business has successfully built upon its digital platform channel (delivery) launched in July 2020 with the launch of a third aggregator in September 2021.

During the year six stores were opened (all Drive Thru), bringing total store count to 90 and creating more job opportunities across communities in the UK.

In April 2022 the business exited its Salisbury operation.

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. The Directors believe focusing and investing in people is fundamental to the delivery of the company's vision and strategy. Investment in Apprenticeship level 3 and 5 accreditations should ensure staff retention and a pipeline of future talent capable of developing into senior operational roles as the business grows over the next 3 to 5 years.

Considering all the challenges faced by the business 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 as the economy and hospitality sector in particular recovered from the Covid-19 outbreak.

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 financial statements 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 potential further Covid-19 spikes driven by virus mutations and potential inflationary pressures.

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 15 to 20 years and habits are ingrained in consumer behaviours. The Directors believe the growth of the new digital channels (delivery and mobile order and pay) will position the business ahead of other competitors in the hospitality sector.

(B) Interest rate fluctuations

Changes to Sterling Overnight Index Average (SONIA) and Bank of England rates might impact the Company cashflow to repay interests on the senior bank loan. To mitigate the interest rate fluctuation the Directors have agreed to enter an interest cap hedging product at an appropriate strike rate.

(C) Increased competition

Increased numbers of franchisees 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. Over the past 12 months the pipeline of new stores has also increased to 50 from a base of 25-30 in previous years.

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 areas of focus, referred to as the 3 cups, underpinned by the central function of HR, Legal 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 6 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 2022 kept presenting several challenges for the Company as the hospitality sector recovered from the pandemic outbreak.

In normal circumstances the board of Directors 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 18 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 by:

Luca Contardo
Luca Contardo (Dec 7, 2022 15:27 GMT)

Mr L Contardo
Director

Date: Dec 7, 2022

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 August 2022.

Results and dividends

The profit for the year, after taxation, amounted to £6,187,598 (2021: profit of £8,548,325).

The Directors do not recommend the payment of a dividend for the year (2021: £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 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 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; and
- 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 Group'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.

Going concern

A review of the business is detailed within the 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.

Employee involvement

During the period, the policy of providing employees with information about the Group has been continued and employees have also been encouraged to present their suggestions and views on 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 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.

Greenhouse gas emissions, energy consumption and energy efficiency action

Carbon Emissions Using Location Based Emissions Factors			
	Units	2022	2021
TURNOVER	£	74,979,076	66,716,851
STATEMENT OF FINANCIAL POSITION TOTAL	£	9,561,887	3,374,289
NUMBER OF EMPLOYEES	N	1,569	1,382
ENERGY INPUTS			
Total Purchased Electricity	kWh	6,677,191	6,874,964
Total Purchased Gas	kWh	0	0
Total Energy Use		6,677,191	6,874,964
EMISSIONS			
Scope 1 – Combustion of Gas	$kgCO_2e$	0	0
Total Scope 1 emissions	$kgCO_2e$	0	0
Scope 2 – Purchased Electricity	$kgCO_2e$	1,404,050	1,444,842
Total Scope 2 emissions	$kgCO_2e$	1,404,050	1,444,842
Total Emissions	$kgCO_2e$	1,404,050	1,444,842
Total Emissions	tCO_2e	1,403	1,445
Carbon Intensity	tCO_2e per £m Turnover	18.74	21.66

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

The Group did not undertake any energy efficiency initiatives during the year.

We have reported on all the emission sources required under the Directors' Report and Limited Liability Partnerships Energy and Carbon Report Regulations 2018. These sources fall within our consolidated financial statements. We do not have responsibility for any emission sources that are not included in our consolidated statements, other than those highlighted below.

This report is aligned with the GHG Protocol methodology. The GHG Protocol establishes comprehensive global standardised frameworks to measure and manage greenhouse gas ("GHG") emissions from private and public sector operations, value chains and mitigation actions. The framework has been in use since 2001, and forms a recognised structured format, to calculate a carbon footprint. Emission factors published annually by the UK government have been used for the purposes of company reporting.

Data has been collated from source documentation or, where this has been impracticable, using estimates. Calculations of emissions for the period have been made using a third-party.

