

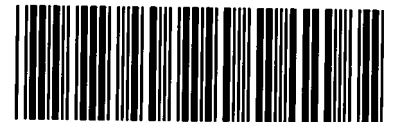
23.5 Degrees Holdings Limited

Registered number: 09662167

Annual Report

For the year ended 31 August 2023

TUESDAY



ACI7IGQW

A08

12/12/2023

#186

COMPANIES HOUSE

23.5-DEGREES HOLDINGS LIMITED

COMPANY INFORMATION

Directors

Mr M Hepburn
Mr L Contardo

Company secretary

Gateley Secretaries Limited

Registered number

09662167

Registered office

Unit 3, Hedge End Retail Park
Charles Watts Way
Hedge End
Southampton
United Kingdom
SO30 4RT

Independent auditor

Mazars LLP
Chartered Accountants & Statutory Auditor
5th Floor
Merck House
Seldown Lane
Poole
Dorset
BH15 1TW

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditor's Report	5 - 8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 - 20

23.5 DEGREES HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2023

Strategic overview

The Directors present their Strategic Report for 23.5 Degrees Holdings Limited (the 'Company') together with the audited financial statements for the year ended 31 August 2023.

23.5 Degrees Holdings Limited forms part of the 23.5 Degrees Group consisting of 23.5 Degrees Topco Limited, the ultimate parent company; and 23.5 Degrees Limited, a subsidiary undertaking.

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

The principal activity of the Company is that of an intermediary holding company and to hold financial instruments on behalf of the Group. 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.

Review of the business

The year to 31 August 2023 kept presenting several challenges for the Group as the economy dealt with inflationary pressures and geopolitical instability. The Directors took all appropriate actions and measures to safeguard its employees, stakeholders and shareholders and are extremely grateful to HSBC for the financial support which allowed the group to keep rolling out stores and create job opportunities across the UK.

In January 2023 the Company settled the HSBC term loan and accrued interests.

Financial risk management objectives and policies

The Company's principal financial instruments comprise loans due to group companies. 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 company there is no exposure to price risk. The Company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of the loan due to the Parent Company, this loan is interest free and repayable on demand. The Company manages the liquidity risk by ensuring there are sufficient funds to meet any repayments through cash generation from the trading subsidiary, 23.5 Degrees Limited.

Business risks

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

(A) *Current economic outlook.*

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

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023**

Key performance indicators

The Directors consider net leverage and debt service cover to be the key performance indicators used in the assessment of the day to day running of the Company.

Future developments

The Company will continue to act as a holding company and has no further future plans or developments.

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



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

Mr L Contardo
Director

Date: Dec 7, 2023

23.5 DEGREES HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2023

The Directors present their annual report and the audited financial statements of 23.5 Degrees Holdings Limited (the 'Company') for the year ended 31 August 2023.

Results and dividends

The profit for the year, after taxation, amounted to £3,543,062 (2022: loss of £401,089).

The Directors recommend the payment of a dividend of £1,411,455 (2022: £nil) for the year.

Directors

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

Mr M Hepburn
Mr L Contardo

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare audited financial statements for each financial year. Under that law the Directors have elected to prepare the audited 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 audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company'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 audited financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Going concern

The Company made a profit of £3,543,062 (2022: loss of £401,089) during the year and at year end has net assets of £2,426,037 (2022: £294,430). The ultimate parent of the Company, 23.5 Degrees Topco Limited, has confirmed that it will continue to support the Company for a period of at least twelve months from the date of signature of this report, to ensure that the Company will be able to meet its obligations to creditors as they fall due, and that the Company will have sufficient funds to continue in operational existence. On this basis the Directors believe it is appropriate to produce the financial statements on the going concern basis.

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

Qualifying third party indemnity provisions

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

Greenhouse gas emissions, energy consumption and energy efficiency action

The Company has taken the option to exclude any information relating to energy and carbon reporting as it is included in the consolidated accounts of 23.5 Degrees Topco Limited.

Matters covered in the Strategic Report

The Company has prepared a Strategic Report in accordance with section 414C (11) of the Companies Act 2006 and (Strategic Report and Directors' Report) Regulations 2013 that covers future developments.

Events after the end of the reporting period

There were no events after the end of the reporting period affecting the Company.

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'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's auditor is aware of that information.

