Egg Free

Cake Box®

HANDMADE HAPPINESS

2024

CAKE BOX HOLDINGS PLC
ANNUAL REPORT AND ACCOUNTS

Cake Box is the UK's largest retailer of fresh cream celebration cakes

Our Purpose

We believe in the power and joy of togetherness. We understand the importance of celebrating life's special moments and our promise is to bring **handmade happiness** to as many customers as possible.

Expanding our business and customer base

As we continue to execute our strategy to appeal to more customers, in more locations, with more products, our focus is on building on our multi-channel success online and offline. Over the past year we have successfully built a model that will continue to broaden the brand and customer footprint.

Our journey continues

2024
Launched new brand refresh nationwide, together with a new website and CRM platform

2023
200th store opened in Sneinton, Nottingham

2022
27,000 sq ft bulk storage warehouse in Enfield

2021
Opened warehouse and distribution centres in Bradford and Coventry, reducing road miles by more than 80%

2020
Started delivery of cakes with Uber Eats, Just Eat and Deliveroo

2018
Celebrated 100 opened stores and listed on the London Stock Exchange

2015
Purchase of current 40,000 sq ft site in Enfield

2013
5,000 sq ft baking and warehousing facility acquired to support up to 35 stores

2008
Sukh Chamdal founded Cake Box

Contents

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Financial Highlights

- Group revenue **up 8.7%** year-on-year to **£37.8m** (FY23: £34.8m), a testament to our strong business model and strategic initiatives.
- Gross margin increased to **52.7%** (FY23: 49.4%), due to enhanced efficiencies in the production facilities and the stabilisation of raw material and freight costs.
- Strengthened balance sheet with a significant increase in the Group's net cash position, **£7.3m** at the period end (FY23: £6.1m).
- Total dividend per share **increased 10.8% to 9.0p** (FY23: 8.125p).

Operational Highlights

- Group added 20 new stores in line with it's roll-out plan, taking the total franchise stores to 225 (FY23: 205).
- 16.1% growth in online sales for the year to £16.1m (FY23: £13.8m).
- Franchisee store sales increased year-on-year by 9.1%.
- We entered new locations such as Liverpool, Cambridge and Dibsbury.

Franchisee Store Highlights

- Like-for-like[1] sales growth of 4.4% in franchise stores for FY24 (FY23: 1.0%).
- Franchisee total turnover up 9.1% to £78.8m (FY23: £72.1m).
- Number of multisite franchisees increased to 47.

[1] *Like-for-like: Stores trading for at least one full financial year prior to 31 March 2023.*

Group revenue
£37.84m
FY23: £34.80m

Gross profit
£19.94m
FY23: £17.17m

EBITDA*
£7.70m
FY23: £6.66m

Adjusted EBITDA**
£7.46m
FY23: £6.66m

Pre-tax profit
£6.26m
FY23: £5.43m

Adjusted pre-tax profits**
£6.02m
FY23: £5.43m

Cash at bank
£8.45m
FY23: £7.35m

Earnings per share
11.65p
FY23: 10.59p

Final dividend recommended
6.10p
FY23: 5.50p

* *EBITDA is calculated as operating profit before depreciation and amortisation.*

** *Adjusted EBITDA and pre-tax profits is after adjusting for the exceptional items in the prior year.*

Chair's Statement

Cake Box has demonstrated resilience and strength, continuing to deliver growth across all facets of the business

Our franchisees and their success are the backbone of the business, embodying the entrepreneurial spirit that defines Cake Box

Martin Blair
Chair

I am delighted to present my inaugural Chair's Statement for Cake Box since being appointed to the role in October 2023. It is an honour to have taken up the role of Chair and to contribute to the continued success of Cake Box, one of the UK's retail success stories.

Since joining as a Non-Executive Director upon our listing on the AIM market of the London Stock Exchange in 2018, I have been consistently impressed by the entrepreneurial ethos, commitment to values, quality of products and ambition to drive growth.

It is pleasing to report a year of growth for Cake Box, cementing the Company's position as the UK's largest retailer of fresh cream celebration cakes. Despite navigating uncertain economic conditions, Cake Box has demonstrated resilience and strength, continuing to deliver growth across the business.

Strategic Growth Initiatives

At the start of the year, the Board and management team outlined five key strategic pillars to strengthen the Company's operations and build a platform for long term sustainable growth. These pillars focused on enhancing our presence across multiple sales channels, expanding our store estate, adopting a data-driven approach, optimising operational efficiencies, and strengthening our governance and commitment to Environmental, Social, and Governance ("ESG") initiatives.

Throughout the year, our management team diligently executed these strategic initiatives, resulting in a strengthened foundation on which the Company may continue to thrive and pursue its growth. Our multifaceted approach, blending our high street presence with digital marketing strategies and an enhanced online sales platform, not only boosted customer demand and improved customer retention, but also amplified engagement levels significantly.

Entrepreneurial Excellence

Our franchisees and their success are the backbone of the business, embodying the entrepreneurial spirit that defines Cake Box. Our franchise stores continued to perform well with like-for-like sales increasing year-on-year and we successfully opened 20 new high street stores, a testament to the resilience and effectiveness of our franchise model. We also benefited from the continued stabilisation in the cost of raw materials during the year and gained further efficiency benefits from investment in the business.

New look for next phase of growth

The Company is now seeing the benefit of investment in key areas to position it for long term sustainable growth. Significantly, our focus on targeted marketing initiatives, coupled with the launch of an upgraded website featuring our convenient 'click-and-collect' service, underscores our commitment to enhancing customer experience and driving operational efficiency. Adopting a data-driven approach has further empowered us to discern market trends, attract fresh consumers, and nurture lasting loyalty among our customer base.

By expanding our reach into new areas and demographics, our multi-channel strategy has yielded tangible results, enabling us to connect with additional customers through various touchpoints. Additionally, the successful launch of a brand refresh in the second half of the year has been well-received and is already contributing to increased awareness of Cake Box and demand for our products.

Community Commitment

We believe our stores can serve as catalysts for boosting foot traffic on the high street and play their part in fostering a sense of community within local areas. Cake Box has been built on solid values and our strong relationships with our franchisees and customers underpin a commitment to making a positive difference in the communities we operate in.

We continue to initiate and support local initiatives to give back to the communities that support us and are committed to ensuring our operations align with our ESG principles.

Board changes

We continue to strengthen our Board and management team. Following my appointment as Chair, I am excited to continue helping Cake Box in the next phase of its development. Having been on the Board as an Independent Non-Executive Director since the Company listed on AIM in June 2018, I have a deep understanding of the business and appreciation of what is required to continue our growth.

I replaced Nilesh ("Neil") Sachdev who, after more than five years in the role, stepped down from the Board. I would like to take this opportunity to thank him for his significant contribution to the business.

In February 2024, we welcomed Shaun Smith – who has extensive leadership and Board experience – as an Independent Non-Executive Director. Shaun sits on the Remuneration, Nomination and ESG Committees and will become Chair of the Audit Committee following the Annual General Meeting ("AGM") on 30 July 2024.

Looking ahead

Cake Box is well-positioned to capitalise on anticipated market trends in the Celebration Cakes and Sweet Baked Goods segments. There are many exciting opportunities for growth ahead for the business and we are committed to continue to produce high quality products that resonate with our customers.

As evidenced by the continued expansion of our store estate, with 225 Cake Box shops trading as at 31 March 2024, we remain steadfast in our commitment to growth. Our ambitious target of reaching 400 stores in the medium term underscores our confidence in the scalability and resilience of our business model. Additionally, our investment in marketing and e-commerce capabilities will help to broaden our reach and increase demand.

With a strengthened, experienced leadership team and ambitious strategy, I am confident that the Group will continue to deliver growth for all stakeholders.

Finally, I would like to thank the Board and the entire Cake Box team for their dedication and tireless efforts and extend my gratitude to our shareholders for their continued support.

Martin Blair
Chair
10 June 2024

CEO's Statement

By staying alert and responsive to market trends, we can position ourselves as a leader in the celebration cake market

"In the second half of the year, we unveiled our new brand refresh to broaden our appeal to new customers and demographics and amplify opportunities for new store openings"

Sukh Chamdal
Chief Executive Officer
10 June 2024

I am proud to report a year of excellent progress at Cake Box with strong growth across the business. Throughout the year, the strategic initiatives we implemented yielded excellent results, with increases in sales, profits, cash reserves, and dividends. This success is a testament to our commitment to cost discipline and our ability to maintain robust trading momentum despite challenging macroeconomic conditions.

The Company invested in a comprehensive brand refresh, revamped its e-commerce platform with a new website, and launched a new customer relationship management ("CRM") system. Our expansion efforts, both in physical stores and online, have seamlessly integrated the traditional charm of brick-and-mortar establishments with the latest technology, optimising our reach, enhancing customer engagement, and increasing online sales.

Strategic initiatives delivering growth

In early 2023, we identified key strategic initiatives to invest in the business and drive growth for 2024 and beyond. It is pleasing to report that these initiatives were successfully implemented, bringing tangible results for Cake Box.

Franchise Expansion

Our franchise partners continue to play a vital role in our growth story. During the period, we opened 20 new stores, bringing our total store count to 225 at the end of FY24 (FY23: 205). This included expansion into new locations such as Cambridge, Didsbury, and Liverpool, which has allowed us to connect with new customers and increase brand awareness.

Trading momentum was strong during the year with an increase in total franchise store sales of 9.1% and like-for-like sales increase of 4.4%, reflecting new store openings and strong customer demand.

We remain committed to further expanding our footprint, with a target of reaching 400 stores. Progress with external property consultants, appointed to develop a strategy to reach this goal, has been encouraging and we have already identified a number of areas with potential either for a first Cake Box store or additional stores to complement our existing presence.

The demand for new stores has remained strong among our existing franchisee network, as well as in the form of inquiries from prospective franchisees. We now have 95 franchisees with 47 of them operating more than one Cake Box store at the end of FY24.

In addition to our focus on new stores, we concentrated on supporting our franchisees to help deliver operational efficiencies. This, coupled with stabilised food costs, resulted in an increase in Group margins to 52.7% and 15.1% increase in profit before tax. The positive downward trends for utility costs combined with the stabilisation of food costs, has had a positive impact on franchisee margins and profitability.

Marketing and a multi-channel approach

Our brand awareness, customer experience and loyalty has been further enhanced by the success of our refined marketing strategy and capabilities. Investment in marketing, particularly in digital and e-commerce capabilities, has been a focal point of our growth strategy, and helped online sales increase by 16.1% for FY24.

Our online 'click-and-collect' feature, whereby customers can order a personalised, fresh cream celebration cake online and collect it within the hour, sets us apart from the competition and is constantly growing in popularity with our customer base.

The launch of our new website in June 2023 has seen excellent performance, with website visits up 40.5% since launch, a 13.3% increase in the volume of orders, translating into higher sales and strong conversion rates from both new and returning customers.

In addition, we created an annual central marketing fund with our franchisees, aimed at enhancing digital marketing initiatives to raise brand awareness and expand our customer base. National radio and outdoor advertising campaigns, launched in September 2023, have further bolstered brand awareness and helped attract new customers to Cake Box.

Harnessing data for growth

Central to our marketing strategy is the utilisation of customer data to drive long-term sales and support our multi-channel approach.

Since launching a new CRM system in May 2023, we have seen strong growth in customer subscriptions and engagement. Marketing subscriptions increased by 68.0% and we grew our SMS sign ups from a zero base to 182,000 at the end of FY24, underscoring the benefits of our data-driven approach.

As part of this strategy, we continue to invest in our technology systems to build a complete end-to-end 'make to sell' process – the 'Cake Box Hub'. It is a centralised system to connect all our customer touchpoints and will further enhance our ability to leverage data insights driving commercial efficiencies and sales in the future.

Through understanding consumer preferences and behaviour patterns, going forward, we will be able to tailor our products, promotions and customer experience to better resonate with our target audience, ultimately increasing customer loyalty.

Brand refresh

In the second half of the year, we unveiled our new brand identity to broaden our appeal to new customers and demographics and amplify opportunities for new store openings. Nine of the new stores opened during the financial year now carry the new branding, which will be rolled out across the business.

The positive reception of our new brand identity from customers, franchisees and partners, reaffirms Cake Box's position as a market leader and provides an excellent foundation for increased brand recognition and heightened demand.

In addition, leveraging our existing distribution channels and growing brand awareness, Cake Box can effectively penetrate new regions in the UK and reach untapped customers, further driving sales and market share expansion.

The market opportunity

The market opportunity for our company within the Celebration Cakes and Sweet Baked Goods segments is significant and poised for growth. In 2022, these two main target markets had a combined market value of £2.85 billion and were forecast to grow to £3.2 billion by 2027 (Mintel Report 2022).

This presents a great opportunity for Cake Box to cater to the growing demand for high-quality celebration cakes and sweet baked goods and we are well-positioned to capture market share and expand on our position in this space.

Outlook and current trading

Trading so far in FY25 has been in line with management expectations. Whilst the outlook for the retail sector remains challenging, we are well positioned for the year ahead.

The increased investment in our marketing campaigns, alongside the refresh of our brand and website, will further strengthen Cake Box's presence and will help drive demand.

We will continue to introduce new product lines, designs and customisation options to enhance our celebration cakes. Through our revamped e-commerce platform and click-and-collect online feature, we are reaching more people, whilst making it easier for our customers to get the cakes they want.

By staying alert and responsive to market trends, we will continue to position ourselves as a leader in the Celebration Cakes and Sweet Baked Goods industry, capturing a larger share of the growing market and driving sustainable long-term growth for our company.

Cake Box remains an asset-light, and cash-generative business with a robust balance sheet. Our plans are in place to drive customer demand with our new marketing initiatives, and to continue our store expansion programme with a healthy pipeline of new store openings.

Financial Review

A very positive outcome, considering the continued challenging economic and tough consumer environment

Michael Botha
Chief Financial Officer
10 June 2024

	FY24 £m	As restated FY23 £m	Change***
Group Revenue	37.84	34.80	8.7%
Gross Profit	19.94	17.17	16.1%
Operating expenses before exceptional items	(13.76)	(11.60)	(18.7%)
Exceptional items	0.24	-	
Operating profit	6.42	5.57	15.1%
Net finance cost	(0.16)	(0.14)	(16.4%)
Profit before tax	6.26	5.43	15.1%
Adjusted profit before tax**	6.02	5.43	10.6%
Taxation	(1.61)	(1.20)	(33.1%)
Profit for the period	4.65	4.23	10.0%
Adjusted profit for the period**	4.41	4.23	4.2%
Revaluation of freehold property	0.22	0.19	
Deferred taxation on revaluation	(0.06)	(0.04)	
Tax rate changes on revaluation reserve for freehold property	-	(0.34)	
Total comprehensive income for the year	4.81	4.04	19.1%
EBITDA*	7.70	6.66	15.6%
Adjusted EBITDA**	7.46	6.66	12.0%

* EBITDA is calculated as operating profit before depreciation and amortisation
** Adjusted EBITDA and pre-and post-tax profits are after adjusting for exceptional items
*** % change is based on amounts in the Consolidated Statement of Comprehensive Income

Group revenue

Reported Group revenue for the year increased by 8.7% to £37.8m (FY23: £34.8m). This was achieved through an increase in franchise store like-for-like sales of 4.4% as well as the addition of 20 new franchise stores opening in the year. This was a very positive outcome, considering the continued challenging economic and tough consumer environment, with high inflation and interest rates impacting on consumer's disposable income.

Gross profit

Gross profit as a percentage of Group revenue increased from 49.4% to 52.7% for the full year. This increase was as a result of the efficiencies gained from investments in the production facilities in prior years and the stabilisation of raw material and freight costs during the year. The stabilisation of costs enabled the Group to minimise any increase in pricing to its franchisee partners, which in turn benefited the margins of the franchisees. Pricing to our customers was reviewed on a regular basis to ensure we remained competitive in a continued tough economic climate throughout the year. We were able to keep retail sales price increases to a lower rate than the food retail sector, as in the prior year, while not impacting on volumes.

EBITDA

Reported EBITDA increased 15.6% to £7.7m as a result of the increased Group revenues, with progression in gross margins offset by the planned increase in overheads. Adjusted EBITDA increased by 12.0% to £7.5m for the year. The difference between Reported and Adjusted EBITDA related to the reversal of a £0.2m provision created in prior years for a website data breach, which has been classified as an exceptional item now that the matter has been closed.

Exceptional items

The exceptional income items comprise solely of a £0.2m provision made in FY21 following a website data breach.

Following information provided to the Information Commissioner's Office ("ICO") regarding the enhancement of the Group's security measures, the ICO informed the Group that it would not be pursuing any enforcement action relating to the case and considered the case closed.

As a result, the Group has released this provision in the 2024 financial results and classified the release as an exceptional item, in line with the treatment of the original provision.

Balance sheet

The Group's balance sheet has strengthened further, with cash balances of £8.5m (FY23: £7.4m). The Group's only debt remains its mortgages of £1.1m (FY23: £1.2m), secured by its freehold properties in Enfield, Bradford and Coventry.

As the Group operates a franchise model, it has relatively low capital expenditure requirements and a flexible cost base.

The Board is confident that the Group's cash levels and liquidity are sufficient for the operational requirements of the Group, despite the continued tough macroeconomic climate.

Property

At each year end, surveyors are instructed to value the Company's three freehold depots, Enfield, Bradford and Coventry, to ensure a consistent value base. The new valuation has resulted in a further uplift of £0.2m in the reported values of the three sites for the consolidated report and accounts.

In FY22, the Group entered into a lease for a warehouse in Enfield, which supports the growth in all three of our production sites. This site is classified as a right-to-use asset in the report and accounts. All bulk and raw material stock, utilised in the production of sponge, is stored in this warehouse and distributed to the three sites when required. The centralisation of stock has increased control and minimised stock losses.

Taxation

The effective rate of taxation was 25.6% (FY23: 22.2%). As part of the Budget 2021 announcement by the Government on 3 March 2021, the corporation tax rate has increased for all companies with profits above £250,000 to 25% from 19%. This was effective from 1 April 2023 and therefore applied for the full financial year under review.

The effective tax rate was higher than the statutory rate due to expenses not allowable for tax purposes and adjustments relating to prior periods.

Earnings per share ("EPS")

Reported earnings per share was 10.0% above the prior year, at 11.65p (FY23: 10.59p). Profit before tax ("PBT") was 15.1% ahead of the prior year. The difference in the growth year-on-year between PBT and EPS is due to the increase in the corporation tax rate from 1 April 2023 to 25% (FY23: 19%).

Adjusted earnings per share was 11.04p (FY23: 10.59p), 4.2% ahead of the prior year. This is after the adjustment for the exceptional item previously mentioned.

The number of shares in issue was 40,000,000 and is unchanged since the Company's IPO in June 2018.

Diluted earnings per share was 8.0% above the prior year, at 11.44p (FY23: 10.59p). The difference in the basic and diluted earnings per share is due to the dilutive effect of the share options granted during the year.

Dividend

Following the positive results and cash generation reported for the 2024 financial year, the Board is pleased to recommend a final dividend of 6.1p per share (FY23: 5.5p). The total dividend for the year will be 9.0p (FY23: 8.125p), a 10.8% increase year-on-year, continuing the progressive dividend policy employed by the Board. The dividend cover is 1.23x (FY23: 1.3x).

If approved by the shareholders at the Company's AGM on 30 July 2024, the final dividend of 6.1p will be paid on 6 August 2024. The record date for shareholders on the register will be 12 July 2024, with an ex-dividend date of 11 July 2024.

Cash position

	FY24 £m	As restated FY23 £m
EBITDA	7.70	6.66
Exceptional items (note 10)	(0.24)	-
Adjusted EBITDA	**7.46**	**6.66**
Add back:		
Working capital	(0.44)	0.97
Share-based charge	0.09	-
Net finance cost	(0.16)	(0.14)
Corporation tax	(0.83)	(1.34)
Free cash flow	**6.12**	**6.15**
Capex	(1.35)	(1.96)
Proceeds on sale of assets	0.05	0.06
Dividends	(3.36)	(3.09)
Repayment of finance leases	(0.27)	(0.26)
Movement in net cash	**1.19**	**0.90**
Opening net cash	**6.12**	**5.22**
Closing net cash	**7.31**	**6.12**

Adjusted EBITDA of £7.5m was £0.8m above the prior year (FY23: £6.7m). This increase was offset by an increase of £0.4m in working capital (FY23: decrease of £1.0m), predominantly due to the receivables for new store openings in the final quarter of the year.

Free cash flow generated was £6.1m (FY23: £6.1m), this was offset by £1.3m of capital expenditure (FY23: £2.0m) and returns to shareholders through dividends of £3.4m (FY23: £3.1m).

The Group had £8.5m of cash and cash equivalents at year end, a £1.1m increase year-on-year (FY23: £7.4m). The Group's net cash position was £7.3m (FY23: £6.1m), a £1.2m increase on the prior year. Net cash position is calculated by taking the cash and cash equivalents less the outstanding mortgage debt relating to the Group's freehold properties.

Capital employed and balance sheet

	FY24 £m	As restated FY23 £m
Intangible assets	0.73	0.40
Property, plant and equipment	11.48	11.27
Right-of-use-assets	2.27	2.57
Other financial assets	1.05	0.75
Lease liabilities	(2.43)	(2.70)
Provisions	-	(0.24)
Working capital	1.85	1.71
Net cash	7.31	6.12
Tax	(2.96)	(2.14)
Net assets	**19.30**	**17.74**

Intangible assets have increased by £0.3m year-on-year, due to the capitalisation of costs relating to the new ERP system and website development. Property, plant and equipment has increased by £0.2m, due to additions of £0.9m and a further £0.2m increase in the valuations of the Group's three freehold properties, offset by £0.9m of depreciation charged for the year. Right-of-use assets has decreased by £0.3m, the amortisation charge for the year. Loans to franchisees increased by £0.3m during the year, predominantly due to short term bridging loans to franchisees for new store openings until their bank finance is approved and funds released by their banks.

Provisions related to the website data breach in FY21, with the amount outstanding at the end of FY23 provided for potential fines to be imposed by the ICO. During FY24, based on the information submitted to the ICO regarding the enhancements made to the Group's security measures to prevent similar breaches, the ICO informed the Group that it would not be pursuing enforcement action and considered the case closed. This provision has therefore been released in the 2024 financial year. Working capital increased by £0.1m, due to an increase of £1.5m in accounts receivable as a result of new store openings in the fourth quarter of the year, offset by an increase of £1.1m in accounts payable and a £0.2m decrease in inventories.

Events after the year end

Post year end the opportunity arose to purchase the land and buildings neighbouring the Group's current depot in Bradford. As these opportunities are rare to acquire the land adjacent to the Group's current facilities, the Board took the decision to move ahead and purchase the land and buildings. This will enable the Group to service its further expansion in the north of England and Scotland. The purchase price of the land and buildings was £0.7m. The purchase was concluded during May 2024, out of current cash reserves.

Brand Refresh

The Brand Refresh marks a significant stride in our brand evolution

In the second half of the year, we unveiled our new brand identity to broaden the Company's appeal to new customers and demographics. The revitalised brand not only positions us to attract new customers but also amplifies opportunities for expansion through new store openings:

- The new brand has been well received by customers and our valued franchisees.
- It has enhanced our appeal within the celebration cake market, fostering increased engagement across online and offline channels.
- Nine stores were opened in the new style, and we will build on this with the pipeline of new stores and a refurbishment initiative to elevate our brand presence.

HANDMADE HAPPINESS

HANDMADE HAPPINESS

Handmade Happiness

Every celebration cake sold is handmade in-store, decorated and personalised at the customer request.

As we expand our presence across the UK, this dedication to the finest quality fresh cream cakes for all occasions helps us thrive in the celebration cake market.

We know the importance of celebration and that is why we have put a promise of **Handmade Happiness** at the centre of our brand.


