COLEFAX GROUP PLC

ANNUAL REPORT AND ACCOUNTS 2024

Colefax Group is an international designer and distributor of luxury furnishing fabrics and wallpapers and a leading international decorating company. Sales are made under the brand names Colefax and Fowler, Cowtan and Tout, Jane Churchill, Larsen and Manuel Canovas. The Group has offices in the UK, USA, France, Germany and Italy which form part of an expanding worldwide distribution network.

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THE QUEEN'S AWARD FOR EXPORT ACHIEVEMENT
COLEFAX & FOWLER LTD

FINANCIAL HIGHLIGHTS

	2024 £'000	2023 £'000	Increase/ (Decrease)
Revenue	**107,162**	104,818	2%
Profit from operations	**8,476**	9,519	-11%
Profit before taxation	**7,732**	8,544	-10%
Profit attributable to shareholders	**5,794**	6,687	-13%
Basic and diluted earnings per share	**88.3p**	89.7p	-2%
Dividends paid per share	**5.5p**	5.3p	4%
Equity	**31,745**	33,960	-7%
Operating cash flow less lease payments	**10,151**	9,100	12%
Net cash	**17,763**	19,746	-10%

CHAIRMAN'S STATEMENT

Financial Results
Group sales increased by 2% to £107.16 million (2023 – £104.82 million) and by 4.8% on a constant currency basis. Pre-tax profits decreased by 10% to £7.73 million (2023 – £8.54 million). Earnings per share decreased by 1.6% to 88.3p (2023 – 89.7p) reflecting the benefit of share buybacks during the year. The Group ended the year with net cash of £17.8 million (2023 – £19.8 million).

Sales in the Group's core Fabric Division increased by 0.6% on a constant currency basis reflecting relatively challenging trading conditions in the Groups major markets. The modest sales increase was not sufficient to fully offset the impact of higher operating costs during the year and a result Fabric Division profit declined by 23% to £6.47 Million (2023 - £8.40 million). This decline was partly offset by a strong performance by the Decorating Division which made a profit of £847,000 compared to a loss of £96,000 last year.

In September 2023 the Group returned £7.2 million of surplus cash to shareholders by way of a share buyback in the form of a tender offer. The Group purchased and cancelled 1,013,254 shares representing 14.0% of the issued ordinary share capital at a price of £7.00 per share.

The Board is proposing to pay a final dividend of 2.9p (2023 – 2.8p) making a total for the year of 5.6p (2023 – 5.4p). This will be paid on 11 October 2024 to shareholders on the register at the close of business on 13 September 2024.

Product Division

- **Fabric Division – Portfolio of Five Brands:** *"Colefax and Fowler", "Cowtan and Tout", "Jane Churchill", "Manuel Canovas" and "Larsen"*

Sales in the Fabric Division, which represent 84% of Group turnover, decreased by 2.1% to £90.54 million (2023 – £92.51 million) but increased by 0.6% on a constant currency basis. Pre-tax profit decreased by 23% to £6.47 million (2023 – £8.40 million) due to higher operating costs and a weaker US Dollar which averaged $1.26 compared to $1.20 for the prior year. The US Dollar exchange rate has a significant impact on profitability.

The Fabric Division's performance has been impacted by high interest rates and a slowdown in high end housing transactions. The fact that constant currency sales increased by 0.6% in these market conditions is considered a good performance.

Sales in the US, which represent 60% of the Fabric Division's turnover, decreased by 7% and by 3% on a constant currency basis. US sales have held up well and are only 3.8% below the record sales achieved at the height of the Covid related boom in 2021-22. During the year we continued to expand our showroom network in North America by opening new showrooms in Dallas and Toronto. Both showrooms opened in November 2023 and we believe there are good growth opportunities in these territories.

Sales in the UK, which represent 17% of the Fabric Division's turnover, increased by 3% against a record prior year comparative. This performance was above expectations at the start of the year and we believe it partly reflects a backlog of work arising from the high level of housing transactions during the Covid pandemic. Sales performed well throughout the year although first half sales were up by 4% and second half sales up by 2% pointing to a slowdown in activity.

Sales in Continental Europe, which represent 20% of the Fabric Division's turnover, increased by 7% and by 8% on a constant currency basis making Europe our best performing market during the year. The increase in sales was mainly due to an above average level of contract sales to luxury hotels which have experienced strong demand since the end of the pandemic. Our largest market in Europe is France followed by Germany and Italy and together these three countries account for just over 50% of European sales. Whilst the sales growth in Europe is encouraging, profitability continues to be adversely affected by the high level of EU import duty payable post Brexit. This amounted to £1.07 million during the year.

Sales in the Rest of the World, which represent just 3% of the Fabric Division's turnover, increased by 25% during the year. The increase was mainly due to a strong performance by the Middle East which is the largest region followed by Australia, China and Japan. For cost and efficiency reasons we mainly sell via distributors in the Rest of the World and as a result we expect the Rest of the World to remain a small proportion of overall Fabric Division sales.

