Cafédirect Plc

Registered number: SC141496

Annual Report

For the year ended 31 December 2023

CAFÉDIRECT PLC

COMPANY INFORMATION

Directors	H M Baron De Kock R G Humphreys M S Middleton M A Montalvian Tineo J D Philips J R Steel
Company secretary	J A Nixon
Registered number	SC141496
Registered office	115 George Street Edinburgh EH2 4JN
Independent auditor	Crowe UK LLP Chartered Accountants & Statutory Auditor 55 Ludgate Hill London EC4M 7JW
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CAFÉDIRECT PLC

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

Introduction

The Directors present the Group Strategic Report and financial statements for the year ended 31 December 2023. Cafédirect plc (the "Company") together with its subsidiaries are referred to as (the "Group").

Business review

Cafédirect Group summary
The Group's turnover for the year ended 31 December 2023 was £21.2m, a 37% increase on 2022.

On 26 May 2023, Cafédirect acquired 100% of the shares in Bewley's Tea and Coffee UK Limited from Azione Limited, whose ultimate parent company is Bewley's Limited in Republic of Ireland. The acquisition of Bewley's UK provided £8m of incremental sales from June 7th 2023 to Dec 31st 2023. The revenue was predominantly in the UK Foodservice market and in line with pre-acquisition expectations.

The registered name of Bewley's Tea and Coffee UK Limited was changed to "Cafédirect Roastery Limited" immediately post-acquisition. Cafédirect also acquired the brand names Grumpy Mule and Eros as part of the transaction.

This acquisition step changes the business from a single brand, Grocery focused business to a multi-brand, multi-channel business with its own high scale manufacturing operation in Meltham, Yorkshire.
The acquisition was supported by Bewley's alongside Cafédirect's long standing banking partners, Triodos. This arrangement provided adequate working capital to successfully combine the two businesses over the next 18 months. Acquiring the business was the start of a significant transformation and the management team have been focused on integrating and growing the business to create a high scale, high impact, sustainable future.

Cafédirect plc
Whilst the acquisition was a significant and positive event, Cafédirect plc (the existing grocery business experienced a very challenging year of trading. Like for like results from a gross sales perspective were below expectations at £15.0m (2022: £17.6m), a decline of 14%. Higher input costs and inflation impacted costs and price increases were managed through the market. However as relative pricing impacted rate of sale, sales declined which led to lower margins. Higher input costs and inflation in production costs resulted in Gross Profit of £2.2m (2022: £3.5m). Operating expenses were £0.5m higher than 2022 on a like for like basis, resulting in a loss of £1,772k (2022: profit £44k).

The team seized the opportunity to acquire and integrate Cafédirect plc and Cafédirect Roastery Limited despite the macro environment of significant change and continuing uncertainty and instability arising from geopolitical events, and regulatory change. While the cost-of-living crisis has subsided, the consumer market remains challenging, especially since the price of green coffee has risen considerably in excess of general inflation.

In Cafédirect's UK Grocery business, competitive rivalry, cost increases and consumer behaviour had a high degree of impact. UK Grocery sales declined 14% and value market share declined from 26% to 24% (IRI Market Data 12 months to Dec 31st, 2023, Coffee single grind and beans).

Cafédirect Group
Despite the decline in the UK Grocery business, overall, as a result of the acquisition, 2023 revenue increased by 39% to £21.4m.

2023 included many exceptional challenges, with multiple cost increases across all aspects of the business and the integration of a large-scale business. During the year significant steps were taken to restructure the combined Group:
• Headcount reduction from 104 FTEs to 78 FTEs in Quarter 4 2023 by outsourcing engineering and design and restructuring to eliminate duplication and develop the optimum structure.
• The closure of warehousing at the Meltham site related to machinery storage and maintenance.
• The closure of the London Roastery and Office with the transfer of roasting and packing equipment to the Meltham site.

Business review (continued)

Cafédirect Group (continued)

- Full review of all operation costs and implementation of one ERP system (SAP Business One) across the Group (Go Live April 2024).
- Establishment of a subsidiary in Republic of Ireland which was a requirement to comply with new European Union Organic regulations. Cafédirect's retail products are manufactured in Ireland and the new regulations require that the raw materials are purchased by an entity registered in the EU.

The combination of UK Grocery performance, costs associated with operating the enlarged Group and increasing input costs resulted in a trading loss in 2023 of £1.4m (2022: Profit £44k).

At the end of 2023, although there will be further integration in 2024, the combined Cafédirect Group is transformed. There is significant market opportunity combining the Grocery and Foodservice capabilities. Cafédirect, Grumpy Mule and Cafédirect's unique business model has been very positively received by existing and potential customers. The combined resources create a leading UK coffee business with a distinct business model and purpose.

Significant new business is being gained across UK Grocery and Foodservice, costs are tightly controlled, and integration continues.

Cafédirect continues to support the lives and wellbeing of producer growers, through Fairtrade premiums, Organic premiums and via donations to its farmer led charitable organisation - Producers Direct; significant sums that deliver real impact.

During 2023 £0.6m (2022: £1.5m) was invested by the Group in growers and their communities via Fairtrade premiums, Organic premiums and Producers Direct. This investment in genuine grass roots impact is unmatched in the industry and is delivering real impact on livelihoods and the environment. 2023 showed significant decline due to high levels of carry-over stock from 2022. This arose from the advance purchase of green coffee stock due to the change in the EU organic regulations.

Cafédirect continued to pursue its commitments via its sustainability framework, the Gold Standard.

Looking ahead to 2024, The Directors are confident that growth will be attained at high levels than ever before with 2024 revenues expected to exceed £25m for the first time in the Company's 33-year history.
The business is focused on high levels of growth, reducing trading losses significantly, operating well within the cash constraints of the business, delivering upon the business's powerful purpose and its commitment to all its stakeholders.

Total stock at the year-end was £3.9m (2022: £5.9m) which was substantially reduced with higher stock levels in 2022 driven by EU regulations regarding the movement of organic goods; trade debtors were £3.1m (2022 £1.4m) and trade creditors were £3m (2022: £3.1m).

Cash balances at year close of £975k (2022: £185k) reflecting the increased debt facility with Triodos bank. Consistent with its principles of social responsibility, it is a matter of policy that supplier liabilities are paid on time.

After making provisions associated with the Bewley's UK acquisition, the Group year-end balance sheet showed positive net assets of £2.2m, (2022: £3.6m).

Business review (continued)

Cafédirect Group (continued)

THE GOLD STANDARD

In 2023, Cafédirect refined the Gold Standard to focus on 12 deliverable initiatives across Growers, Community, The Environment and Business.

The 2023 Progress Report highlights our achievements including:

• Helping growers comply with the new EU Deforestation Regulation, making sure they can sell their coffee to the EU.
• Launching new recyclable packaging.
• Recognising Cafédirect as the highest selling coffee brand in the UK.

The Progress Report and Gold Standard will be presented to shareholders at Cafédirect’s Annual General Meeting during December 2024.

Key performance indicators

The Group's key financial performance indicators, which are closely monitored throughout the year and measured against pre-set targets, include:

• Sales values, analysed by product group, customer and key sectors such as UK retail, UK out-of-home and international
• Gross profit, both in absolute terms and as a percentage of sales
• The level of administration expenses, looking at the ongoing UK business separately from other costs
• Operating profit and profit before tax
• The level of working capital employed, both in absolute terms and as a percentage of sales
• Cash generated by the business.

The Group’s performance in 2023 against most of these indicators is set out in the Business Review section.

In addition, the Group has a number of other key performance indicators, with the Group's performance against these indicators sometimes being called the Group's “social return”. These include:

• The amounts paid by Cafédirect for its coffee, tea and cocoa raw materials over and above market prices. These amounts include, but are not necessarily restricted to Fairtrade premiums
• The amount donated to Producers Direct – the charity that it founded
• The volume of coffee, tea and cocoa raw materials purchased from growers

Performance in 2023 against these indicators is set out in the ‘Benefits to Growers’ section below.

Benefits to growers

The Fairtrade system works with farmers and workers to improve their lives, support their communities, and minimise harm to their environment. In 2023, Cafédirect Group sales created £299,359 in Fairtrade Premiums for producers (2022: £645,461). Additional money is also paid for organic coffee because of its lower yield. Organic Differentials in 2023 amounted to £221,631 (2022 £711,247). 2023 showed significant decline due to high levels of carry-over stock from 2022 relating to the change in the EU organic regulations.

Key performance indicators (continued)

Cafédirect invests in farmers through its sister charity, Producers Direct. It's farmer-led and works alongside farmers to support them where it's needed most. Farmers find keeping their knowledge up-to-date and learning new skills takes time and money that they don't have. Producers Direct makes sure they can get the knowledge they need to grow their businesses, protect their farms against climate change and make their work sustainable – whether that takes training in micro finance, technology, sustainable agriculture, or new markets. Growers get to share their knowledge and experience with each other, through training centres in Latin America and East Africa. In 2023, Cafédirect donated £100,000 to Producers Direct (2022: £100,000). This funding supports their operating costs, so that they can raise funds elsewhere.

Cafédirect's Articles of Association determine that one third of its profits shall be allocated to strengthening smallholder grower organisations in developing countries. This sum has been exclusively donated to Producers Direct since its formation. The formula has been modified since 2010 due to Cafédirect sustaining financial losses, to ensure that the base operating costs of Producers Direct were funded. It is planned to continue to do so whilst Cafédirect's profitability is at such a level that the resultant donation arising from the formula would not provide adequate funding to meet the basic operational needs of Producers Direct. The Directors of Cafédirect are optimistic that a return to this formula can in future obviate the need for special consideration and funding and deliver a more predictable revenue stream to the Producers Direct.