Cake Box
HANDMADE HAPPINESS

New Stores

Expanding our UK store footprint

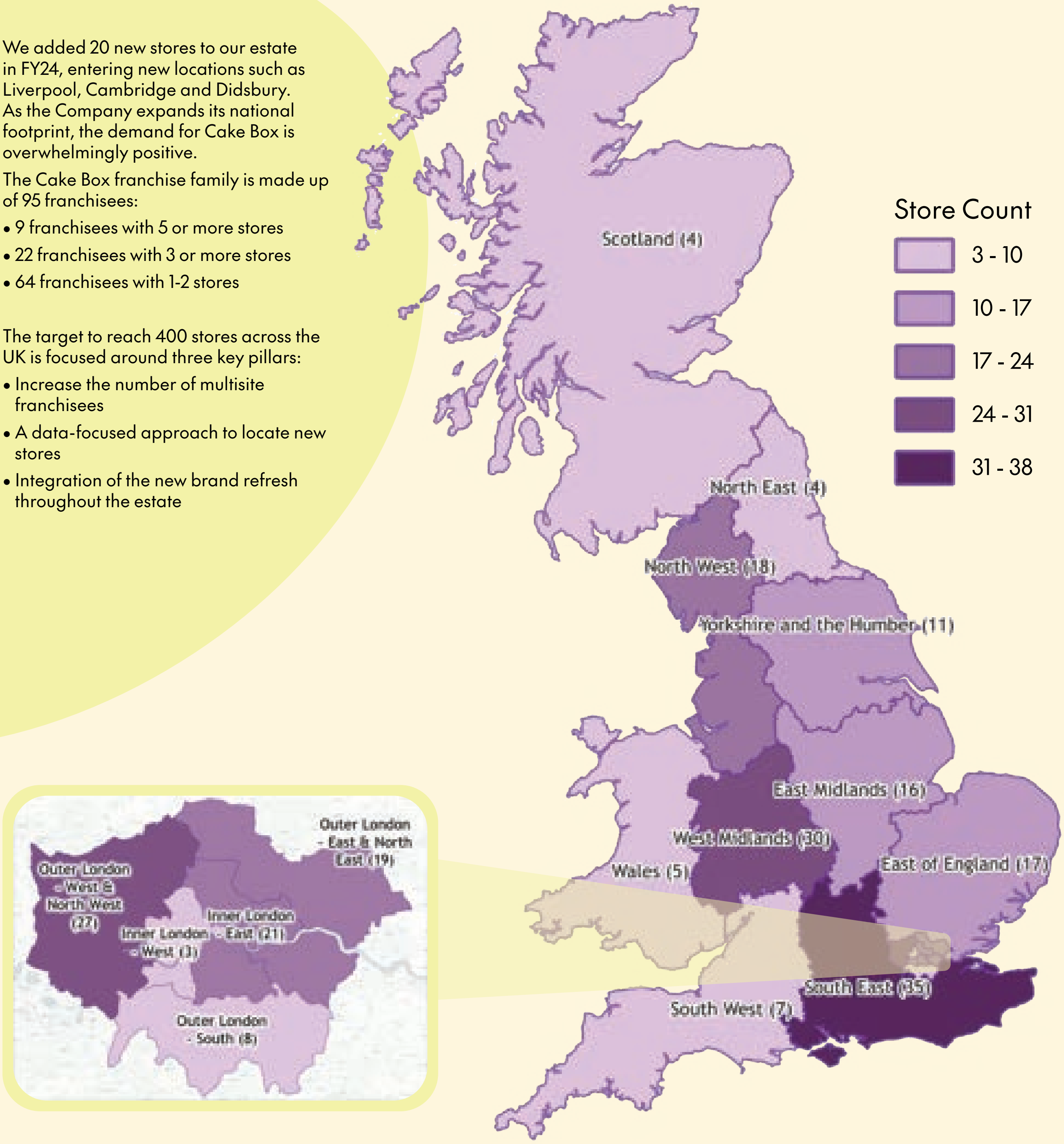
We added 20 new stores to our estate in FY24, entering new locations such as Liverpool, Cambridge and Didsbury. As the Company expands its national footprint, the demand for Cake Box is overwhelmingly positive.

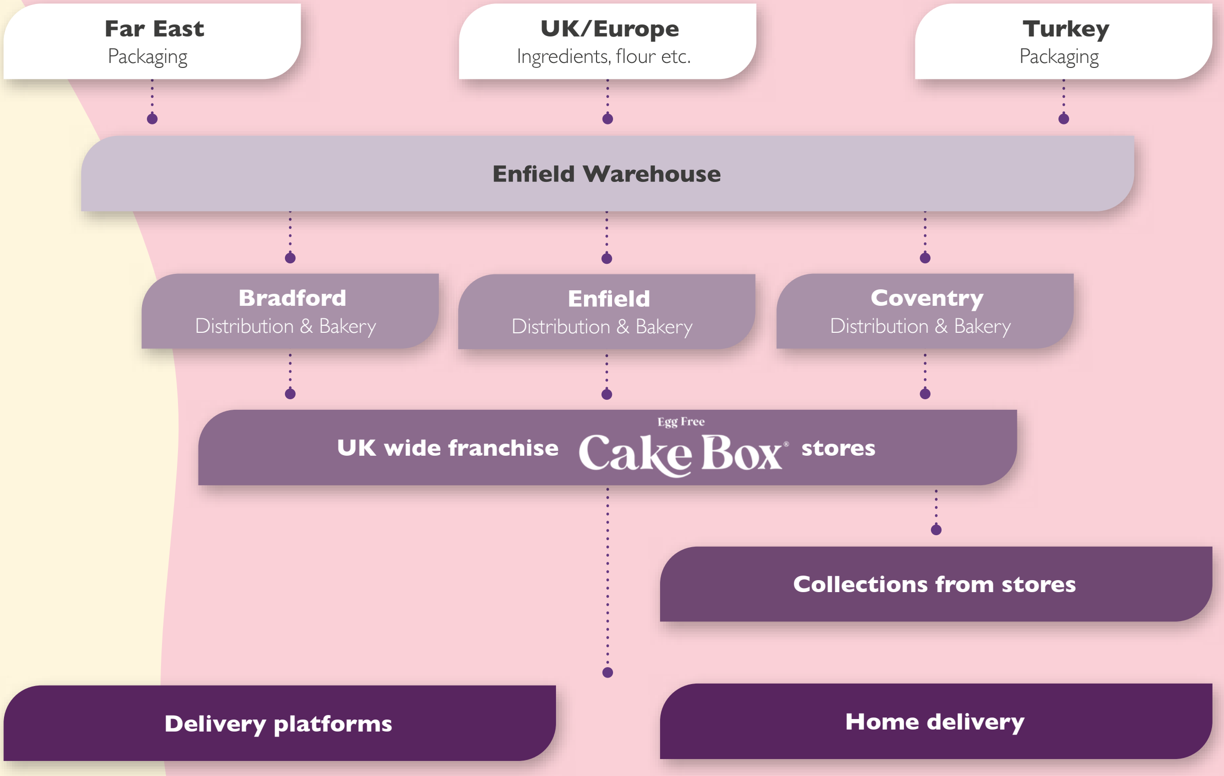
The Cake Box franchise family is made up of 95 franchisees:

- 9 franchisees with 5 or more stores
- 22 franchisees with 3 or more stores
- 64 franchisees with 1-2 stores

The target to reach 400 stores across the UK is focused around three key pillars:

- Increase the number of multisite franchisees
- A data-focused approach to locate new stores
- Integration of the new brand refresh throughout the estate





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Distribution centres

Providing store deliveries within 90 minutes and reducing travel miles. Enfield bulk warehouse added for additional capacity.

225

Total stores

New store openings have continued and delivered increased sales.

20

New store openings in FY24

New Products

Delivering new products & ranges to our customers

Speculoos caramelised biscuit

In FY24, Cake Box launched more new products than ever before, using customer insight and a focus on seasonal trends to ensure products reflected the customer's needs.

New product development once again played a vital role in our strong performance, with the launch of a new premium Mango range and Speculoos caramelised biscuit range proving very popular amongst our customers.

The ability to keep innovating and creating celebration cakes for all occasions and the release of new premium ranges continues to support the franchisee's ability to grow their margins through pricing.

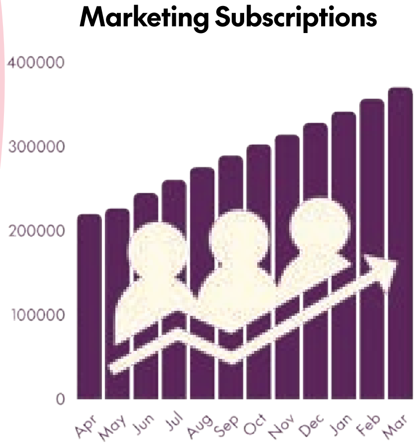
- **Premiumisation - 20% of launches focus on premium and indulgence.**
- **Vegan Friendly - 13% of launches are plant based.**
- **Seasonal launches - Focusing on seasonal flavours.**
- **Customisation gaining increased momentum.**

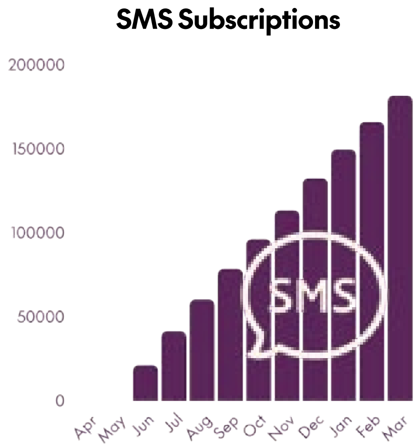
New Customers

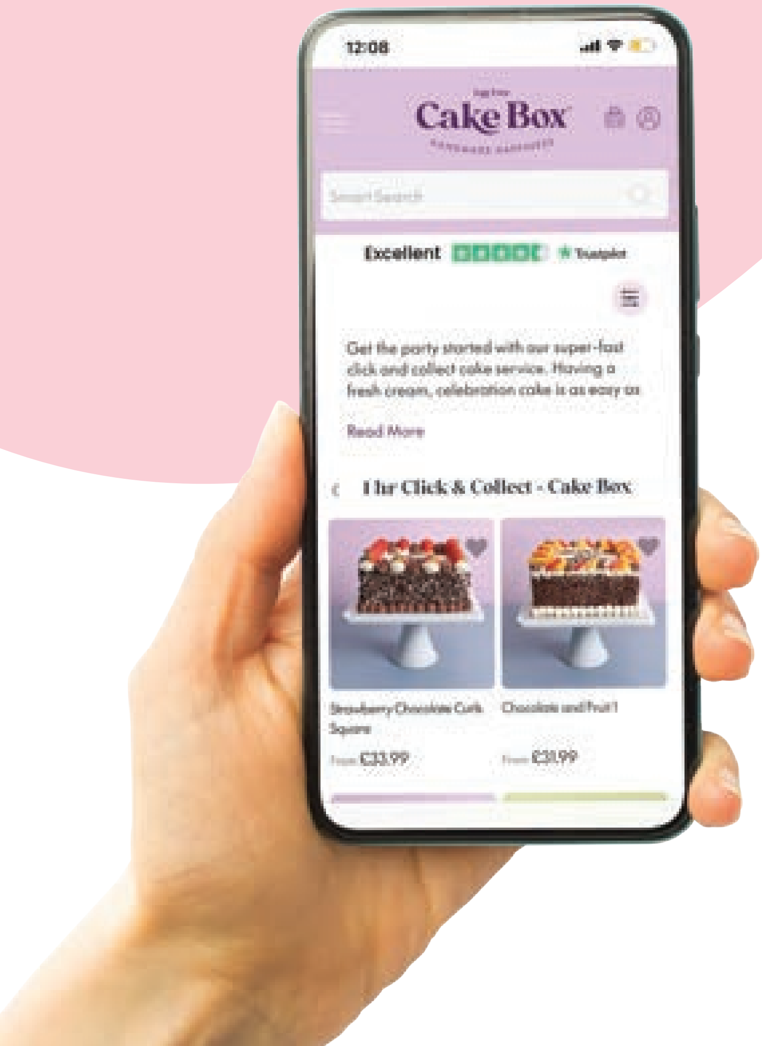
As a multi-channel business, Cake Box is attracting more customers online with our popular click-and-collect in-store service

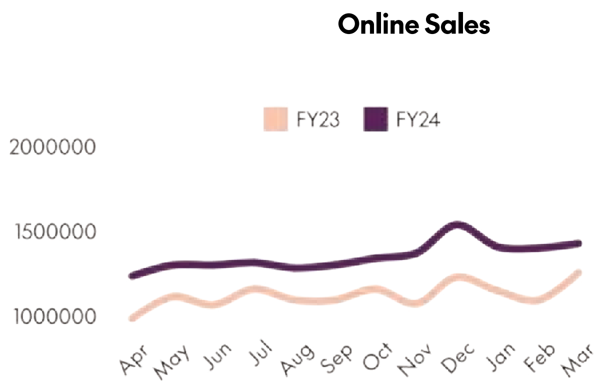
Over the past year we have built on our capability and resource with a focus on reaching new customers through:

- Enhanced e-commerce and marketing, focusing on bringing new customers into the business through a new website with better user experience, increasing our sales and customer loyalty.
- A focus on customer acquisition online demonstrated in strong growth with **sales up 16.1%**, and offline like-for-like sales growth increasing by **4.4%**, , driven by click-and-collect orders.
- A data driven approach focused on new customer sign-ups. For FY24, the online customer subscription database increased **68.0%** and the SMS database reached **182,000 from zero**.









Loyalty & Data

As Cake Box continues to grow, we are better prepared to serve our customers with tailored marketing campaigns

Customer data is central to our marketing strategy, providing valuable insights into the needs of our customers and helping us to foster customer loyalty.

CRM

The implementation of a new CRM system has proven instrumental in providing a comprehensive, long-term view of our customer base, and helping to fuel growth.

New Customer Leads

Our strategic investment in e-commerce is focused on new customer leads and has shown strong conversion to subscriptions and sales growth.

Trustpilot

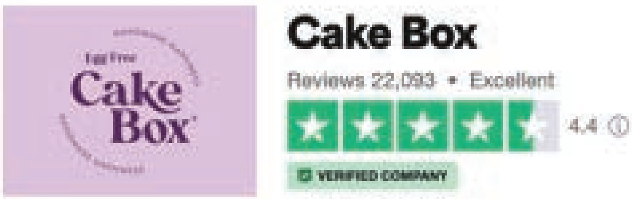
In June 2023, we launched Trustpilot to better understand customer satisfaction and we take pride in the excellent feedback received.

Loyalty

We look forward to the next phase of our quest to drive customer lifetime value and loyalty that will become central to the growth ambitions of the business.

We expect our database to significantly increase as the investments we have made continue to deliver greater awareness and appeal.

Over 20,000 reviews rating Cake Box excellent



Cakes are delicious

Cakes are delicious, always fresh and light as air. The staff are so lovely too. I've visited several times to buy their cake slices and bought a cake for a birthday today and they added a beautiful iced message at no extra cost. Highly recommend that you visit this cake shop the next time you're in need of a treat!

Victoria, 15th May 2024

Easy to use online service

Great selection of cakes to choose. The cake was delicious and delivered as per instructions. We would definitely order from Cake Box again. Thankyou!

Sheena, 3rd May 2024

Q&A with Franchisees

"Cake Box has supported us through every step, both financially and in a human way – we truly feel like part of the family"

Vikas Sangwan – Multisite Franchisee

How long have you been with Cake Box and what drew you to the Company?

My wife was pregnant in 2012 and we were looking for a lifestyle change. It seems fate brought us to Cake Box with cravings and the rest is history! I was working in IT at the time, but we were so impressed by Cake Box's product quality, business model and transparency of the leadership team that we decided to invest. We opened our first store in April 2013 and have since grown to almost 20 locations.

How has Cake Box supported your growth?

Cake Box has supported us through every step, both financially and in a human way – we truly feel like part of the family. Our franchisors are easily approachable and available 24/7, guiding us through the process of learning to manage multiple franchises, managing operations and retaining the product quality that Cake Box is known for.

The head office is ready to help myself or our store teams anytime, whether it's the warehouse team, IT team or marketing team. Our Franchisors' and the senior team's enthusiasm, positivity and encouragement has been integral in helping us grow to where we are now.

How did the company support the franchisees through Covid and the uncertain economic climate?

During the pandemic, Cake Box supported franchisees mentally and financially, with the Directors helping us in trialling new delivery platforms during the period that meant we not only survived the Covid period, we thrived.

Would you recommend others open a Cake Box store and why?

I would 100% recommend anyone to open a Cake Box store. The quality of the products speaks for itself, and the support provided by the management at the head office creates an environment for franchisees to succeed. The simplicity of the business model coupled with visible margins makes it very attractive for an aspiring entrepreneur.

Vikas' favourite cake is Fresh Mixed Fruit

Nilesh Patel – New Franchisee

What attracted you to Cake Box to establish your store, and why now?

Having been a loyal Cake Box customer for many years, with almost two decades experience working in the food retail sector, it was clear to me how Cake Box stands apart from the competition with the simplicity of its offer accompanied by a strong brand and great product range.

The cherry on top was Cake Box's online presence which drives further sales in its brick and mortar stores! I was excited by the dynamic nature of the business and the head office team, and was keen to join and evolve with Cake Box as a market leader which is continuing to grow.

What benefits are there to having a Cake Box franchise?

I was convinced by the franchise model, being easy to manage with a strong support system in place. Cake Box has a market leading position in this space, and it stands out from the competition. If anyone was thinking of starting a franchise, I would definitely recommend Cake Box.

What training and support do you receive in setting up the store and ongoing?

The training and support I received every step of the way whilst setting up my store was fantastic, and the regular marketing and operating support Cake Box provides let me hit the ground running and keep up that momentum. The opportunity to attend regular franchise forums on a weekly and quarterly basis allows me to connect with experienced operators who I can learn from.

Nilesh's favourite cake is fruit and nut

Market Growth & Reasons to Invest

"A refreshed brand, new store openings, new locations, and the next generation of shop refits, with the ambition to reach 400 stores"

The Market

- A significant market opportunity: Sweet Baked Goods and Celebration Cakes total market of £2.85bn in 2022. Forecast to grow to £3.2bn by 2027.
- 91% of people eat sweet baked goods and 50% of the population treat themselves at least 3 times a month.
- Cake Box is well-positioned to capitalise on anticipated market trends in the celebration cakes and sweet baked goods segments. We are increasing investment in marketing to further grow brand awareness and digital and e-commerce capabilities.

Source: Mintel Report 2022 Cakes, Cake Bars and Sweet Baked Goods UK

Key Drivers of Growth

Growing the Cake Box brand

A refreshed brand roll-out and territory expansion with new store openings will create the next generation of shops to achieve the ambition to reach 400 shops.

Multi-channel sales model

Through our digital channels, including delivery and the popular 'click-and-collect' feature, we are reaching more customers, new demographics, and making it easier for customers to get what they want.

Broadening our appeal and driving loyalty

We are broadening our appeal and driving loyalty through a data-driven approach, with a new CRM system, which improves communication and increases loyalty with customers, while innovating with the latest trends.

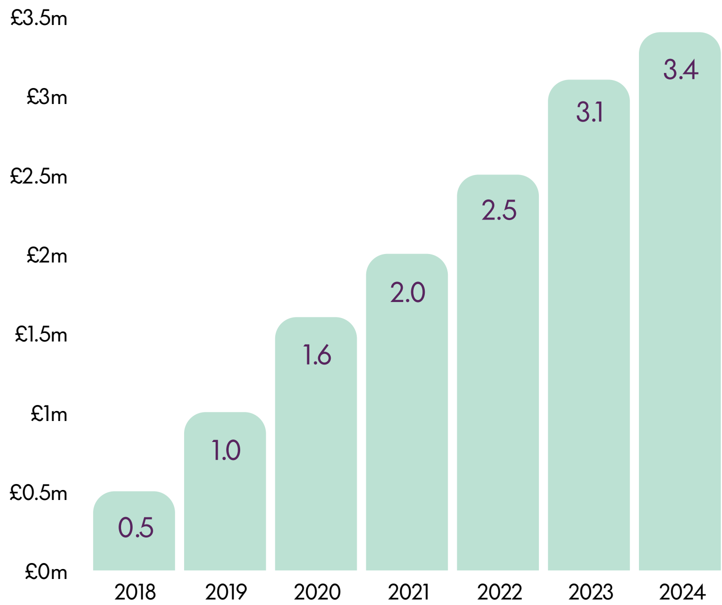
Focus on efficient franchisees

Working with franchisees on expansion opportunities to increase the number of multisite franchisees.

Reasons to Invest

- Leading Market Presence: As the UKs largest retailer of fresh cream celebration cakes, we hold a dominant position in the market, synonymous with quality and taste.
- Robust Financial Performance: Delivering growth across key financial metrics, including increases in revenues, profits, dividends and cash.
- Expanding Market Reach: Expanding our footprint through the addition of new stores and an enhanced online sales platform, ensuring improved accessibility and convenience for customers nationwide.
- Strategic Digital Integration: Leveraging digital and data-driven strategies to increase customer acquisition and foster loyalty, cementing our position in the industry.
- Efficient Business Model: An asset light and cash generative model.
- £14.1m of aggregate dividends paid to shareholders since IPO.

Dividends Per Year



Environmental, Social and Governance Report

Since the opening of our first store in 2008 in East London, Cake Box has had a strong commitment to positively impacting the communities we serve. Our ESG Committee, chaired by Non-Executive Director Alison Green, drives our activities across three pillars: **Our Products, Planet, and People**

Our products

Cake Box is proud of its firm commitment to quality and taste. This priority is key to providing our customers with the best products made with the finest ingredients and it is the base of our success. We have a solid commitment to work with our suppliers, nationally and internationally, to protect the rights of workers across the value chain.

Labour standards in our supply chain

We are determined to protect labour and human rights across our supply chain. Our Ethical Standards are included in our Supplier Code of Conduct which outlines what we expect from our contractors, suppliers, franchisees, and other business partners.

This is the second year we have voluntarily disclosed our Modern Slavery Statement. We are committed to providing this statement every year and to continuously improving our due diligence process. We require all food suppliers to complete self-assessment questionnaires (SAQ), allowing us to better understand their business and prioritise those suppliers that require the most attention. We use third-party data such as the Global Slavery Index to analyse ethical risks in our value chain and identify high-risk suppliers. We have processes in place to ensure all high and medium-risk suppliers are audited every two years[1]. As of 31 March 2024, 100% of our high-risk suppliers and 90% (10 out of 11) of our medium-risk suppliers complied with this requirement. We are working with a medium-risk supplier in India to ensure they are audited by the end of 2024.

As part of our commitment, we also ensure that our colleagues receive adequate training on human trafficking and modern slavery. In FY24, Stronger Together, a not-for-profit organisation, delivered an annual training session to 20 key members of our Human Resources, Procurement, Franchise, and Operations teams. Our Board of Directors also received a refresher training delivered by a specialised third party.

Product information

We want our customers to enjoy healthy lives. To support them in enjoying our cakes as a treat, we provide clear and transparent nutritional information to our customers. Under the Calorie Labelling (Out of Home Sector) (England) Regulations 2021, the calorie content is labelled on all products displayed in our store fridges and is also available to online shoppers. We have now centralised and automated this process to make it even easier for our franchisees to display this information.

Food safety

Ensuring food safety is a top priority for Cake Box, and it is a commitment we uphold without exception. We collaborate daily with our colleagues, franchise partners, and suppliers to uphold stringent food safety standards.

We are proud to share that, this year, we achieved the British Retail Consortium (BRC) Standard for food safety for our main manufacturing site in Enfield, receiving grade AA certification. We are currently working to achieve this prestigious certification for our other two sites, Bradford and Coventry, as well as retaining it for Enfield later in 2024. This independent accreditation confirms that we align with best practices on food safety standards both in our operations and our supply chain.

Our Field Team also works closely with the franchisees to ensure that the highest Health and Safety and Food Safety standards are maintained across our franchise estate. As of 31 March 2024, 96.7% (FY23: 95.0%) of our shops have received a rating of 4 or 5 out of 5 on the Food Hygiene Rating Scheme[2], with an average score of 4.8. Our ambition is for all our stores to obtain a minimum score of 4 and we actively support these franchisees who require extra guidance.

Sustainable ingredients

We are committed to providing the best ingredients for our customers, as much as we are committed to supporting our supply chain workers and reducing our impact on the planet. In FY24, we started conversations with our top suppliers, to identify those offering alternative sustainable choices such as certified Palm Oil and Fair-Trade Cocoa. We are now changing our buying processes to systematically request these alternatives and, where possible, to replace ingredients with them.

BRCGS
Food Safety
CERTIFICATED

[1]For all high-risk suppliers and for medium-risk suppliers outside the UK and the EU, we require an independent audit undertaken by third-party experts. For medium-risk suppliers based in the UK or the EU, our procurement team assess the need for a site visit or third-party audit based on case-by-case basis based on SAQ results.
[2]This figure covers 210 out of our 225 shops that have already been visited by an Environmental Health Officer (EHO).

Our planet

Decreasing our Greenhouse Gas Emissions

This is the second year that we are voluntarily disclosing our scope 1 (directly controlled by the Group) and scope 2 (indirect through utilities) emissions. Due to challenging market pressures, we have seen a decrease in our renewable energy consumption this year, resulting in higher scope 1 and 2 emissions. Despite the difficulties, we are still sourcing 72% of our electricity from renewable energy. We also continuously explore energy-efficient equipment, having already transitioned all our operations to LED lighting.

We acknowledge that our vehicle fleet produces the majority of our scope 1 and 2 emissions – about 51%. Although we have not yet found electric vans that meet our operational needs, we will continue evaluating the low-carbon options available on the market. Furthermore, in alignment with the UK Government's Net Zero Strategy, we plan to phase out all diesel and petrol cars by 2035.

We do not yet report our scope 3 emissions, but we understand the importance of supporting our franchisees in managing their energy consumption, helping them reduce both their bills and their impact on the planet. In FY24, we partnered with external sustainability experts to conduct in-person assessments of a sample of Cake Box franchise shops to provide tailored energy-efficiency recommendations. During our Franchise Summit in Summer 2023, we shared these findings with our franchisees and facilitated discussions and best practice sharing amongst shop owners.