CHAIRMAN'S STATEMENT

- **Furniture – Kingcome Sofas**

Sales of Kingcome furniture, which represent 3% of Product Division sales, increased by 12% to £3.11 million (2023 – £2.78 million). Pre-tax profit increased by 75% to a record £419,000 (2023 – £240,000) demonstrating the high level of operational gearing in the business. Factory labour costs are relatively fixed meaning that even small fluctuations in sales can have a major impact on profitability. The performance during the year was exceptional and primarily due to a significant reduction in the outstanding order book between the start and end of the year. The actual order intake during the year was down by 14% reflecting challenging market conditions for furniture.

Interior Decorating Division
Decorating sales, which represent 13% of Group turnover, increased by 42% to £13.51 million (2023 – £9.52 million) resulting in a pre-tax profit of £847,000 (2023 – £96,000 loss). This was a strong performance boosted by an increase in overseas projects which reduced to almost zero during the Covid pandemic. Decorating Division profitability partly reflects the timing of project completions because profit on individual projects is recognised on invoicing and this can sometimes cause material fluctuations in Group profits. The Decorating Division has started the new financial year with a healthy level of deposits although they are down by 18% compared to a strong prior year comparative.

Prospects
The Group has delivered a good performance in relatively challenging market conditions and with a weaker US Dollar exchange rate. Over the last year higher interest rates have reduced housing market activity and we are expecting difficult market conditions in the year ahead and this is reflected in our existing market forecast. The Group is well placed to benefit from falling interest rates as this should boost housing market activity but it will take time for this benefit to feed through to home spending. The Group has a strong balance sheet with cash of £17.8 million and we will continue to invest with confidence in our brand portfolio and distribution network.

The Group's performance over the last year is due to the loyalty, talent and commitment of all our staff and I would like to thank them for their hard work and support.

David Green
Chairman
30 July 2024

STRATEGIC REPORT

Strategy and Business Model

The Group's core business is the design and distribution of luxury furnishing fabrics and wallpapers sold through a 'portfolio' of five luxury brands. The strategic rationale for having a portfolio of brands is that each brand has a distinctive look and price range and caters to a particular segment of the market. The Group's brands range in style from classic to contemporary and have different strengths in different markets and product categories which enable the Group to maximise sales through its worldwide distribution network.

The Group's fabric and wallpapers are sold in over 50 countries worldwide. The Group mainly sells to interior designers and retail fabric and wallpaper shops (the 'trade'). The sales approach depends on the size and complexity of individual markets. In major markets, the Group sells direct to trade customers using a combination of trade showrooms and regional sales representatives. In medium sized markets, the Group sells to the trade through agents who receive a sales commission and in complex or small markets the Group uses exclusive distributors.

The Group's largest and most important market is the US which accounts for approximately 60% of Fabric Division sales. The interior design industry is well developed in the US due to the very high number of luxury homes and high net worth individuals. For this reason, the US market continues to be the main focus for capital investment and new product investment. The Group currently has a network of 9 trade showrooms in the US and this is the main reason why the Group balance sheet has relatively high lease liabilities. The second largest market by country is the UK which accounts for approximately 17% of Fabric Division sales followed by France which accounts for approximately 6% of sales.

The operational approach underpinning the Group's portfolio of brands strategy is that each brand has a separate design studio but shares a common operational platform in terms of marketing, sales, sampling, warehousing, purchasing, IT systems and accounting. This minimises costs and maximises efficiency whilst at the same time keeping the identity of each brand distinct and separate in the market.

The Group's core skills are design and distribution. A key component of the Fabric Division's strategy and business model is that it does not involve any manufacturing activity. Fabrics and wallpapers are sourced from over 120 different high-end manufacturers around the world but based primarily in Italy, India, Belgium and the UK. This diverse and flexible supplier base enables the Group to respond rapidly to changing market tastes and avoids the complexity and capital-intensive nature of manufacturing.

The Group's brand portfolio was built through acquisitions although the last acquisition was in 1998 and since that time the Group has mainly pursued an organic growth strategy combined with share buybacks to maximise return on capital employed. The Group is interested in acquiring additional brands provided they complement the existing portfolio and offer geographical and operational synergies. The high-end fabric industry is relatively fragmented with a large number of independent competitors. The main challenge making acquisitions is finding vendors who are prepared to sell at a realistic price. In the absence of acquisitions, we believe there are still good opportunities for organic growth within the Group's existing brand portfolio.

The Group's five fabric and wallpaper brands are all sold at the premium end of the market. Colefax and Fowler is a luxury English brand renowned for its subtlety and classical elegance. Jane Churchill is an English brand with a reputation for contemporary elegance and artistic style and envisioned for modern living. Larsen is a modern US brand famous for its luxurious textural woven fabrics. Manuel Canovas is an iconic, quintessentially French fabric brand based in Paris and famous for its bold designs and vibrant colour palette. Cowtan and Tout is a high-end luxury US brand sold exclusively in the US market and renowned for its unique, elegant and colourful designs.