The above actions and commitments contribute to the achievement of the Company's Gold Standard.

Raw material purchases from grower organisations in Latin America, Africa and Asia in 2023 were as follows:

- 850 tonnes of coffee beans (2022: 1,775 tonnes)
- 5.4 tonnes of tea (2022: 7.8 tonnes)

Principal risks and uncertainties

The Group seeks to mitigate exposure to all forms of risk, both internal and external, where practicable, and to transfer risk to insurers, where cost-effective. This approach is governed by the Group's Gold Standard which includes the statement that Cafédirect will "work directly with smallholder growers through long-term partnerships which seek to reduce the disproportionately high risks they face in the global market".

The Directors consider that the principal risks facing the Group are as follows:
• The Group buys raw material commodities (coffee, tea and cocoa) from small and disadvantaged growers, often located in remote and under-developed regions of the world. The market prices of these commodities are quoted on international commodity exchanges and have been highly volatile since 2020 and continue to be so.
Any increases or volatility in prices or shortages in supply can materially affect the Group's performance. New EU regulations surrounding deforestation are placing further pressure on the coffee market with the Growers required to evidence that their activities have not been the cause of deforestation. The regulations can be onerous for them and for companies like Cafédirect who import coffee. Ultimately, coffee found to be improperly certified may have to be surrendered at port leading to significant risks around supply and cost. Cafédirect is working very hard to mitigate the heightened level of risk by keeping customers appraised of the position and increasing prices as appropriate; also by investing in resource to support growing communities in their compliance efforts including funding resources at origin via Producers Direct.

• Cafédirect acquired the UK business of Bewley's Ireland in June 2023. Bewley's UK had been incurring significant losses historically and Cafédirect had successfully funded the acquisition with the support of Triodos Bank. The new debt facility negotiated with Triodos led to increasing focus on the performance of the combined business which fell short of expectations at the same time as the parent company had faced significant challenges in reflecting increased costs in retail prices in grocery stores. The Bank has acted to mitigate the risk via an Independent Banking Review which reached satisfactory conclusions that avoided any substantive action being taken by the Bank. This could have ultimately led to recall of the debt facility. The business took swift action to reduce the cost base and to align with the grocery retailers to restore volumes. The managerial load to manage the overall position has been challenging but the Directors are confident that the decisions taken to integrate and stabilise the business have been executed without delay. The business has implemented SAP in the acquired entity which greatly enhances consistent control across the Group.

Principal risks and uncertainties (continued)

• The Group outsources some of its processing and packing of its products to third party suppliers. Any issues that these suppliers encounter could disrupt supply and affect the Group's performance. To mitigate this risk the Group carefully maintains long-term partnerships with companies like Bewley's in Ireland with whom Cafédirect has been trading with for twenty years, in addition to standard measures like business interruption insurance, ensuring that suppliers have contingency plans in place and identifying alternative supply options including manufacture of products at its newly acquired production facility in Meltham, Yorkshire.

• The Group is exposed to currency movements in that it buys most of its raw materials in US dollars, pays for the manufacture of a significant proportion of its finished coffee products in Euros and sells most of its finished products in Pounds Sterling. The Company uses foreign exchange forward contracts to mitigate this risk. At 31st December 2023 a proportion of the Company's future currency requirements were covered by such contracts. As required by FRS 102 the fair value of the exchange rate risk hedge has been disclosed the accounts.

• A significant proportion of the Group's revenues were derived from the UK supermarkets and an out-of-home distributor, and therefore inevitably came from a relatively small number of customers. The Group has and will continue to mitigate this risk by developing sales in other sectors, such as out-of-home wholesalers and international (reference Cafédirect's acquisition of Bewley's UK business which is an out-of-home supplier), and ensuring that it invests in developing brand awareness and strong consumer demand.

• Competitive pricing and discounting in the hot beverages market can impact the Group's sales volumes and market share. To mitigate this risk the Company continually reviews its overall competitiveness in the market, incurs appropriate levels of promotional spend and focuses on promoting the distinctive elements of its brand.

• Cafédirect operates within working capital constraints which can be exacerbated by the seasonal nature of coffee harvests and the regulatory and economic environment. This necessitates both a commitment to purchase and investment of working capital in raw material stocks well in advance of sales. The Group mitigates this risk by forward planning of coffee purchases; ensuring a strong focus on cash management; forecasting accuracy, maintaining borrowing facilities secured against raw material stock at peak times of the year, deferring stock delivery in partnership with its key brokers as necessary, and ensuring that business plans establish a sustainable cash position for the future.

SECTION 172 STATEMENT

This section serves as Cafédirect plc's section 172 statement and should be read in conjunction with the contents elsewhere in this Strategic Report. Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making.

The Directors continue to act with regard to the long-term interests of the Group's employees and other stakeholders, including the impact of its activities on the community and the environment. Cafédirect embraces its responsibilities diligently and with great care and regards this as being central to what it defines as "success". The Directors are guided in all of their decision making by the Company's Gold Standard and Cafédirect's status as a social enterprise and certified B-Corporation, and in respecting Cafédirect's culture and reputation for upholding the highest standards of business conduct.

The Directors also recognise the importance of respecting commercial necessities and sound practices - safeguarding the interests of its shareholders. It enacts this by ensuring Cafédirect is a viable and ambitious trading group that can maximise its impact on stakeholders by achieving successful brand growth accompanied by strong financial results.

Stakeholder Engagement

By maintaining regular dialogue with all stakeholder groups, the leadership communicates frequently on matters of strategy, tactical actions, performance and governance. It endeavours to acquire meaningful feedback and incorporate this to shape its actions and inform the Board's decision making process.

SECTION 172 STATEMENT (continued)

Recognising the importance of balancing the interests of all stakeholders, Cafédirect's engagement with them is set out as follows:

• **Farmer Producers** are the reason that Cafédirect exists and its decision-making reflects this. Through representation on the board, the farming community has a voice and is positioned to provide direct feedback about challenges they face and be a part of the decision-making process. Cafédirect maintains direct relationships with farming co-operatives at origin via its supply chain and marketing functions, as well as via Producers Direct, the charity founded in 2009 by Cafédirect to orchestrate and deliver meaningful impact and support the wellbeing of communities at origin.

• **Employees** are recognised and respected as a group of people who carry the responsibility to deliver Cafédirect's mission. The Directors maintain a policy of transparency and openness, ensuring that they are able to contribute to the governance of the business via regular meetings and forums, where feedback is actively sought and incorporated into the decision making of the Group. This policy and duty of care is extended to all those who work with Cafédirect including professional services providers and consultants.

• **Shareholders** are cherished and valued for their support of Cafédirect, in many cases over a very long period of time. Due to adverse results during 2010-2017, most have not yet seen positive return on their investment. The Directors are committed to engaging the shareholders in plans to generate positive future returns while ensuring that they are aligned with Cafédirect's strategy for delivering. It is regarded as supremely important to relate sustainable financial and operating performance and to listen to concerns expressed and to incorporate this in the Board's decision making. Communication is primarily via regular quarterly updates and the Company's annual general meeting.

• **Business partners** – this embraces not only suppliers and customers, but all organisations that support Cafédirect in its day-to-day business. These relationships are managed by both sales and operational staff in a manner that is consistent with the Group's ethical values and principles. The Directors impress on the Group the importance of care, transparency and respect; its obligation to support its partners to be successful and to understand what is important to them, aligning their priorities with ours to form relationships of the highest quality.

• **Bankers** are critical to the Group's ability to trade through lending and other services required. Cafédirect has a very long-standing relationship with its banker, Triodos (itself a social enterprise), with whom it communicates with on a monthly basis to discuss performance and current matters. The Directors are committed to ensuring that the Bank are in a position to manage their risk and that the two organisations work together to ensure adequate facilities and working capital are in place.

Promoting the Success of the Company

The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with the act and takes regular steps to consider, at a board level, how it is operating in line with good corporate practice. The board structure reflects how seriously Cafédirect considers the interests of its stakeholders by maintaining representation on the board by two representatives of the growing community, a consumer and finance representative, a shareholder nominated representative, and a director nominated by the Guardian Share Company (see Directors' Report).

The business will continue to invest in social and economic impact, products, people, the personal development of those people, technological capability, and customer/consumer engagement in a meaningful way. It will enhance its corporate identity such that it will continue to set itself apart from its competitors. These activities will further heighten its profile as a highly regarded brand of great value and importance in the hot drinks sector.

SECTION 172 STATEMENT (continued)

Cafédirect considers collaborative engagement with all stakeholders as central to its definition of “success”. It has, since its incorporation put the aim of improving the lives of the farming communities, on which the business depends, at front and centre of its mission – with board representation and, as the name “Cafédirect” suggests, maintaining direct and longstanding relationships with co-operatives in countries of origin. Furthermore, great value is placed on relationships of respect with all of its partners in business, local communities, organisations that further the cause of ethical trade, and on providing meaningful careers and prospects for its employees by providing a challenging but caring environment for their development, while working to take care of matters of wellbeing. The Directors and business leadership regard their duty of care in respect of all of the above as critical to deliver the best long-term benefit to its shareholders both in terms of financial return, and the impact created by their investment in Cafédirect.

Best in class sales and marketing, purpose, procurement, supply chain and financial management will continue to focus on enabling the future success of the business and delivery of its pioneering mission.

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

J R Steel
Director

Date:

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

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

Principal activities

The principal activity of the Group in the year under review was that of brand management and trading in Fairtrade coffee, tea and cocoa products under the brand names Cafédirect, Grumpy Mule and Eros (the latter two were trademarks acquired as part of the purchase of Bewley's Tea and Coffee UK Limited).