Tackling Waste and Packaging

We are committed to reducing waste to landfill to a minimum. In FY24, we have worked closely with our waste management partners to better understand the waste we produced across our three manufacturing sites and how it is disposed of. We found that, across our main sites in Enfield and Bradford, we produced 114 tons of waste, of which over 99% was diverted from landfill. This will continue to be a focus in FY25, including gaining better visibility over waste production in our Coventry site. We will also continue working across our three sites to explore new ways to eliminate waste.

As part of our commitment, our Food Tech Team has implemented a switch from disposable Personal Protective Equipment (PPE) to reusable fabric lab coats across our sites. We have partnered with Elis Berendsen to ensure the provision and laundering of the lab coats to our colleagues whilst respecting the highest hygiene standards.

We are also looking at ways to reduce plastic and waste in our products and franchise estate. In FY24, 98% of our retail packaging was made of materials that are widely recyclable in the UK. The same year, we redesigned our packaging to remove the plastic window from the cake boxes. Our 100% paper cake boxes were distributed to franchisees for the first time in March 2024. We are also introducing non-woven polypropylene bags for life to significantly reduce the use of plastic vest bags in our shops.

Our ESG data	2023/2024	2022/2023	2021/2022
% of high and medium-risk suppliers that completed an ethical audit in the past two years	96%	90%	N/A
% of colleagues who recommend Cake Box as a great place to work	93%	93%	85%
Employee accidents	38[3]	27	28
Employee reportable incidents	1	2	2
% of franchise shops rated 4 or 5 out of 5 for Food Hygiene[4]	96.7%	95%	95%

Environmental KPIs, including Streamlined. Energy and Carbon Report (SECR) data[5]	2023/2024[6]	2022/2023[7]	2021/2022
Total energy consumption (kWh)	3,903,536.1	3,738,014.1	3,158,775.6
Absolute direct GHG emissions (scope 1) – (tCO_2e)	681.6	674.6	546.3
Absolute indirect GHG emissions (scope 2, location-based) – (tCO_2e)	165.6	134.3	132.2
Absolute GHG emissions – direct and indirect: location-based (tCO_2e)	847.2	808.9	678.5
Absolute indirect GHG emissions (scope 2, market-based) – (tCO_2e)	81.6	42.1	145.4
Absolute GHG emissions – direct and indirect: market-based (tCO_2e)	763.2	716.7	691.7
Absolute GHG emissions intensity per revenues (tCO_2e/revenues – location-based)	22.4	23.2	20.6
% of renewable electricity	72%	83%	34%

> *2024 saw us taking our ESG programme to its next stage of maturity. We achieved the British Retail Consortium (BRC) Standard (grade AA) at our Enfield site, demonstrating the highest food safety in our main manufacturing site. We received the Great Place to Work certification, recognising our passionate commitment to the wellbeing and development of our colleagues.*
>
> Alison Green
> *Chair of the ESG Committee*

[3] The rise in accidents in FY24 reflects the work we have done to improve our Health & Safety (H&S) reporting processes, working with H&S committee managers to ensure all accidents are reported on time. We have observed that new starters and new machinery are a main cause of accidents. This is why we are improving training at the onboarding stage, upon installing new equipment as well as yearly refreshers.
[4] This does not include the franchise shops awaiting inspection, shops falling under the Scotland Food Hygiene Information Scheme, or that closed during the reporting period.
[5] Emissions are calculated using the GHG Protocol Corporate Accounting and Reporting Standard. Consumption data has been converted to GHG emissions using the latest Defra emissions factors. Unless otherwise stated, emissions reported above are calculated using the location-based method, using an operational control boundary.
[6] Data coverage for energy consumption (kWh) is 100% for FY24.
[7] Data coverage for energy consumption (kWh) is 94% for FY23. We restated some figures from our FY23 Annual Report to amend our methodology around f-gas, market-based, and fleet emissions.

Environmental, Social and Governance Report *Continued*

Our people are our best asset, and we take care of them. We want to create an environment where our colleagues feel happy and valued. We are proud to share that, in November 2023, we achieved the Great Place to Work Certification, which recognises our commitment to employee wellbeing and development. As part of the certification process, our employees were asked to complete a survey which showed that 93% of them consider Cake Box as a great place to work.

Great Place To Work. Certified OCT 2023-OCT 2024 UK

Our people

Health and Safety

Health and Safety (H&S) is a non-negotiable for Cake Box and a commitment we take very seriously. Every colleague undergoes mandatory H&S training when they join us. Our H&S Committee, which consists of staff representatives, meets every quarter. We work closely with the Committee to identify and remove all health risks and hazards.

As part of our "You Asked, We Did It" programme, we use colleague suggestions to improve our H&S programme. In FY24, we engaged colleagues in our Bakery department to better protect them from the health risks associated with flour dust. In addition to high-quality protective masks, we consulted with the team and installed new equipment to keep dust to a minimum. Our Bakery colleagues are also offered an annual Lung Function Check-Up to monitor and protect their health.

Wellbeing

It is not enough to keep our colleagues safe. We also want them to feel happy at work. We understand the importance of good employment conditions and, as of 31 March 2024, we can report that all our colleagues have permanent contracts.

We also want our colleagues to feel comfortable talking about their mental health and wellbeing. Since 2022, we have appointed Mental Health First Aiders across our three manufacturing sites. Our seven champions received training from expert organisations and serve as an initial point of contact for anyone facing mental health challenges. In FY25, we will deliver a refresher Mental Health Awareness session for all our colleagues.

We also provide our colleagues with comprehensive resources to support their financial wellbeing. These are available to all colleagues and include access to private health insurance, a 24/7 support helpline, and zero-interest company loans for any colleague suffering hardship.

Learning and development

In FY24, we appointed a Learning and Development Manager to help us develop a comprehensive programme of learning activities for our people. In the past months, we started developing individual plans for each colleague to gain the right skills and develop in their role. We introduced the Training Room, a digital platform with learning modules to support the development of all Cake Box colleagues. Modules on the platform include for example Fire Safety Awareness, Manual Handling, Driving for Business, and Food Safety Allergen Training.

We know that line managers play an essential role in the wellbeing of our people and the success of our business. This is why we offer all site and line managers at Cake Box an opportunity to complete an Institute of Leadership & Management (ILM)-accredited Leadership and Management training course. We expect all our line managers to complete the training by the end of FY25.

To further strengthen our approach, we will be developing Learning Paths for each role within the business. These tailored pathways will help us to deliver tailored training at the right time to each colleague, ensuring they receive the necessary knowledge and skills to do their jobs.

Franchise staff

The people working in our shops are the public face of our business, and we provide franchisees and their dedicated staff with extensive support to ensure the highest working standards.

In FY24, we reinforced our onboarding process which now consists of an initial four-day training session to get franchisees started, followed later by ten intensive days to reinforce and expand learnings. The training covers everything shop owners need to know to successfully lead their business – from HR management to H&S and labour rights. Franchisees must also register with Peninsula, an HR outsourcing business, that provides them with expert support and advice, notably on employee contracts and documentation.

> **93% of our employees consider Cake Box as a great place to work**

We also provide franchisees with ongoing recommendations and training throughout the year, facilitated by our Training Manager and Field Team. In FY24, we expanded the Field Team which conducted over 100 franchise audits and follow-up visits per month. Our new internal Store Scorecard allows us to track and benchmark franchise performance against indicators such as Trustpilot scores, Food Hygiene Rating, and audit results. In FY24, we offered specialised Customer Service training to all franchisees, enabling them and their employees to deliver exceptional service to Cake Box customers. We were proud, as a result, to earn an average 4.4 out of 5 score on Trustpilot at the end of FY24.

We are always there to support and listen to our franchisees. In September 2023, we conducted our first Franchisee Satisfaction Survey, which showed that 72% of our franchisees would recommend our brand and 96% of them were favourable to expanding their business with Cake Box. We gained valuable insights from the survey, which we are now using to improve the way we work with our franchisees. Based on these results, we identified six areas of priority to focus on. In November 2023, we set up working groups and we collaborated with our franchisees to find solutions and ways to improve in these areas.

Diversity & inclusion

Cake Box has a deep connection to the communities it serves, and we take great pride in having a workforce that represents the rich diversity of the UK population. The majority of our colleagues come from an ethnic minority background, a representation that extends through all levels of management within the organisation. An example of this diversity is that over 40 different languages are spoken by our franchise staff.

We are also committed to gender equality and empowering our female colleagues to thrive within the business. We understand that flexible working is an essential tool in closing the UK Gender Pay Gap, as it allows many women to continue working and manage greater caring responsibilities. This is why, in FY24, we revised our Flexible Working Policy, offering new ways for our colleagues to balance their professional and personal lives. We also enhanced our parental leave policies including enhanced leave for dads and co-parents to better care for their newborn child in the first months of their lives.

Our economic footprint

Our shops and our operations are embedded across the local communities where we contribute to a thriving economy. Our franchise estate comprises 225 shops and 26 kiosks as of 31 March 2024, employing approximately 1,500 people across the UK. During FY24, we paid £7,609,081 in wages and salaries to 173 colleagues, a majority of whom come from an ethnic minority background. We also worked with over 150 suppliers and third-party partners.

Kiran Atwal -
From franchise owner to Head Office, a ten-year journey with Cake Box

My story with Cake Box started in 2014, shortly after I welcomed my first son. I had been working in Learning & Development (L&D) roles for several years, but I was looking for a new professional activity that would allow me to spend more time with my family. I knew Cake Box through my cousin, who was a franchisee. I loved the brand and the products, and it didn't take long for me to take the plunge and open my own store in Leamington Spa.

I'll be honest, it wasn't the immediate success I had hoped for. But I received unwavering support from the Cake Box team through thick and thin. Ten years later, I am proud to say my Cake Box shop is still going strong and, with hard work and perseverance, we managed to nearly triple our sales. This first franchise experience also became a springboard for me to successfully open three other Cake Box Concessions within Asda.

In 2023, due to family circumstances, I decided to sell the concessions and look for paid employment in parallel to my franchise activity. I heard the Cake Box Head Office was looking for an L&D manager, and this was the perfect opportunity for me. It's only been a few months, but I am enjoying every minute. Thanks to my hands-on experience as a shop owner, I understand exactly what our franchisees need and how we can deliver the best training for them. I am excited to offer them the same support and encouragement I received when I embarked on this journey 10 years ago.

Principal Risks and Uncertainties

The Corporate Governance Report includes an overview of the Group's approach to risk management and internal controls. Set out below are the principal risks and uncertainties that the Group faces, and the activities designed to mitigate these risks. The Board recognises that the nature and scope of risks can change and that there may be other risks to which the Group is exposed and therefore the list is not intended to be exhaustive.

RISK CATEGORY	POTENTIAL IMPACT	CONTROLS/MITIGATING ACTIVITIES	RISK RATING
Robust infrastructure	The Company is experiencing rapid growth, which may put strain on its existing financial and human resources as well as its physical assets and capacity.	The Company prepares medium- and long-term strategic plans and maps resource requirements against these. It will then take the appropriate action to ensure the right resources are in place and that its people have the right skills to perform their jobs. Senior management reacts quickly to changes in the financial, operational or strategic risk profile facing the business and is able to implement new processes and adapt products, including adding additional resources if required.	**Medium**
Information Security	Risk of non-compliance with data protection laws is an increasing risk for the business. As Cake Box increases its online sales, any loss of availability or integrity could result in a short-term impact on commercial performance and longer-term loss of customer confidence. There is significant reliance on third parties for hosting the transactional website and ensuring it is as secure as it can be. The global cyber threat landscape is continuing to evolve with ransomware attacks, data breaches and targeted cyber-attacks becoming more sophisticated and commonplace.	We have significantly increased our investment in both people and infrastructure as we expanded our internal IT capabilities and worked with additional third-party companies. This investment has improved the resilience of the infrastructure (to correspond with the growth in online orders) and how we interact with our customers. Controls are in place to protect the platform availability and ensure we have multiple backups of data both in the cloud and on physical servers. We use an external company to regularly test our website security and PCI Security Standards.	**Medium**
Declining sales performance	The cost-of-living crisis has not abated and many of our customers could potentially have less disposable income. They may face the choice or could be forced to reduce spending on discretionary items like celebration cakes, which may adversely impact store sales and therefore Group revenues. Increased competition will mean that customers have more choice which may lead to lower sales.	Historically, at times of uncertainty, the celebration cake market has not been impacted as much as the rest of the economy due to the nature and frequency of the purchase. Our franchisees have and will continue to endeavour to moderate the level of any price increases they put through to customers, just as we seek to mitigate as much as possible the price increases in the supply chain being passed on to franchisees. The Group has invested in its marketing team as well as established a national marketing fund supported and co-funded by its franchisees, to grow brand awareness and sales. We track what our competitors are doing and will increase marketing activities in areas where we see new competition. We also work proactively with all our franchisees in improving the "Front of House" service and ensuring the product is displayed to its best.	**High**

RISK CATEGORY	POTENTIAL IMPACT	CONTROLS/MITIGATING ACTIVITIES	RISK RATING
Supply Chain materially fails to deliver demand	The Group produces the sponge and distributes it together with the fresh cream and other products to stores each week. A loss of one production site or depot due to property damage, major manufacturing breakdown, or a health and safety issue, would require urgent contingency arrangements to be executed. These risks, if prolonged could have a significant impact on financial performance and a loss of market share, where a sufficient supply of Cake Box's products is not available to meet consumer demands.	The Group has strong mitigation plans in place to reduce the likelihood against the threat of a loss of part of its production capacity, as a result of a major health & safety incident, fire, adverse weather conditions, or mechanical failure. These include health & safety management systems; fire prevention, detection and suppression; preventative maintenance; and stock of critical spares. The Group has spare capacity at all its production sites, as it currently runs one shift at each site. In addition, the Group looks to source alternative suppliers to ensure a broader, more resilient supply chain. We continue to engage with our suppliers on a regular basis to ensure our supply chains are as resilient as possible and that we always have alternative suppliers for all key products.	**Low**
Cost of Goods price pressures	We are no longer seeing significant price pressures on our raw materials. However, we are aware that inflationary pressures remain and that some raw material prices will increase. If we are not able to either absorb or pass on some or all of these increases onto franchisees, then this may lead to reduced profits and potentially lower profits for franchisees.	We work closely with our suppliers and due to the volumes, that we purchase are able to obtain discounts and ensure a regular supply. As part of our procurement strategy, we do keep all of these key supplier relationships under regular review and wherever possible ensure that there are multiple suppliers available to mitigate the risk of supply chain inflation.	**Medium**
Cost pressures reduce profits for franchisees	Increased labour costs through rises in the Living Wage / Minimum Wage and increases in the costs to operate the stores (e.g. energy costs, food and packaging costs) mean that operating a franchise may become less profitable. This could reduce the interest in new franchises and also lead to store closures if some stores were to become unprofitable.	Franchisees enjoy healthy profit margins and so can absorb some degree of increases in operating costs. Many franchisees are multi store franchisees so even if one store was to become loss making, they are able to continue to operate that store based on the performance of their other stores. Franchisees, with approval from Cake Box, can also increase the retail price of cakes to maintain margin as we are a specialist retailer with a unique offering.	**Medium**
Food Hygiene/H&S matters at a production facility	Low food hygiene and-/or health and safety rating by authorities could lead to a temporary closure of a production site, which in turn could prevent certain franchised stores from being able to trade, which would adversely impact the revenues of the Group.	The Company works with its Primary Authority Partner to ensure that all standards are met and actions any remedial works required via a team action plan. We have a Technical Product Department to oversee the process of ensuring we maintain the highest hygiene standards in food production and labelling. Production resilience is also ensured by having three production sites.	**Medium**
Reliance on key staff	Loss of key management could impact the Group's ability to continue to deliver against its strategic plan within the desired timeframe, leading to loss of investor confidence and a resulting reduction in the value of the Group.	The Group is not reliant on any one single individual and senior management has been materially strengthened in key areas. Succession planning is reviewed for senior managers and other key members of staff. The Remuneration Committee seeks to ensure that key individuals are suitability incentivised for retention purposes.	**Medium**

Principal Risks and Uncertainties *Continued*

RISK CATEGORY	POTENTIAL IMPACT	CONTROLS/MITIGATING ACTIVITIES	RISK RATING
Ability to recruit and retain skilled staff	The Group may fail to attract, retain, or upskill talent. This could lead to a loss in institutional knowledge, corporate memory, and potential loss of business.	The Group has a good understanding of the employee market and provides competitive reward packages. There are clear job descriptions with defined recruitment and onboarding processes and a buddy/mentor for new staff. Each recruit has a clear induction plan with frequent reviews by line managers.	**Low**
Ability to recruit and retain skilled franchisees	The ability of the Group to attract and retain new franchisees with the appropriate attitude, expertise, and skills, in all of the locations in which it wishes to operate cannot be guaranteed. This may limit or prevent further growth in the business.	The Group undertakes a rigorous recruitment and vetting process and has become very experienced at identifying good franchisees. There is strong demand from existing franchisees for new stores, together with a strong pipeline of new franchisees.	**Medium**
Consumer Trends/ Health concerns	Financial results can be materially impacted by any material change in consumer habits within the United Kingdom. There is an increasing level of focus from media and Government on health and obesity issues in the UK. It is therefore important that we continue to facilitate customers to make informed decisions.	Our products are celebratory "treats" in the mind of the consumer. We have developed new products to appeal to a wider demographic such as vegan and nutritional information for all products is now in place in our stores and on the website to allow customers to make more informed choices.	**Low**
Staff Training	The Group may fail to comply with existing laws and regulations due to inadequate monitoring which may lead to financial impact, fines, potential loss of licenses, reputational damage and customer loss.	The Group has documented policies and procedures and carries out regular reviews of regulatory requirements currently in place. There is mandatory training, updated training based on changes to regulation and training for new staff, so they understand regulated areas.	**Low**

RISK CATEGORY	POTENTIAL IMPACT	CONTROLS/MITIGATING ACTIVITIES	RISK RATING
Product Quality	A reduction in product quality as a result of poor operational standards by franchisees may deter customers, reducing sales at store level and in turn supplies purchased from Cake Box.	Sponge, the major constituent, is produced centrally and quality tested regularly. Operational audits take place regularly to ensure franchisees maintain the high standards and quality that the brand is known for.	**Low**
Poor Performance of Franchisees	Multiple franchisees could underperform in the market, which could result in lower revenues for the Group and potential damage to its reputation and financial performance. Even though the Group has the ability to terminate underperforming franchisees, this may not in itself allow it to stop any such potential damage. Low food hygiene and health and safety rating by authorities at a store level could be very damaging to the brand and potentially result in a reduction in system sales.	The Directors believe that the Group provides its franchisees with all the appropriate and necessary training, guidance and support to operate their stores successfully, safely and to the standards that the Group expects of its franchise stores. The Group also undertakes quarterly audits of its franchisee stores and assists those stores that are performing less well in improving their marketing and store results. Poor Environmental Health Officer ('EHO') or audit scores automatically trigger retraining of franchisee and their staff. In addition, we undertake our own regular audits to maintain high standards.	**Low**
Business Interruption /Business Continuity	The Company relies on its supply chain and the key IT systems underlying the business to serve the franchisees (and therefore the ultimate customer) effectively. Production interruptions at any of its production sites caused by events such as fire, flood or IT systems failure, could impact the ability of that site to provide stores with the items they need to produce and sell cakes.	In recent years, we purchased two additional production and distribution facilities in Bradford and Coventry. Both of these are fully operational and can provide backup facilities to our main production and distribution facility in Enfield. In addition, we lease a bulk storage warehouse in Enfield, which services all three of our production and distribution sites. Our internal data and systems are cloud based and can be accessed from anywhere if the user has the appropriate access security rights.	**Low**

Duty to Promote the Success of the Company (Section 172)

Statement by the Directors relating to their statutory duties under section 172(1) of the Companies Act 2006

The Directors, in line with their duties under S172 of the Companies Act 2006, act individually and collectively in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members, and in doing so have regard, amongst other matters, to:

- the likely consequences of any decision in the long term;
- the interests of the Company's staff;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The Directors' regard for these matters is embedded in their decision-making process, through the Company's business strategy, culture, governance framework, management information flows and stakeholder engagement processes. The Company's business strategy is focused on achieving success for the Company in the long-term. In setting this strategy, the Board takes into account the impact of relevant factors and stakeholder interests on the Company's performance. The Board also identifies principal risks facing the business and sets risk management objectives. The Board promotes a culture of upholding the highest standards of business conduct and regulatory conduct. The Board ensures these core values are communicated to the Company's staff and embedded in the Company's policies and procedures, employee induction and training programmes and its risk control and oversight framework. The Board recognises that building strong and lasting relationships with our stakeholders will help us to deliver our strategy in line with our long-term values and operate a sustainable business.

The Directors are supported in the discharge of their duties by:

- processes which ensure the provision of timely management information and escalation through reporting lines to the Board from the Company's business areas, its risk and control functions, support teams and committees of the Board; and
- agenda planning for Board and Committee meetings to provide sufficient time for the consideration and discussion of key matters.

Stakeholders

The Board understands the importance of engagement with all of its stakeholders and gives appropriate weighting to the outcome of its decisions for the relevant stakeholder in weighing up how best to promote the success of the Company. The Board regularly discuss issues concerning staff, franchisees, customers, suppliers, community and environmental impact, regulators and its shareholders. In addition, the Board seeks to understand the interests and views of the Company's stakeholders by engaging with them directly, when required. The following summarises the key stakeholders and how we engage with each:

Colleagues

Our colleagues contribute to a positive working culture and healthy working environment. They are key to the success of our business.

Customers

Customers are at the centre of our business.

Franchisees

The best managers are owner occupiers which describes our franchisees perfectly.

Community and Environment

The Board's approach to social responsibility, diversity & the community is of high importance.

Suppliers

As a growing business, we work with a wide range of suppliers both in the UK and overseas.

Regulators

The Board's intention is to behave responsibly and to ensure that the management team operates the business in a responsible manner.

In addition to aiming to be a responsible employer in our approach to pay and benefits, we continue to engage with our teams to ascertain which training and development opportunities should be made available to improve our team's productivity and our individual colleague's potential within the business. We continually invest in employee development and well-being to create and encourage an inclusive culture within the organisation. Our employee appraisal programme encourages employee feedback and facilitates the opportunity for both colleagues and managers to set performance goals on an annual basis. Our culture invites different perspectives, new ideas and opportunities for growth. We work hard to ensure staff feel welcome and are valued and appreciated for their hard work. Colleagues have access to a range of resources including a monthly 'well-being' drop-in session to ensure employee's mental health is considered. We provide our colleagues with a charging point for hybrid or battery powered vehicles. We provide fresh fruit every week as well as a subsidised lunch programme with the local café to ensure our colleagues can have a good value meal at lunchtimes.

We have introduced compulsory "Front-of-House" courses for franchisees that focus on understanding customers and providing a first-class service. In addition, our Area Managers help train the staff in the shops and educate franchisees on how to recruit the right staff. The head office Marketing department also work closely with the franchisees on local marketing campaigns using social media to present customers with attractive offerings.

They are fully dedicated to the development of their business with additional benefit of support from a network of franchisor personnel and management giving them assistance at every level to fully realise their shop potential. This has led to 47 franchisees being multiple site owners with 39 female franchisees of which 18 are multisite owners.

At Cake Box, we strive to create sustainable value and help investors seek more meaningful returns. Our franchisees interact and support their local communities, for example sponsoring youth football and cricket teams. Our Newham franchisee supports a hot kitchen for the homeless and needy every week in the winter months in conjunction with the local church. Corporate social responsibility principles are part of our culture and decision-making process. Diversity and inclusion are key to the success of Cake Box and our HR department ensures we follow government guidelines.

We remain committed to being fair and transparent in our dealings with all of our suppliers. The Company has procedures requiring all suppliers to maintain a due diligence process ensuring internal governance that includes, for example, their anti-bribery and corruption policies along with data protection and modern slavery. The Company has systems and processes in place to ensure suppliers are paid in a timely manner.

Acting with the high standards and good governance expected of a regulated business like ours. In doing so, we believe we will achieve our long-term business strategy and further develop our reputation in our sector. We have a risk and control framework to ensure that the Company complies with all legal and regulatory requirements relating to the provision of products and services to our clients.

Michael Botha
Chief Financial Officer

Board of Directors

A deep well of experience

Martin Blair

Non-Executive Chair

Martin joined Cake Box Holdings as Non-Executive Director in June 2018. He is Non-Executive Director of AIM listed Kape Technologies plc and t42 IoT Tracking Solutions plc. Previously Martin was Chief Financial Officer of Pilat Media (AIM listed) from 2001 to 2014. Martin is a qualified Chartered Accountant.

- Nomination Committee Chair
- Audit Committee Chair

Sukh Ram Chamdal

Chief Executive Officer

Sukh opened the first Cake Box concept store in 2008 and co-founded the franchise business in 2009. He has over 35 years' experience in the food manufacturing and food retail industry. He was previously a consultant for a food equipment company that specialised in high volume food production.

Dr Jaswir Singh

Chief Commercial Officer

Dr Singh joined Cake Box Holdings as Chief Operating Officer and has extensive retail experience within the clothing industry. He successfully ran his own restaurant business for nine years before joining Cake Box in March 2010. He was appointed Chief Commercial Officer in June 2022.