The Group's objective is to maximise sales and operating profit from its existing portfolio of brands primarily through an annual cycle of new product investment. This is the key driver of sales growth and the market reaction to new product is one of the main business risks. The Group seeks to reduce business risk by targeting different brands at different markets and ensuring that each brand remains clearly differentiated with minimal product overlap.

In addition to the Group's core fabric and wallpaper brands (the Fabric Division) the Group owns a UK based luxury sofa manufacturer Kingcome Sofas (the Furniture Division). Production takes place at a freehold factory in Newton Abbot, Devon which employs 42 highly skilled staff and this is the Group's only manufacturing activity. The majority of furniture is made to order and financed by customer deposits. It is a relatively small part of the Group, accounting for approximately 3% of Group sales. For segmental reporting purposes the furniture company is grouped with the fabric and wallpaper brands to make up the 'Product Division'.

STRATEGIC REPORT

The Group also owns an ultra-luxury interior design business founded in 1933 and trading as Sibyl Colefax and John Fowler Limited. This activity is the original business from which the rest of the Group evolved and is referred to as the 'Decorating Division'. For the year to 30 April 2024 it accounted for 13% of Group sales. The business undertakes interior design and decoration projects primarily for high end residential customers. All projects are funded by customer deposits. There are five Design Directors and two Associate Directors each with their own portfolio of clients. The business is international with a broad geographical spread and the high-end client base means it is quite resilient to economic cycles. The majority of decorating sales relate to a relatively small number of high value projects which means that, depending on the timing of these projects, there can be significant fluctuations in sales and profits from year to year which sometimes have a material impact on the Group's results.

Key Performance Indicators
The Group's Key Performance Indicators are all financial in nature:

	2024	2023
Constant Currency Sales Growth	**4.8%**	-3.4%
Gross Profit Margin	**56.0%**	57.0%
Pre Tax Profit Margin	**7.2%**	8.2%
Earnings Per Share	**88.3p**	89.7p
Operating Cash Flow less lease cash flows	**£10.2m**	£9.1m

Constant Currency Sales Growth
Group sales increased by 2% to £107.16 million (2023 – £104.82 million) but increased by 4.8% on a constant currency basis. The increase in constant currency sales was mainly due to higher sales by the Decorating Division where significant annual fluctuations are a feature of the business and relate to the timing of completion of projects.

In our core Fabric Division sales increased by 0.6% on a constant currency basis. This follows a 1.5% increase in the prior year against a very strong comparative in 2022. The modest sales growth over the last two years is not surprising given rapid increases in interest rates between June 2022 and August 2023. The main objective of higher interest rates is to curb inflation by reducing demand. Constant currency sales decreased by 3% in the US but increased by 3% in the UK and 8% in Europe. The strong performance in Europe was mainly due to an above average level of contract orders although contract business is still a relatively small proportion of total Fabric Division sales. The changes in sales by geographical market are explained in more detail in the Chairman's Statement.

Decorating Division sales increased by 42% to £13.51 million (2023 - £9.52 million) which was a strong performance and in line with high customer deposits at the start of the year. Overseas projects accounted for £4.5 million of Decorating Division sales which was the highest level since the end of the pandemic. In accordance with IFRS 15 *Revenue Recognition*, revenue is recognised on completion on projects and this can cause material fluctuations in sales and profits from year to year. Decorating projects are largely funded by customer deposits and the level of deposits at a given moment in time is therefore a fairly reliable guide to future performance. Deposits ended the year at a historically healthy level but down 18% on the exceptionally high level at the start of the year.

Gross Profit Margin
The Group's overall gross profit margin decreased by 1% from 57.0% to 56.0%. The main reason for the decrease was the US Dollar exchange rate which averaged $1.26 during the year compared to $1.20 for the prior year. The US Dollar exchange rate is the main external financial risk facing the Group. It impacts gross profit margin because approximately 61% of Fabric Division sales are invoiced in US Dollars but the majority of goods sold are purchased from suppliers in Sterling or Euros. The Group does not have any significant exposure to the Euro Sterling exchange rate as there is a natural hedge between Euro costs and revenues. The average and closing US dollar and Euro rates were as follows:

	2024	2023	% change
US dollar average	**1.26**	1.20	5.0%
US dollar closing	**1.25**	1.25	0.0%
Euro average	**1.16**	1.15	0.87%
Euro closing	**1.17**	1.14	2.63%

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A second factor contributing to the 1% decline in the Group's gross profit margin was the proportion of Decorating Division sales as these have a significantly lower margin than Product Division sales. The strong performance by the Decorating Division meant that sales accounted for 13% of Group sales compared to 9% in the prior year.

Pre Tax Profit Margin
Group pre-tax profit decreased by 10% to £7.73 million (2023 – £8.54 million) representing a pre-tax profit margin of 7.2% (2023 – 8.2%). The decline in Group profitability was due to lower profits in the Fabric Division and was mitigated by strong performances by the Decorating Division which made a profit of £847,000 (2023 – £96,000 loss) and the Furniture Division which made a profit of £419,000 (2023 – £240,000).