The trading assets of the London Tea Company were disposed of in April 2023.

Results and dividends

The results for the year are set out on page 27.

The Directors are not recommending the payment of a dividend due to there being no distributable reserves (2022: nil).

Directors and Directors' interests

The Directors who served during the year and since the year-end and their beneficial interests in the share capital of the Company are as follows:

	Ordinary shares 2023	Ordinary shares 2022
H M Baron De Kock	-	-
R G Humphreys	-	-
M S Middleton	-	-
M A Montalvian Tineo (appointed 20 June 2023)	-	-
J D Philips	20,055	20,055
J R Steel	100,970	97,970
L G Hudson (resigned 20 June 2023)	-	-
R T Torres (resigned 20 June 2023)	-	-

Substantial shareholdings

As at the date of this report, the Company is aware of the following shareholdings of 3% or more:

	No. of Ordinary shares	% of total
Oikocredit, Ecumenical Development Co-Operative Society, U.A.	3,166,667	27.7%
Oxfam Activities Limited	970,466	8.5%
Cafédirect Producers Limited	461,600	4.0%

Analysis of ordinary shareholders at 31 December 2023

Number of shares	Number of shareholders	% of total shareholders	Number of shares	% of total Shares
1 – 500	2,074	50.4	826,517	7.2
501 – 1,000	993	24.1	904,884	7.9
1,001 – 5,000	896	21.8	2,125,173	18.6
5,001 – 10,000	85	2.1	628.134	5.5
10,001 and over	65	1.6	6,950,498	60.8
Total	4,113	100	11,435,206	100

Guardians' share

The Company has one Guardians' share, held by the Guardian Share Company Limited (Company No. 04863720). As at the date of this report, there are three members of the Guardian Share Company Limited, Oxfam Activities Limited, Cafédirect Producers Limited and Oikocredit Ecumenical Development Co-Operative Society, U.A.

Political and charitable donations

During the year the Company made donations of £100,000 to Producers Direct (2022: £100,000). The Company made no political donations during the year (2022: Nil).

Employees

It is the Group's policy to keep employees informed, through regular team meetings and other communications, on performance and on matters affecting them as employees. It is also the Group's policy to give proper consideration to applications for employment received from people with disabilities, and to give employees who become disabled every opportunity to continue their employment.

Pensions
All Cafédirect plc employees are entitled to join the Company's defined contribution pension scheme after completing three months' service. The Company contributes an amount equal to 9% of basic salary provided the employee contributes at least 1% of their basic salary. Cafédirect Roastery Limited pension policy is a company contribution of 3% and employee contribution of 5% with eligibility after completing three months' service. Pension harmonisation is a future integration priority.

Healthcare
Cafédirect plc operates a private healthcare scheme which all employees are entitled to join after completing 3 months' service.

Payment of suppliers

It is the Group's policy to agree payment terms with suppliers when negotiating business transactions and to pay suppliers in accordance with contractual or other legal obligations.

Going concern

As detailed in the Strategic Report, the Group reported a loss after tax for the year of £1,657,528 (2022 profit: £44,023). The cash position at the year end, remained strong and positive at £974,517.

The acquisition of Bewley's Tea and Coffee UK Limited (BTCL) in May 2023 was strategically significant for Cafédirect giving the business greater diversification and growth potential. However, the acquired business had been incurring material losses for several years. The Directors of Cafédirect were clear that successfully integrating BTCL into the Group to create a profitable scale business would require material cost savings and restructuring. In addition, restructuring costs and losses would need to be adequately funded for the period of the transition.

Accordingly, a new debt facility was agreed with Cafédirect's banking partner – Triodos. The Directors were satisfied that the resulting injection of cash created sufficient headroom to accomplish the transition and integrate the two businesses.

While the transition was executed successfully, Cafédirect's UK Grocery business performed below expectation which: resulted in a trading loss position approximately £m higher than expected, a lower cash position and created uncertainty surrounding future cashflows.

Cafédirect's UK grocery business represents approximately 80% of Cafédirect plc's turnover. In 2023 the business faced substantial increase in coffee prices combined with high general cost inflation – necessitating market price increases. Cafédirect successfully implemented price increases to customers. However, key competitors reacted to cost pressures by reducing pack size (from 227g to 200g) rather than increase shelf price resulting in a large perceived value disadvantage for Cafédirect versus the key competitors. The misalignment of pricing led to a 23% volume decline and impacted margin. These factors led to a shortfall in gross profit earnings of £1.3m compared with budget.

Going concern (continued)

Cafédirect followed competitors with the pack size reduction to 200g as quickly as feasible to realign shelf pricing. The transition to 200g was completed in late 2023. Volumes have recovered in 2024 and thanks to the commercial team's efforts Cafédirect's relationships with key accounts has improved with a broader offering and greater scale.

The Board of Directors are confident that the appropriate steps have been and are being taken to reduce uncertainty and maximise the expanded opportunity in UK Grocery.

The integration of the two businesses progressed at pace throughout 2023 including:

- Reducing headcount and eliminating duplication across the Group
- Consolidating its property portfolio – closing its London Office and Roastery and centring business operations at the acquired site in Meltham, Yorkshire whilst at the same time reducing the number of occupied units in Meltham from three to two
- Creating a group organisation structure (eg consolidating functions into group teams)
- Implementing SAP ERP in the acquired organisation so that systems and processes are common across the Group. This is key to operational efficiency and accurate visibility of account and product profitability, particularly important for the acquired business.

In 2024 the business continues to assess and restructure as required to ensure its long-term success both for its shareholders and for the benefit of the smallholder growers and their communities

Triodos and Cafédirect have worked very closely to ensure the security of the Group's position and its capacity to repay the debt. In April 2024 it was agreed between the parties to commission an independent review of the business and financial forecasts. This review, undertaken by in April and May of 2024, raised no major issues with the assumptions or financial forecasts prepared by the Group. The review concluded that all scenarios were sound, and that the Bank's lending was fully secured.

Triodos have responded accordingly that they will waive their right to act on the covenant breaches recorded and that they are not at this time considering recall of the debt, nor imposing extra costs of interest and/or other measures which could impact the business. The Bank has confirmed that covenant measures will be based on the forecasts as reviewed. Triodos have further agreed to review the 2025 covenant measures with Cafédirect. Although Triodos are confident that Cafédirect will be able to meet the terms of the covenants, a consistent failure to fully comply with the terms of the covenants is a breach of the terms of the loan which may result in a default interest rate being applied to the loan account in the future. This represents a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern.

It also noted that solid contingency plans were in place that were actionable and could be readily invoked in the case of lower business performance versus expectations.

In 2024 there has been a very positive market response to the enlarged business and its capabilities. The combination of brands, roasting and sourcing capabilities and supply chain are seen as distinct and very positive. A plan was put in-place to leverage capabilities and utilise capacity at the facility in Meltham. Notable successes are being achieved in 2024, including a major contract for own label coffee, which is expected to achieve significant sales growth in 2025 and beyond.

In 2024 the market price of coffee has increased materially. The New York C Price, the global benchmark for pricing of bulk green coffee, has risen from 183 cents per pound on 1st January 2024 to 250 cents on 6th November 2024. In addition, price volatility has been high.
The business has responded positively and swiftly to the lower short-term sales expectation and increase in coffee prices.

The following summarise actions:
- Further reduction in headcount during August and September 2024 to save cost and take advantage of gains arising from integration of the businesses in the Group
- Price increase to customers to be completed in the last quarter of 2024
- Adapt procurement strategies to better protect the business in more volatile commodity markets
- Reduce complexity and rationalise product ranges including removing lower profit products and services.
- Revision of supply chain for freeze-dried coffee resulting in significantly less capital intensity.

Going concern (continued)

Regulatory

The new EU Deforestation Regulation (EUDR) was due to take effect on 30th December 2024. A proposal to delay EUDR by 12 months is currently under review. This regulation requires that all coffee traded within the European Union is certified as “deforestation-free”. Whilst Cafédirect’s trade in the EU is limited, Cafédirect’s retail products are roasted and packed in the Republic of Ireland; additionally, customers in the UK are aligning with the EU regulations as a policy measure. This means that the Company must take steps to ensure its coffee purchases are certified in line with the regulations.

The burden of the responsibility lies with the producers rather than Cafédirect. The primary risk lies in ensuring that the producers from whom the Group sources are able to meet the certification requirements. Cafédirect’s producer partners are based in regions where the process of certifying compliance may be complex, time-consuming and costly. Penalties for non-compliance are significant - fines of at least 4% of turnover as well as confiscation of non-compliant product.

To mitigate these risks, Cafédirect is actively working with its producers and coffee partners in the UK to support producers to obtain the necessary certifications. In addition, a co-funded resource has been deployed in Peru via Producers Direct to support the process locally. Other measures, including isolating production of some products from the EU are under consideration.

While considering that the regulations could pose material risk to the business, the Directors are confident that the Group has taken the steps to manage these risks and do not anticipate material downside to arise versus expectations.

Summary

Having reviewed the plans, associated forecast and additional actions, along with recognising the long-term supportive nature of Cafédirect’s relationship with its bankers and other long-term stakeholders, the Directors confirm that they have a reasonable expectation that the Group and Company has adequate resources to continue to meet its liabilities as they fall due for the foreseeable future. Accordingly, the going concern basis has been adopted in the preparation of the accounts. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern. The combination of factors above represent a material uncertainty which may cast significant doubt about the Group’s and Company’s ability to continue as a going concern.