- Environmental, Social and Governance Committee member

Michael Botha

Chief Financial Officer

Michael joined Cake Box Holdings as an Executive Director in April 2023. Michael has worked in senior finance and commercial roles for several franchise businesses over the last 20 years, most recently for one of the largest Domino's Pizza franchise groups in the UK and Ireland. Michael is a qualified Chartered Accountant.

Adam Batty

Non-Executive Director

Adam joined Cake Box Holdings as Non-Executive Director in June 2018. Adam is an experienced corporate lawyer and was previously General Counsel and Company Secretary of Domino's Pizza Group plc, Selfridges Group, McCarthy & Stone plc and The Very Group. He is now General counsel for a Private Equity house. In addition, Adam has run his own restaurant business. Adam is a qualified solicitor.

- Remuneration Committee Chair
- Audit Committee member
- Nomination Committee member

Alison Green

Non-Executive Director

Alison joined Cake Box Holdings as Non-Executive Director in August 2021. Alison has a corporate background in marketing and branding, having previously held the position of Chief Marketing Officer at Optima Health and Head of Marketing at AXA Health. Alison is a Masters Qualified Executive Coach.

- Environmental, Social and Governance Committee Chair
- Nomination Committee member
- Audit Committee member
- Remuneration Committee member

Shaun Smith

Non-Executive Director

Shaun joined Cake Box Holdings as a Non-Executive Director in February 2024. Shaun has extensive listed company experience and is currently the Non-Executive Chair of Driver Group Plc, a Non-Executive Director of Inspecs Group Plc and Epwin Group Plc, where he is also Audit Committee Chair. Shaun was Chief Financial Officer at Norcros plc, a London Stock Exchange Main Market listed supplier of bathroom and kitchen products, and Group Finance Director at Aga Rangemaster Group plc. He also previously served as a Non-Executive Director of Air Partner Plc.

- Audit Committee member
- Remuneration Committee member
- Nomination Committee member
- Environmental, Social and Governance Committee member

Chair's Introduction

Statement of Compliance with the QCA Corporate Governance Code

The Board seeks to "Do the right thing" for our customers, people, staff, suppliers, and shareholders

Martin Blair
Non-Executive Chair

The Corporate Governance information was last updated in March 2024.

The Board seeks to "Do the right thing" for our customers, people, staff, suppliers, and shareholders. The Board is strongly focused on promoting a positive culture and we believe that equality, diversity, inclusion and sustainability are fundamental for our strategy to be successful. The Board believes this is vital to creating a sustainable growing business and is a key responsibility of the Company.

The Non-Executive Directors continue to provide independent judgment on key issues affecting the Company.

It is the Board's job to ensure that Cake Box is managed for the long-term benefit of all shareholders, and intends to continue to provide effective and efficient decision making and a solid foundation for robust corporate governance, to underpin the work of the executive management team.

The Board seeks to follow best practice in corporate governance as appropriate for a company of our size, nature, and stage of development. As a public company, admitted to trading on AIM, we are mindful of the trust placed in the Board by institutional and retail investors, staff and other stakeholders. We recognise the importance of an effectively operating corporate governance framework and the 10 principles set out in the QCA Code, and this statement briefly sets out how we currently comply with the provisions of the QCA Code.

Principle 1: Establish a strategy and business model which promote long term value for shareholders	The Board has clearly articulated its strategy and business model in the Company's strategy and business operations of the Group. The Board is responsible for the Group's strategy and the operation of the Board is documented in a formal schedule of matters reserved for its approval which is reviewed annually. This includes the Group's strategic aims and objectives. The Group's overall strategic objective is to become the UK customers' number one choice when ordering a celebration cake by increasing the range of cakes and other complimentary products and by continuing to open new stores right across the UK. The Board believes that this approach will continue to deliver significant long-term value for shareholders through a strong share performance and a progressive dividend policy. The Board also believes that remaining admitted to trading on AIM is of long-term value to shareholders as it offers a combination of access to capital markets, flexibility to make acquisitions, incentives, and rewards to management through share schemes, and a regulatory environment appropriate to the size of the Company.
Principle 2: Seek to understand and meet shareholder needs and expectations	The Company recognises the importance of engaging with its shareholders in order to communicate the Group/Company's strategy and progress and to understand the expectations and needs of shareholders. Beyond the Annual General Meeting, the Chief Executive Officer, and Chief Financial Officer meet regularly with investors (including institutional shareholders) and analysts to actively build the relationship, provide them with updates on the Group's business and to obtain feedback regarding the market's expectations for the Group. Shareholders also have access to current information on the Company through its website https://cakeboxinvestors.com, and via its financial PR advisor.
Principle 3: Consider wider stakeholder and social responsibilities and their implications for long-term success	We recognise that we are responsible not only to shareholders and staff, but to a wider group of stakeholders (including our franchisees, customers and suppliers) and the communities in which we operate. The Company is focused on inclusivity, leadership, and engagement. The Company strives for a visible benefit from everything it does, whether that is promoting diversity and inclusivity through its events or creating value for its shareholders. The Company acts with integrity, focuses on generating results and importantly values people – from its members of staff to those who form the communities with which it engages. The Non-Executive Directors are available to discuss any matter stakeholders might wish to raise. The Company is especially focused on building and nurturing its relationships with the franchisees who are key to the business model. The Company solidifies its relationship with the franchisees by holding a bi-monthly video call. The Company also holds periodic face to face meetings where current issues, new product launches and operational matters are discussed. There is an annual conference where the senior managers and Directors interact with franchisees in team building and strategy events.
Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation	The Board is responsible for determining the nature and extent of significant risks that may have an impact on the Company's operations, and for maintaining a risk management framework. The Board is responsible for the management of risk and carries out robust assessments of the principal risks and uncertainties affecting the Company's business, discussing how these could affect operations, performance, and solvency and what mitigating actions, if any, should be taken.

Principle 5: Maintain the board as a well- functioning, balanced team led by the Chairs	The Board includes a balance of Executive and Non-Executive Directors. All the Directors have appropriate skills and experience for the roles they perform at Cake Box, including as members of Board Committees. The Board is responsible to the Company's shareholders and sets the Company's strategy for achieving long term success. It is also ultimately responsible for the management, governance, controls, risk management, direction and performance of the Company. The Board meets ten times per year as well as regular one-to-one meetings between Executive and Non-Executive Directors. The Chair is responsible for ensuring that the Directors receive accurate and timely information and ensures that any feedback or suggestions for improvement on Board papers is fed back to management. Adam Batty, Martin Blair, Shaun Smith and Alison Green are Non-Executive Directors of the Company and Martin Blair is the Non-Executive Chair. In addition, Adam Batty is the Senior Independent Director ('SID'), ensuring effective governance, communication, and conflict resolution within the board structure. The Board considers that Martin, Adam, Shaun and Alison are independent, in character and in judgement, and have no business relationships which impact on their independence. The Board has delegated specific responsibilities to the Audit, Remuneration, Nomination and ESG committees. Each committee reports back to the Board and has written terms of reference setting out its duties, authority and reporting responsibilities. The terms of reference are kept under continuous review to ensure they remain appropriate and reflect any changes in legislation, regulation or best-practice. Each committee meets at least two times per year and all meetings are documented. The Company is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders. Directors are subject to re-election annually.
Principle 6: Ensure that between them the directors have the necessary up-to-date experience, skills, and capabilities	The Board currently comprises of three Executive and four Non-Executive Directors with an appropriate balance of sector, financial and public market skills, and experience. The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and to scrutinise performance. See pages 32 and 33 for a list of the Directors and their skills and capabilities.
Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	The Chair reviews the contributions of Board members, as well as the Board Committees and conducts annual effectiveness reviews. The role of the SID is to provide advice, support, an alternative perspective and act as a sounding board for the Chair. In addition, the Non-Executive Directors will meet without the Chair present, and will evaluate his performance. All Non-Executive Directors have a one-to-one meeting with the Chair to give and receive feedback annually. In May 2023, the Board commissioned Board Excellence to conduct an independent Board Effectiveness Review. Board Excellence are an experienced international Board advisory business who have had no prior involvement with the Company. They undertake their reviews in accordance with the Corporate Governance Institute's Code of Practice for board reviewers. Their review comprised the completion of a questionnaire by all Board members and certain senior managers, one-to-one interviews with all respondents to the questionnaire and other stakeholders. The review also included a review of a year's worth of Board and Committee papers and other governance related documents. The report went onto make several recommendations around Board Dynamics and Key Governance Relationships, many of which have been implemented which has, we believe, improved the Board effectiveness. We will continue to review the Board's effectiveness and the way it works to continually improve the performance of the Board as a collective. The Nomination Committee is responsible for succession planning of the executive leadership team and makes recommendations to the Board for the re-appointment of any Non-Executive Directors annually at the AGM. Succession planning is reviewed on an ongoing basis alongside the capability of the senior management and Directors.

Principle 8: Promote a corporate culture that is based on ethical values and behaviour	The Board monitors and promotes a healthy corporate culture and considers how that culture is consistent with the Company's objectives, strategy, and business model and with the description of principal risks and uncertainties. Our Franchise Manual is issued to all franchisees and provides specific detail of the policies and procedures in place to promote and support ethical behaviour and values. The Company employs Audit Managers who visit each shop to ensure policies, procedures and standards are being adhered to. The Board has considered and assessed the culture as being inclusive, transparent, and collaborative with appropriate behaviours. The Board is satisfied that the Company has a 'speak up' culture and the Directors regularly observe this occurring in practice. The Company has a Code of Conduct and policies and procedures relating to whistleblowing stating the Company's commitment to conducting its business with honesty and integrity, its expectation that staff will maintain high standards, and encouraging prompt disclosure of any suspected wrongdoing. The terms of reference of the Audit Committee include reviewing the adequacy and security of the Company's arrangements for its staff and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and keeping under review the Company's procedures for handling allegations from whistle-blowers. The Board believes that diversity is a key to the future success of our business (we widen our business to include franchisees) and we have put effort into monitoring and improving the gender ratio in the Company as we firmly believe that part of the Company's success is the global and diverse nature of our workforce, and we intend to continue our effort to promote diversity.
Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	The governance structure adopted by the Group is set out in the Governance section of this annual report and on our website. This includes, but is not limited to, the composition and role of the Board; roles and responsibilities of the Board; the roles of the Board Committees and the compliance with our chosen corporate governance code. The terms of reference of our Board Committees are available on our website. The Board believes our governance framework is consistent with our culture and appropriate to our size and requirements. We will continue to evolve our governance framework, as necessary. The Board has formal procedures to deal with Directors' conflicts of interest. The appointment letters of Non-Executive Directors state that they may have to seek the Board's agreement before accepting further commitments which either might give rise to a conflict of interest or a conflict with any of their duties to the Company, or which might impact on the time that they are able to devote to their role at the Company. Also, if any Non-Executive Director becomes aware of any potential conflict of interest, the Chair and Company Secretary must be notified as soon as possible. On the admission of the Company's shares to trading on AIM, the Company entered into a Relationship Agreement with Sukh Chamdal, who holds approx. 25.41% of the issued share capital of the Company as at 31 March 2024. This agreement is described in the Directors' Report on page 50.
Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	The above-mentioned formal schedule of matters reviewed annually by the Board includes matters relating to effective communication with the Company's shareholders. The Company maintains communication with its institutional shareholders through individual meetings with Executive Directors, particularly following publication of the Group's interim and full year results. Private shareholders are encouraged to attend the Company's Annual General Meeting at which the Company's activities will be considered and questions answered. If 20% of the independent votes have been cast against a resolution proposed at any general meeting, the Company will include, on a timely basis, an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it will take as a result of that vote. The Non-Executive Directors are available to discuss any matter stakeholders might wish to raise, and the Chair and Independent Non-Executive Directors will attend meetings with investors and analysts as required.

Statement from the Chair of the Audit Committee

On behalf of the board, I am pleased to present the Audit committee report for FY24

Martin Blair
Chair of the Audit Committee

Members of the Audit Committee

In October 2023 I became Chair of the Group and in February 2024 we appointed Shaun Smith as Non-Executive Director and member of the Audit Committee. During the year the Committee consisted of myself, Martin Blair (as Chair), Adam Batty, Alison Green and Board Chair Neil Sachdev, until his departure in October 2023. I have remained Chair of the Committee until the completion of the 2024 audit at which point Shaun will become Chair and I will leave the Audit Committee to focus my attention on the role of Chair of the Group.

The Chief Financial Officer, and other Executive Directors may attend Committee meetings by invitation. The Board is satisfied that I, as Chair of the Committee, and Shaun as the future Audit Chair have recent and relevant financial experience. I report the Committee's deliberations at the next Board meeting and the minutes of each meeting are made available to all members of the Board.

Duties

The main duties of the Audit Committee are set out in its terms of reference, which are available on the Group's website (**www.cakeboxinvestors.com**).

The main items of business considered by the Audit Committee during the year included:

- responding to enquiries from the Financial Reporting Council ("FRC") on the accounts for FY23;
- review of the FY24 audit plan and audit engagement letter;
- consideration of key audit matters and how they are addressed; review of suitability of the external auditor;
- audit partner rotation;
- review of the financial statements and Annual Report;
- consideration of the external audit report and management representation letter;
- going concern review;
- review of the risk management and internal control systems;
- review of the need for an internal audit function;
- meeting with the external auditor without management present; and
- review of whistleblowing and anti-bribery arrangements.

Financial Reporting Council ("FRC") letter relating to the 2023 Annual Report and Accounts

In February 2024, the Company received a letter from the Corporate Reporting Review team of the FRC as part of its regular review and assessment of the quality of corporate reporting in the UK, requesting further information in relation to the Company's 2023 Annual Report and Accounts.

The letter focused on franchisee deposits for new stores, revenue recognised from franchise packages, changes in assets' useful economic lives, classification of amounts recognised within other comprehensive income and the disclosure of impairment charges in respect of receivables.

The Company responded to the enquiries and agreed to make certain changes within the 2024 financial statements and Annual Report and Accounts. Prior year comparative figures have been restated in the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Changes in Equity. See note 2.1 – Basis of preparation of financial statements (page 64), for further information and the impact on the prior year financial statements.

The FRC have confirmed that their enquiries have been closed.

Auditor Objectivity, Independence and Performance

The Audit Committee monitors the relationship with the external auditor, MHA, to ensure that auditor independence and objectivity are maintained. As part of its review the Committee monitors the provision of non-audit services by the external auditor. The Audit Committee considered the threats to the independence of MHA created by the provision of the non-audit services and concluded that sufficient safeguards were in place.

The external auditors are required to rotate audit partners responsible for the Group audit every five years and the current lead audit partner, Andrew Moyser, was appointed in 2021, on appointment of MHA. The Audit Committee also assesses the auditor's performance. During the year, the Committee reviewed performance and met with the external auditors regularly without management present. The Committee has adopted a broad framework to review the effectiveness of the Group's external audit process and audit quality which includes:

- assessment of the audit partner and team with particular focus on the lead audit engagement partner;
- planning and scope of the audit, with identification of particular areas of audit risk;
- the planned approach and execution of the audit;
- management of an effective audit process;
- communications by the auditors with the Committee;
- how the audit contributes insights and adds value;
- a review of independence and objectivity of the audit firm; and
- the quality of the formal audit report to shareholders.

Having reviewed the auditor's independence and performance, the Audit Committee recommends that MHA be re-appointed as the Group's auditor at the next AGM.

Areas of Key Significance in the Preparation of the Financial Statements

Prior to publication of this Annual Report and Accounts, the Committee reviewed the accounting policies and significant judgements and estimates underpinning the financial statements as disclosed in the notes to the consolidated financial statements. Significant focus is placed on key accounting judgements and estimates, which underpin the financial statements, namely:

- Inventory valuation
- Impairment of investments and property, plant and equipment
- Revenue recognition
- Accounting for leases and right-of-use assets

Internal Audit

The Group during the year has been implementing an ERP system that integrates many of the Group's functions and provides a single view of data across the Group. The new system will bring additional controls as well as unifying data. Until the system is fully implemented the Audit Committee believes it would not be appropriate to carry out further internal audit work with BDO LLP.

The Committee believes that management is able to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures without a dedicated internal audit function. However, the Audit Committee continues to assess this as the Group develops.

Statement from the Chair of the Audit Committee *Continued*

Risk Management and Internal Controls

As described on pages 34 to 37 of the Corporate Governance report, the Group has established a framework of risk management and internal control systems, policies and procedures. The Audit Committee is responsible for reviewing the risk management and internal control framework and where appropriate, they are enhanced and improved ensuring:

- proper business records are maintained and reported on, which might reasonably affect the conduct of the business;
- monitoring procedures for the performance of the Group are presented to the Board at regular intervals;
- budget proposals are submitted to the Board no later than one month before the start of each financial year;
- accounting policies and practices suitable for the Group's activities are followed in preparing the financial statements;
- the Group is provided with general accounting, administrative and secretarial services as may reasonably be required; and
- interim and annual accounts are prepared and submitted in time to enable the Group to meet statutory filing deadlines.

The Group continues to review its system of internal control to ensure compliance with best practice, whilst also having regard to its size and the resources available.

The Committee supports the Board in its overall responsibility for risk management activities and implementing policies to ensure that all risks are evaluated, measured and kept under review by way of appropriate KPIs. The Group regularly conducts a thorough external assessment of risks and the effectiveness of associated controls. Presentations from senior management across the business are provided to the Board to further develop information, understanding and debate on risks.

The Group will continue to improve and evolve its risk management framework by developing and embedding the necessary capabilities within the organisation to support informed risk taking by the business.

Whistleblowing

The Group has in place a whistleblowing policy which sets out the formal process by which an employee of the Group may, in confidence, speak up about concerns about possible improprieties in financial reporting or other matters. Whistleblowing is a standing item on the Committee's agenda. The Committee is comfortable that the current policy is operating effectively.

Anti-Corruption

The Board is also responsible for ensuring the Group's compliance with all applicable anti-corruption legislation, including, but not limited to, the UK Bribery Act 2010. The Group complies and always has complied with all applicable anti-corruption laws. In view of the requirement in the UK Bribery Act 2010 for relevant companies to have adequate anti-bribery procedures, the Group has devised and implemented a suite of anti-corruption policies and procedures designed to prevent corruption by anyone working on its behalf. The Group has adopted a zero-tolerance approach to corruption and is committed to ethical business practices. The Committee is comfortable that the current policy is operating effectively.

Martin Blair
Chair of the Audit Committee

BOARD COMMITTEES

To assist it in carrying out its duties, the Board has set up four committees comprising the Audit Committee, the Remuneration Committee, the Nomination Committee and the ESG Committee with formally delegated duties and responsibilities and with written terms of reference. From time-to-time separate committees may be set up by the Board to consider specific issues when the need arises. An explanation of the responsibilities and composition of these committees is set out below and the terms of reference can be downloaded from our website.

AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATION COMMITTEE	ESG COMMITTEE
The Audit Committee consists of: **Martin Blair, *Chair*** **Adam Batty** **Shaun Smith** **Alison Green**	The Remuneration Committee consists of: **Adam Batty, *Chair*** **Shaun Smith** **Alison Green**	The Nomination Committee consists of: **Martin Blair, *Chair*** **Adam Batty** **Alison Green** **Shaun Smith**	The ESG Committee consists of: **Alison Green, *Chair*** **Dr. Jaswir Singh** **Shaun Smith**
The Audit Committee is expected to meet formally at least four times a year and otherwise as required. It has responsibility for ensuring that the financial performance of the Group is properly reported on and reviewed, and its role includes monitoring the integrity of the financial statements of the Group (including annual and interim accounts and results announcements), reviewing internal control and risk management systems, reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors and advising on the appointment of external auditors.	The Remuneration Committee is expected to meet no less than twice a year and at such other times as required. The Remuneration Committee has responsibility for determining, within the agreed terms of reference, the Group's policy on the remuneration packages of the Company's Chief Executive, the Chair, the Executives and Non-Executive Directors, and other senior executives. The Remuneration Committee also has responsibility for determining the total individual remuneration package of the Chair, each Executive Director and the Chief Executive Officer (including bonuses, incentive payments and share options or other share awards). No director or manager may be involved in any discussions as to their own remuneration.	The Nomination Committee is expected to meet not less than once a year and at such other times as required. It has responsibility for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, and giving full consideration to senior executive and senior leadership succession planning. It also has responsibility for recommending new appointments to the Board.	The ESG Committee is expected to meet no less than twice a year and at such other times as required. The ESG Committee has responsibility for understanding the views of stakeholders as well as the methods of engagement with key stakeholders. Managing ESG risks, and opportunities, and ensuring the Company's ESG policies, management of climate change and other sustainability factors and practices are in alignment with its culture, purpose and values. Oversight of external reporting where appropriate and the duty to promote the success of the Company with having regard to the interests of the company's staff, shareholders and stakeholders as a whole.

Statement from the Chair of the Remuneration Committee

Ensuring an appropriate link between performance, strategy and reward

FY24 has again been a busy year for the Remuneration Committee, with significant focus on undertaking and reviewing executive directors' pay which included a market assessment of remuneration levels

Adam Batty
Remuneration Committee Chair

I am pleased to present this remuneration report for the year ending 31 March 2024.

The report comprises a description of how the Committee operates; a brief overview of the remuneration policy in place in the financial year and how we intend to implement it in FY25; together with details of compensation paid to the Board of Directors within the financial year.

Business context

The business has, as in previous years, shown considerable resilience in what has been a very unpredictable economy, with stubborn levels of inflation and high interest rates weakening consumer demand generally. As set out in the Financial Review:

- Like-for-like[1] sales growth of 4.4% in franchise stores in FY24 (FY23: 0.9%)
- 20 new shop openings
- We achieved record revenue of £37.8m, up 8.7% on the prior year
- Adjusted profit before tax increased by 10.6% to £6.0m
- The Group's balance sheet remains strong, with net cash of £7.3m, up 19.5% on the prior year
- A total dividend for the year of 9.0p recommended (FY23: 8.125p)

[1]Like-for-like: Stores trading for at least one full financial year prior to 31 March 2023.

FY24 Outcomes

Annual Bonus

The annual bonus opportunity for Executive Directors was set at 75% of salary and was based on a sliding scale of Adjusted EBITDA targets (80%) and the achievement of strategic objectives (20%). As a result of Adjusted EBITDA for FY24 hitting £7.5m, the financial element of the annual bonus will pay out at 97.6% of the maximum and each of the Executive Directors achieved varying degrees of their personal objectives (worth up to 20%). The overall bonus earned was 70.56% of salary for the Executive Directors.

Performance shares

No existing long term incentive awards were capable of vesting in the year.

The Remuneration Committee believes the annual bonus outcome is reflective of performance over the period.

Remuneration policy and implementation

During the year, the Committee undertook a review of Executive Directors' remuneration and sought independent advice. This review took place to ensure that the remuneration levels set were appropriately competitive in the market, recognised the skills and experience of Executive Directors and reflected the strong financial performance of the business in a difficult trading environment. The review looked at the operation of variable incentive plans to ensure there continues to be an appropriate link between strategy, performance, and reward.

The outcome of the review showed that the broad structure of the pay package remains appropriate but that the annual bonus opportunity was light compared with market levels. This lack of focus on pay for performance has been compounded by the absence of annual awards of performance shares. As a result of the comprehensive review, the Committee has decided that the annual bonus opportunity for Executive Directors should be increased to 100% of salary for FY25. The Committee will ensure there continues to be an appropriate link between performance, strategy and reward, that will attract, motivate and retain high quality individuals who will contribute fully to the success of the Group.

Implementation of policy in FY25

The base salaries for Sukh Chamdal, Chief Executive, Michael Botha, Chief Financial Officer and Dr Singh, the Chief Commercial Officer, have been increased by 6.7%, 6.8% and 11.8% respectively. The increases for Sukh Chamdal and Michael Botha are broadly aligned with the wider workforce increase. The increase to Dr Singh's salary reflects the phased approach to increasing his significantly below market salary towards the market rate. The increases took effect from 1 April 2024.

Executive Directors will participate in the bonus at the higher opportunity of 100% of salary and it is expected that they will receive LTIP awards in the FY25 with a face value of 100% of base salary. Further details of their participation is provided in this report.

Remuneration report

The Directors' Remuneration report was subject to an advisory shareholder vote at the 2023 Annual General Meeting. I would like to take the opportunity to thank shareholders who gave us their views on our revised policy pay arrangements and we were pleased to receive over 99% vote in favor. I do hope you will support the remuneration resolution which will be tabled at the forthcoming AGM.

Summary

Against the backdrop of an encouraging performance in the first half and a continued strong performance in the second half in its sixth year as a public company, especially in the face of the ongoing challenging consumer environment, the Committee is satisfied that the remuneration outcomes for FY24 are appropriate and that the current remuneration policy, which has been reviewed and revised in the last financial year, having been originally adopted in FY22, continues to be appropriate for FY25. We are satisfied that our policy operates in such a way as to drive, support and reward our critical leadership team to achieve our strategy both operationally and over the longer term, providing sustainable returns for our investors.