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 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 Company and the Group's auditor is aware of that information.

Events after the end of the reporting period

The Company has rolled out two new drive through stores, one in October and one in November.

Auditor

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

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

Luca Contardo
Luca Contardo (Dec 7, 2022 15:27 GMT)

Mr L Contardo
Director

Date: Dec 7, 2022

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 2022 which comprise the Consolidated Statement of Comprehensive, the Group and Company Statement of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Group 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 2022 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.

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

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 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 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 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.

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

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 regulation, 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 tax legislation, pension legislation, 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 override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in significant accounting estimates, in particular in relation to the impairment of intangible assets and the depreciation of tangible fixed assets, and significant one-off or unusual transactions 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 Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

Stephen Mills
Stephen Mills (Dec 7, 2022 15:40 GMT)

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 7, 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2022

	Note	2022 £	2021 £
Turnover	4	74,979,078	66,716,851
Cost of sales		(42,495,884)	(37,635,099)
Gross profit		32,483,194	29,081,752
Administrative expenses		(23,632,348)	(18,204,919)
Fair value movements		215,092	34,813
Operating profit	5	9,065,938	10,911,646
Interest payable and similar expenses	9	(1,033,038)	(906,969)
Profit before taxation		8,032,900	10,004,677
Tax on profit	10	(1,845,302)	(1,456,352)
Profit for the financial year		6,187,598	8,548,325
Other comprehensive income		-	-
Total comprehensive income for the year		6,187,598	8,548,325

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

The notes on pages 20 to 39 form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2022**

	Note		2022 £		2021 £
Fixed assets					
Intangible assets	11		2,243,078		2,498,855
Tangible assets	12		16,766,768		16,529,762
			19,009,846		19,028,617
Current assets					
Stocks	14	398,677		358,587	
Debtors: Amounts falling due after more than one year	15	234,817		251,317	
Debtors: Amounts due within one year	15	4,783,774		2,159,224	
Cash and cash equivalents	16	20,420,517		15,445,558	
		25,837,785		18,214,686	
Creditors: Amounts falling due within one year	17	(29,150,705)		(17,310,171)	
Net current (liabilities)/assets			(3,312,920)		904,515
Total assets less current liabilities			15,696,926		19,933,132
Creditors: Amounts falling due after more than one year	18		(5,389,858)		(17,091,649)
Provisions for liabilities					
Deferred taxation	21	(745,181)		532,806	
			(745,181)		532,806
Net assets			9,561,887		3,374,289
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		1,931,960		(4,255,638)
Total equity			9,561,887		3,374,289

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 AUGUST 2022

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

Luca Contardo
Luca Contardo (Dec 7, 2022 15:27 GMT)

Mr L Contardo
Director

Date: Dec 7, 2022

The notes on pages 20 to 39 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2022

	Note		2022 £		2021 £
Fixed assets					
Investments in subsidiaries	13		2,500,100		2,500,100
			2,500,100		2,500,100
Current assets					
Debtors	15	4,296,472		4,390,907	
Cash and cash equivalents	16	627,425		386,748	
		4,923,897		4,777,655	
Creditors: amounts falling due within one year	17	(538,162)		(609,446)	
Net current assets			4,385,735		4,168,209
Total assets less current liabilities			6,885,835		6,668,309
Creditors: amounts falling due after more than one year	18		-		(62,998)
Net assets			6,885,835		6,605,311
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		(744,092)		(1,024,616)
Total equity			6,885,835		6,605,311

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 £280,524 (2021: £236,976).