The core Fabric Division made a pre-tax profit of £6.47 million (2023 – £8.40 million) on sales of £90.5 million (2023 – £92.51 million) representing a pre-tax profit margin of 7.1% compared to 9.1% for the prior year. The 2% decrease in pre-tax profit margin was reflects relatively challenging trading conditions during the year. A modest constant currency sales increase of 0.6% was not sufficient to offset the impact of a weaker US Dollar average rate and higher operating expenses. However, the high levels of cost inflation experienced in 2022 and early 2023 did at least return to more normal levels during the year. The Fabric Division is highly operationally geared due to the combination of a relatively high gross profit margin with a relatively high fixed cost base made up of salaries and premises costs. Pre-tax profit is therefore very sensitive to small fluctuations in sales - a feature of the business which can obviously be positive or negative depending on market conditions. Post Brexit, Fabric Division profit margins have been adversely impacted by import duty into the EU in excess of £1 million.

Earnings Per Share
Earnings per share decreased by 1.6% to 88.3p (2023 – 89.7p). This compares to a decrease in pre-tax profit of 9.5%. The favourable difference is primarily due to a 12% reduction in the weighted average number of shares in issue during the year following the Tender Offer and share buyback in September 2023 which reduced the number of shares in issue by 14%. The Group corporation tax charge for the year was 25.1% compared to 21.7% for the prior year and this offset some of the earnings per share benefit of the share buyback. The significant increase in the Group corporation tax charge percentage was mainly due to the increase in the UK corporation tax rate from 19% to 25% with effect from 1 April 2023.

The Group has a long running strategy of returning surplus cash to shareholders by way of share buybacks. The primary objective of share buybacks is to maximise earnings per share and return on capital employed. Since 1999 share buybacks have returned £54.2 million to shareholders and reduced the number of shares in issue by 78% from 28.5 million to 6.2 million. The Group has a strong balance sheet with cash of £17.8 million and the Board will continue to review options for share buybacks subject to the requirement that they are in the best interests of shareholders.

Operating Cash flow less lease cash flows
The Group's operating cash flow less lease cash flows increased by 12% to £10.2 million (2023 – £9.1 million). Following the introduction of IFRS 16 *Leases* in 2020, cash generated from operations is no longer considered a meaningful key performance indicator. This is because lease payments are recorded under financing activities despite being fundamental to operational performance. Lease payments during the year amounted to £5.1 million (2023 - £5.8 million). A large proportion of this cost relates to our network of US trade showrooms with rent paid in US Dollars. The reduction in IFRS 16 lease payments was not due to lower premises costs. It was due to the time elapsed between the end of existing leases and the signing of new leases with 'interim rent' expensed under operating expenses rather than under financing activities.

Operating cash flow mainly depends on profitability and the effectiveness of controls over working capital. By far the largest component of working capital is finished goods inventory which decreased by £1.0 million to £15.5 million. Maintaining tight control over working capital is a key operational objective for the Group and the net increase in working capital during the year was just £273,000.

Group Statement of Financial Position
The Group ended the year with a strong balance sheet comprising net assets of £31.8 million (2023 - £34.0 million) including cash of £17.8 million (2023 - £19.8 million) This was after returning £7.2 million of surplus cash to shareholders via a tender offer and share buyback in September 2023 and dividend payments during the year of £353,000.

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Under IFRS 16 the Groups leases are included in the Group balance sheet as a right of use asset and corresponding lease liabilities. The Group's Fabric Division has a high level of lease liabilities due to its network of US trade showrooms as well as showrooms in London, Paris, Munich and Milan. Changes in the right of use asset mainly reflect the timing and duration of new leases and rent reviews. During the year the right of use asset reduced by £2.9 million to £20.6 million. A significant increase in right of use assets and lease liabilities is expected in 2025 due to lease renewals at our Garratt Lane operations centre in South West London.

Excluding lease liabilities, the largest item in the Group balance sheet is inventory and work in progress amounting to £18.2 million (2023 - £19.5 million). The Fabric Division requires a significant investment in inventory to support the Group's fabric and wallpaper ranges. This is a feature of the business and necessary for providing outstanding customer service.

The net book value of fixed assets in the balance sheet increased by £326,000 to £8.6 million. Capital expenditure during the year was above average at £3.0 million mainly due to expenditure on new trade showrooms in Dallas and Toronto. The Group has recurring capital expenditure of approximately £1.8 million per year mainly related to new product investment by the Fabric Division. This compares to an annual depreciation charge of £2.6 million in 2024. For the year to April 2025 we expect capital expenditure to be slightly higher than depreciation.

Principal Risks and Uncertainties
The Group has put in place controls to identify, monitor and manage the principal risks and uncertainties faced by the Group. Risks are ranked according to their potential financial impact and probability and a Group Risk Assessment Report is presented bi-annually to the Audit Committee. The Group's Executive Directors provide input into the risk assessment process where relevant.

The principal risks can be summarised into business risks, financial risks and operational risks.