Economic impact of global events

UK businesses are currently facing many uncertainties such as the consequences of environmental sustainability and geopolitical events such as the Russian invasion of Ukraine. These uncertainties have contributed to an environment where there exists a range of issues and risks, including inflation, rising interest rates, labour shortages, disrupted supply chains and new ways of working.

The Directors have carried out an assessment of the potential impact of these uncertainties on the business, including the impact of mitigation measures, and have concluded that these are non-adjusting events with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessment.

The Group continues to work with its partners to minimise any impacts of these events and maximise the realisation of any opportunities they may provide to the business.

Matters covered in the Group Strategic Report

In accordance with session 414c (ii) of the Companies Act and included in the Strategic Report is the review of the business, principal risks and uncertainties and key performance indicators. This information would have been required by schedule 7 of the "Large and Medium sized Companies and Group (Accounts and Reports) Regulations 2008" to be contained in the Directors' report.

Qualifying third party indemnity provisions

All Directors of the Group benefit from qualifying third-party indemnity provisions, subject to the conditions set out in the Companies Act 2006, which were in place during the financial year and at the date of this report.

Disclosure 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 Directors are aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the Directors have 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.

Post balance sheet events

There have been no significant events affecting the Group or Company since the year end which requires disclosure within these financial statements.

Auditor

The auditor, Crowe UK 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.

....
J D Philips
Director

Date:

Code of Best Practice

The Board recognises that the UK Corporate Governance Code, published by the Financial Reporting Council in July 2018, represents best practice for public companies and is committed to working towards compliance with the code in a manner that is appropriate to the company's size and structure.

The Board

At 31st December 2023, the Board consisted of:

- Non-executive chair
- Chief Executive
- 1 Independent non-executive director (finance representative)
- 1 Producer director
- 1 Guardian Share Company nominee director (also acting as consumer representative)
- 1 Oikocredit nominee director

As at the year close, only 1 producer director sat on the board. This was due to Raul Torres' early resignation due to his leaving the coffee sector earlier in 2023. Cafédirect is actively searching for a replacement to represent producers on its Board.

Each year, one third of the eligible directors retire, in rotation, at the Annual General Meeting in accordance with the company's Articles of Association. Accordingly, John Steel and Robert Humphreys retired, and both offered themselves for re-election and were re-elected. The selection of new directors is delegated to the Nominations and Remuneration Committee, which makes recommendations to the Board. Cafédirect Producers Limited and the Guardian Share Company Limited nominate the Producer directors and the Guardians nominee director respectively. This is a deviation from Provision 18 of the UK Corporate Governance Code which states that "all directors should be subject to annual re-election".
Cafédirect has chosen not to implement this at this time since it regards other safeguards in place, such as the oversight of the Guardian Share Company, broad representation on the board from a diverse group of stakeholders and continuity as offering more protection to its mission and governance than frequency of succession.

The Directors

Executive director

John Steel was appointed Chief Executive in July 2012. John was previously Managing Director & then Chairman of Cornish Sea Salt Limited. Prior to this he held a number of commercial and general management positions with leading FMCG businesses, such as Nestle & Premier Foods, along with more entrepreneurial start-up and consultancy experience.

Non executive directors

Chairman:

John Philips was appointed as a director, Chair and member of the Company's nominations and remuneration committee in April 2018, bringing with him a wealth of non-executive and executive experience. John's extensive executive experience includes a variety of international leadership roles for Diageo, Bacardi and Delgats wines. John is a fluent Spanish speaker and knows Latin America well. John is currently NED at Glutenberg Groupe.

Guardian Share Company nominee director:

Monica Middleton was appointed as Chair of the Guardian Share Company in December 2019 and serves on the board of Cafédirect as its nominee director and Chair of its nominations and remuneration committee.

Monica served as Oikocredit's UK Managing Director until 2019, prior to which she spent 25 years in executive commercial, marketing and advertising positions for corporates such as Dyson Electronics, the BBC, AMV.BBDO, and JWT as well as a smattering of SMEs. Alongside Cafédirect, she serves on the Boards of the Ethical Property Company, UK Women in Social Finance, Liberty Steel Group, and Liberty Infrabuild Steel Limited pulling focus on strategic environmental, social and governance imperatives in particular.

Financial director:
Robert Humphreys was appointed as a director and Chair of the Company's Audit Committee in March 2020.

Robert previously served as the Director of Finance and Information Systems at Oxfam GB, and prior to that worked in professional practice for PriceWaterhouseCoopers for 26 years. His work for PwC was characterised by exposure to a broad range of both for-profit and not-for-profit organisations. He has served as a member of the ICAEW Corporate Governance Committee and is currently a board member of a major not-for-profit organisation.

Producer director:

Michael Montalvian Tineo is the General Manager of Cooperativa Agraria Cafetalera La Prosperidad de Chirinos, having joined in 2014 and progressed through administrative and production roles, taken responsibility for finance before assuming the role of General Manager in 2019. He has more than eleven years of experience working with producer organisations with Fairtrade and Organic certifications and has been connected with Cafédirect since 2014.

Director nominated by Oikocredit:

Hendrik Baron De Kock has thirty years' experience in the coffee industry including commercial and leadership roles with Douwe Egberts and successful establishment, leadership and sale of a well-known, highly progressive coffee shop chain in Holland.

The Board is responsible for setting strategy, approving budgets, capital expenditure, investments and disinvestments. A report summarising the company's financial and operational performance is sent to the directors at least seven days in advance of Board meetings, the aim being to provide each director with information to help them make informed judgements on matters referred to the Board. The Board meets at least four times a year.

Directors' remuneration

The Board has established a Nominations and Remunerations Committee, consisting entirely of non-executive directors. Details of each Director's remuneration are set out on page 21.

Shareholder information

The Board invites all shareholders to participate at the Annual General Meeting and provides the Annual Report, company announcements and other information on the website at www.Cafédirect.co.uk.

If you have any questions about transfer of shares, change of name or address, lost share certificates, death of a registered holder of shares, or any other query relating to the company's shares, please contact the Registrar on 0871 664 0300, or at the following address:

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent, BR3 4TU

Shares are traded on a match bargain basis and the share trading platform and match-bargain market broker service is now operated by JP Jenkins. Please visit for information about trading shares.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 of the profit or loss of the company for that period. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Directors are responsible for keeping proper 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 financial statements comply with the requirements of 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INTERNAL CONTROL

The Directors have responsibility for the company's system of internal control and for reviewing its effectiveness. Such systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss. The Directors confirm that the process for identifying, evaluating and managing the significant risks faced by the Company is in accordance with the FRC's Internal Control: Guidance to Directors (previously known as the Turnbull Guidance), was in place throughout the accounting period and up to the date when the financial statements were approved, and is regularly reviewed by the Board.

Management are responsible for the identification and evaluation of significant risks and for the design and implementation of appropriate internal controls. These risks are assessed on an ongoing basis and may be associated with internal or external factors. Management reports regularly to the Board on the key risks and on the way that these are managed, and also reports to the Board on any significant changes to the company's business and on any risks associated with these changes. There is active Board involvement in assessing the key business risks facing the company and determining the appropriate course of action for managing these risks. The Directors have established procedures designed to provide an effective system of internal control, with the following features:

- Budgetary control over all departments, measuring performance against pre-determined targets on a monthly basis
- Regular forecasting and reviews covering trading performance, assets, liabilities and cash flow
- Delegated limits of authority covering key financial commitments including capital expenditure and recruitment
- Identification and management of key business risks

The Board, partly through the Audit Committee, has reviewed the effectiveness of the company's system of internal control during the period.

Robert Humphreys
Director

REPORT OF THE AUDIT COMMITTEE ON BEHALF OF THE BOARD

Committee members during the year were:

Robert Humphreys (Chair)
Hendrik Baron de Kock

The ongoing membership of the Committee is normally two people, which is considered adequate for a company of this size and scale and is in accordance with the terms of reference for the Committee agreed by the Board. Members have considerable experience of financial reporting and of risk management. The Committee is supported by the Head of Finance and the Chief Executive Officer, who, in keeping with good practice, are not formally members of the Committee.

The purpose of the Audit Committee is to establish formal and transparent arrangements regarding financial reporting and internal control principles and to maintain an appropriate relationship with the company's auditors. The Committee formally met five times during the year. The Chair of the Committee met regularly with the Head of Finance.

The key areas of focus for the Audit Committee and the full Board during the year included:

- Review of 2022 financial accounts and audit following the re-appointment of Crowe UK LLP as the company's auditor
- Monitoring the integrity of the financial statements, plans and forecasts, with a particular focus on cash flow management, developing longer term planning and the financing needs of the business to ensure future sustainability
- The business' ongoing capacity to accommodate regulatory changes that have presented material challenge to Cafédirect and continue to do so (see Directors' Report which references upcoming European Union Deforestation Regulations)
- Financing and Integration of the acquired subsidiary – Bewley's Tea and Coffee UK Limited into the Group
- Improving risk management and accountabilities, including how risks are identified, mitigated and reported to the Committee and the board of directors
- Working with the external auditors and monitoring the ongoing audit requirements of the company, including providing input to the audit plan
- Monitoring the ongoing legal and banking requirements of the company, including compliance with banking covenants relating to facilities in place with Triodos
- Reviewing foreign exchange hedging arrangements
- Review of internal controls

The Committee has continued to be involved, along with the Board, in considering the information on which the Directors determine that the accounts should be prepared on a going concern basis. As noted, the cash position of the Company remains under constant review by Management and will continue to be the subject of ongoing and frequent review by the Board. While noting the considerable potential of the acquisition of Bewley's Tea and Coffee UK Limited to increase revenues and social impact of Cafédirect, the Committee is mindful of the risks associated with integrating a more complex and historically loss making enterprise into the Group and accordingly the Chair and the Head of Finance maintain ongoing dialogue to ensure that information presented to the Board adapts to the Company's circumstances to ensure sound financial governance.