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

Luca Contardo
Luca Contardo (Dec 7, 2022 15:27 GMT)

Mr L Contardo
Director

Date: Dec 7, 2022

The notes on pages 20 to 39 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2022

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 September 2020	1,444	7,628,483	(12,803,963)	(5,174,036)
Comprehensive income for the year				
Profit for the year	-	-	8,548,325	8,548,325
Total comprehensive income for the year	-	-	8,548,325	8,548,325
At 1 September 2021	1,444	7,628,483	(4,255,638)	3,374,289
Comprehensive income for the year				
Profit for the year	-	-	6,187,598	6,187,598
Total comprehensive income for the year	-	-	6,187,598	6,187,598
At 31 August 2022	1,444	7,628,483	1,931,960	9,561,887

The notes on pages 20 to 39 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2022

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 September 2020	1,444	7,628,483	(1,261,592)	6,368,335
Comprehensive income for the year				
Profit for the year	-	-	236,976	236,976
Total comprehensive income for the year	-	-	236,976	236,976
At 1 September 2021	1,444	7,628,483	(1,024,616)	6,605,311
Comprehensive income for the year				
Profit for the year	-	-	280,524	280,524
Total comprehensive income for the year	-	-	280,524	280,524
At 31 August 2022	1,444	7,628,483	(744,092)	6,885,835

The notes on pages 20 to 39 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	6,187,598	8,548,325
Adjustments for:		
Amortisation of intangible assets	518,525	496,741
Depreciation of tangible assets	3,675,523	3,358,338
Loss on disposal of tangible assets	56,246	79,159
Interest charge	1,033,038	906,969
Taxation charge	1,845,302	1,456,352
Increase in stocks	(40,090)	(87,651)
Increase in debtors	(877,019)	(1,230,782)
Increase/(decrease) in creditors	2,667,682	(480,730)
Net fair value gains	(215,092)	(34,813)
Corporation tax paid	(4,287,505)	-
Net cash generated from operating activities	10,564,208	13,011,908
Cash flows from investing activities		
Purchase of intangible fixed assets	(272,000)	(270,000)
Sale of intangible assets	9,253	-
Purchase of tangible fixed assets	(3,741,695)	(4,391,722)
Sale of tangible fixed assets	51,351	40,184
Net cash used in investing activities	(3,953,091)	(4,621,538)
Cash flows from financing activities		
Repayment of bank loans	(378,947)	(284,211)
New finance leases	2,238,909	1,420,215
Repayments of finance leases	(2,961,418)	(2,656,443)
Interest paid	(534,702)	(520,879)
Net cash used in financing activities	(1,636,158)	(2,041,318)
Net increase in cash and cash equivalents	4,974,959	6,349,052
Cash and cash equivalents at beginning of year	15,445,558	9,096,506
Cash and cash equivalents at the end of year	20,420,517	15,445,558
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	20,420,517	15,445,558

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 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 Company 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 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.

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:

	2022 £	2021 £
Sale of goods	74,979,078	66,716,851

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:

	2022 £	2021 £
Amortisation of intangible assets	518,525	496,741
Depreciation of tangible fixed assets	3,675,523	3,358,338
Loss on disposal of tangible fixed assets	56,246	79,159
Other operating lease rentals	5,608,485	5,031,827

6. Auditor's remuneration

	2022 £	2021 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	31,000	28,510

Fees payable to the Group's auditor in respect of:

	2022 £	2021 £
CJRS claim review	-	21,700
Taxation compliance services	6,440	6,250
All other services	7,600	7,400
	14,040	35,350

7. Employees

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

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	18,678,923	17,269,247	818,946	727,072
Social security costs	903,332	851,541	110,029	92,292
Other pension costs	226,249	124,031	40,854	36,498
	19,808,504	18,244,819	969,829	855,862

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

	2022 No.	2021 No.
Sales staff	1,531	1,348
Administrative staff	38	34
	1,569	1,382

8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	865,011	709,406
Company contributions to defined contribution schemes	40,480	36,247
	905,491	745,653

During the year retirement benefits were accruing to 4 directors (2021: 4) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £272,000 (2021: £265,256).

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 (2021: £1,317).

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

9. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	599,732	554,430
Other interest payable	433,306	352,539
	1,033,038	906,969

£419,147 (2021: £388,171) of the bank interest payable relates to interest on loan notes payable in July 2023.

10. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profit for the year	1,492,976	1,989,158
Deferred tax		
Fixed asset timing differences	352,326	(528,405)
Short term timing differences	-	(4,401)
Total deferred tax	352,326	(532,806)
Tax on profit	1,845,302	1,456,352

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Profit before tax	8,032,900	10,004,677
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	1,526,251	1,900,889
Effects of:		
Expenses not deductible for tax purposes	209,777	93,229
Capital allowances for year in excess of depreciation	(78,841)	431,358
Other tax adjustments	16	-
Adjustments to tax charge in respect of prior periods	(925,661)	-
Adjustments to tax charge in respect of prior periods- Deferred tax	1,145,467	-
Remeasurement of deferred tax for changes in tax rates	51,862	(142,561)
Deferred tax not recognised on movement of losses	(83,569)	(826,563)
Total tax charge for the year	1,845,302	1,456,352

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. Intangible assets

Group

	Franchise fees £	Goodwill £	Negative goodwill £	Total £
Cost				
At 1 September 2021	1,825,000	3,401,374	(166,337)	5,060,037
Additions	272,000	-	-	272,000
Disposals	(25,000)	-	-	(25,000)
At 31 August 2022	2,072,000	3,401,374	(166,337)	5,307,037
Amortisation				
At 1 September 2021	640,144	2,019,803	(98,765)	2,561,182
Charge for the year	195,022	340,137	(16,634)	518,525
On disposals	(15,748)	-	-	(15,748)
At 31 August 2022	819,418	2,359,940	(115,399)	3,063,959
Net book value				
At 31 August 2022	1,252,582	1,041,434	(50,938)	2,243,078
At 31 August 2021	1,184,856	1,381,571	(67,572)	2,498,855

12. 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 2021	14,843,223	3,347,904	7,327,714	1,693,873	1,638,274	28,850,988
Additions	1,604,510	462,522	811,004	445,852	696,238	4,020,126
Disposals	(228,763)	(59,609)	(300,964)	(74,215)	-	(663,551)
Transfers between classes	814,436	21,698	48,953	38,598	(923,685)	-
At 31 August 2022	17,033,406	3,772,515	7,886,707	2,104,108	1,410,827	32,207,563
Depreciation						
At 1 September 2021	4,581,067	2,101,904	4,726,179	912,076	-	12,321,226
Charge for the year	1,601,388	578,395	1,018,251	477,489	-	3,675,523
Disposals	(185,244)	(57,947)	(300,320)	(12,443)	-	(555,954)
At 31 August 2022	5,997,211	2,622,352	5,444,110	1,377,122	-	15,440,795
Net book value						
At 31 August 2022	11,036,195	1,150,163	2,442,597	726,986	1,410,827	16,766,768
At 31 August 2021	10,262,156	1,246,000	2,601,535	781,797	1,638,274	16,529,762

Tangible fixed assets with a carrying value of £16,863,898 (2021: £16,529,762) are pledged as security for the Group's finance leases and bank loans.

Tangible fixed assets with a carrying value of £7,406,904 (2021: £9,110,517) are held under finance leases.

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

13. Investments in subsidiaries

Company

	Investments in subsidiary companies £
Cost	
At 1 September 2021	2,500,100
At 31 August 2022	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.

14. Stocks

	Group 2022 £	Group 2021 £
Finished goods	398,677	358,587

Stocks are stated net of a provision for impairment as at year end of £nil (2021: £nil).

Stock recognised in cost of sales during the year as an expense was £15,749,386 (2021: £12,576,347).

15. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Due after more than one year				
Prepayments and accrued income	234,817	251,317	-	-
	234,817	251,317	-	-
Due within one year				
Amounts owed by group undertakings	-	-	4,296,472	4,390,907
Other debtors	150,815	673,587	-	-
Prepayments and accrued income	2,904,122	1,485,637	-	-
Corporation tax repayable	1,728,837	-	-	-
Deferred taxation	-	532,806	-	-
	5,018,591	2,943,347	4,296,472	4,390,907

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

16. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	20,420,517	15,445,558	627,425	386,748

17. Creditors: amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans (note 19)	5,568,421	378,947	-	-
Trade creditors	5,774,716	3,483,405	1,585	632
Amounts owed to group undertakings	-	-	-	317,390
Corporation tax	-	1,989,158	92,965	-
Other taxation and social security	1,285,092	495,769	1,657	35,881
Obligations under finance lease and hire purchase contracts (note 20)	3,171,381	2,737,468	-	-
Other creditors	6,934,561	1,614,478	68,038	-
Accruals and deferred income	6,416,534	6,610,946	373,917	255,543
	29,150,705	17,310,171	538,162	609,446

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 is held with HSBC Bank plc and is repayable over the period until June 2023. The interest rate on the loan is SONIA + 2.73%.