Business risks
The main internal business risk relates to the market reaction to new product investment. The risk is mitigated by employing talented and experienced design studio staff together with tight budgetary controls over new product investment and regular feedback and financial analysis.

Historically the main external business risk is a downturn in the high-end housing market. The business is not immune to economic cycles and current trading tends to lag changes in the strength of the housing market and in particular the number of high-end transactions. The main control for responding to changes in the housing market is the amount of investment in new product.

Financial risks
There are two major financial risks facing the Group. The first is the US Dollar exchange rate against Sterling. This can have a material impact on profitability because every one cent movement in the exchange rate impacts Group profits by approximately £170,000. The main way in which the Group mitigates exposure to the US Dollar is through forward contracts to sell US Dollars at fixed exchange rates during the course of the year. The Group policy is to hedge up to half of the Group's exposure in any given year although the Group did not have any forward contracts in place at 30 April 2024. The Board keeps the Sterling versus US Dollar exchange rate under constant review and enters into forward contracts to sell US Dollars as deemed appropriate.

The second major financial risk relates to obsolete inventory. Each fabric brand consists of hundreds of individual fabric and wallpaper options and excluding off-setting lease assets and liabilities the largest component of the balance sheet is finished goods stock amounting to approximately £15.5 million at 30 April 2024. There are substantial fluctuations in inventory levels during the year relating to the timing of new product launches. Obsolete stock arises due to surpluses resulting from supplier minimum orders, risks associated with new product introduction and the discontinuation of slow selling items. Some obsolete inventory is an inevitable feature of the business but the Board seeks to mitigate the risk of obsolete inventory through tight purchasing controls and budgetary controls over new product investment.

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Operational risks
There are two main operational risks. The first relates to the loss or failure of the Group's IT system in the UK or the US. The nature of the Fabric Division business is that it involves large numbers of stock items, large numbers of customers and a high volume of transactions. As a result the Group is highly dependent on its IT systems for managing stock and processing orders. The main way that the Group mitigates this operational risk is through security controls and real-time backup procedures in the UK and the US. In addition the Group has comprehensive business interruption insurance.

The second main operational risk relates to loss or damage to the Group's warehouse and operations facilities in the UK and the US including loss or damage to inventory. The risk is spread by having three warehouse buildings in the UK and one in the US. The main way that the Group mitigates this risk is by having alarm systems and disaster recovery plans as well as full inventory insurance and business interruption insurance.

Section 172 Statement
The Directors are aware of their responsibility to promote the success of the Company and the Group for the benefit of its members as a whole in accordance with section 172 of the Companies Act 2006 and in doing so to have regard to the matters set out in section 172(1)(a-f).

The Board considers that the Group's key stakeholders are its employees, customers, suppliers and shareholders. The Board recognises that the Group's long-term success is closely correlated with strong positive relationships with all stakeholders where no one group is favoured over any other group. This is primarily achieved by promoting an open, honest and fair culture throughout the business and having policies which promote and encourage a high level of loyalty and integrity in interactions between stakeholders. All meetings with stakeholders, both formal and informal, are used to obtain feedback on opportunities for improvement.

Having regard to the likely consequences of any decision in the long term
The main long-term decisions taken by the Board relate to capital expenditure on showrooms and warehouse facilities to grow the business and support operational performance. These decisions are carefully balanced against the need to attract and retain long-term investors through dividends and share buybacks. In September 2023 the Group returned £7.2 million of cash to shareholders via a share buyback and during the year paid dividends of £353,000. The Group ended the year with cash of £17.7 million and no debt which is considered more than adequate for its long-term investment needs.

Having regard to the Interests of the Group's employees
The Board recognises that the success of the Group is driven by the talent and motivation of its employees and benefits from a high number of long serving employees at all levels throughout the Group. The Board works hard to promote a friendly and enjoyable working environment for all its employees, pays competitive salaries including performance related bonuses and during the year enhanced its UK maternity and pension policies. Wherever possible the Group allows some home working and flexible working hours to suit employees' individual circumstances.

Having regard to the need to foster the Group's business relationships with suppliers, customers and others
The Group's core Fabric Division serves thousands of trade customers throughout the world. Regular repeat business is therefore a key feature of the business and the Board recognises the critical importance of building long-term relationships with customers in a highly competitive marketplace. The primary way in which the Group seeks to foster close relationships with customers is by providing outstanding quality products and customer service levels which consistently exceed customer expectations.

Apart from upholstered furniture the Group does not manufacture any of the products that it sells. Our core Fabric Division is heavily dependent on the talent, expertise and reliability of over 120 different manufacturers in the UK and overseas. The primary way in which the Group fosters strong positive relationships with suppliers is through regular in person meetings with our design studios, prompt reliable payment for all goods and services supplied and regular honest and open communication about pricing, lead times and service.

Having regard to the impact of the Group's operations on the community and the environment
The Group's main Fabric Division operations are located in Wandsworth, South West London. The main way in which the Group supports the local community is by recruiting locally wherever possible which helps the local economy and reduces traffic congestion.