It is noted that the covenants in place that support the loan from Triodos, had been breached on ten occasions during 2023 – in all cases related to the profit measure. In seven of these instances, the breach was for achievement of profit above the budget target. There were no breaches of covenants based on the gross sales measure. The negative breaches of covenants all occurred in the last three months of 2023 and were primarily due to loss of sales in the Grocery channel. The breaches were material and resulted in a review by Triodos and Cafédirect to determine the viability of future financial planning and ability to repay the debt. The review was undertaken in conjunction with an independent party which is supporting the business and the Bank to reach agreement on future covenant measures that the business can consistently and reliably meet.

The Board has instructed officers of the Company to engage closely with Triodos about the detail of future plans, particularly as forecasts change, and ensure that any covenant breaches are fully explained.

The Company maintains a comprehensive risk register. The register is reviewed by the Executive on a monthly basis to assess the status of each risk and to document mitigating or avoiding actions, also to ensure the appropriate person in the organisation is accountable for the management of those risks. The register is reviewed by the Committee at each of its meetings. Material risks are notified to the Board as appropriate.

The Committee remains highly alert in ensuring adequate financial governance and risk assessment in relation to other significant factors that affect Cafédirect's trading environment. This uncertainty impacts on the whole range of the Company's activities, with potential impact arising from elevated supply risk, changing consumer behaviours, market dynamics and cost inflation which may present the business with future challenges that are difficult to foresee. Accordingly the Committee subjects the Executive to heightened challenge to ensure Cafédirect is adaptable and that the risks are appropriately contemplated.
The technology projects implemented over the last four years have provided improved capability to enhance the system of internal controls within Cafédirect and significant enhancements have been made which improve control and efficiency. The Committee will maintain continuous monitoring and oversee development of further improvements in conjunction with an overall review to ensure that documented controls are adequate and keeping pace with changes in the organisation.

The key risk issues are reviewed by the Board on an ongoing basis and I am satisfied that the approach taken is appropriate. The key risks and the approach to mitigation are set out in the Strategic report (see pages 4 and 5).

Robert Humphreys
Chair – Audit Committee

REPORT OF THE NOMINATIONS AND REMUNERATION COMMITTEE ON BEHALF OF THE BOARD

Committee members during the year:
Monica Middleton (Chair)
John Philips
Lebi Hudson

In addition, both the CEO (as executive director) and the Head of Operations provide support and information to the Committee but in keeping with good practice are not formally members.
The Committee's purpose is to oversee, on behalf of the Board, formal and transparent arrangements in the spirit of Cafédirect's Gold Standard, regarding the appointment, development and reward of the Executive Team and the Board (including remuneration of non-executive Directors).
The Committee met formally five times in 2023.

NOMINATIONS - KEY ACTIVITIES

Objective:
Identify and nominate for approval by the Board, candidates to fill Board vacancies.

Outcome:
Lebi Hudson, the Non-Executive Director representing the East African members of Cafédirect Producers Limited ("CPL"), was due to retire in June 2022 following the completion of his second term. CPL manages the nominations process of this appointment with support from Producers Direct and Cafédirect plc. Lebi Hudson agreed to extend his tenure to June 2023 to support Producers Direct and CPL with transition to a new Non-Executive Producer Director.

REMUNERATION - KEY ACTIVITIES

Objective:
Determine and agree with the Board, the policy (externally benchmarked) for the remuneration of the Board, CEO,Executive Team members. This sets the framework for considering remuneration for all employees.

Outcome:
The policy was reviewed during 2023. In summary, the company looks for employees who are socially and environmentally motivated, as well as having the necessary skills and experience to manage and grow the business successfully in very tough trading conditions. A broad range of different factors are considered when determining remuneration. These include London-based, Third Sector, and FMCG salary differentials as well as specific experience and skill requirements.

Objective:
Approve the design of any performance-related pay schemes and share incentive plans.

Outcome:
An annual senior executive bonus scheme was approved (up to 30% of basic salary) based on a performance-related scheme linked to both financial and Gold Standard performance.
No share incentive plan was approved in 2023.

Objective:
Determine the policy and scope for pension arrangements for each executive director and the remaining members of the Executive Team. This sets the framework for considering pension policy for all employees.

Outcome:
The pension policy remains the same, namely to offer an ethically-screened fund choice to employees. The company contribution is 9% of basic salary subject to a minimum employee contribution of 1%. Cafédirect continues to use the Group Stakeholder Pension Plan, My Future Growth, managed by Aviva. Arthur J Gallagher continues to provide the financial advisory service and administration of the pension scheme.

Executive Directors
There is only one Executive Director, the Chief Executive Officer. Basic entitlements:

- The executive director has a service contract that is subject to a notice period from the company and the employee of 6 months.
- The executive director is paid a basic salary subject to annual review.
- In addition, he is entitled to a share in an annual senior executive bonus.
- The benefit of private medical insurance is available to all employees, including the executive director.

Pension provision: The executive director is entitled to join the company's defined contribution pension scheme. The company contributes 9% of basic salary provided the employee contributes at least 1% of their basic salary.

CHAIR AND NON-EXECUTIVE DIRECTORS' FEES

The remuneration of the Chair and the non-executive directors is at levels intended to reflect the purpose-led nature of the business and the ongoing time commitments and involvement required.
The Chair and the non-executive directors do not have service contracts. Each non-executive director receives an annual fee. The Chair and the non-executive directors are not entitled to participate in the company's share incentive plan, nor in any performance pay schemes or pension schemes and would not receive any compensation in the event of early termination.

The fees for non-executive directors continued at the same level as 2022.

DIRECTORS' REMUNERATION

For the year ended 31 December 2023:	Fees £	Salary £	Pension Contribution £	Total £
John Philips (Chair)	15,000	-	-	15,000
Hendrik Baron de Kock	-	-	-	-
Lebi Hudson	3,000	-	-	3,000
John Steel (Chief Executive)	-	168,278	14,290	182,568
Monica Middleton	6,000	-	-	6,000
Robert Humphreys	6,000	-	-	6,000
Raul Torres	3,000	-	-	3,000
Michael Montalvian Tineo	3,000	-	-	3,000
	36,000	168,278	14,290	218,568

Fees for Lebi Hudson were paid to his employer, the Rungwe Smallholders Tea Association (RSTGA) in Tanzania, Raul Torres' were paid to Federacion Nacional de Cooperativas Agra in Peru and those for Michael Montalvian Tineo were paid to Cooperativa Agraria Cafetalera La Prosperidad de Chirinos.

Hendrik Baron de Kock's fees, amounting to €8,000, were paid by shareholder: the Oikocredit Ecumenical Development Co-Operative Society, U.A in the Netherlands.

Director's remuneration does not take into account policies applied when setting pay and conditions of employment of employees, since separate policies apply to directors and employees. Given the market driven approach to evaluating fair remuneration for directors and the consistent policies/approach that apply to all remuneration considerations, the Company did not consider it necessary to consult with employees in relation to directors' remuneration.

No representations were received from shareholders of any kind expressing any view in relation to directors' remuneration.

DIRECTORS' ATTENDANCE AT MEETINGS

For the year ended 31 December 2023:	Full Board Meetings	Remuneration Committee	Audit Committee
John Philips (Chair)	8	5	-
Hendrik Baron de Kock	8	-	5
Lebi Hudson	4	2	-
John Steel	8	5	4
Monica Middleton	8	5	-
Robert Humphreys	8	-	5
Raul Torres	5	-	-
Michael Montalvian Tineo	2	-	-

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OFCAFÉDIRECT PLC

Opinion

We have audited the financial statements of Cafédirect plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise:

- the Group consolidated statement of comprehensive income for the year ended 31 December 2023;
- the Group and Parent Company statement of financial position as at 31 December 2023;
- the Group consolidated statement of cash flows for the year then ended;
- the Group and Parent Company statement of changes in equity for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's loss for the period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements 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.

Material uncertainty relating to going concern

We draw attention to note 2.4 in the financial statements, which indicates that the Group and Company experienced significant losses in the period and as a result was in breach of their debt covenants with its banking partners. As stated in note 2.4, these events or conditions, along with the other matters as set out in note 2.4, indicate that a material uncertainty exists that may cast significant doubt on the Group and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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.

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 audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our 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 the light of the knowledge and understanding of the Company its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 16, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or 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.

Auditor's responsibilities for the audit of the financial statements (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and industry in which the Company operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006 and tax legislation. Our procedures involved enquiries with management, review of the reporting to the Directors with respect to compliance with laws and regulation, review of board meeting minutes and review of legal correspondence.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and revenue recognition. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases corroborating balances recognised to supporting documentation on a sample basis and ensuring accounting policies are appropriate under the relevant accounting standards and applicable law.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements. Our audit procedures included but were not limited to:

• agreement of the financial statement disclosures to underlying supporting documentation;
• enquiries of management;
• testing of journal postings made during the year to identify potential management override of controls;
• review of minutes of board meetings throughout the period; and
• obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

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.