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

Other creditors includes £5,181,214 (2021: £nil) of institutional loan notes.

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

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans (note 19)	-	5,568,421	-	-
Obligations under finance leases and hire purchase contracts (note 20)	5,129,167	6,285,589	-	-
Other creditors	260,691	5,237,639	-	62,998
	5,389,858	17,091,649	-	62,998

Other creditors includes £nil (2021: £4,797,420) of institutional loan notes.

19. Loans

Analysis of the maturity of loans is given below:

	Group 2022 £	Group 2021 £
Amounts falling due within one year		
Bank loans	5,568,421	378,947
Loan notes (note 17)	5,181,214	-
Amounts falling due 1-2 years		
Bank loans	-	378,947
Loan notes (note 17)	-	4,797,420
Amounts falling due 2-5 years		
Bank loans	-	5,189,474
	10,749,635	10,744,788

20. Finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2022 £	Group 2021 £
Within one year	3,171,381	2,737,468
Between 1-5 years	5,129,167	6,285,589
	8,300,548	9,023,057

21. Deferred taxation

Group

	2022 £	2021 £
At beginning of year	532,806	-
Charged to profit or loss	(1,277,987)	532,806
At end of year	(745,181)	532,806

The deferred taxation balance is made up as follows:

	Group 2022 £	Group 2021 £
Fixed asset timing differences	(745,181)	528,405
Short term timing differences	-	4,401
	(745,181)	532,806

The Company had no deferred tax as at 31 August 2022.

22. Called up share capital

	2022 £	2021 £
Allotted, called up and fully paid		
250,000,000 (2021: 250,000,000) Ordinary A shares of £0.000001 each	250	250
37,783 (2021: 37,783) Ordinary B shares of £0.010000 each	378	378
30,200 (2021: 30,200) Ordinary C shares of £0.010000 each	302	302
100,000 (2021: 100,000) Ordinary D shares of £0.000001 each	-	-
513,744,000 (2021: 513,744,000) Ordinary shares of £0.000001 each	514	514
10,000 (2021: 10,000) Ordinary E shares of £0.000001 each	-	-
36,000 (2021: 36,000) Ordinary F shares of £0.000001 each	-	-
9,000 (2021: 9,000) Ordinary G shares of £0.000001 each	-	-
22,400 (2021: 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 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 Company

24. Analysis of net debt

	At 1 September 2021 £	Cash flows £	New finance leases £	Repayment of finance leases £	Other non-cash changes £	At 31 August 2022 £
Cash at bank and in hand	15,445,558	4,974,959	-	-	-	20,420,517
Debt due after 1 year	(5,568,421)	5,568,421	-	-	-	-
Debt due within 1 year	(416,425)	-	-	-	(10,818,313)	(11,234,738)
Finance leases	(9,023,057)	-	(2,238,909)	2,961,418	-	(8,300,548)
	437,655	10,543,380	(2,238,909)	2,961,418	(10,818,313)	885,231

25. Capital commitments

At 31 August 2022 the Group had capital commitments as follows:

	Group 2022 £	Group 2021 £
Contracted for but not provided for	-	359,809

The Company had no capital commitments as at the reporting date.

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 £226,249 (2021: £160,028). Contributions totalling £116,070 (2021: £37,478) were payable to the fund at the reporting date and are included in creditors.

27. Commitments under operating leases

At 31 August 2022 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £
Not later than 1 year	5,572,642	4,902,002
Later than 1 year and not later than 5 years	21,404,771	19,081,644
Later than 5 years	42,613,382	40,015,877
	69,590,795	63,999,523

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 £417,000 (2021: £411,000). The balance owed to 23.5 Degrees Limited at the year end was £16,000 (2021: £12,000).

29. Events after the end of the reporting period

The Company has rolled out two new drive through stores, one in October and one in November.

30. Controlling party

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