STRATEGIC REPORT

The Group works with the sustainability certification organisation PlanetMark who certify the Group's annual carbon footprint in the UK. The Group has a sustainability strategy which includes choosing suppliers who share the Group's objectives and manufacture their products in environmentally friendly facilities under safe and socially responsible working conditions. For the prior year to 30 April 2023 PlanetMark certified a 4.3% reduction in the Group's carbon footprint. This follows a 31.6% reduction in the previous year to April 2022. During the year to 30 April 2024 the Group completed the conversion of its Fabric Division motor fleet to 100% electric or hybrid vehicles. The Group also completed a first full year of solar panel use at its Garratt Lane warehouse operation.

The desirability of the Group maintaining a reputation for high standards of business conduct
The Group seeks the highest standards of openness, honesty and integrity in its dealings with all stakeholders. This is achieved through regular formal and informal communication and not putting profit before principle. In practice, this means that all stakeholders are fairly treated and rewarded for their contribution to the Group and no one group of stakeholders is favoured over any other. Evidence of fair treatment is reflected in the long service of many employees and the loyalty of customers, suppliers and shareholders through multiple economic cycles.

Having regard to the need to act fairly as between members of the Company
The Company has just one class of share in issue and so all shareholders benefit from the same rights. As a small quoted company the Company's main methods of communication with shareholders are the Annual and Interim Report, the AGM and RNS announcements. For many years the Company has returned surplus cash to shareholders through share buybacks. The largest share buybacks have mainly been by way of Tenders Offers such as in 2012, 2014, 2019, 2021 and 2023 as this ensures that all shareholders are fairly treated and entitled to participate in direct proportion to their holdings.

The above report was approved by the Directors on 30 July 2024 and signed on its behalf by:

R. M. Barker

R. M. Barker ACA
Group Finance Director

DIRECTORS, BANKERS AND ADVISERS

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D. B. Green, *Chairman and Chief Executive*
R. M. Barker ACA, *Finance Director*
W. Nicholls, *Decorating Director*
K. Hall, *Chief Executive Officer – USA*
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DIRECTORS' REPORT

Principal Activities
The principal activities of the Group are the design, marketing, distribution and retailing of furnishing fabrics, wallpapers, trimmings, related products and upholstered furniture in the UK and overseas and the sale of antiques, interior and architectural design, project management, decorating and furnishing for private and commercial clients.

Review of the Business and Future Developments
Details of the Group's activities during the year, key performance indicators and future plans are contained in the Chairman's Statement on pages 2 and 3, and in the Strategic Report on pages 4 to 9.

Share Capital
At the forthcoming Annual General Meeting, certain resolutions are to be proposed relating to the allotment of shares.

Resolution Number 6, proposed as an ordinary resolution, would authorise the Directors to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum of one third of the issued share capital of the Company as at the date of the Annual General Meeting for a period expiring on the date of the next Annual General Meeting or 15 months after the passing of the resolution, whichever occurs first.

In addition, Resolution Number 6 would also authorise the Directors to allot equity securities in connection with an offer for securities (whether by rights issue, open offer or otherwise) up to a maximum of one third of the issued share capital of the Company as at the date of the Annual General Meeting for a period expiring on the date of the next Annual General Meeting or 15 months after the passing of the resolution, whichever occurs first.

Resolution Number 7, proposed as a special resolution, would authorise the Directors to allot shares for cash, on rights issues and other issues to existing shareholders in proportion to their existing holdings and also allows issues of shares other than to existing shareholders in respect of a maximum of 5% of the issued share capital of the Company as at the date of the Annual General Meeting, for a period again expiring on the date of the next Annual General Meeting or 15 months after the passing of the resolution, whichever occurs first.

Resolution Number 8, proposed as a special resolution, would authorise the Directors to purchase up to a total nominal value of £93,364 of the Company's ordinary shares, representing 15% of the issued share capital as at the date of the Annual General Meeting, at prices from 10p up to a maximum of 5% above the middle market quotations for the preceding five business days. This power will only be exercised by the Board when it is satisfied that any purchase would have a beneficial impact on earnings per share, would not have a material adverse impact upon attributable assets and would be in the interests of the shareholders. In relation to this resolution, shareholders should read the disclosure entitled "*Authority to Buyback Ordinary Shares and the Takeover Code*" which is at the end of the formal notice of meeting and before the procedural notes thereto.

Results and Dividends
The Group's profit after tax was £5,794,000 (2023 £6,687,000). An interim dividend of 2.7p (2023 – 2.6p) per share was paid to shareholders on 11 April 2024. The Directors recommend the payment of a final dividend of 2.9p (2023 – 2.8p) per share to be paid on 11 October 2024 to shareholders on the register at the close of business on 13 September 2024. The proposed final dividend has not been accrued for because the dividend was declared after the year end and is yet to be approved at the Annual General Meeting. The total dividend for the year is 5.6p (2024 – 5.4p) per share and the total of the interim and proposed final dividend is £373,000 (2023 – £387,000). Going forward it is the Board's intention to continue with a progressive dividend policy.