Adam Batty
Remuneration Committee Chair

Annual report on remuneration

How the Committee operates

The Committee is appointed by the Board and is formed solely of Non-Executive Directors. In the year under review, the Committee was chaired by Adam Batty; the other members of the Committee were Alison Green, Martin Blair (up to 5 April 2024) and Shaun Smith, the new Non-Executive Director who joined the Board and the Committee on 1 February 2024. Martin Blair, Chair of the Board is no longer a member of the Committee but will be invited to meetings from time to time.

The Committee met three times during the year and all Committee members attended every meeting. The Committee's terms of reference, which were reviewed during the year, are available for public inspection on the Company's website at www.cakeboxinvestors.com.

Other members of the Board of Directors are invited to attend meetings when appropriate, but no Director is present when his remuneration is discussed. FIT Remuneration Consultants ("FIT") provided advice to the Committee during the year. FIT is a signatory to the Remuneration Consultants Group code of conduct and has no other connection with the Company other than in the provision of advice on remuneration from time to time.

The Committee's principal duties remain as follows:

- to review and make recommendations in relation to the Company's Senior Executive remuneration policy;
- to apply these recommendations when setting the specific remuneration packages for each Executive Director, the Company Chair and other selected members of senior management and to include annual bonuses, the eligibility requirements for long-term incentive schemes, pension rights, contracts of employment and any compensation payments;
- to ensure that the remuneration policy is aligned with the short and long-term strategy of the Company;
- to manage performance measurements and make awards under the Company's annual bonus and long-term incentive plans;
- to consult with key shareholders with regards to remuneration where appropriate and take their views into account; and
- to manage reporting and disclosure requirements relating to Executive remuneration.

The remuneration policy is designed to provide an appropriate level of compensation to senior management such that they are sufficiently recognised and rewarded for their strong performance, levels of responsibility and complexity of their role and to reflect their skills and experience over time. Using appropriate measures of financial and personal performance, as well as equity-based rewards, helps to align the interests of the Directors with those of the Company's shareholders.

The Committee has taken into account market data when setting remuneration levels, positioning Executives' overall pay at or below market levels relative to similarly sized AIM-listed companies, as well as those from the food sector. This provides a package which is both fair and competitive within the market.

All Executive and Non-Executive Directors are deemed to be Key Management Personnel.

The Directors received the following remuneration for the financial year ended 31 March 2024:

	Salary and fees	Benefits[2] in kind	Pension	Additional pay	Annual bonus	2024 Total	2023 Total
	£	£	£	£	£	£	£
Executive Directors							
Sukh Chamdal	243,800	13,397[1]	1,321	-	172,025	430,543	244,026
Michael Botha[5]	214,923	9,287[1]	881	25,000[3]	151,649	401,740	-
Dr Jaswir Singh	143,100	12,440[1]	991	-	100,971	257,502	148,361
	601,823	**35,124**	**3,193**	**25,000**	**424,645**	**1,089,785**	**392,387**
Non-Executive Directors							
Adam Batty	45,000	-	-	-	-	45,000	45,000
Martin Blair	57,500	-	-	46,800[4]	-	104,300	117,088
Alison Green	45,000	-	-	-	-	45,000	45,578
Neil Sachdev (resigned 31 October 2023)	50,000	-	-	-	-	50,000	75,000
Shaun Smith (joined 1 February 2024)	7,500	-	-	-	-	7,500	-
	205,000	**-**	**-**	**46,800**	**-**	**251,800**	**282,666**
	806,823	**35,124**	**3,193**	**71,800**	**424,645**	**1,341,585**	**675,053**

[1] Includes £9,000 Car allowance for Sukh Chamdal and Dr Jaswir Singh and £7,000 for Michael Botha per annum.
[2] Includes the provision of private medical insurance.
[3] Michael Botha was paid a signing on bonus of £25,000 to compensate him for a long-term incentive payment he would have qualified for from his previous employer if he had waited to hand in his notice.
[4] Martin Blair was paid £46,800 for his services, through the Company's payroll as Interim Chief Financial Officer till 23 June 2023.
[5] Michael Botha joined the Company on 11 April 2023.

Base salary

The base salary provides a base level of remuneration to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Company's strategy.

Base salaries are reviewed on an annual basis, and any increases become effective from the start of the next financial year.

During FY24, a salary benchmarking exercise was undertaken by the Committee and there was a resulting modest repositioning of salary levels in order to attract and retain top talent as the business moved into its next stage of growth and maturity. In the year under review (and as in the prior year), the Committee has undertaken its annual review of salaries for the Executive Directors and senior management and awarded cost of living increases broadly in line with the rest of the workforce to Sukh Chamdal and Michael Botha. As a result, the base salary of Sukh Chamdal increased to £260,000 and the base salary of Michael Botha to £235,000 with effect from 1 April 2024. Dr Singh's salary increased by c11.8% to £160,000 as part of a phased set of increases to reflect his materially below market rate positioning and his importance to Cake Box.

Pension and benefits

The Executive Directors are entitled to a pension contribution of up to 2% of salary in the form of a defined contribution to a stakeholder pension plan, in line with the rest of the workforce. Additionally, the Executive Directors are entitled to private medical insurance as a benefit in kind.

Annual bonus

The annual bonus provides an incentive linked to the achievement of delivering goals that are closely aligned with the Company's strategy and the creation of value for shareholders.

The remuneration policy allows the Committee, at its discretion, to make annual cash bonus awards to the Executive Directors, which was limited to a bonus opportunity of 75% of salary for FY24. As set out earlier, as part of the review of pay, the Committee has increased the maximum bonus opportunity to 100% of salary per annum for FY25 onwards.

Stretching performance targets are determined by the Committee at the start of the financial year, which are fully aligned with the Company's strategy and objectives. These targets (a majority of the bonus) are financial in nature (e.g. Adjusted EBITDA) with a minority of the bonus payable for the achievement of qualitative strategic and personal performance targets that underpin the Company's growth ambitions.

For the financial targets, a sliding scale target range is used, with no bonus payable for this element unless a threshold level of performance is achieved (which will be achieving market consensus). Claw back provisions do apply.

The financial and non-financial targets and objectives applying to FY24 are set out below:

Financial targets (80% weighting)

	Threshold (25% payable)	Maximum (100% payable)	Actual	% of Adjusted EBITDA related bonus payable
Adjusted EBITDA	£7.0m	£7.7m	£7.5m	97.6%

Non-financial targets (20 % weighting)

The non-financial objectives are related to delivering strategic milestones covering store openings and growth, product range and increasing sales. The CEO had four broad categories of objectives covering operations, people, customers and finance, with specific objectives for each. The CFO had four broad categories of objectives covering investor relations, franchisee relations, store openings and cashflow management, with specific objectives for each. The CCO had four broad categories of objectives covering marketing and sales, IT, store openings and ethical strategy, with specific objectives for each.

As a result of the financial performance of the business in the year under review meeting the upper end Adjusted EBITDA target set (with Adjusted EBITDA of £7.5m meeting close to the maximum Adjusted EBITDA target set) and the achievement of 80% of their personal objectives, the individual Executive Directors were eligible for an annual bonus of 70.56% of salary.

Long-term incentives

The Group operates two equity-settled share-based remuneration schemes. Awards are granted to recognise, retain and reward Executive Directors in relation to long-term performance and achievement of the Company's strategy. Payment in shares enables Executive Directors to build on their existing shareholdings, promotes long-term shareholding and promotes alignment of interest with shareholders.

The EMI scheme awards are subject to stretching performance conditions set at the time of grant, which comprise metrics based on financial performance in line with our key objectives of delivering returns to our shareholders through achievement of our growth strategy and ongoing employment.

In terms of grants made, Sukh Chamdal and Dr Singh as two of the original Executive Directors received an initial award of performance shares in FY20, at 250% of salary on a four-year vesting period.

Annual report on remuneration *Continued*

In respect of the share option award made to Sukh Chamdal and Dr Singh in June 2019, the EPS performance targets that were set were for aggregate growth in EPS to be a sliding scale between 36.41p and 43.68p. As the actual growth in EPS for the three financial years was 33.4p, the performance condition was not met and the awards lapsed.

For various reasons, the Committee did not make any long-term incentive awards in FY21, FY22 or FY23. However, in FY24, the Committee made an award of performance shares to Sukh Chamdal and Dr Singh, and a first award to Michael Botha on 9 October 2023.

	Form of award	Basis of award	Face value of award	Number of awards	Performance period	Vesting date
Sukh Chamdal	Nominal cost options	100% of salary	£243,799	150,493	3 years ending 31/3/26	9/9/26
Michael Botha	Nominal cost options	150% of salary	£330,000	203,703	3 years ending 31/3/26	9/9/26
Dr Singh	Nominal cost options	100% of salary	£143,099	88,333	3 years ending 31/3/26	9/9/26

The awards are structured as nominal cost options (exercise price £0.01) and are subject to the following FY26 EPS targets:

- EPS less than 14p – nil vesting
- EPS equal to 14p – 25% vesting
- EPS greater than or equal to 16.5p – 100% vesting
- For performance between 14p and 16.5p, vesting is determined on a straight-line basis.

Vested awards are subject to a further two-year holding period.

The Committee intends to make performance share awards in FY25. The proposed grant level will be 100% of salary with awards vesting after a three-year period with a two-year holding period applying, thereby ensuring a five-year gap between grant and the first available opportunity to benefit from a vested LTIP award.

The FY25 awards will be subject to an earnings per share measure relating to performance in FY27. Details of the EPS targets will be set out in the announcement that accompanies the next grant of awards.

Non-Executive Director fees

Fees for Non-Executive Directors are set with reference to market data, time commitment, responsibilities and chairmanship of Board Committees. Fees are normally reviewed biennially, and the current fees were set during FY22 to take effect from 1 April 2022. Following an independent review of fees for Non-Executive Directors during the year, which included a benchmarking exercise and taking into account the extensive amount of time each of the Non-Executive Directors commits to their role, the fees payable to the Non-Executive Directors for FY25 have increased to £78,750 for Martin Blair as Chair and to £47,250 for Adam Batty, Alison Green and Shaun Smith.

The fees payable to the Non-Executive Directors for FY24 were £75,000 for the Chair (Neil Sachdev until 31 October 2023 and then Martin Blair from 31 October 2023) and £45,000 for Adam Batty, Alison Green, Martin Blair (until 30 October 2023) and Shaun Smith (from 01 February 2024).

Other than their annual fee, as well as appropriate travel expenses to and from Board meetings, no additional compensation is payable.

Pay and conditions elsewhere in the Company

The remuneration policy described above provides an overview of the structure that operates for the most senior executives in the Company, with a significant element of remuneration dependent on Company and individual performances. A lower aggregate level of incentive payment applies below Executive Director level. The vast majority of the Company's staff participate in an annual bonus plan with the limits and performance conditions varying according to job grade. The Committee believes in broad-based employee share ownership being a key element in retention and motivation in the wider workforce, so a number of the more senior staff are provided with longer-term incentives through discretionary share schemes. The Committee takes into account remuneration packages within the Company as a whole when determining executive pay levels.

Service agreements

The Executive Directors' service agreements provide that their employment with the Company is on a rolling basis, subject to written notice being served by either party of not less than six months.

The current service contracts and letters of appointment include the following terms:.

		Date of contract	Notice period
Executive Directors	Sukh Chamdal	20 June 2018	Six months
	Dr Jaswir Singh	20 June 2018	Six months
	Michael Botha	11 April 2023	Six months
Non-Executive Directors	Adam Batty	20 June 2018	Three months
	Martin Blair	20 June 2018	Three months
	Alison Green	6 August 2021	Three months
	Neil Sachdev (resigned 31 October 2023)	20 June 2018	Three months
	Shaun Smith	1 February 2024	Three months

Under these service contracts, the Company may terminate an Executive Director's employment immediately by making a payment in lieu of base salary, benefits and statutory entitlements, and any bonus or commission payments pro-rated for the duration of the notice period. No bonus would be payable in the event of an Executive Director's resignation.

Statement of Directors' interests

The table below sets out the beneficial interests in shares and the unvested share options of all Directors holding office as at 31 March 2024:

	Ordinary shares		Unexercised share options		Total interests	
	At 31/03/2024	At 31/03/2023	At 31/03/2024	At 31/03/2023	At 31/03/2024	At 31/03/2023
Sukh Chamdal	10,162,915	10,162,915	150,493	-	10,313,408	10,162,915
Dr Jaswir Singh	626,087	626,087	88,333	-	714,420	626,087
Neil Sachdev (resigned 31 October 2023)	33,510	33,510	-	-	33,510	33,510
Alison Green	6,000	6,000	-	-	6,000	6,000
Martin Blair	20,000	20,000	-	-	20,000	20,000
Michael Botha	-	-	203,703	-	203,703	-
Adam Batty	-	-	-	-	-	-
Shaun Smith (joined 1 February 2024)	-	-	-	-	-	-
	10,848,512	10,848,512	442,529	-	11,291,041	10,848,512

Adam Batty
Chair of the Remuneration Committee

Statement from the Chair of the Nomination Committee

As part of the planned reorganisation of the Board in October 2023, Neil Sachdev stepped down as Non-Executive Chair of the Group and Chair of the Nominations Committee. The Nomination Committee is now chaired by Martin Blair and its other members are Adam Batty, Alison Green and Shaun Smith, who are all Independent Non-Executive Directors.

The Nominations Committee is responsible for reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to the changes. The Committee considers succession planning taking into account the challenges and opportunities facing the Company now and in the future. The Board regularly reviews the skills and expertise needed on the Board and in management, to ensure we are able to deliver our goals and objectives for the longer term. The Committee regularly reviews how we lead, and the leadership needs of the business to ensure our values are upheld.

The Committee has met four times this year and has reviewed its terms of reference this year.

Time commitments

All Directors have been advised of the time requirement to fulfil their roles prior to appointment and all have confirmed they can make the requirement before they were appointed. This requirement is also included in their letters of appointment.

The Board is satisfied that the Chair and each of the Non-Executive Directors can devote sufficient time to the Group's business.

Board effectiveness review

Reviews are undertaken annually, being internally facilitated but with an external facilitator every third year. In May 2023 the Board commissioned Board Excellence to conduct an independent Board Effectiveness Review. Board Excellence are an experienced international Board advisory business who have had no prior involvement with the Company. They undertake their reviews in accordance with the Corporate Governance Institute's Code of Practice for board reviewers. Their review comprised the completion of a questionnaire by all Board members and certain senior managers, one-to-one interviews with all respondents to the questionnaire and other stakeholders. The review also included a review of a year's worth of Board and Committee papers and other governance related documents.

Board Excellence provided their final report in August 2023 and this was discussed at subsequent Board meetings. The report established a Board Effectiveness Baseline and made assessments in the following areas:

a) The Governance Infrastructure of the Board and its committees, and Board Induction programme;

b) Performance and Focus on the Company's mission, vision and strategy, Risk Management and Decision Making;

c) Conformance and Oversight in relation to Code Compliance, Board Information and Succession Planning and Talent Development;

d) Dynamics and Culture covering Board Dynamics, Culture and Values and Key Governance Relationships; and

e) Board Engagement with Shareholders, Stakeholders and Employees as well as ESG.

The report went onto make several recommendations around Board Dynamics and Key Governance Relationships, many of which have implemented which has, we believe improved the Board effectiveness. We will continue to review the Board's effectiveness and the way it works to continually improve the performance of the Board as a collective.

Continuous Development of Directors

The Directors are all required to keep themselves abreast of changes in relevant legislation and regulations. External training on appropriate topics is provided. The Directors all received training on fiduciary duties, modern slavery, and the takeover code during the period. The Chair and Non-Executives are encouraged to share their wider experiences at the Board to enhance the learning experiences of the whole Board at every meeting.

Succession Planning and External Appointments

The Nominations Committee reviews succession planning for the senior management every year and considers any skill gaps in making its recommendations to the Board on future recruitment. All senior appointments have material Non-Executive Director involvement, working alongside the Executive Directors and staff external recruitment advisors to ensure a rigorous selection process for those candidates selected from the appropriate talent pools. During the year, the Nominations Committee met several times initially to find a replacement for Neil Sachdev, to strengthen the governance of the organisation through the appointment of Adam Batty as Senior Independent, and then to find a new Chair of the Audit Committee as Martin Blair, the current Chair of the Audit Committee became Chair of the Company. After a number of interviews, we were very pleased to appoint Shaun Smith as the new Non-Executive Director who took up his role in February 2024 and will become Audit Chair on the conclusion of this year's audit.

All new external appointments require the Chair's approval.

The Board recognises the importance and need for a clear and orderly succession plan for both the non-executives and executives. We continue to work closely with the executives to ensure we have the right skills and experience on the Board and in the senior management team as the Company continues its growth.

As indicated last year, as most of the Non-Executive Directors have reached the end of their second term, we want to ensure there is a smooth transition of Non-Executive Directors with the appropriate skills to guide the Board in its next phase. As indicated earlier, Neil Sachdev left the Board in October last year and Adam Batty will be leaving the Board by November 2024. Alison Green has also indicated that for personal reasons she would like to step down from the Board at the end of this calendar year. We will shortly commence the search for replacement Non-Executive Directors and Senior Independent Director with the skills and experience we think are required to join us at the appropriate time.

Conflicts of interest

At each meeting the Board considers Directors' conflicts of interest. The Company's Articles of Association provide for the Board to authorise any conflicts of interest.

Independent Professional Advice

Directors have access to independent professional advice at the Company's expense. In addition, they also have access to the advice and services of the Company's advisors.

Directors and Officers Liability insurance

The Company has purchased directors' and officers' liability insurance during the year as permitted by the Company's articles.

Election of Directors and Officers

Each of the Directors puts himself/herself up for re-election every year at the AGM.

Culture and Values

The Board monitors and promotes a value based corporate culture and has considered how the culture is consistent with the Company's objectives, strategy and business model. The Board review employee surveys to ensure that the values of the Company are fully embedded, and actions followed through.

The Board has considered and assessed the culture and continues to monitor its inclusiveness. The Board are fully aware of the need to improve gender balance on the Board and in senior management. There is an ongoing process of reviewing the make-up of the Board and senior management for succession purposes.

The Company has a Code of Conduct, Anti Bribery and Corruption policy and a modern slavery statement. It has policies and procedures relating to whistleblowing, stating the Company's commitment to conducting its' business with honesty and integrity, its expectation that staff maintain high standards and encouraging prompt disclosure of any suspected wrongdoing.

The Directors follow the guidance set out by rule 21 of the AIM Rules relating to dealings by directors in company securities and to this end the Company has adopted an appropriate share dealing code.

Martin Blair
Non-Executive Chair

Directors' Report

The Directors present their annual report and audited financial statements for the Group for the year ended 31 March 2024.

Principal activity

The principal activity of the Group continues to be a specialist retailer of fresh cream celebration cakes.

The principal activity of the Company continues to be that of a holding company. The principal activities of its subsidiaries continue to be the retail trade of cakes and associated services.

Review of business

A detailed review of the development of the business is contained in the Chair's and Chief Executive's Statements, which are included in the Strategic Report.

Results

The Group made a profit before income tax of £6,265,427 (FY23: £5,443,567) for the year ended 31 March 2024 on revenue of £37,844,963 (FY23: £34,800,941). At 31 March 2024 the Group had total assets of £30,736,000 (FY23: £27,823,799).

Dividends

The Directors proposed the payment of a final dividend of 6.1 pence per share for the year ended 31 March 2024 bringing the total dividend for the year to 9.0 pence per share (FY23: 8.125 pence).

Directors

The Directors who served during the year were:

S R Chamdal

Dr J Singh

M Botha

A Batty

A Green

M Blair

N Sachdev (resigned 31 October 2023)

S Smith (appointed 1 February 2024)

Substantial Shareholdings

So far as the Directors are aware the parties who are directly or indirectly interested in 3% or more of the nominal value of the Company's share capital at 31 March 2024 are as follows:

Name	Number of shares held	% of ordinary share capital
Sukh Chamdal	10,162,915	25.41
Ennismore Fund Management	2,601,749	6.50
River Capital	2,318,118	5.80
Trigo Capital	2,195,000	5.49
Cazenove Capital Management	2,001,462	5.00
River Global Investors	1,633,178	4.08
Kulwinder Kaur	1,309,740	3.27

Shareholders

No shareholder enjoys any special control rights, and, except as set out below, there are no restrictions in the transfer of shares or of voting rights.

As a significant shareholder Sukh Chamdal, on the admission of the Company's shares to trading on AIM, entered into a written and legally binding Relationship Agreement with the Company. This agreement seeks to ensure that the significant shareholder shall be managed in accordance with the QCA Code. Under the terms of the Agreement, Sukh Chamdal undertook that, for so long as he is entitled to exercise, or to control the exercise of, 20% or more of the rights to vote at general meetings of the Company, he will: conduct all transactions and relationships with any member of the Group on arm's length terms and on a normal commercial basis and not exercise any of his voting or other rights and powers to procure any amendment to the Articles of Association of the Company.

As far as the Company is aware, the significant shareholder has complied with the terms of the Relationship Agreement.

Indemnity of Directors

The Group has indemnified the directors of the Group for costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

Employees

The Group employed 173 staff as at 31 March 2024 (FY23: 173).

The Group is committed to the principle of equal opportunity in employment. The Group recruits and selects applicants for employment based solely on a person's qualifications and suitability for the position, whilst bearing in mind equality and diversity. It is the Group's policy to recruit the most qualified and capable person available for each position. The Group recognises the need to treat all employees honestly and fairly.

The Group is committed to ensuring that its employees feel respected and valued and are able to fulfil their potential and recognises that the success of the business relies on their skill and dedication.

The Group gives full consideration to employment applications from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job.

Likely future developments

Information on likely future developments of the Group is disclosed in the Strategic report.

Financial instruments

Information on the Group's financial instruments is disclosed in the Strategic Report and note 26 to the Financial Statements.

Research and development activities

During the year the Company conducted research and development in respect of cake innovations improved production methods, innovative packaging solutions and new products.

Political donations

The Company made no political donations in the year (FY23: £NIL).

Going concern

The Directors have prepared and reviewed financial forecasts and the cash flow requirements to meet the Group and the Company's financial objectives. The Directors are satisfied that, taking into account the current cash resources and facilities available to the business and its future cash requirements, it is appropriate to prepare accounts on a going concern basis.

Post balance sheet events

There are no material events after the reporting period to report.

Disclosure of information to auditor

Each of the Directors who are in office at the date when this report is approved has confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of such information.

Auditors

MHA has signified its willingness to continue in office as Auditors to the Company. The Group is satisfied that MHA is independent and there are adequate safeguards in place to protect its objectivity. A resolution to reappoint MHA as independent auditor will be proposed at the next Annual General Meeting.

On behalf of the Board.

S R Chamdal
Director

10 June 2024

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors have elected under company law to prepare group financial statements in accordance with International Accounting Standards (UK adopted IAS) in conformity with the requirements of the Companies Act 2006 and have elected under company law to prepare the company financial statements in accordance with UK adopted International Accounting Standards (UK adopted IAS) in conformity with the requirements of the Companies Act 2006.

The Group and Company financial statements are required by law and international accounting standards in conformity with the requirements of the Companies Act 2006 to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and company 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 they have been prepared in accordance with UK adopted International Accounting Standards (UK adopted IAS); and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006 and as regards the Group financial statements. They are also responsible for safeguarding the assets of the Group and 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 Cake Box Holdings plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Cake Box Holdings plc

For the purpose of this report, the terms "we" and "our" denote MHA in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Cake Box Holdings plc. For the purposes of the table on pages 54 to 56 that sets out the key audit matters and how our audit addressed the key audit matters, the terms "we" and "our" refer to MHA. The Group financial statements, as defined below, consolidate the accounts of Cake Box Holdings plc and its subsidiaries (the "Group"). The "Parent Company" is defined as Cake Box Holdings plc, as an individual entity. The relevant legislation governing the Company is the United Kingdom Companies Act 2006 ("Companies Act 2006").

Opinion

We have audited the financial statements of Cake Box Holdings plc for the year ended 31 March 2024.

The financial statements that we have audited comprise:

- the Consolidated Statement of Comprehensive Income;
- the Consolidated Statement of Financial Position;
- the Consolidated Statement of Cash Flows;
- the Consolidated Statement of Changes in Equity;
- Notes 1 to 33 to the Consolidated Financial Statements, including significant accounting policies;
- the Company Statement of Financial Position;
- the Company Statement of Cash Flows;
- the Company Statement of Changes in Equity; and
- Notes 1 to 15 to the Company financial statements, including significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Financial Reporting Standards ("UK adopted IFRS").

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2024 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with applicable law and UK Adopted IFRS; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our opinion is consistent with our reporting to the Audit Committee.

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 Group 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 as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report to the members of Cake Box Holdings plc *Continued*

Conclusions relating to going concern

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

Our evaluation of the Directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- The consideration of inherent risks to the Group's operations and specifically its business model.
- The evaluation of how those risks might impact on the Group's available financial resources.
- Review of the mathematical accuracy of the cashflow forecast model prepared by management and corroboration of key data inputs to supporting documentation for consistency of assumptions used with our knowledge obtained during the audit.
- Challenging management for reasonableness of assumptions in respect of the timing and quantum of cash receipts and payments included in the cash flow model.
- Holding discussions with management regarding future financing plans, corroborating these where necessary and assessing the impact on the cash flow forecast.
- Review of the Group's external debt exposure to determine if any future repayments have been included within the Group's cash flow projections.
- Holding discussions with management and completing reviews of any events after the reporting period to identify if these may impact on the Group's ability to continue as a going concern.
- Evaluating the accuracy of historical forecasts against actual results to ascertain the accuracy of management's forecasts.