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 (Dec 7, 2023 10:41 GMT)

Mr L Contardo
Director

Date: Dec 7, 2023

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

Opinion

We have audited the financial statements of 23.5 Degrees Holdings Limited (the 'Company') for the year-ended 31 August 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 Company's affairs as at 31 August 2023 and of its 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 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 HOLDINGS 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 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.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 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 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.

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

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 non-compliance with laws and regulations related to the UK tax legislation, 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 Company which were contrary to applicable laws and regulations, including fraud.

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

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

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.

23.5 DEGREES HOLDINGS LIMITED

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

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 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 8, 2023 11:02 EST)

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

Date: Dec 8, 2023

23.5-DEGREES HOLDINGS LIMITED

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

	Note	2023 £	2022 £
Administrative expenses		(10,200)	(13,600)
Fair value movements		(146,661)	215,092
Operating (loss)/profit		(156,861)	201,492
Income from fixed assets investments		3,965,695	
Interest payable and similar expenses	8	(265,772)	(599,732)
Profit/(loss) before tax		3,543,062	(398,240)
Tax on profit/(loss)	9		(2,849)
Profit/(loss) for the financial year		3,543,062	(401,089)
Other comprehensive income			
Total comprehensive income for the year		3,543,062	(401,089)

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


The notes on pages 12 to 20 form part of these financial statements.

23.5 DEGREES HOLDINGS LIMITED
REGISTERED NUMBER: 09662167

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2023

	Note	2023 £	2022 £
Fixed assets			
Investment in subsidiary	11	2,500,100	2,500,100
Current assets			
Debtors: amounts falling due within one year	12	1,575,347	9,231,892
Creditors: amounts falling due within one year	13	(1,649,410)	(11,176,871)
Net current liabilities		(74,063)	(1,944,979)
Total assets less current liabilities		2,426,037	555,121
Creditors: amounts falling due after more than one year	14	-	(260,691)
Net assets		2,426,037	294,430
Capital and reserves			
Called up share capital	15	2,500,100	2,500,100
Profit and loss account	16	(74,063)	(2,205,670)
Total equity		2,426,037	294,430

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


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

Mr L Contardo
 Director

Date: Dec 7, 2023

The notes on pages 12 to 20 form part of these financial statements.

23.5-DEGREES HOLDINGS LIMITED

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 September 2021	2,500,100	(1,804,581)	695,519
Loss for the year		(401,089)	(401,089)
At 1 September 2022	2,500,100	(2,205,670)	294,430
Profit for the year		3,543,062	3,543,062
Dividends paid (note 10)		(1,411,455)	(1,411,455)
At 31 August 2023	2,500,100	(74,063)	2,426,037

The notes on pages 12 to 20 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

1. General information

The Company (No. 09662167) is a private company limited by shares, incorporated and registered in England and Wales. The address of the registered office is Unit 3, Hedge End Retail Park, Charles Watts Way, Hedge End, Southampton, Hampshire, SO30 4RT.

The principal activity of the Company is that of an intermediate holding company.

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 management to exercise judgement in applying the Company's accounting policies (see note 3).

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

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of 23.5 Degrees Topco Limited as at 31 August 2023 and these financial statements may be obtained from Companies House.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

2: Accounting policies (continued)

2.4 Going concern

The Company made a profit of £3,543,062 (2022: loss of £401,089) during the year and at year end has net assets of £2,426,037 (2022: £294,430). The ultimate parent of the Company, 23.5 Degrees Topco Limited, has confirmed that it will continue to support the Company for a period of at least twelve months from the date of signature of this report, to ensure that the Company will be able to meet its obligations to creditors as they fall due, and that the Company will have sufficient funds to continue in operational existence. On this basis the Directors believe it is appropriate to produce the financial statements on the going concern basis.

2.5 Interest payable and similar expenses

Interest payable and similar expenses is charged to the 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.

2.6 Taxation

Tax is recognised in the Statement of Comprehensive Income 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 operates and generates income.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 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.

2.9 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

2. Accounting policies (continued)

2.10 Financial instruments

The Company 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 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 Company would receive for the asset if it were to be sold at the reporting date.

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

2.11 Dividends

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

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

In preparing these financial statements the Directors have not identified any judgements made in the process of applying the accounting policies that have any significant effect on the amounts recognised in the financial statements. Nor have the Directors identified any key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

23.5 DEGREES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

4. Auditor's remuneration

The audit fee is borne by another group company in both the current and prior year.