Employees
The Group values the involvement of its employees and keeps them informed on matters affecting them and on factors affecting the performance of the Group. Information is given at formal and informal meetings throughout the year.

The Group believes in a policy of equal opportunities. Recruitment and promotion are undertaken on the basis of merit, regardless of gender, race, age, marital status, sexual orientation, religion, nationality, colour and disability.

DIRECTORS' REPORT

Disabled Persons
It is the policy of the Group to employ disabled persons wherever appropriate. Such disabled employees are given the same opportunities for training and promotion as other employees. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues.

Events after the Reporting Date
No significant events have occurred since 30 April 2024 and the date of these financial statements.

Financial Risk Management
Detail of the use of financial instruments and financial risk management are contained in note 20 to the financial statements.

Freehold Property
The Group's freehold property was last valued on 30 April 2023 on an open market value basis by J P Stone FRICS, an independent chartered surveyor. The valuation was carried out in accordance with guidance issued by the Royal Institution of Chartered Surveyors. The market value determined under this basis was £1.1 million.

The net book value of the Group's freehold property, on a historical cost basis was £417,000 at 30 April 2024 (2023 – £432,000).

Directors
The Directors listed on page 10 have held office throughout the year to 30 April 2024 and up to the date of this report.

David Green – Chairman and Chief Executive, Age 78
David Green has been Chief Executive of Colefax Group Plc since 1986 and Chairman and Chief Executive since 1996 with specific responsibility for leadership and strategy. Prior to joining Colefax he was a founder and executive director of Carlton Communications Plc. He was a non-executive director of Carlton Communications from 1986 until 2004. He is a member of the Remuneration Committee.

Robert Barker – Group Finance Director, Age 60
Robert Barker is a graduate of Bristol University and trained as a Chartered Accountant with Arthur Young (now Ernst and Young). He joined Colefax Group Plc in 1989 as Group Chief Accountant. He was Commercial Director of the Fabric Division from 1992 to 1994 and was appointed Group Finance Director in July 1994 with specific responsibility for finance, operations and risk management. He is a member of the Audit Committee.

Key Hall – Chief Executive of Cowtan and Tout Inc, Age 58
Key Hall joined the Group in 1993 to set up and run the company's Los Angeles showroom. Prior to joining the Group she held various sales positions in the high end fabric industry and has extensive experience in all aspects of product, sales, marketing and operations. She was made Chief Executive of the Group's US subsidiary company Cowtan and Tout in 1999 and joined the Group board in 2000 with specific responsibility for running the US Fabric Division.

Wendy Nicholls – Decorating Division Director, Age 76
Wendy Nicholls joined Colefax and Fowler in 1975 and was made a partner in the Decorating Division in 1979. She has extensive experience in all aspects of interior decoration and was Managing Director of the Decorating Division from 1994 to 2021. She has been a Group Board Director since 1994.

Alan Smith – Non-Executive Director, Age 83
Alan Smith is a graduate of Edinburgh University and has held a wide variety of executive and non-executive directorships including 15 years as an executive director of Marks and Spencer Plc and two years as Chief Executive of Kingfisher Plc. He has been a non-executive director of Colefax Group Plc since 1994 and is a member of the Remuneration Committee and the Audit Committee.

In accordance with Article 14.1 of the Company's Articles of Association, Wendy Nicholls will retire by rotation at the Annual General Meeting. Resolution 5 proposes her re-election as Director.

DIRECTORS' REPORT

Directors' and officers' liability insurance
The Group maintains liability insurance for its Directors and Officers.

Directors' Remuneration

	Salary and fees £'000	Bonus £'000	Benefits in kind £'000	Pension contributions £'000	**2024 Total £'000**	2023 Total £'000
Executive Directors:						
D. B. Green	620	60	13	0	**693**	679
R. M. Barker	225	22	2	14	**263**	258
W. Nicholls	187	1	35	0	**223**	219
K. Hall	393	38	0	11	**443**	431
Non-executive Directors:						
A. K. P. Smith	35	0	0	0	**35**	35
	1,461	121	50	25	**1,657**	1,622

Substantial Shareholdings as at 30 April 2024 and up to the date of this report

	Number of Shares	%
Schroder Investment Management Limited	1,240,729	19.9
D B Green	1,129,513	18.2
Rights and Issues Investment Trust PLC	1,055,952	17.0

Directors' Interests
The Directors' interests in the share capital of the Company at the end of the financial year were as follows:

	Ordinary shares of 10p each	
	2024	2023
D. B. Green	**1,129,513**	1,313,386
R. M. Barker	**80,000**	115,680
W. Nicholls	**59,437**	69,112
K. Hall	**110,970**	118,970
A. K. P. Smith	**45,000**	45,000

No Director has interests in the shares of any subsidiary company.

Share Options
There are no share options outstanding at 30 April 2024 (2023 Nil). The Colefax Group Plc employee share ownership plan trust continues to hold 60,000 (2023 60,000) shares in the Company. The market price of the Company's shares at 30 April 2024 was 805.00. The range of market prices during the financial year was between 655p and 805p.