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

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

Overview of our audit approach

Scope	Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement. The Group consists of three reporting components, all of which were considered to be significant components: Cake Box Holdings plc, Eggfree Cake Box Limited and Chaz Limited. The significant components were subjected to full scope audits for the purposes of our audit report on the Group financial statements. Subsidiaries were classified based upon: 1) financial significance of the component to the Group as a whole, and 2) assessment of the risk of material misstatements applicable to each component. Our audit scope results in all major operations of the Group being subject to audit work.		
Materiality	2024	2023	
Group	£313,000	£272,000	5% (2023: 5%) of profit before tax
Parent Company	£27,600	£18,300	2% (2023: 2%) of gross assets
Key audit matters			
Recurring	• Inventory Valuation • Revenue Recognition		

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those matters which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Inventory Valuation

Key audit matter description	The inventory held by the Group is a key and material area to the financial statements and accounts for a large amount of the Group's current assets. Due to the nature of the Group's operations, the inventory balance is inherently linked to both the purchases and the sales cycles. Typically, inventory consists of the goods that are sold to the various franchisees, including sponges, food product and also other non-perishable items such as equipment and boxes. We consider inventory valuation to be a key audit matter due to its significant importance to the Group's operations, control weaknesses identified in prior periods and its linkage to multiple areas of the financial statements.
How the scope of our audit responded to the key audit matter	Our audit work included, but was not restricted to the following: • We attended 3 out of 4 year end inventory counts including sample testing of inventory items recorded on inventory count sheets to physical inventory location in the warehouses and vice versa. • We performed a reconciliation between the inventory report and the amount reported in the consolidated statement of financial position and held discussions with management where any discrepancies were identified. • We reviewed the inventory listing and inventory physically present in the warehouses for any slow-moving or obsolete inventory items which require write off or provisioning. • We performed substantive testing for a sample of inventory items held at the year end to the original purchase invoice and also to post year-end sales to ensure inventory is held at the lower of cost and net realisable value in the accounts. • We updated our understanding of the relevant key controls for the inventory system, which fed into our overall assessment of the control environment.
Key observations	We have not identified any issues with inventory valuation from our procedures undertaken.

Revenue Recognition

Key audit matter description	The Group has a number of separately identifiable revenue streams that are broken down into their different components for financial reporting purposes. Revenue and the costs associated with generating that revenue must be recognised in the appropriate period as the related performance obligations are satisfied. This is in line with the revenue recognition criteria set out under IFRS 15. We consider revenue recognition to be a key audit matter due to its significant importance to the Group's performance and the number of separately identifiable streams which required testing as part of the audit process.
How the scope of our audit responded to the key audit matter	Our audit work included, but was not restricted to the following: • We obtained a detailed understanding of the internal processes, systems and controls surrounding revenue recognition and subsequently performed a walkthrough test of each of the key revenue streams from initiation to recording, to test the design and implementation of those controls. • We completed cut-off testing by selecting a sample of sales transactions across the various streams either side of the year end to ensure the revenue has been accounted for in the correct period. • We confirmed that all new franchises in the year have a double signed contract in place and ensured that each has associated shop build revenue and challenged management, where any discrepancies were found. • We used data analytics for the revenue cycle to identify any transactions which do not fall into the typical cycle that we would expect, these have been discussed with management and supporting documentation gathered where necessary. • Substantive testing has been carried out across the different income streams by picking samples from the initial point of sale and tracing to the appropriate supporting documentation. • We completed a review of revenue recognised under IFRS15 and considered whether the accounting policies were in accordance with the requirements of IFRS 15 and applied appropriately.
Key observations	No material issues have been identified from the audit procedures carried out on revenue recognition.

Independent auditor's report to the members of Cake Box Holdings plc *Continued*

Our application of materiality

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

	Group	Parent
Overall Materiality	£313,000 (2023: £272,000)	£27,600 (2023: £18,300)
Basis of determining overall materiality	We determined materiality based on 5% (2023: 5%) of the Group's profit before tax. We consider profit before tax to be the main measure by which the users of the financial statements assess the financial performance and success of the Group. Therefore, we consider this to be the most appropriate benchmark for Group materiality	We determined materiality on the basis of 2% (2023: 2%) of the Parent Company's gross assets. Gross assets were deemed to be the appropriate benchmark for the calculation of materiality as this is a key area of the financial statements because the Parent Company is largely a holding company incurring limited costs.
Performance materiality	£219,100 (2023: £190,400)	£19,300 (2023: £12,800)
Basis of determining overall performance materiality	We set performance materiality based on 70% (2023: 70%) of overall materiality.	We set performance materiality based on 70% (2023: 70%) of overall materiality.
	Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls and the level of misstatements arising in previous audits.	
Error reporting threshold	We agreed to report any corrected or uncorrected adjustments exceeding £15,650 (2023: £13,600) to the Audit Committee as well as differences below this threshold that in our view warranted reporting on qualitative grounds.	We agreed to report any corrected or uncorrected adjustments exceeding £1,380 (2023: £915) to the Audit Committee as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

Overview of the scope of the Group and Parent Company audits

Our assessment of audit risk, evaluation of materiality and our determination of performance materiality sets our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. This assessment takes into account the size, risk profile, organisation / distribution and effectiveness of group-wide controls, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each component.

In assessing the risk of material misstatement to the consolidated financial statements, and to ensure we had adequate quantitative and qualitative coverage of significant accounts in the consolidated financial statements, of the 3 reporting components of the group, all components are within the UK and represent the principal business units within the Group.

Full scope audits - Of the 3 components selected, audits of the complete financial information of all 3 components were undertaken, these entities were selected based upon their size or risk characteristics.

The control environment

We evaluated the design and implementation of those internal controls of the Group, including the Parent Company, which are relevant to our audit, such as those relating to the financial reporting cycle.

Climate-related risks

In planning our audit and gaining an understanding of the Group and Parent Company, we considered the potential impact of climate-related risks on the business and its financial statements. We obtained management's climate-related risk assessment, along with relevant documentation and reports relating to management's assessment and held discussions with management to understand their process for identifying and assessing those risks.

We critically reviewed the operating activities of the Group to consider whether there were any other climate-related risks identified and where necessary, challenged management's assessment and the assumptions underlying their assessment.

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

We have nothing to report in this regard.

Strategic report and directors' report

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

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 by 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;

Independent auditor's report to the members of Cake Box Holdings plc *Continued*

Responsibilities of directors

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

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

Auditor 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Identifying and assessing potential risks arising from irregularities, including fraud

The extent of the procedures undertaken to identify and assess the risks of material misstatement in respect of irregularities, including fraud, included the following:

- We considered the nature of the industry and sector, the control environment, business performance including remuneration policies and the Group's, including the Parent Company's, own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the directors, we obtained an understanding of the legal and regulatory frameworks applicable to the Group focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as provisions of the Companies Act 2006, UK tax legislation or those that had a fundamental effect on the operations of the Group and the Parent Company.
- We enquired of the directors and management concerning the Group's and the Parent Company's policies and procedures relating to:
  - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We discussed among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- We have undertaken a review of minutes of meetings of those charged with governance.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce costs, creating fictitious transactions to hide losses or to improve financial performance, and management bias in any accounting.

Audit response to risks identified

In respect of the above procedures:

- we corroborated the results of our enquiries through our review of the minutes of the Group's and the Parent Company's board and audit committee meetings, inspection of legal documents and list of cases;
- audit procedures performed by the engagement team in connection with the risks identified included:
  - reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations expected to have a direct impact on the financial statements;
  - testing journal entries, including those processed late for financial statements preparation, those posted by infrequent or unexpected users and those posted to unusual account combinations;
  - evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias;
  - enquiry of management around actual and potential litigation and claims;
  - challenging the assumptions and judgements made by management in its significant accounting estimates; and
  - obtaining confirmations from third parties to confirm existence of a sample of transactions and balances.
- the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities; and
- we communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Use of our report

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

Andrew Moyser FCA FCCA (Senior Statutory Auditor)
for and on behalf of MHA, Statutory Auditor
London, United Kingdom

10 June 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024
Company Registration No. 08777765

	Note	2024 £	As restated 2023 £
Revenue	3	37,844,963	34,800,941
Cost of sales		(17,905,058)	(17,626,671)
Gross profit		**19,939,905**	17,174,270
Administrative expenses before exceptional items	4	(13,947,694)	(11,314,803)
Impairment of receivables - writeback/(charge)	4	187,856	(280,425)
Exceptional items	10	243,100	-
Administrative expenses	4	**(13,516,738)**	(11,595,228)
Operating profit		**6,423,167**	5,579,042
Finance income	6	153,145	25,019
Finance expense	6	(310,885)	(160,494)
Profit before income tax		**6,265,427**	5,443,567
Income tax expense	11	(1,606,742)	(1,206,896)
Profit after income tax		**4,658,685**	4,236,671
Other comprehensive income for the year			
Items that will not be subsequently reclassified to profit or loss:			
Revaluation of freehold property	13	223,178	187,665
Deferred tax on revaluation of freehold property	12	(55,795)	(35,656)
Tax rate changes on revaluation reserve for freehold property	12	-	(337,088)
Total other comprehensive income for the year		**167,383**	(185,079)
Total comprehensive income for the year		**4,826,068**	4,051,592
Attributable to:			
Equity holders of the parent		**4,826,068**	4,051,592
Earnings per share			
Basic (pence)	33	**11.65**	10.59
Diluted (pence)	33	**11.44**	10.59

The notes on pages 64 to 97 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024
Company Registration No. 08777765

	Note	2024 £	As restated 2023 £
Assets			
Non-current assets			
Intangible assets	14	727,783	399,186
Property, plant and equipment	13	11,480,193	11,267,783
Right-of-use assets	15	2,274,550	2,574,490
Other financial assets	18	564,535	508,532
		15,047,061	14,749,991
Current assets			
Inventories	16	2,592,838	2,790,724
Trade and other receivables	17	4,154,184	2,683,621
Other financial assets	18	487,652	245,880
Cash and cash equivalents	31	8,454,265	7,353,583
		15,688,939	13,073,808
Total Assets		**30,736,000**	27,823,799
Equity and liabilities			
Equity			
Issued share capital	19	400,000	400,000
Capital redemption reserve	20	40	40
Share option reserve	20	95,266	-
Revaluation reserve	20	3,617,038	3,449,655
Retained earnings	20	15,188,345	13,889,660
Equity attributable to the owners of the parent company		**19,300,689**	17,739,355
Current liabilities			
Trade and other payables	23	4,892,228	3,766,413
Lease liabilities	15	280,425	270,117
Short-term borrowings	22	146,544	104,498
Current tax payable		948,523	294,262
Provisions	24	-	243,100
		6,267,720	4,678,390
Non-current liabilities			
Lease liabilities	15	2,149,413	2,429,838
Borrowings	22	997,050	1,132,292
Deferred tax liabilities	12	2,021,128	1,843,924
		5,167,591	5,406,054
Total Equity and liabilities		**30,736,000**	27,823,799

The notes on pages 64 to 97 form an integral part of these financial statements.
The financial statements were approved and authorised for issue by the Board on 10 June 2024 and signed on its behalf by:

S R Chamdal
Director

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

	Note	**2024** **£**	2023 £
Cash flows from operating activities			
Profit before income tax		6,265,427	5,443,567
Adjusted for:			
Depreciation of property, plant, and equipment	4 & 13	856,282	777,571
Amortisation of intangible assets	4 & 14	106,810	54,110
Depreciation of right-of-use assets	4 & 15	299,940	299,940
Loss/(profit) on disposal of property, plant, and equipment		13,606	(50,733)
Share-based payment expense	7	93,445	-
Finance income	6	(153,145)	(25,019)
Finance cost	6	310,885	160,494
Decrease/(increase) in inventories		197,886	(321,803)
(Increase) in trade and other receivables		(1,470,563)	(360,950)
(Increase)/decrease in other financial assets		(297,775)	263,307
Increase in trade and other payables		1,125,815	1,105,042
(Decrease)/increase in provisions		(243,100)	280,425
Cash generated from operations		**7,105,513**	7,625,951
Taxation paid		(829,251)	(1,341,087)
Net cash inflow from operating activities		**6,276,262**	6,284,864
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(892,226)	(1,615,209)
Additions in intangible assets	14	(453,920)	(346,023)
Proceeds from sale of property, plant and equipment		51,620	61,002
Finance income	6	153,145	25,019
Net cash outflow from investing activities		**(1,141,381)**	(1,875,211)
Cash flows from financing activities			
Repayment of finance leases		(270,118)	(260,192)
Repayment of borrowings		(93,196)	(116,942)
Dividends paid	8	(3,360,000)	(3,090,000)
Finance cost	6	(310,885)	(160,494)
Net cash outflow from financing activities		**(4,034,199)**	(3,627,628)
Net increase in cash and cash equivalents		**1,100,682**	782,025
Cash and cash equivalents at 1 April 2023		**7,353,583**	**6,571,558**
Cash and cash equivalents at 31 March 2024	31	**8,454,265**	7,353,583

The notes on pages 64 to 97 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

	Attributable to the owners of the Parent Company					
	Share capital	Capital redemption reserve	Share option reserve	As restated revaluation reserve	As restated retained earnings	As restated total
	£	£	£	£	£	£
At 31 March 2022	**400,000**	**40**	**-**	**3,634,734**	**12,742,989**	**16,777,763**
Profit for the year	-	-	-	-	4,236,671	4,236,671
Revaluation of freehold property	-	-	-	187,665	-	187,665
Deferred tax on revaluation of freehold property	-	-	-	(35,656)	-	(35,656)
Tax rate changes on revaluation reserve for freehold property	-	-	-	(337,088)	-	(337,088)
Total comprehensive income for the year	-	-	-	(185,079)	4,236,671	4,051,592
Transactions with the owners in their capacity as owners						
Dividends paid	-	-	-	-	(3,090,000)	(3,090,000)
At 31 March 2023	**400,000**	**40**	**-**	**3,449,655**	**13,889,660**	**17,739,355**
Profit for the year	-	-	-	-	4,658,685	4,658,685
Revaluation of freehold property	-	-	-	223,178	-	223,178
Deferred tax on revaluation of freehold property	-	-	-	(55,795)	-	(55,795)
Total comprehensive income for the year	-	-	-	167,383	4,658,685	4,826,068
Transactions with the owners in their capacity as owners						
Share-based payments	-	-	93,445	-	-	93,445
Deferred tax on share-based payments	-	-	1,821	-	-	1,821
Dividends paid	-	-	-	-	(3,360,000)	(3,360,000)
At 31 March 2024	**400,000**	**40**	**95,266**	**3,617,038**	**15,188,345**	**19,300,689**

The notes on pages 64 to 97 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1. General information

Cake Box Holdings plc is a listed company limited by shares, incorporated in England and Wales, with company number 08777765 and domiciled in the United Kingdom. Its registered office is 20 – 22 Jute Lane, Enfield, Middlesex, EN3 7PJ.

The financial statements cover Cake Box Holdings plc ('Company') and the entities it controlled at the end of, or during, the financial year (referred to as the 'Group').

The principal activity of the Group continues to be the specialist retailer of fresh cream cakes and franchise operator.

2. Material accounting policy information

2.1 Basis of preparation of financial statements

The consolidated financial statements for the year ended 31 March 2024 have been prepared in accordance with United Kingdom adopted International Financial Reporting Standards (UK adopted IFRS) and those parts of the Companies Act 2006 that are applicable to companies which apply UK adopted IFRS.

The consolidated financial statements have been prepared under the historical cost convention, other than certain classes of property, plant, and equipment.

The numbers presented in the financial statements have been rounded to the nearest pound (£) unless otherwise stated.

Changes to comparative period financial information

The following changes have been made to the comparative period presented within these financial statements:

- Impairment of receivables, of £280,425, have been disclosed separately from administrative expenses on the Consolidated Statement of Comprehensive Income. There is no impact on net cash flows or basic and diluted earnings per share for the period.
- Tax rate changes on revaluation of property, plant and equipment have been recognised separately under 'Other comprehensive income for the year', as required by IAS 12 'Income Taxes'. This has resulted in a restatement of the Consolidated Statement of Comprehensive Income. The Consolidated Statement of Changes in Equity was also restated to reclassify £337,088 from retained earnings to the revaluation reserve. There is no impact on net cash flows or basic and diluted earnings per share for the period.

The above changes were prompted by an inquiry from the Corporate Reporting Review Team of the FRC as part of its regular review and assessment of the quality of corporate reporting in the UK. They requested further information in relation to the Company's 2023 Annual Report and Accounts, as explained further in the Audit and Risk Committee report on page 38. The Company agreed to make the above changes within its 2024 financial statements.

The FRC's review is limited to the published 2023 Annual Report and Accounts; it does not benefit from a detailed understanding of underlying transactions and provides no assurance that the Annual Report and Accounts are correct in all material respects.

	As restated 2023	Adjustment	Reported 2023
1) Impairment of receivables disclosed in the Consolidated Statement of Comprehensive Income			
Consolidated Statement of Comprehensive Income			
Administrative expenses before exceptional items	(11,314,803)	280,425	(11,595,228)

2) Tax rate changes on revaluation reserve for freehold property - recognised separately under 'Other comprehensive income for the year'			
Consolidated Statement of Comprehensive Income			
Other comprehensive income for the year			
Items that will not be subsequently reclassified to profit or loss:			
Revaluation of freehold property	187,665	-	187,665
Deferred tax on revaluation of freehold property	(35,656)	-	(35,656)
Tax rate changes on revaluation reserve for freehold property	(337,088)	(337,088)	-
Total other comprehensive income for the year	(185,079)	(337,088)	152,009
Consolidated Statement of Financial Position			
Revaluation reserve			
As reported in 2023	3,634,734	-	3,634,734
Revaluation of freehold property	187,665	-	187,665
Deferred tax on revaluation of freehold property	(35,656)	-	(35,656)
Reclassification of tax rate changes on revaluation reserve for freehold property	(337,088)	(337,088)	-
	3,449,655	(337,088)	3,786,743

Judgements

The preparation of financial statements under IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis and any revision to estimates or assumptions are recognised in the period in which they are revised and in future periods affected.

Expected Credit Loss Allowance

The Group exercises judgement in relation to the calculation of expected credit losses on trade receivables and franchisee loans. This includes ascertaining what constitutes a significant increase in credit risk, what is defined as loan default and how forward-looking information has been incorporated into the simplified approach for trade receivables. Please see Note 28 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

Areas of significant estimation uncertainty

The following areas of estimation uncertainty which have had the most significant effect on amounts recognised in the financial statements:

Provisions

The Group had previously recognised provisions following a data breach which impacted the Group's website payment system. The provision related to the fine received by the merchant service provider, and estimated costs associated including potential fines from the ICO in respect of GDPR breaches and associated legal and professional fees. Management used judgement in respect of potential fees and fines and estimates to calculate the quantum of costs.

Freehold property

Freehold properties are held at valuation. When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e.as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio every 12 months.

2.2 Functional and presentation currency

The currency of the primary economic environment in which the Parent and its subsidiaries operate (the functional currency) is Pound Sterling ("GBP or £") which is also the presentation currency.

2.3 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

A list of the significant investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in note 30 to the Company's separate financial statements.

2.4 Application of New and Revised IFRS's

At the date of authorisation of these financial statements the following Standards and Interpretations were in issue and have been applied in these financial statements. There has not been a material impact on the Group following their application:

		Effective Date
IAS 1	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	1 January 2023
IAS 12	Amendments requiring a company to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	1 January 2023
IAS 1 & IAS 8	Amendments regarding the disclosure of accounting policies and amendments regarding the definition of accounting estimates.	1 January 2023
IAS 12	Amendments to Deferred Tax Related to Assets and Liabilities arising from a Single Transaction.	1 January 2023

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective and are not expected to have a material impact on the Group:

		Effective Date
IAS 1	Amendments clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability.	1 January 2024
IFRS 16	Amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction.	1 January 2024
IFRS 18	IFRS 18 is the future standard that replaces IAS 1 in its entirety and will thus deal with presentation of primary statements and notes. Some key impacts are as follows: • Improving structure of the statement of profit or loss by requiring information to be classified in either operating, investing, financing, taxation, or discontinued categories. • Improving the requirements over the level of aggregation and disaggregation of line items and the information in notes in order to provide more useful information. • Providing specific requirements over the reporting of additional sub-totals, line items, and other aspects of presentation that relate to alternative performance measures (for example non-IFRS measures).	Applicable for financial years beginning on or after 1 January 2027 and is not yet endorsed for use in the United Kingdom. The Company is considering the impact of IFRS 18 on its future reporting.
IFRS 19	IFRS 19 is a new standard that enables reduced disclosures in the IFRS accounts of subsidiaries that do not have public accountability. IFRS 19 is not relevant at this level of the Group as the Company is a parent and not a subsidiary.	IFRS 19 is applicable for financial years beginning on or after 1 January 2027 and is not yet endorsed for use in the United Kingdom.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ('CODM'). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors that make strategic decisions. Whilst the Group's trading has numerous components, the CODM is of the opinion that there is only one operating segment. This is in line with internal reporting provided to the Executive Directors.

2.6 Going concern

The Directors pay careful attention to the cost base of the Group ensuring not only that it is kept at a level to satisfy the commercial requirements but also that it remains appropriate to the level of activity of the Group and the financial resources available to it.

The current cash balance has increased by £1.0m to £8.5m, and the Group continues to be cash generative.

Based on the current working capital forecast, there is no need to raise additional funds as the Group considers that it is in a position where the scenario of not meeting liabilities is remote. After making enquiries and considering the assumptions upon which the forecasts have been based, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the period of at least 12 months from the date of approval of these financial statements. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.7 Revenue recognition

The Group recognises revenue from the following major sources:

- Sale of sponges, fresh cream and other foods and goods to franchisees
- Online commission on the sales of cakes and related products to customers
- Franchise packages
- National marketing levy

Sale of sponges and related ingredients to franchisees

For sales of goods to franchisees, revenue is recognised when control of the goods has transferred, being at the point at which the goods are dispatched and delivered, which occurs on the same day. Payment of the transaction price is due within 7 days after statements are forwarded to franchisees. The Group actively works with its franchisees to ensure credit terms are met and if terms are required to be extended a suitable debt recovery plan is agreed.

Online commission on the sales of cakes and related products to customers

Online sales which include click-and-collect sales, where the franchisee has the primary responsibility for the fulfilment of the order and the Group is collecting the consideration paid by the customers on behalf of the franchisee as agent, are not recognised as revenue of the Group. Only the net commission amount is recognised. Revenue is recognised at the date of order and payment is taken at this point.

Franchise packages

The franchise packages consist of revenues which relate to pre- and post-opening costs mainly for store fit-out; and initial set up costs for pre-opening support, and franchisee and staff training.

The pre- and post-opening costs are required to get the new franchisee trading and are therefore recognised at a point in time which is at the end of the month in which trading commences. Each package is tailored to a specific franchisee's needs and elements can be added or removed as appropriate which will affect the price. The performance obligation of the Group is met, when the store is handed over to the franchisee and he/she accepts it and commences trading. The franchisee is then obligated to settle the invoices raised by the Group for the costs incurred by the Group in getting the store in a position where it can start trading. Included in the franchise packages, is a franchise fee, the amount of which will depend on whether it is a new or existing franchisee opening the new store.

Holding deposits received from franchisees for new stores are not treated as revenue when received. The deposits are held under 'Other Payables' in the Group's financial statements. If the new store is completed and the franchisee accepts it and commences trading, the deposit is allocated against the costs associated with the new store and recognised as revenue at this point. If the new store does not proceed, the deposit is refunded to the franchisee.

National marketing Levy

Franchisees contribute a percentage of their franchise sales to the National Marketing Fund managed by the Group. The purpose of the fund is to build franchise sales through increased awareness of the Cake Box brand and the website. For the funds received, the Group provides national marketing initiatives and services. These performance obligations are considered to constitute a revenue stream, and the contributions received by the Group are therefore recognised as revenue. Revenue recognition is measured on an input basis as the costs of providing the services are incurred. The Group provides the services on a break-even basis, such that the fund does not retain a long-term surplus or deficit. As such, the level of revenue and costs recognised in respect of fulfilling the national marketing obligations are equal. Any timing difference between contributions received and costs incurred are held as a contract asset or liability on the Consolidated Statement of Financial Position.

2.8 Current and deferred taxation

Current tax liabilities

Current tax for the current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of the current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset, limited to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

No material uncertain tax positions exist as at 31 March 2024. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different from the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

Current taxes are calculated using tax rates and laws that are enacted or substantively enacted at the reporting date.

Deferred Tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits, limited to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which the Company expects the deferred tax asset to be realised or the deferred tax liability to be settled.

Deferred taxes are calculated using tax rates and laws that are enacted or substantively enacted at the reporting date that are expected to apply as or when the temporary differences reverses.