John Glasby (Senior Statutory Auditor)

for and on behalf of

Crowe UK LLP
Chartered Accountants and Statutory Auditor
55 Ludgate Hill
London
EC4M 7JW

Date:

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

	Note	2023 £	As restated 2022 £
Turnover	**4**	21,173,732	15,444,586
Cost of sales		(18,567,084)	(11,962,582)
Gross profit		2,606,648	3,482,004
Administrative expenses		(4,030,526)	(3,359,009)
Exceptional administrative expenses		(121,268)	-
Other operating income	**5**	50,000	-
Operating (loss)/profit	**6**	(1,495,146)	122,995
Interest receivable and similar income	**10**	4,892	2,503
Interest payable and similar expenses	**11**	(167,274)	(81,475)
(Loss)/profit before taxation		(1,657,528)	44,023
Tax on (loss)/profit		-	-
(Loss)/profit for the financial year		(1,657,528)	44,023
Fair value (losses) / gains in foreign exchange forward contracts		-	13,751
Fair value gains / (losses) reclassified to profit and loss		-	(13,641)
Other comprehensive income for the year		-	110
Total comprehensive income for the year		(1,657,528)	44,133

The notes on pages 31 to 55 form part of these financial statements.

Registered number: SC141496

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note		2023 £		As restated 2022 £
Fixed assets					
Intangible assets	**12**		280,094		168,982
Tangible assets	**13**		323,118		83,869
			603,212		252,851
Current assets					
Stocks	**15**	3,856,200		5,928,851	
Debtors: amounts falling due within one year	**16**	3,784,050		1,424,704	
Cash and cash equivalents	**17**	974,517		185,026	
		8,614,767		7,538,581	
Creditors: amounts falling due within one year	**18**	(5,656,882)		(3,661,701)	
Net current assets			2,957,885		3,876,880
Total assets less current liabilities			3,561,097		4,129,731
Creditors: amounts falling due after more than one year	**19**		(1,588,632)		(524,579)
Provisions for liabilities					
Net assets			1,972,465		3,605,152
Capital and reserves					
Called up share capital	**22**		2,858,801		2,858,801
Share premium account	**23**		4,174,088		4,174,088
Hedging reserves	**23**		24,841		-
Profit and loss account	**23**		(5,085,265)		(3,427,737)
Equity attributable to owners of the parent Company			1,972,465		3,605,152
			1,972,465		3,605,152

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

J R Steel
Director

The notes on pages 31 to 55 form part of these financial statements.

Registered number: SC141496

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note		2023 £		2022 £
Fixed assets					
Intangible assets	**12**		288,835		168,982
Tangible assets	**13**		50,198		83,869
Investments	**14**		1,625,798		89
			1,964,831		252,940
Current assets					
Stocks	**15**	784,282		2,595,071	
Debtors: amounts falling due within one year	**16**	2,265,502		4,758,484	
Cash at bank and in hand	**17**	561,106		185,026	
		3,610,890		7,538,581	
Creditors: amounts falling due within one year	**18**	(2,391,849)		(3,661,701)	
Net current assets			1,219,041		3,876,880
Total assets less current liabilities			3,183,872		4,129,820
Creditors: amounts falling due after more than one year	**19**		(1,588,632)		(524,579)
Net assets excluding pension asset			1,595,240		3,605,241
Net assets			1,595,240		3,605,241
Capital and reserves					
Called up share capital	**22**		2,858,801		2,858,890
Share premium account	**23**		4,174,088		4,174,088
Other reserves	**23**		24,841		-
Profit and loss account brought forward		(3,427,737)		(3,471,760)	
Loss/(profit) for the year		(2,034,753)		44,023	
Profit and loss account carried forward			(5,462,490)		(3,427,737)
			1,595,240		3,605,241

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

J R Steel
Director

The notes on pages 31 to 55 form part of these financial statements.

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

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2022	2,858,801	4,174,088	(110)	(3,471,760)	3,561,019
Comprehensive income for the year					
Profit for the year	-	-	-	44,023	44,023
Fair value gains on effective hedge	-	-	13,751	-	13,751
Fair value gains reclassified to profit and loss	-	-	(13,641)	-	(13,641)
Other comprehensive income for the year	-	-	110	-	110
Total comprehensive income for the year	-	-	110	44,023	44,133
At 1 January 2023 (as previously stated)	2,858,801	4,174,088	-	(3,427,648)	3,605,241
Prior year adjustment - correction of error	-	-	-	(89)	(89)
At 1 January 2023 (as restated)	2,858,801	4,174,088	-	(3,427,737)	3,605,152
Comprehensive income for the year					
Loss for the year	-	-	-	(1,657,528)	(1,657,528)
Fair value gains on effective hedge	-	-	24,841	-	24,841
Total comprehensive income for the year	-	-	24,841	(1,657,528)	(1,632,687)
At 31 December 2023	2,858,801	4,174,088	24,841	(5,085,265)	1,972,465

The notes on pages 31 to 55 form part of these financial statements.

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

	Called up share capital	Share premium account	Hedging reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2022	2,858,801	4,174,088	(110)	(3,471,760)	3,561,019
Comprehensive income for the year					
Profit for the year	-	-	-	44,023	44,023
Fair value gains on effective hedge	-	-	13,751	-	13,751
Fair value gains reclassified to profit and loss	-	-	(13,641)	-	(13,641)
Other comprehensive income for the year	-	-	110	-	110
At 1 January 2023 (as previously stated)	2,858,801	4,174,088	-	(3,427,648)	3,605,241
Prior year adjustment - correction of error	-	-	-	(89)	(89)
At 1 January 2023 (as restated)	2,858,801	4,174,088	-	(3,427,737)	3,605,152
Comprehensive income for the year					
Loss for the year	-	-	-	(2,034,753)	(2,034,753)
Fair value gains on effective hedge	-	-	24,841	-	24,841
Other comprehensive income for the year	-	-	24,841	-	24,841
At 31 December 2023	2,858,801	4,174,088	24,841	(5,462,490)	1,595,240

The notes on pages 31 to 55 form part of these financial statements.

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

	2023 £	2022 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(1,657,528)	44,023
Adjustments for:		
Amortisation of intangible assets	(1,483,685)	71,935
Depreciation of tangible assets	52,122	44,912
Loss on disposal of tangible assets	289,139	-
Interest paid	167,274	81,475
Interest received	(4,892)	(2,503)
Decrease/(increase) in stocks	4,084,916	(1,151,143)
Decrease in debtors	632,614	393,543
(Decrease)/increase in creditors	(2,096,918)	507,902
Hedging instrument	24,841	-
Prior period correction to reserves	1,352	-
Net cash generated from operating activities	9,235	(9,856)
Cash flows from investing activities		
Purchase of intangible fixed assets	(191,581)	(26,217)
Purchase of tangible fixed assets	(141,641)	(72,480)
Acquisition of subsidiary, net of cash acquired	222,762	(89)
Interest received	4,892	2,503
Net cash from investing activities	(105,568)	(96,283)
Cash flows from financing activities		
New/(repayment) of secured loans	1,053,098	(156,197)
Interest paid	(167,274)	(81,475)
Net cash used in financing activities	885,824	(237,672)
Net increase/(decrease) in cash and cash equivalents	789,491	(343,811)
Cash and cash equivalents at beginning of year	185,026	528,837
Cash and cash equivalents at the end of year	974,517	185,026

Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	974,517	185,026
	974,517	185,026

1. General information

Cafédirect Plc (the 'Company') is a public limited company by shares incorporated in Scotland.

The address of its registered office is 115 George Street, Edinburgh, Scotland, EH2 4JN. The address of the Company's principal place of business is Unit 4, Bayford Street Industrial Unit, Bayford Street, London, E8 3SE.

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's accounting policies (see note 3).

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

2.3 Financial Reporting Standard 102 - reduced disclosure exemptions

The Parent 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 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.

2. Accounting policies (continued)

2.4 Going concern

As detailed in the Strategic Report, the Group reported a loss after tax for the year of £1,657,528 (2022 profit: £44,023). The cash position at the year end, remained strong and positive at £974,517.

The acquisition of Bewley's Tea and Coffee UK Limited (BTCL) in June 2023 was strategically significant for Cafédirect giving the business greater diversification and growth potential. However, the acquired business had been incurring material losses for several years. The Directors of Cafédirect were clear that successfully integrating BTCL into the Group to create a profitable scale business would require material cost savings and restructuring. In addition, restructuring costs and losses would need to be adequately funded for the period of the transition.

Accordingly, a new debt facility was agreed with Cafédirect's banking partner – Triodos. The Directors were satisfied that the resulting injection of cash created sufficient headroom to accomplish the transition and integrate the two businesses.

While the transition was executed successfully, Cafédirect's UK Grocery business performed below expectation which: resulted in a trading loss position approximately £m higher than expected, a lower cash position and created uncertainty surrounding future cashflows.

Cafédirect's UK grocery business represents approximately 80% of Cafédirect plc's turnover. In 2023 the business faced substantial increase in coffee prices combined with high general cost inflation – necessitating market price increases. Cafédirect successfully implemented price increases to customers. However, key competitors reacted to cost pressures by reducing pack size (from 227g to 200g) rather than increase shelf price resulting in a large perceived value disadvantage for Cafédirect versus the key competitors. The misalignment of pricing led to a 23% volume decline and impacted margin. These factors led to a shortfall in gross profit earnings of £1.3m compared with budget.

Cafédirect followed competitors with the pack size reduction to 200g as quickly as feasible to realign shelf pricing. The transition to 200g was completed in late 2023. Volumes have recovered in 2024 and thanks to the commercial team's efforts Cafédirect's relationships with key accounts has improved with a broader offering and greater scale.

The Board of Directors are confident that the appropriate steps have been and are being taken to reduce uncertainty and maximise the expanded opportunity in UK Grocery.