5. Employees

The Company has no employees other than the Directors who were remunerated by another group company in both the current and prior year.

6. Fair value movements

	2023 £	2022 £
Fair value movements	(146,661)	215,092

Fair value movements in the current and prior year are in relation to movements recognised in relation to other debtors.

7. Income from shares in group undertakings

	2023 £	2022 £
Income from fixed asset investments	3,965,695	-

The income from shares in group undertakings relates to dividends declared by the Company's subsidiary, 23.5 Degrees Limited.

8. Interest payable and similar expenses

	2023 £	2022 £
Bank interest payable	265,772	599,732

£181,320 (2022: £413,971) of the interest payable relates to interest on loan notes which were repaid in January 2023 (Note 13).

23.5 DEGREES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

9. Tax on profit/(loss)

	2023 £	2022 £
Corporation tax		
Current tax on profit/(loss) for the year	-	2,849
Tax on profit/(loss)	<u>-</u>	<u>2,849</u>

Factors affecting tax charge for the year

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

	2023 £	2022 £
Profit/(loss) before tax	<u>3,543,062</u>	<u>(398,240)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.52% (2022: 19%)	762,467	(75,666)
Effects of:		
Expenses not deductible for tax purposes	39,236	78,654
Group income	(853,222)	-
Remeasurement of deferred tax for changes in tax rates	-	44
Group relief surrendered	51,519	-
Deferred tax not recognised	-	(183)
Total tax charge for the year	<u>-</u>	<u>2,849</u>

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.

10. Dividends

	2023 £	2022 £
Dividends paid at £0.56 (2022: £nil) per share	<u>1,411,455</u>	<u>-</u>

23.5 DEGREES HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

11. Investment in subsidiary

	Investment in subsidiary £
Cost	
At 1 September 2022	2,500,100
At 31 August 2023	2,500,100
Net book value	
At 31 August 2023	2,500,100
At 31 August 2022	2,500,100

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
23.5 Degrees Limited	Unit 3 Hedge End Retail Park, Charles Watts Way, Hedge End, Southampton, Hampshire, England, SO30 4RT	Operation of franchised Starbucks outlets	Ordinary	100%

12. Debtors: amounts falling due within one year

	2023 £	2022 £
Amounts owed by group undertakings	1,575,347	9,075,030
Other debtors	-	146,662
Prepayments and accrued income		10,200
	<u>1,575,347</u>	<u>9,231,892</u>

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

23.5 DEGREES HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

13. Creditors: amounts falling due within one year

	2023 £	2022 £
Bank loans		5,568,421
Amounts owed to group undertakings	1,649,410	237,955
Corporation tax		2,849
Other creditors		5,327,921
Accruals and deferred income		39,725
	<u>1,649,410</u>	<u>11,176,871</u>

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

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

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

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

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

	2023 £	2022 £
Other creditors	-	260,691

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

15. Called up share capital

	2023 £	2022 £
Allotted, called up and fully paid		
2,499,976 (2022: 2,499,976) Ordinary A shares of £1 each	2,499,976	2,499,976
100 (2022: 100) Ordinary B shares of £1 each	100	100
24 (2022: 24) Ordinary C shares of £1 each	24	24
	<u>2,500,100</u>	<u>2,500,100</u>

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

16. Reserves

Profit and loss account

This account represents the cumulative profits and losses of the Company.

17. Capital commitments

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

18. Related party transactions

The subsidiary company, 23.5 Degrees Limited, had provided a cross guarantee in relation to the bank loan detailed in note 13, which was fully repaid during the year.

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

19. Events after the end of the reporting period

There were no events after the end of the reporting period affecting the Company.

23.5 DEGREES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

20. Controlling party and ultimate parent undertaking

The Company's immediate parent and ultimate controlling party is 23.5 Degrees Topco Limited, a company incorporated in England and Wales. The registered office is Unit 3, Hedge End Retail Park, Charles Watts Way, Hedge End, Southampton, United Kingdom, SO30 4RT.

23.5 Degrees Topco Limited is the parent undertaking of the smallest and largest group which consolidates the financial information of the Company. Copies of the Group financial statements may be obtained from Companies House.