Tax Expense

Income tax expense represents the sum of the tax currently payable and deferred tax movement for the current period. The tax currently payable is based on taxable profit for the year.

Income taxes are recognised in profit or loss unless they relate to items recognised in other comprehensive income or equity, in which case the income tax is recognised in other comprehensive income or equity respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.9 Property, Plant and Equipment – held at cost

Property, plant and equipment, other than investment and freehold properties, 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.

Land is not depreciated. Depreciation on other assets is charged 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 annual basis:

Freehold buildings	-	Over 40 to 50 years
Freehold property improvements	-	Over 4 to 30 years
Plant & machinery	-	4 years
Motor vehicles	-	4 years
Fixtures & fittings	-	Over 4 to 12 years
Assets under construction	-	Not depreciated

Assets under the course of construction are carried at cost less any recognised impairment loss. Depreciation of these assets commences when the assets become available for use.

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 the profit or loss.

2.10 Property, plant and equipment – held at valuation

Individual freehold properties are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at each Consolidated Statement of Financial Position date.

Fair values are determined by an independent valuer and updated by the Directors from market-based evidence.

Revaluation gains are recognised in Other Comprehensive Income. Revaluation losses are recognised in the profit and loss, unless the losses relate to previously recognised gains, in which case it will be recognised in Other Comprehensive Income. Any excess losses are recognised in the profit or loss.

2.11 Inventories

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

2.12 Financial instruments

Recognition of Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument.

Trade and other receivables

Trade and other receivables without a significant financing component are initially measured at transaction price which approximates fair value at the transaction date. All sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. All trade receivables are subsequently measured at amortised cost. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed. Impairment allowance for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such allowances are recorded in a separate allowance account with the loss being recognised in the statement of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Other financial assets

Included in other financial assets are loans to franchisees. These loans are interest free, however include an arrangement fee, at the discretion of the Group, which is spread over the term of the loan. These loans have been discounted to fair value using a market rate. The impact of this discounting has been recognised in finance costs. At the end of each reporting period, the carrying amounts of other financial assets are reviewed on an individual balance basis and appropriate impairments are made if losses are anticipated. If a previously impaired balance is subsequently received, the impairment is reversed through the profit and loss. See notes 27 and 28 for further details.

Trade and other payables

Trade and other payables are initially measured at fair value and subsequently at amortised cost. Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into Sterling using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

2.13 Financial instruments

Bank loans and overdrafts

All borrowings are initially recorded at fair value, net of transaction costs. Borrowings are subsequently carried at amortised cost under the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.14 Finance costs and income

Finance costs are charged to the profit and 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.

Finance income is charged to the profit and loss on receipt or accrued if there is a signed agreement in place.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits with maturities of three months or less from inception, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an Annual General Meeting.

2.17 Leases

The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the Consolidated Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (at a constant rate) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using a revised discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. Right-of-use assets currently in use are depreciated over 10 years, which is the term of the lease.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

2.18 Employee benefits

Short Term Employee Benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Defined contribution pension plan

The Group operates a defined contribution plan for its staff. 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 the profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

Termination benefits

The entity recognises the expense and corresponding liability for termination benefits when it is demonstrably committed to either of the following scenarios:

a. The termination of the employment of an employee or group of staff before the normal retirement age, or
b. The provision of termination benefits in relation to an offer made to encourage voluntary redundancy.

The value of such benefit is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

2.19 Provisions and contingencies

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event; it is probable that the Group will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks to a specific obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed if the possibility of an outflow of resources embodying economic benefit is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefit is probable.

2.20 Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

2.21 Research and development

Research and development expenditure is charged to the Consolidated Statement of Comprehensive Income in the year in which it is incurred. The expenditure does not meet the definition of 'Development' under IAS 38.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.22 Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

2.23 Share-based payments

Where share options are awarded to staff, the fair value of the options (measured using the Black-Scholes model) at the date of grant is charged to the profit and loss over the vesting period. Non-market vesting conditions are considered 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 considers non-vesting conditions. These are either factors beyond the control of either party or factors which are within the control of one or another of the parties. 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.

Lapsed share options are derecognised as soon as it is known that vesting conditions will not be met. Previous charges to the Statement of Comprehensive Income are credited back to this statement.

2.24 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.

2.25 Impairment of non-financial assets

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows or other assets of CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other asset in the CGU on a pro rate basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.26 Intangible assets

Intangible Assets Policy

The purpose of this policy is to outline the guidelines and procedures for managing and accounting for intangible assets, specifically focusing on Website costs, Software, and ERP Systems. These assets are valuable resources that contribute to the organisation's competitive advantage and need to be properly identified, evaluated, recorded, and monitored.

2.26.1. Recognition and Initial Measurement:

a. Website Costs:

Expenditures related to developing or acquiring a website should be capitalised when they meet the following criteria:

- It is probable that the future economic benefits associated with the website will flow to the organisation.
- The costs of the website can be reliably measured.
- Website costs should be amortised over their estimated useful life or expensed if they have a short useful life.

b. Software:

Software costs should be capitalised if they meet the following criteria:

- The software is intended for internal use.
- It is probable that the organisation will derive future economic benefits from the software.
- The costs of the software can be reliably measured.
- Capitalised software costs should be amortised over their estimated useful life or expensed if they have a short useful life.

c. ERP Systems:

The costs related to acquiring, implementing, and customising an Enterprise Resource Planning (ERP) system should be capitalised if they meet the following criteria:

- The ERP system is intended for internal use.
- It is probable that the organisation will derive future economic benefits from the ERP system.
- The costs of the ERP system can be reliably measured.
- Capitalised ERP system costs should be amortised over their estimated useful life or expensed if they have a short useful life.

2.26.2. Subsequent Expenditure:

Subsequent expenditures related to intangible assets, such as enhancements, upgrades, or additions, should be evaluated to determine if they meet the criteria for capitalisation. If the subsequent expenditure enhances the future economic benefits or extends the useful life of the asset, it should be capitalised and added to the carrying amount of the asset. Otherwise, the expenditure should be expensed as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.26.3. Amortisation:

Intangible assets subject to amortisation should be amortised over their estimated useful lives. The amortisation method should be applied consistently and reflect the pattern in which the asset's economic benefits are consumed or utilised. The amortisation expense should be recorded in the organisation's financial statements.

The estimated useful lives for current and comparative periods are as follows:

Website	-	4 years
Software	-	4 years
ERP	-	4 years

2.26.4. Monitoring and Impairment Testing:

a. Regular Reviews:

Periodic reviews should be conducted to assess the ongoing value and useful life of intangible assets. Changes in market conditions, technology advancements, or other factors should be considered during these reviews.

b. Impairment Testing:

If indicators of impairment exist, such as a significant decline in the asset's market value or changes in the asset's usefulness, an impairment test should be performed. If an impairment is identified, the asset's carrying amount should be reduced to its recoverable amount, and an impairment loss should be recognised in the financial statements.

3. Segment reporting

Components reported to the CODM are not separately identifiable and as such consider there to be one reporting segment. The Group makes varied sales to its customers, but none are a separately identifiable component. The following information is disclosed:

	2024 **£**	2023 £
Sales of sponge	14,983,166	13,631,930
Sales of other food	6,700,487	5,870,607
Sales of fresh cream	4,082,584	3,976,694
Sales of other goods	7,824,308	7,454,354
Online sales commission	1,100,711	1,001,192
Franchise packages	2,484,043	2,866,164
National Marketing levy	669,664	-
	37,844,963	34,800,941

All revenue occurred in the United Kingdom for both financial years.

The operating segment information is the same information as provided throughout the consolidated financial statements and is therefore not duplicated.

The Group was not reliant upon any major customer during 2024 or 2023.

4. Expenses by nature

The Administrative expenses have been arrived at after charging/(crediting):

	2024 £	Restated 2023 £
Staff costs	7,609,081	6,140,162
Travel and entertaining costs	613,284	599,151
Supplies costs	801,291	481,596
Professional costs	1,236,911	1,729,948
Depreciation of property, plant, and equipment	856,282	777,571
Amortisation of intangible assets	106,810	54,110
Depreciation of right-of-use assets	299,940	299,940
Rates and utilities costs	657,601	595,697
Property maintenance costs	328,279	265,400
Advertising costs	1,377,584	308,564
Other costs	60,631	62,664
	13,947,694	11,314,803
Impairment of receivables – writeback/(charge) (note 27)	(187,856)	280,425
Exceptional items (note 10)	(243,100)	-
	13,516,738	11,595,228

The prior year comparative has been restated as the amortisation of intangible assets is now shown separately.

5. Operating profit

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

	2024 £	Restated 2023 £
Depreciation of property, plant, and equipment	856,282	777,571
Amortisation of intangible assets	106,810	54,110
Depreciation of right-of-use assets	299,940	299,940
Inventory recognised as an expense	17,905,058	17,626,671
Loss/(Profit) on disposal of property, plant & equipment	13,605	(50,733)
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	105,000	85,000
Fees payable to the Group's auditor and its associates for the audit of the Group's prior year annual financial statements	17,600	50,000
Fees payable to the Group's auditor and its associates for the review of the Group's interim financial statements	13,000	13,000
Share-based payment expense	93,445	-

The prior year comparative has been restated as the amortisation of intangible assets is now shown separately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

6. Net finance costs

	2024 **£**	2023 £
Finance expenses		
Bank loan interest	82,050	55,686
Finance lease interest	94,881	104,808
Other interest paid	14,704	-
Finance cost of discounted franchisee loans*	119,250	-
	310,885	160,494
Finance income		
Bank interest receivable	(153,145)	(25,019)
Net finance costs	**157,740**	135,475

*There is no comparative for the prior year as this was immaterial.

7. Staff costs

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

	2024 **£**	2023 £
Wages and salaries	6,638,952	5,426,189
Social security costs	670,237	561,337
Pension costs	84,208	74,144
Private health	122,239	78,492
	7,515,636	6,140,162
Share-based payment expense	93,445	-
	7,609,081	6,140,162

The average monthly number of staff, including directors, for the year was 173 (FY23:173).
The breakdown by department is as follows:

	2024	2023
Directors	7	6
Administration	42	41
Maintenance	20	19
Production and Logistics	104	107
	173	173

8. Dividends

	2024 £	2023 £
Interim dividend of 2.9p per ordinary share	1,160,000	-
Final dividend of 5.5p per ordinary share proposed and paid during the year relating to the previous year's results	2,200,000	-
Interim dividend of 2.625p per ordinary share	-	1,050,000
Final dividend of 5.1p per ordinary share proposed and paid during the year relating to the previous year's results	-	2,040,000
	3,360,000	3,090,000

9. Directors' remuneration and key management personnel

The Directors' remuneration is disclosed within the Directors' Remuneration Report on page 42. The Executive Directors and Non-Executive Directors are considered key management personnel. Employers NIC paid on Directors' remuneration in the year was £110,431 (FY23:£90,861).

10. Exceptional items

During FY21 the Group made a provision for estimated costs and fines with regards to a website data breach. During the 2024 financial year, based on the information submitted to the Information Commissioner's Office ("ICO") regarding the Group's security measures in place to prevent similar breaches, the ICO informed the Company that it would not be pursuing enforcement action in this case and consider the case closed.

	2024 £	2023 £
Reversal of provision relating to website data breach (credit)	(243,100)	-

11. Taxation

	2024 £	2023 £
Corporation tax		
Current tax on profits for the year	1,483,512	789,096
Adjustments in respect of previous periods	-	8,305
Deferred tax		
Arising from origination and reversal of temporary differences	62,065	262,433
Effect of changes in tax rates	-	142,951
Adjustments in respect of previous periods	61,165	4,111
Taxation on profit on ordinary activities	**1,606,742**	1,206,896

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is 25.6% (FY23:22.2%), which is higher than the standard rate of corporation tax in the UK of 25% (FY23:19%). The differences are explained below:

	2024 £	2023 £
Profit on ordinary activities before tax	**6,265,427**	5,443,567
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (FY23: 19%)	1,566,357	1,034,279
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	35,882	96,260
Income not taxable	(56,662)	(79,010)
Effect of changes in tax rates	-	142,951
Adjustments to tax in respect of prior periods	61,165	12,416
Total tax charge for the year	**1,606,742**	1,206,896

At the 2021 Budget speech on 3 March 2021, the Government announced that the Corporation Tax rate will increase to 25% for companies with profits above £250,000 with effect from 1 April 2023, as well as announcing a number of other changes to allowances and treatment of losses. This has impacted the Company's current tax charge accordingly.

12. Deferred taxation

	2024 £	2023 £
Balance brought forward	1,843,924	1,061,684
Charged to other comprehensive income:		
Deferred tax on revalued freehold property	55,795	35,656
Tax rate changes on revaluation reserve for freehold property	-	337,088
Charged directly to reserves:		
Employee benefits (including share-based payments)	(1,821)	-
Charged to profit and loss:		
Accelerated capital allowances	82,681	266,659
Tax rate changes	-	142,951
Share-based payments	(23,361)	-
Adjustments in respect of prior periods	64,734	4,111
Other short-term timing differences	(824)	(4,225)
Balance carried forward	**2,021,128**	1,843,924

12. Deferred taxation (continued)

	2024 £	2023 £
Deferred tax liabilities		
Accelerated capital allowances	717,772	573,926
Other short-term timing differences	(5,052)	(7,797)
Share-based payments	(25,182)	-
Property valuations (including indexation)	1,333,590	1,277,795
	2,021,128	1,843,924

Movements in deferred tax in direct relation to freehold property revaluation are recognised immediately in the Consolidated Statement of Comprehensive Income, under other comprehensive income for the year.

13. Property, plant, and equipment

	Freehold Land and Building £	Freehold improvements £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation						
At 1 April 2022	9,026,434	76,570	893,236	1,032,476	2,027,962	13,056,678
Additions	-	711,560	50,150	481,942	371,557	1,615,209
Disposals	-	-	-	(112,002)	-	(112,002)
Revaluations	187,665	-	-	-	-	187,665
At 31 March 2023	**9,214,099**	**788,130**	**943,386**	**1,402,416**	**2,399,519**	**14,747,550**
Depreciation						
At 1 April 2022	421,434	2,162	800,025	515,020	1,065,289	2,803,930
Charge for the year	77,665	118,970	41,911	286,595	252,430	777,571
Disposals	-	-	-	(101,734)	-	(101,734)
At 31 March 2023	**499,099**	**121,132**	**841,936**	**699,881**	**1,317,719**	**3,479,767**
Net book value						
At 31 March 2023	**8,715,000**	**666,998**	**101,450**	**702,535**	**1,081,800**	**11,267,783**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

13. Property, plant, and equipment (continued)

	Freehold Land and Building £	Freehold improvements £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation						
At 1 April 2023	9,214,099	788,130	943,386	1,402,416	2,399,519	14,747,550
Additions	-	193,672	91,101	251,422	356,031	892,226
Disposals	-	-	(53,492)	(105,585)	-	(159,077)
Revaluations	(339,099)	-	-	-	-	(339,099)
At 31 March 2024	**8,875,000**	**981,802**	**980,995**	**1,548,253**	**2,755,550**	**15,141,600**
Depreciation						
At 1 April 2023	499,099	121,132	841,936	699,881	1,317,719	3,479,767
Charge for the year	63,178	168,109	56,801	305,705	262,489	856,282
Revaluations	(562,277)	-	-	-	-	(562,277)
Disposals	-	-	(25,896)	(86,469)	-	(112,365)
At 31 March 2024	**-**	**289,241**	**872,841**	**919,117**	**1,580,208**	**3,661,407**
Net book value						
At 31 March 2024	**8,875,000**	**692,561**	**108,154**	**629,136**	**1,175,342**	**11,480,193**

This year the Directors have disclosed the Freehold Land and Building column in the above note on a net basis as this gives a clearer understanding of the revaluation effect on the asset class in the year and for the future periods.

As at 31 March 2024, all freehold property was valued by independent 3rd party qualified valuers, in accordance with the RICS Valuation - Global Standards 2017 (the Red Book). During their valuation, the valuers have considered the various geographical areas the properties are located in and the market values of similar properties in the same areas. The Directors believe these valuations to be representative of the fair value as at 31 March 2024.

The fair value of freehold property is categorised as a level 3 recurring fair value measurement.

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements:

	Fair value at 31 March 2024 £	Valuation technique	Sq ft	Rate per sq ft - average
Property				
Enfield	7,050,000	Vacant possession	39,121	180
Coventry	1,200,000	Vacant possession	13,000	92
Bradford	625,000	Vacant possession	9,358	67
Total	**8,875,000**			

If the Freehold properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2024 £	2023 £
Historic cost	3,433,746	3,433,746

14. Intangible assets

	Website £	Software £	ERP system £	Total £
Cost				
At 1 April 2022	170,670	60,270	57,265	288,205
Additions	263,432	18,358	64,233	346,023
At 31 March 2023	**434,102**	**78,628**	**121,498**	**634,228**
Amortisation				
At 1 April 2022	108,125	47,754	25,053	180,932
Charge for the year	28,447	11,347	14,316	54,110
At 31 March 2023	**136,572**	**59,101**	**39,369**	**235,042**
Balance at 31 March 2023	**297,530**	**19,527**	**82,129**	**399,186**

	Website £	Software £	ERP system £	Total £
Cost				
At 1 April 2023	434,102	78,628	121,498	634,228
Additions	133,881	111,000	209,039	453,920
Disposals	(22,215)	-	-	(22,215)
At 31 March 2024	**545,768**	**189,628**	**330,537**	**1,065,933**
Amortisation				
At 1 April 2023	136,572	59,101	39,369	235,042
Charge for the year	83,293	9,201	14,316	106,810
Disposals	(3,702)	-	-	(3,702)
At 31 March 2024	**216,163**	**68,302**	**53,685**	**338,150**
Balance at 31 March 2024	**329,605**	**121,326**	**276,852**	**727,783**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

15. Leases

The Consolidated Statement of Financial Position shows the following amounts in relation to leases:

	Property £
Cost	
At 1 April 2023	2,999,405
Additions	-
At 31 March 2024	**2,999,405**
Depreciation	
At 1 April 2023	424,915
Charge for the year	299,940
At 31 March 2024	**724,855**
Net book value	
At 31 March 2023	2,574,490
At 31 March 2024	**2,274,550**

	2024 **£**	2023 £
Lease liabilities		
Current	280,425	270,117
Non-Current	2,149,413	2,429,838
	2,429,838	2,699,955

The Group's obligations are secured by the lessor's title to the leased assets for such leases.

Amounts recognised in the Consolidated Statement of Comprehensive Income are as follows:

	2024 **£**	2023 £
Amortisation expense of right-of-use assets	299,940	299,940
Interest expense on lease liabilities	94,881	104,808

The total cash outflow for leases amount to £365,000 (FY23: £365,000).

16. Inventories

	2024 £	Restated 2023 £
Raw materials	361,842	295,891
Goods held for resale	2,230,996	2,494,833
	2,592,838	2,790,724

Inventories are charged to cost of sales in the Consolidated Statement of Comprehensive Income. Inventories have been disclosed between raw materials for production purposes and goods held for resale. Prior year disclosure has been restated to reflect the above change in disclosure.

17. Trade and other receivables

	2024 £	Restated 2023 £
Trade receivables	3,532,253	1,974,313
Impairment allowance	(92,569)	(230,537)
Trade receivables net of impairment allowance	**3,439,684**	1,743,776
Other receivables	266,508	370,222
	3,706,192	2,113,998
Prepayments	447,992	569,623
	4,154,184	2,683,621

The prior year disclosure has been restated to show the gross trade receivables and impairment allowance as at the end of the financial year. The balances have not changed, only the manner in which it is disclosed.

The fair value of those trade and other receivables classified as financial assets at amortised cost are disclosed in the financial instruments note (note 27).

The Group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in the financial risk management and impairment of financial assets note (note 28).

Trade receivables are non-interest bearing, are generally on 14-day terms and are shown net of impairment allowance. Management's assessment is that a loss allowance of £92,569 (FY23: £230,537) is required against some receivables from franchisees.

The age profile of the trade receivables is shown in note 28.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

18. Other financial assets

	2024 £	2023 £
Current	487,652	245,880
Non-current	564,535	508,532
	1,052,187	754,412

	2024 £	2023 £
Total loans to franchisees	1,052,187	804,300
Impairment allowance	-	(49,888)
	1,052,187	754,412

Other financial assets consist of loans to franchisees. Loans are interest free and payable in equal monthly instalments. All non-current assets are due within five years of the statement of financial position date. The carrying amount of the loans are valued at fair value at market rates. See note 27 (Financial Instruments) and 28 (Financial Risk Management) for further information regarding the impairment of Other Financial Assets.

19. Share capital

	2024 £	2023 £
40,000,000 Ordinary shares of £0.01 each	**400,000**	400,000

All of the ordinary shares of £0.01 each carry voting rights, the right to participate in dividends, and entitle the shareholders to a pro-rata share of assets on a winding up.

20. Reserves

The following describes the nature and purpose of each reserve within equity:

Capital redemption reserve
Amounts transferred from share capital on redemption of issued shares.

Revaluation reserve
Gain/(losses) arising on the revaluation of the Group's properties (other than investment property).

Retained earnings
All other net gains and losses and transactions with owners (e.g., dividends, fair value movements of investment property) not recognised elsewhere.

Share option reserve
The share option reserve represents the movement in cost of equity-settled transactions in relation to the long-term incentive plans. See note 21 for more information.

21. Share-based payments

The expense recognised for share-based payments in respect of employee services received during financial year ended 31 March 2024 was £93,445 (FY23: £NIL).

Long Term Incentive Plan ('LTIP')

All employees and full-time Executive Directors of the Group are eligible to participate in the LTIP at the discretion of the Remuneration Committee. Share awards may be granted subject to objective performance conditions and vest over a vesting period determined by the Remuneration Committee at the time of grant.

During 2024 the Remuneration Committee approved the grant of the following share options under the LTIP scheme. All grants are in the form of equity settled share options.

Enterprise Management Incentive Scheme ('EMI')

It was proposed and agreed by the Remuneration Committee to issue a total of 534,842 share options under the EMI scheme to 24 employees (including two Executive Directors). These options are capable of vesting on the third anniversary of the grant of the options, based on the following performance criteria being met:

- 25% of the option vests if an aggregate Earnings Per Share ("EPS") of 14.0p is achieved over the three financial yeas starting from the financial year in which the date of the grant occurs in.
- An additional 0.1% of the option vests for every 0.0033p achieved above an aggregate EPS of 14.0p, up to a maximum of 100% of the option held.
- In full if an aggregate EPS of 16.5p is achieved over the three financial years starting from the financial year in which the date of grant occurs in.

The options may not be exercised later than on the tenth anniversary of the date of grant.

Unapproved Share Option Scheme

It was proposed and agreed by the Remuneration Committee to issue a total of 199,876 share options under the EMI scheme to two Executive Directors. These options are capable of vesting on the third anniversary of the grant of the options, based on the following performance criteria being met:

- 25% of the option vests if an aggregate Earnings Per Share ('EPS') of 14.0p is achieved over the three financial years starting from the financial year in which the date of the grant occurs in.
- An additional 0.1% of the option vests for every 0.0033p achieved above an aggregate EPS of 14.0p, up to a maximum of 100% of the option held.
- In full if an aggregate EPS of 16.5p is achieved over the three financial years starting from the financial year in which the date of grant occurs in.

The options may not be exercised later than on the tenth anniversary of the date of grant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

21. Share-based payments (continued)

	Exercise price	Outstanding at 31 March 2023	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 31 March 2024	Weighted average remaining life	Exercisable at 31 March 2024
		Number	Number	Number	Number	Number	Years	Number
EMI Scheme	1p - 162p	-	534,842	-	-	534,842	9.75	-
Unapproved share option scheme	1p - 162p	-	199,876	-	-	199,876	9.64	-
Total		**-**	**734,718**	**-**	**-**	**734,718**		
Weighted average exercise price			65p			65p		

The fair value of awards granted is estimated at the date of grant using the Black-Scholes option-pricing model using the terms and conditions upon which they were granted. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome. The following table summaries the inputs used in the fair value models for grants made in the period ended 31 March 2024, together with the fair values calculated by those models:

	EMI Scheme	Unapproved share option scheme
Weighted average fair value - pence	119.2	148.3
Weighted average share price at grant - pence	156.1	149.0
Weighted average exercise price - pence	89.0	1.0
Number of periods to exercise - years	10.0	10.0
Dividend yield - %	4.8	4.8
Risk-free rates - %	4.0	4.1
Expected volatility - %	41.4	41.6

For options granted the volatility reflects the historical volatility based on share transactions since listing. Daily closing share prices from since 27 June 2018 to the grant dates were reviewed and the standard deviation of the percentage movements in share price calculated and utilised in determining the expected volatility.

The risk-free rate is the interest rate on a debt instrument that has zero risk, specifically default and reinvestment risk. The interest rate on zero-coupon government securities, such as Treasury bills, notes, and bonds in the UK, is treated as a proxy for the risk-free rate. The interest rate on a 10-year government bond on the date of grant has been used in the fair value calculations of the options.