The integration of the two businesses progressed at pace throughout 2023 including:

Reducing headcount and eliminating duplication across the Group
Consolidating its property portfolio – closing its London Office and Roastery and centring business operations at the acquired site in Meltham, Yorkshire whilst at the same time reducing the number of occupied units in Meltham from three to two
Creating a group organisation structure (eg consolidating functions into group teams)
Implementing SAP ERP in the acquired organisation so that systems and processes are common across the Group. This is key to operational efficiency and accurate visibility of account and product profitability, particularly important for the acquired business.

In 2024 the business continues to assess and restructure as required to ensure its long-term success both for its shareholders and for the benefit of the smallholder growers and their communities

It also noted that solid contingency plans were in place that were actionable and could be readily invoked in the case of lower business performance versus expectations.

In 2024 there has been a very positive market response to the enlarged business and its capabilities. The combination of brands, roasting and sourcing capabilities and supply chain are seen as distinct

2. Accounting policies (continued)

2.4 Going concern (continued)

and very positive. A plan was put in-place to leverage capabilities and utilise capacity at the facility in Meltham. Notable successes are being achieved in 2024, including a major contract for own label coffee, which is expected to achieve significant sales growth in 2025 and beyond.

In 2024 the market price of coffee has increased materially. The New York C Price, the global benchmark for pricing of bulk green coffee, has risen from 183 cents per pound on 1st January 2024 to 305 cents on 4th December 2024. In addition, price volatility has been high.
The business has responded positively and swiftly to the lower short-term sales expectation and increase in coffee prices.

The following summarise actions:
Further reduction in headcount during August and September 2024 to save cost and take advantage of gains arising from integration of the businesses in the Group
Price increase to customers to be completed in the last quarter of 2024
Adapt procurement strategies to better protect the business in more volatile commodity markets
Reduce complexity and rationalise product ranges including removing lower profit products and services.
Revision of supply chain for freeze-dried coffee resulting in significantly less capital intensity.

Regulatory

The new EU Deforestation Regulation (EUDR) was due to take effect on 30th December 2024. A proposal to delay EUDR by 12 months is currently under review. This regulation requires that all coffee traded within the European Union is certified as “deforestation-free”. Whilst Cafédirect’s trade in the EU is limited, Cafédirect’s retail products are roasted and packed in the Republic of Ireland; additionally, customers in the UK are aligning with the EU regulations as a policy measure. This means that the Company must take steps to ensure its coffee purchases are certified in line with the regulations.

The burden of the responsibility lies with the producers rather than Cafédirect. The primary risk lies in ensuring that the producers from whom the Group sources are able to meet the certification requirements. Cafédirect’s producer partners are based in regions where the process of certifying compliance may be complex, time-consuming and costly. Penalties for non-compliance are significant - fines of at least 4% of turnover as well as confiscation of non-compliant product.

To mitigate these risks, Cafédirect is actively working with its producers and coffee partners in the UK to support producers to obtain the necessary certifications. In addition, a co-funded resource has been deployed in Peru via Producers Direct to support the process locally. Other measures, including isolating production of some products from the EU are under consideration.

While considering that the regulations could pose material risk to the business, the Directors are confident that the Group has taken the steps to manage these risks and do not anticipate material downside to arise versus expectations.

Summary

Having reviewed the plans, associated forecast and additional actions, along with recognising the long-term supportive nature of Cafédirect’s relationship with its bankers and other long-term stakeholders, the Directors confirm that they have a reasonable expectation that the Group and Company has adequate resources to continue to meet its liabilities as they fall due for the foreseeable future. Accordingly, the going concern basis has been adopted in the preparation of the accounts. The financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern. The combination of factors above

2. Accounting policies (continued)

2.4 Going concern (continued)

represent a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP, rounded to the nearest £.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

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

2. Accounting policies (continued)

2.6 Revenue

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

Sale of goods

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

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

2.7 Operating leases: the Group as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Finance costs

Finance costs are charged to profit or loss 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Pensions

Defined contribution pension plan

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

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

2. Accounting policies (continued)

2.11 Share-based payments

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

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

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

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.12 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the 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.

2.13 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2. Accounting policies (continued)

2.14 Intangible assets

Goodwill

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, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

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.

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.

The estimated useful lives range as follows:

Negative goodwill	-		1 year
Purchased computer software	-	5	years straight line basis

2.15 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Leasehold improvements	- Other the life of the lease
Fixtures, fittings and equipment	- Over three years
Computer equipment	- Over five years

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. Accounting policies (continued)

2.16 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.17 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.18 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 weighted average basis. Work in progress and finished goods include labour and attributable overheads.

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 profit or loss.

2.19 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.

2.20 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.21 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. Accounting policies (continued)

2.22 Hedge accounting

The Group uses foreign currency forward contracts to manage its exposure to cash flow risk on its net currency payments on the purchase of coffee items. These derivatives are measured at fair value at each reporting date.

To the extent the cash flow hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the year.

2.23 Financial instruments

The Group has elected to apply the provisions of Section 11 “Basic Financial Instruments” of FRS 102 to all of its financial instruments.

The Group has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

Financial instruments are recognised in the Group's Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Other financial assets

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

2. Accounting policies (continued)

2.23 Financial instruments (continued)

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instruments any contract that evidences a residual interest in the assets of the Group after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans, other loans and loans due to fellow group companies are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Other financial instruments

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the profit or loss. They are subsequently measured at fair value with changes in the profit or loss.

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. This recognition and measurement would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

Derecognition of financial instruments

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Group transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Group will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Group's contractual obligations expire or are discharged or cancelled.

2. Accounting policies (continued)

2.23 Financial instruments (continued)

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 estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

The critical judgements that the Directors have made in the process of applying the Company and the Group’s accounting policies and that have the most significant effect on the amounts recognised in the financial statements are discussed below:

(i) Assessing indicators of impairment
In assessing whether there have been any indicators of impairment associated with property, plant and equipment, investments in subsidiary undertakings and intangible assets, the Directors’ have considered both external and internal sources of information such as market values, changes in technological, economic and legal environments, evidence of obsolescence or physical damage of assets and declines in economic performance.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below:

(i) Determining useful economic lives of intangible assets
The Group amortises intangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on management’s assessment of the period over which the asset is expected to generate future economic benefit for the Group. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, consumer trends and other external factors such as brand reputation and economic conditions.

(ii) Stock provision
The Group establishes a provision for stocks where the estimated selling price less cost to complete and sell is lower than the cost of the stock. When assessing the estimated selling price for stocks the Directors have considered factors such as the ageing of the stock, current market conditions and past sales experience.

(iii) Debtor recoverability
The Group establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the Directors have considered factors such as the ageing of the receivables, past experience of recoverability and the credit profile of individual or groups of customers.

4. Turnover

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

	2023 £	As restated 2022 £
Coffee	20,882,988	15,030,877
Tea	276,803	274,810
Hot chocolate	-	69,303
Ancillaries	13,941	69,596
	21,173,732	15,444,586

Analysis of turnover by country of destination:

	2023 £	As restated 2022 £
United Kingdom	20,881,369	14,974,882
Rest of the world	292,363	469,704
	21,173,732	15,444,586

During the year, it was noted that turnover and cost of sales had not been reported consistent with the Group's accounting policy. Historically, revenue was reported as the gross amount before deducting rebates and discounts. To align with policy, revenue is now presented net of rebates and discounts.

This change has resulted in a restatement of the prior year's revenue figures, reducing previously reported turnover by £2,120,147.95 for the year ended 31st December 2022 and cost of sales by a corresponding amount. There is no impact on the Group's operating profit as a result of this restatement.

5. Other operating income

	2023 £	2022 £
Net rents receivable	50,000	-
	50,000	-

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2023 £	2022 £
Exchange differences	89,119	39,994
Depreciation on tangible fixed assets	52,122	44,912
Amortisation of intangible fixed assets	(1,483,686)	71,935

7. Auditor's remuneration

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

	2023 £	2022 £
Fees payable to the Group's auditor for the audit of the consolidated and Parent Company's financial statements	59,144	37,500
Other services	45,000	6,400

8. Employees

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

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Wages and salaries	3,271,587	1,442,876	1,733,877	1,442,876
Social security costs	376,026	200,874	215,559	200,874
Cost of defined contribution scheme	176,514	107,659	139,769	107,659
	3,824,127	1,751,409	2,089,205	1,751,409

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

	Group 2023 No.	Group 2022 No.	Company 2023 No.	Company 2022 No.
Sales and marketing	29	10	9	10
Operations and administration	71	21	19	21
	100	31	28	31

9. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	218,568	203,990
	218,568	203,990

The highest paid Director received remuneration of £168,278 (2022 - £151,510).

The value of the Group's contributions paid to a defined benefit pension scheme in respect of the highest paid Director amounted to £14,290 (2022 - £13,481).

During the year 1 director received retirement benefits accruing under a defined benefit pension scheme (*2022 -1*).

10. Interest receivable

	2023 £	2022 £
Interest on bank deposits	4,892	2,503
	4,892	2,503

11. Interest payable and similar expenses

	2023 £	2022 £
Interest arising on other loans	167,274	81,475
	167,274	81,475

12. Intangible assets

Group

	Computer software £	Negative goodwill £	Total £
Cost			
At 1 January 2023	347,334	-	347,334
Additions	171,356	-	171,356
Additions - internal	20,225	-	20,225
Disposals	(468,613)	-	(468,613)
On acquisition of subsidiaries	559,320	(1,605,693)	(1,046,373)
At 31 December 2023	629,622	(1,605,693)	(976,071)
Amortisation			
At 1 January 2023	178,352	-	178,352
Charge for the year	75,347	(1,559,032)	(1,483,685)
On disposals	(400,249)	-	(400,249)
On acquisition of subsidiaries	449,417	-	449,417
At 31 December 2023	302,867	(1,559,032)	(1,256,165)
Net book value			
At 31 December 2023	326,755	(46,661)	280,094
At 31 December 2022	168,982	-	168,982

12. Intangible assets (continued)

Company

	Computer software £
Cost	
At 1 January 2023	347,334
Additions	171,356
Disposals	(34,454)
At 31 December 2023	484,236
Amortisation	
At 1 January 2023	178,352
Charge for the year	55,755
On disposals	(38,706)
At 31 December 2023	195,401
Net book value	
At 31 December 2023	288,835
At 31 December 2022	168,982

13. Tangible fixed assets

Group

	Leasehold improvements £	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2023	76,395	69,149	78,460	224,004
Additions	16,010	84,259	41,372	141,641
Arising on business combinations	570,626	4,783,246	-	5,353,872
Disposals	(397,724)	(1,481,343)	(85,015)	(1,964,082)
At 31 December 2023	265,307	3,455,311	34,817	3,755,435
Depreciation				
At 1 January 2023	30,885	59,646	49,604	140,135
Charge for the year on owned assets	22,069	13,452	16,601	52,122
Disposals	(343,943)	(1,351,204)	(48,161)	(1,743,308)
Arising on business combinations	538,292	4,445,076	-	4,983,368
At 31 December 2023	247,303	3,166,970	18,044	3,432,317
Net book value				
At 31 December 2023	18,004	288,341	16,773	323,118
At 31 December 2022	45,510	9,503	28,856	83,869

13. Tangible fixed assets (continued)

Company

	Leasehold improvements £	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost				
At 1 January 2023	76,395	69,149	78,460	224,004
Additions	-	40,119	3,675	43,794
Disposals	(76,395)	(24,483)	(47,317)	(148,195)
At 31 December 2023	-	84,785	34,818	119,603
Depreciation				
At 1 January 2023	30,885	59,646	49,604	140,135
Charge for the year on owned assets	14,629	12,096	16,603	43,328
Disposals	(45,514)	(20,383)	(48,161)	(114,058)
At 31 December 2023	-	51,359	18,046	69,405
Net book value				
At 31 December 2023	-	33,426	16,772	50,198
At 31 December 2022	45,510	9,503	28,856	83,869

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2023	89
Additions	1,625,709
At 31 December 2023	1,625,798

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Cafédirect Roastery Limited	Bent Ley Bent Ley Industrial Estate, Meltham, Holmfirth, England, HD9 4EP	Ordinary	100%
Cafédirect Coffee Trading Company Limited	Suite 10383, 5 Fitzwilliam square, Dublin, Ireland	Ordinary	100%

On 26 May 2023, Cafédirect Plc acquired 100% of Cafédirect Roastery Limited (note 25).

15. Stocks

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Raw materials and consumables	1,321,168	3,771,341	-	437,561
Finished goods and goods for resale	2,535,032	2,157,510	784,282	2,157,510
	3,856,200	5,928,851	784,282	2,595,071

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

16. Debtors

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade debtors	3,168,501	1,146,027	1,503,372	1,146,027
Amounts owed by group undertakings	-	-	462,074	3,333,780
Other debtors	276,577	81,772	81,270	81,772
Prepayments and accrued income	338,972	196,905	218,786	196,905
	3,784,050	1,424,704	2,265,502	4,758,484

17. Cash and cash equivalents

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Cash at bank and in hand	974,517	185,026	561,106	185,026

18. Creditors: Amounts falling due within one year

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank loans	400,396	156,654	400,396	156,654
Trade creditors	3,009,957	3,056,601	265,643	3,056,601
Amounts owed to group undertakings	-	-	675,942	-
Other taxation and social security	131,298	54,241	54,847	54,241
Other creditors	243,885	114,657	153,754	114,657
Accruals and deferred income	1,871,346	279,548	841,267	279,548
	5,656,882	3,661,701	2,391,849	3,661,701

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

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank loans	1,177,281	524,579	1,177,281	524,579
Deferred consideration	411,351	-	411,351	-
	1,588,632	524,579	1,588,632	524,579

Bank loans are repayable between 1 January 2022 and 30 September 2026 and bear interest at 3.0% above UK Bank Base rate. The Company makes monthly repayments of the bank borrowings.

Bank loans are secured against a floating charge over all of the assets and undertakings (both present and future) of the business and are subject to covenants based upon turnover and profit performance.

20. Financial instruments

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Financial assets				
Financial assets measured at amortised cost	4,419,595	4,746,785	2,607,822	4,746,785

Financial assets measured at amortised cost comprise cash and cash equivalents and trade and other debtors, excluding prepayments.

21. Provisions

Group

	Dilapidations £
Arising on business combinations	200,000
Released in year	(200,000)
At 31 December 2023	-

21. Provisions (continued)

22. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
11,435,206 (2022 - 11,435,206) Ordinary shares of £0.25 each	2,858,801	2,858,801
1 (2022 - 1) Guardians' share share of £0.25	-	-
	2,858,801	2,858,801

Ordinary share rights

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

Guardians' shares

In addition to the above allotted and called up Ordinary share capital there is one Guardians' share of £0.25p which is fully paid. The Guardians' share, held by the Guardian Share Company Limited (Company No. 4863720), differs from the Ordinary shares in that it gives the owners (the "Guardians") certain additional rights. The Guardians' rights comprise: (i) they have the right to appoint a director to the Cafédirect Board; (ii) their consent is required to make any changes to the key principles of Cafédirect's Gold Standard, or to the Company's objects as set out in its Articles of Association; and (iii) they have a right of consultation before any changes can be made to the wording of the full Gold Standard. If such consultation does not result in unanimous consent, the proposals must be put to the members of Cafédirect as a special resolution at a general meeting.

There are three members of the Guardian Share Company Limited, Oxfam Activities Limited, Cafédirect Producers Limited and Oikocredit Ecumenical Development Co-Operative Society U.A.

23. Reserves

Share premium account

The share premium account represents accumulated amounts on the issue of share capital in excess of the par value.

Hedging reserve

Hedge reserve represents the movements in fair value of financial derivatives used to hedge against future foreign currency purchases.

Profit and loss account

The profit & loss account represents the accumulated undistributed reserves of the Company and Group.

24. Analysis of net debt

	At 1 January 2023 £	Cash flows £	Acquisition and disposal of subsidiaries £	At 31 December 2023 £
Cash at bank and in hand	185,026	(531,343)	1,402,334	1,056,017
Bank overdrafts	-	(81,500)	-	(81,500)
Debt due after 1 year	(524,579)	(652,702)	-	(1,177,281)
Debt due within 1 year	(171,287)	(229,109)	-	(400,396)
	(510,840)	(1,494,654)	1,402,334	(603,160)

25. Business combinations

On 26 May 2023, Cafédirect Plc acquired 100% of Cafédirect Roastery Limited.

Acquisition of Cafédirect Roastery Limited

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value £
Fixed Assets		
Tangible	370,504	370,504
Intangible	109,903	109,903
	480,407	480,407
Current Assets		
Stocks	2,012,265	2,012,265
Debtors	2,993,225	2,993,225
Cash at bank and in hand	1,402,334	1,402,334
Total Assets	6,888,231	6,888,231
Creditors		
Due within one year	(3,656,829)	(3,656,829)
Total Identifiable net assets	3,231,402	3,231,402
Goodwill		(1,605,693)
Total purchase consideration		1,625,709

25. Business combinations (continued)

Consideration

	£
Cash	1,100,000
Contingent consideration	446,137
Directly attributable costs	79,572
Total purchase consideration	1,625,709

Cash outflow on acquisition

	£
Purchase consideration settled in cash, as above	(1,100,000)
Directly attributable costs	(79,572)
	(1,179,572)
Less: cash and cash equivalent balances acquired	1,402,334
Net cash inflow on acquisition	222,762

The negative goodwill arising on acquisition is attributable to the value in the assembled workforce of the acquired business and expected synergies from combining the operations of the acquired business with the operations of the Group.

The results of Cafédirect Roastery Limited since acquisition are as follows:

	Current period since acquisition £
Turnover	7,945,357
(Loss) for the period since acquisition	(1,186,754)

26. Prior year adjustment

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27. 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 £160,150 (2022: £173,164). Contributions totalling £26,683 (2022: £14,633) were payable to the fund at the reporting date and are included in creditors.

28. Commitments under operating leases

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

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Not later than 1 year	237,407	93,030	-	93,030
Later than 1 year and not later than 5 years	501,202	11,215	-	11,215
	738,609	104,245	-	104,245

29. Related party transactions

The Group has taken advantage of the exemption available under Financial Reporting Standard 102 section 33 relating to the disclosure of related party transactions between wholly owned group companies.

The following related parties disclosure is in respect of transactions entered into with the Company's shareholder, namely Oxfam Activities Ltd, Cafedirect Producers' Foundation and Oikocredit Ecumenical Development Co-Operative Society, U.A. All transactions with related parties are on arm's length terms.

	Group 2023 £	Group 2022 £	Group 2023 £	Group 2022 £
Sales of goods in year	-	216,854	-	216,854
Services provided by the company	126,639	-	-	-
Charitable donations	103,524	100,000	103,524	100,000
Amounts owed by related parties at year end	-	21,937	-	21,937
Amounts owed to related parties at year end	-	25,000	-	774,694
	230,163	363,791	103,524	1,113,485

30. Post balance sheet events

There have been no significant events affecting the Group or Company since the year end which requires disclosure within these financial statements.