22. Borrowings

	2024 **£**	2023 £
Current borrowings		
Bank loans	146,544	104,498
Non-current borrowings		
Bank loans	997,050	1,132,292
	1,143,594	1,236,790

Bank loans have fixed charges over the properties to which they relate and interest of 2.15% - 2.23% above Bank of England base rate are charged on the loans. The loans are repayable in monthly instalments with final payments due between May 2029 and March 2030.

23. Trade and other payables

	2024 £	2023 £
Trade payables	2,953,202	2,648,770
Other taxation and social security	246,417	268,635
Other payables	399,605	316,375
	3,599,224	**3,233,780**
Accruals	1,293,004	532,633
	4,892,228	3,766,413

The fair value of the trade and other payables classified as financial instruments are disclosed in the financial instruments (note 27).

The Group's exposure to market and liquidity risks related to trade and other payables is disclosed in the financial risk management and impairment of financial assets note (note 28). The Group pays its trade payables on terms and as such trade payables are not yet due at the statement of financial position dates.

24. Provisions

During FY21 the Group made a provision with regards to an estimation of costs and potential fines relating to a website data breach. The amount outstanding at 31 March 2023 related to potential fines to be imposed by the ICO in respect of the data breach.

	2024 £	2023 £
Website data breach		
Balance brought forward	243,100	243,100
Released during the period	(243,100)	-
	-	243,100

During the 2024 financial year, based on the information submitted to the ICO regarding the Group's security measures in place to prevent similar breaches, the ICO informed the Company that it would not be pursuing enforcement action in this case and consider the case closed, and the Company therefore released the balance of the provision (see Note 10 Exceptional items).

25. Pension commitments

The Group operates a defined contribution 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 £84,208 (FY23: £74,144). Contributions totalling £20,206 (FY23: £16,904) were payable to the fund at the statement of financial position date and are included in other payables (see note 23).

26. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. Related party transactions are considered to be at arms-length.

Key management personnel are only the Executive and Non-Executive Directors and details of the amounts paid to them are included within note 9 and the Directors Remuneration Report on page 42.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

26. Related party transactions (continued)

Key management personnel had an interest in dividends as follows:

	2024 £	2023 £
Sukh Chamdal	853,685	777,435
Dr Jaswir Singh	52,591	45,815
Neil Sachdev (resigned 31 October 2023)	2,815	2,589
Alison Green	504	464
Martin Blair	1,680	1,545
	911,275	827,848

During the year the Group made sales to companies under the control of the Directors. All sales were made on an arms-length basis. These are detailed as follows with Director shareholding % shown in brackets:

	2024		2023	
Mr. Sukh Chamdal	**Sales £**	**Balance £**	Sales £	Balance £
Cake Box (Crawley) Limited (0%) *	142,210	37,671	170,370	11,163
Cake Box CT Limited (0%) *	280,758	20,985	287,837	18,198
Cake Box (Strood) Limited (0%) *	133,116	19,449	132,353	6,824
	556,084	**78,105**	590,560	36,185

**100% owned by Mr Chamdal's daughter*

	2024		2023	
Dr Jaswir Singh	**Sales £**	**Balance £**	**Sales £**	**Balance £**
Luton Cake Box Limited (10%)	445,802	18,618	410,560	18
Peterborough Cake Box Limited (30%)	230,447	9,827	229,149	(324)
Cream Cake Limited (30%)	285,131	13,574	246,223	-
MK Cakes Limited (0%)**	222,777	9,258	228,082	-
Bedford Cake Box Limited (0%)**	230,995	9,523	197,808	-
Chaz Cakes Limited (50%)	-	-	177,785	-
Ilford Cakes Limited (50%)	186,387	9,520	-	-
Eggless Cake Company Limited (50%)	193,378	7,610	178,344	-
	1,794,917	**77,930**	1,667,951	(306)

*** 100% owned by Dr Singh's son or wife*

27. Financial instruments

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The material accounting policies regarding financial instruments are disclosed in note 2.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in this note (note 28).

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

Financial assets

	Held at amortised cost	
	2024	2023
	£	£
Cash and cash equivalents	**8,454,265**	7,353,583
Trade and other receivables	3,798,761	2,344,536
Impairment of trade receivables	(92,569)	(230,537)
Net trade and other receivables	**3,706,192**	2,113,999
Other financial assets	1,052,187	804,300
Impairment of Other financial assets	-	(49,888)
Net other financial assets	**1,052,187**	754,412
	13,212,644	10,221,994

Financial liabilities

	Held at amortised cost	
	2024	2023
	£	£
Trade and other payables	3,599,224	3,233,780
Secured borrowings	1,143,594	1,236,790
	4,742,818	4,470,570

28. Financial risk management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives regular reports from the Chief Financial Officer through which it reviews the effectiveness of processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out on the following page:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

28. Financial risk management (continued)

Credit risk and impairment

Credit risk arises principally from the Group's trade and other receivables and it's other financial assets (which includes loans to franchisees). It is the risk that the counter party fails to discharge its obligation in respect of the instrument. The maximum exposure to credit risk equals the carrying value of these items in the financial statements as the Group has the power to stop supplying the customer until payment is received in full.

Definition of default

The loss allowance on all financial assets is measured by considering the probability of default.

Receivables are considered to be in default when the principal or any interest is more than 90 days past due, based on an assessment of past payment practices and the likelihood of such overdue amounts being recovered.

Determination of credit-impaired financial assets

The Group considers financial assets to be 'credit-impaired' when the following events, or combinations of several events, have occurred before the year-end:

- significant financial difficulty of the counterparty arising from significant downturns in operating results and/or significant unavoidable cash requirements when the counterparty has insufficient finance from internal working capital resources, external funding and/or group support;
- a breach of contract, including receipts being more than 240 days past due; and
- it becoming probable that the counterparty will enter bankruptcy or liquidation.

Write-off policy

Receivables and other financial assets are written off by the Company when there is no reasonable expectation of recovery, such as when the counterparty is known to be going bankrupt, or into liquidation or administration. Receivables will also be written off when the amount is more than 300 days past due and is not covered by security over the assets of the counterparty or a guarantee.

Impairment of trade receivables and other financial assets

The Group calculates lifetime expected credit losses for trade receivables and other financial assets using a portfolio approach. All items are grouped based on the credit terms offered and the type of product sold. The probability of default is determined at the year-end based on the aging of the receivables and historical data about default rates on the same basis. That data is adjusted if the Group determines that historical data is not reflective of expected future conditions due to changes in the nature of its customers and how they are affected by external factors such as economic and market conditions.

The age profile of the trade receivables and expected credit loss is shown in the table below:

	Expected loss rate	**2024** **£**	2023 £
0 - 30 days	0.1%	2,370,195	1,509,715
30 - 60 days	0.2%	623,834	43,111
60 - 90 days	0.5%	132,591	32,822
More than 90 days	1.0%	405,633	388,665
		3,532,253	1,974,313
Impairment provision		(92,569)	(230,537)
		3,439,684	1,743,776

28. Financial risk management (continued)

The Group applies the IFRS 9 simplified approach to measure credit losses using an expected credit loss provision for trade receivables.

The Group provides loans to franchisees as part of their financing for new store openings. The loans are interest free with an upfront arrangement fee included in the loan. The loans are unsecured however if loan repayment schedules are not adhered to, supply of product and ingredients are put on hold and franchisees are in breach of their franchise agreement. As a result, the Group has the option to resell the franchise to another interested party with the purchase price being used to first repay the loan and any outstanding trade receivables, with any excess going to the original franchisee. The loan periods are for periods of one or five years.

The Group uses three categories for loans which reflect their credit risk and how the loan loss provision is determined for each of those categories. A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Loans whose credit risk is in line with original expectations.	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (stage 1).
Underperforming	Loans for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due(see above in more detail).	Lifetime expected losses (stage 2).
Non-performing (credit impaired)	Interest and/or principal repayments are 60 days past due or it becomes probable a customer will enter bankruptcy.	Lifetime expected losses (stage 3).
Write-off	Interest and/or principal repayments are 120 days past due and there is no reasonable expectation of recovery.	Asset is written off.

Over the term of the loans, the group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates and adjusts for forward-looking macroeconomic data. The Group provides for credit losses against loans to franchisees as follows:

Group internal credit rating as at 31 March 2023	Expected credit loss	Gross carrying amount (stage 1)	Gross carrying amount (stage 2)	Gross carrying amount (stage 3)
High	0.1%	754,412	-	-
Medium	10.0%	-	-	-
Low	20.0%	49,888	-	-

Group internal credit rating as at 31 March 2024	Expected credit loss	**Gross carrying amount (stage 1)**	**Gross carrying amount (stage 2)**	**Gross carrying amount (stage 3)**
High	0.1%	**1,052,187**	**-**	**-**
Medium	10.0%	**-**	**-**	**-**
Low	20.0%	**-**	**-**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

28. Financial risk management (continued)

As at 31 March 2023	Performing £	Under-performing £	Non-performing £	**Total £**
Individual financial assets transferred to underperforming (lifetime expected credit losses)	-	49,888	-	**49,888**

As at 31 March 2024	Performing £	Under-performing £	Non-performing £	**Total £**
Individual financial assets transferred to underperforming (lifetime expected credit losses)	-	-	-	**49,888**

No significant changes to estimation techniques or assumptions were made during the reporting period. The Group has assessed the default risk as very low on franchisee loans as these loans are made to franchisee's rather than a traditional third party. No expected credit loss has been recognised for Stage 1 loans in line with management's assessment.

The loss allowance for loans to franchisees as at 31 March 2023 and 31 March 2024 reconciles to the opening loss allowance for that provision as follows:

Out of the total impairment provision of £92,569 (FY23: £280,425), £92,569 (FY23: £230,537) relates to specifically impaired trade receivable debt and £NIL (FY23: £49,888) relates to franchisee loans.

Liquidity risk

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

The Board receives cash flow projections on a regular basis which are monitored regularly. The Board will not commit to material expenditure in respect of its ongoing development programme prior to being satisfied that sufficient funding is available to the Group to finance the planned programmes.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	2024 £	2023 £
Borrowings - due within one year	146,544	104,498
Borrowings - due within one to two years	158,337	109,296
Borrowings - due after more than two years	838,713	1,022,996
	1,143,594	1,236,790
Lease liabilities - due within one year	280,425	270,117
Lease liabilities - due within one to two years	291,123	280,425
Lease liabilities - due within two - five years	941,720	907,113
Lease liabilities - due after more than five years	916,570	1,242,300
	2,429,838	2,699,955

28. Financial risk management (continued)

Trade and other payables

	2024 £	2023 £
0 - 30 days	3,603,819	2,995,879
30 - 60 days	1,265,251	768,490
60 - 90 days	19,914	-
90 to 120 days	3,244	2,044
	4,892,228	3,766,413

Interest rate risk

The Group is exposed to interest rate risk due to entities in the Group borrowing funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining good relationships with banks and other lending providers and by ensuring cash reserves are high enough to cover the debt. Where possible fixed terms of interest will be sought.

The Group analyses the interest rate exposure on a regular basis. A sensitivity analysis is performed by applying a simulation technique to the liabilities that represent major interest-bearing positions. Various scenarios are run taking into consideration refinancing, renewal of the existing positions, alternative financing and hedging. Based on the simulations performed, the impact on profit or loss and net assets of a 100 basis-point shift (FY23:100 basis-point shift) would be a change of £11,436 (FY23:£12,368).

Capital risk management

The Group considers its equity capital to comprise its ordinary share capital and retained profits. In managing its capital, the Group's primary objective is to provide return for its equity shareholders through capital growth and future dividend income. The Group's policy is to seek to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues or the issue of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

Details of the Group's capital is disclosed in the Consolidated Statement of Changes in Equity.

There have been no other significant changes to the Group's management objectives, policies and procedures in the year nor has there been any change in what the Group considers to be capital.

Currency risk

The Group is not exposed to any significant currency risk. The Group manages any currency exposure by retaining a small holding in US Dollars however all other cash balances are held in Sterling.

29. Events after the reporting period

Final dividend

Post year end the Directors have recommended a final dividend of 6.1p per share (FY23:5.5p per share).

Purchase of land and buildings

Following the year end, the opportunity arose to purchase the land and buildings neighbouring our current depot in Bradford. As the opportunity to acquire the land adjacent to our current facilities are rare, the Board took the decision to take advantage of the opportunity and move ahead and purchase the land and buildings. This will enable the Group to service its further expansion in the north of England and Scotland. The purchase price of the land and buildings was £0.7m. The purchase was concluded during May 2024, out of current cash reserves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

30. Subsidiary undertakings

Name	Country of incorporation	Class of shares	Holding	Principal activity
Eggfree Cake Box Limited	United Kingdom	Ordinary	100%	Franchisor of specialist cake stores
Chaz Limited	United Kingdom	Ordinary	100%	Property rental company

The above subsidiaries have the same registered office address as Cake Box Holdings plc.

31. Note supporting statement of cashflows

	2024 **£**	2023 £
Cash at bank available on demand	8,453,905	7,353,183
Cash on hand	360	400
	8,454,265	**7,353,583**

There were no significant non-cash transactions from financing activities (FY23:none).

Non-cash transactions from financing activities are shown in the reconciliation of liabilities from financing transactions below:

	Non-current lease liabilities £	Current lease liabilities £	Non-current borrowings £	Current borrowings £	Total £
As at 31 March 2022	2,699,957	260,192	1,185,978	167,754	4,313,881
Cash flows					
Repayments	-	(365,000)	-	(172,628)	(537,628)
Non-cash flows					
Interest	-	104,808	50,812	4,874	160,494
Non-current liabilities becoming current during the year	(270,119)	270,119	(104,498)	104,498	-
As at 31 March 2023	**2,429,838**	**270,119**	**1,132,292**	**104,498**	**3,936,747**
Cash flows					
Repayments	-	(365,000)	-	(175,246)	(540,246)
Non-cash flows					
Interest	-	94,881	11,302	70,748	176,931
Non-current liabilities becoming current during the year	(280,425)	280,425	(146,544)	146,544	-
As at 31 March 2024	**2,149,413**	**280,425**	**997,050**	**146,544**	**3,573,432**

32. Ultimate controlling party

The Group considers there is no ultimate controlling party.

33. Earnings per share

	2024 £	2023 £
Profit after tax attributable to the owners of Cake Box Holdings plc	4,658,685	4,236,671
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	40,000,000	40,000,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	40,734,718	40,000,000
	Pence	Pence
Basic earnings per share	11.65	10.59
Diluted earnings per share	11.44	10.59

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024
Company Registration No. 08777765

	Note	2024 £	2023 £
Assets			
Non-current assets			
Investments	5	37,716	200
		37,716	200
Current assets			
Trade and other receivables	6	591,416	549,761
Cash and cash equivalents	7	697,484	365,386
		1,288,900	915,147
Total Assets		**1,326,616**	915,347
Equity and liabilities			
Equity			
Issued share capital	8	400,000	400,000
Capital redemption reserve		40	40
Share option reserve		37,516	-
Retained earnings		535,645	194,722
Equity attributable to the owners of the parent company		**973,201**	594,762
Current liabilities			
Trade and other payables	9	232,875	299,187
Current tax payable		120,540	21,398
		353,415	320,585
Total Equity and liabilities		**1,326,616**	915,347

The notes on pages 101 to 104 form part of these financial statements.

As permitted by Section 408 of the Companies Act 2006, no separate Statement of Comprehensive Income is presented in respect of Cake Box Holdings Plc. Its profit after tax and total comprehensive income for the year ended 31 March 2024 was £3,700,923 (FY23: £3,163,404).

The financial statements were approved by the Board on 10 June 2024 and signed on its behalf by:

S R Chamdal
Director

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024
Company Registration No. 08777765

	2024 £	2023 £
Cash flows from operating activities		
Profit before income tax	3,818,387	3,184,802
Adjusted for:		
(Increase)/decrease in trade and other receivables	(24,624)	8,929
(Increase)/decrease in amounts owed by Group entities	(17,031)	200,669
(Decrease) in trade and other payables	(66,312)	(34,222)
Cash generated from operations	**3,710,420**	3,360,178
Taxation paid	(18,322)	(4,514)
Net cash inflow from operating activities	**3,692,098**	3,355,664
Cash flows from financing activities		
Dividends paid	(3,360,000)	(3,090,000)
Net cash outflow from financing activities	**(3,360,000)**	(3,090,000)
Net increase in cash and cash equivalents	**332,098**	265,664
Cash and cash equivalents at 1 April 2023	**365,386**	99,722
Cash and cash equivalents at 31 March 2024	**697,484**	365,386

The notes on pages 101 to 104 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 March 2024
Company Registration No. 08777765

	Share capital £	Capital redemption reserve £	Share option reserve £	Retained earnings £	Total £
At 31 March 2022	400,000	40	-	121,318	521,358
Total comprehensive income for the year	-	-	-	3,163,404	3,163,404
Transactions with the owners in their capacity as owners					
Dividends paid	-	-	-	(3,090,000)	(3,090,000)
At 31 March 2023	**400,000**	**40**	**-**	**194,722**	**594,762**
Total comprehensive income for the year	-	-	-	3,700,923	3,700,923
Transactions with the owners in their capacity as owners					
Share-based payments	-	-	37,516	-	37,516
Dividends paid	-	-	-	(3,360,000)	(3,360,000)
At 31 March 2024	**400,000**	**40**	**37,516**	**535,645**	**973,201**

The notes on pages 101 to 104 form part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1. Material Accounting Policies

The accounting policies of the Company are shown in the Consolidated Financial Statements on pages 64 to 76. The following are additional policies applicable to the Company

1.1 Investment in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment which are considered annually by the Directors.

1.2 Share-based payments

The Company operates equity-settled share-based option plans. The fair value of the employee services received in exchange for the participation in the plans are recognised as an expense in the profit and loss account, where the recipients are employees of the Company, and recognised as an investment in subsidiary where the recipients are employees of a subsidiary. The corresponding credit has been recognised in the share option reserve. The fair value of the employee service is based on the fair value of the equity instrument granted. Where the expense is charged to the profit or loss account, it is spread over the vesting period of the instrument.

2. Staff costs

The average number of staff, including Directors, during the year was 6 (FY23: 6). The Directors received remuneration during the year as detailed in note 4.

3. Dividends

	2024 **£**	2023 £
Interim dividend of 2.9p per ordinary share	1,160,000	-
Final dividend of 5.5p per ordinary share proposed and paid during the year relating to the previous year's results	2,200,000	-
Interim dividend of 2.625p per ordinary share	-	1,050,000
Final dividend of 5.1p per ordinary share proposed and paid during the year relating to the previous year's results	-	2,040,000
	3,360,000	3,090,000

4. Directors' remuneration

The Directors' remuneration is disclosed within the Directors' Remuneration Report on page 44. The Executive Directors are considered key management personnel. Employers NIC paid on Directors' remuneration in the year was £75,637 (FY23: £90,861).

5. Investments

	Investments in subsidiary companies £
Cost	
At 1 April 2022	200
Additions	-
Impairment	-
At 31 March 2023	200
Additions	37,516
Impairment	-
At 31 March 2024	**37,716**
Net book value	
At 31 March 2023	200
At 31 March 2024	**37,716**

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

5. Investments (continued)

The following companies are the principal subsidiary undertakings at 31 March 2024 and are all consolidated:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Eggfree Cake Box Limited	United Kingdom	Ordinary	100%	Franchisor of specialist cake stores
Chaz Limited	United Kingdom	Ordinary	100%	Property rental company

The subsidiary undertakings share the same registered office as that of the Company.

The additions in the year relate to the share-based payments of the Company's shares offered to employees of subsidiary entities, which are treated as a capital contribution by the Company.

6. Trade and other receivables

	2024 £	2023 £
Amounts receivable from subsidiaries	551,465	526,841
Prepayments	39,951	22,920
	591,416	549,761

7. Cash and cash equivalents

	2024 £	2023 £
Cash at bank	697,484	365,386

8. Issued share capital

	2024 £	2023 £
40,000,000 Ordinary shares of £0.01 each	400,000	400,000

All of the ordinary shares of £0.01 each carry voting rights, the right to participate in dividends, and entitle the shareholders to a pro-rata share of assets on a winding up.

9. Trade and other payables

	2024 £	2023 £
Trade payables	43,066	25,003
Other payables	294	587
Accruals	105,000	109,611
	148,360	135,201
Other taxation and social security	84,515	163,986
	232,875	299,187

10. Capital commitments

There were no capital commitments at the end of 2024 and 2023.

11. Key management personnel compensation

Key management personnel compensation is disclosed in note 9 to the Consolidated Financial Statements.

12. Related party disclosures

The following transactions and balances occurred with related parties:

	2024 **£**	2023 £
Amounts due from own subsidiaries	551,465	526,841
Management charges to own subsidiaries	1,800,000	1,800,000
Dividends received from own subsidiaries	3,360,000	3,090,000

The above amounts due from own subsidiaries are interest free and repayable on demand.
See note 26 in the consolidated financial statements for the Group, for further detail of related party transactions.

13. Financial instruments

Details of key risks are included in note 28 to the Consolidated Financial Statements.

Evaluating significant increases in credit risk

The Company undertakes the following procedures to determine whether there has been a significant increase in the credit risk of its other receivables, including Group balances, since their initial recognition. Where these procedures identify a significant increase in credit risk, the loss allowance is measured based on the risk of a default occurring over the expected life of the instrument rather than considering only the default events expected within 12 months of the year-end.

The Company's Group receivables represent trading balances and interest free amounts advanced to other Group companies with no fixed repayment dates.

The Company determines that credit risk has increased significantly when:

- there are significant actual or expected changes in the operating results of the Group entity, including declining revenues, profitability or liquidity management problems, or;
- there is existing or forecast adverse changes to the business, financial or economic conditions that may impact the Group entity's ability to meet its debt obligations, and;
- the Group entity is unable to rely on the support of other Group entities to meet its debt obligations.

No impairment has been recognised in respect of this (FY23:£NIL).

The Company calculates lifetime expected credit losses for trade receivables and other financial assets using a portfolio approach. All items are grouped based on the credit terms offered and the type of product sold. The probability of default is determined at the year-end based on the aging of the receivables and historical data about default rates on the same basis. That data is adjusted if the Company determines that historical data is not reflective of expected future conditions due changes in the nature of its customers and how they are affected by external factors such as economic and market conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

13. Financial instruments (continued)

In accordance with IFRS 9, the Company performed a year end impairment exercise to determine whether any write down in amounts receivable was required, using an expected credit loss model. The expected loss rate for receivables including other financial assets is 0% on the basis of the Group's history of bad debt write offs. Amounts owed by Group entities can be settled via property. Where the value of the property exceeds the amounts due on the loan the ECL is deemed to be £nil.

As at 31 March 2024, the total loss allowances against the Group's financial assets were immaterial and no charge to the income statement was recognised.

Categories of financial instruments:

Financial Assets at amortised cost

	Held at amortised cost	
	2024 **£**	2023 £
Cash and cash equivalents	697,484	365,386
Trade and other receivables	551,465	526,841
	1,248,949	**892,227**

Financial Liabilities

	Held at amortised cost	
	2024 **£**	2023 £
Trade and other payables	148,360	135,201

14. Events after the reporting period

Final dividend

Post year end the directors have recommended a final dividend of 6.1p per share (FY23:5.5p per share).

Purchase of land and buildings

Following the year end, the opportunity arose to purchase the land and buildings neighbouring our current depot in Bradford. As the opportunity to acquire the land adjacent to our current facilities are rare, the Board took the decision to take advantage of the opportunity and move ahead and purchase the land and buildings. This will enable the Group to service its further expansion in the north of England and Scotland. The purchase price of the land and buildings was £0.7m. The purchase of the land was concluded during May 2024, out of current cash reserves.

15. Ultimate controlling party

There is no ultimate controlling party.

COMPANY INFORMATION

Directors

Sukh Chamdal - Chief Executive Officer
Michael Botha - Chief Financial Officer
Dr Jaswir Singh - Chief Commercial Officer
Adam Batty - Independent Non-Executive Director
Martin Blair - Independent Non-Executive Director
Alison Green - Independent Non-Executive Director
Shaun Smith - Independent Non-Executive Director

Company Secretary

Louise Park

Company number

08777765 (England & Wales)

Registered Office

20-22 Jute Lane
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Middlesex
EN3 7PJ

Auditor

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Milton Keynes
MK9 1LZ

Investor Website

https://cakeboxinvestors.com/

Legal advisor

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EC4M 7RD

Registrars

Computershare Investor Services Plc
The Pavilions
Bridgwater Road
Bristol
BS13 8AE

Nominated advisor & broker

Shore Capital & Corporate Limited
& Shore Capital Stockbrokers Limited
Cassini House
57 St James's Street
London
SW1A 1LD

Financial PR and media

Gracechurch Group PR
48 Gracechurch Street
London
EC3V 0EJ

Remembering
Chris Suddaby

Chris Suddaby joined Cake Box in 2015 as Franchise Manager to oversee the then small team of franchisees. Over the following 9 years, Chris was instrumental in opening over 200 shops nationwide. Chris was the first point of contact for franchisees from application to shop opening.

Sadly, Chris passed away suddenly on 5 May 2024.

A larger-than-life character, full of fun and always smiling, Chris will be missed by the Cake Box family.

Cake Box Holdings Plc

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