Corporate Governance
The Board is focussed on the long-term success of the Group for the benefit of all stakeholders and recognises that good corporate governance is a key enabler of that success. The Board is committed to applying the highest standards of corporate governance and is keen to make improvements as far as it is practical to do so within the confines of a small quoted company. The Chairman's Statement on corporate governance is published in the Corporate Governance section of the Company's website at www.colefaxgroupplc.com. The Group has adopted the QCA Corporate Governance Code as the code best suited to the size and scope of the Group's activities. The QCA code is based on ten corporate governance principles and the way in which the Group has applied the ten principles is set out in the Corporate Governance section of the Company's website. The areas where the Group does not comply fully with the Code are set out below:

- **Board Composition**

The Board works closely as a team and is collectively responsible for the vision and strategy of the Group. It has a Schedule of Matters reserved for its specific approval. The Board comprises one non-executive director and four full time executive directors each with specific skills relevant to the business. David Green currently serves as both Chairman and Chief Executive of the Group and Alan Smith is the sole independent non-executive Director. The Group does not currently comply with the QCA requirement for a minimum of two independent non-executive

DIRECTORS' REPORT

directors. At the present time the combined Chairman and Chief Executive role together with one independent non-executive director is considered by the Directors' to be the right balance for the Group based on its size and complexity, and the fact that the Group's strategy is currently focussed on one core business activity. The Group's strategy does not exclude the potential opportunities and risks of acquisitions but the primary emphasis has been on organic growth, cash generation and share buybacks. The Board has an Audit Committee which meets twice per year and a Remuneration Committee which meets once per year but does not have a Nomination Committee and this function is fulfilled by the whole board. The Audit Committee includes an executive director which is not in line with the QCA requirements. However, the independent non-executive director is Chairman of the Audit Committee, determines the agenda and can meet separately with the external auditors if considered necessary. The composition and functioning of the Board is regularly discussed including succession planning and will evolve according to the strategy, size and complexity of the business. Excluding the AGM there are four Board meetings per year which were attended by all Directors.

- **Board Independence**

Alan Smith has served as the Group's sole non-executive director since 1994 which is considerably longer than the maximum recommended tenure for a non-executive Director. His position is still considered to be independent as he has not worked directly in the business and is not compromised by having a substantial shareholding in the Group. He brings extensive knowledge and expertise to the Board from his wide range of business experience particularly in retail and inventory based businesses and this is considered a major asset to the Group. Succession planning for the non-executive director role is regularly discussed by the Board.

Audit Committee Report for the year ended 30 April 2024

- **Purpose**

The primary role of the Audit Committee is to oversee the accuracy and integrity of the Group's financial statements and review the effectiveness of the Group's system of internal controls. This includes considering the need for an internal audit function. Any significant matters arising from the Audit Committee Meetings are reported to the Group Board. The Audit Committee also oversees the relationship with the Group's external auditors by reviewing their audit effectiveness and advising the Board on their appointment and remuneration.

- **Composition**

The Audit Committee comprises Alan Smith, the Group's Non-Executive Director and Robert Barker the Finance Director. As Alan Smith is currently the sole Non-Executive Director it is not possible to have a committee comprised entirely of Non-Executive Directors as recommended by the QCA corporate governance code. The Group's external auditors attend Audit Committee meetings by open invitation. As Chairman of the Audit Committee Alan Smith sets the agenda and is able to separately discuss any matters of concern with the external auditors and vice versa.

- **Meetings**

Audit Committee Meetings are held twice per year prior to the announcement of the Group's interim and final results. Both meetings are attended by the Group's external auditors. The Group's interim results are not audited. At the Audit Committee Meeting prior to the final results the auditors present a Report to the Audit Committee setting out their audit findings and commenting on key judgements made during the reporting period. The external auditors also report on any recommendations to management in respect of internal controls.

- **Results for the year ended 30 April 2024**

The Audit Committee reviewed the financial results for the year ended 30 April 2024 including all significant judgements and financial reporting issues. The main accounting issues examined by the committee were as follows:

1. Revenue recognition. The committee discussed the controls in place to ensure that revenue is recorded in the correct period in accordance with IFRS 15 Revenue Recognition and the results of audit testing.

2. Inventory Valuation. The validity of the Group's inventory valuation and provisioning methodology was discussed and the results of audit testing.

- **Internal Controls**

The Audit Committee reviews a report of the key risks facing the business and the effectiveness of the controls in place to manage those risks. This report is prepared bi-annually on a bottom-up basis throughout the Group. Major risks are categorised into business, financial and operational risks and further details are set out in the Strategic Report section of the Annual Report. The Audit Committee was satisfied that the Group's key controls had operated effectively during the year.

DIRECTORS' REPORT

- **Internal Audit**

The Group does not have an internal audit department and the need for an internal audit function is reviewed annually. Given the relatively small size and scope of the Group's activities the Audit Committee concluded that no internal audit function is necessary at the present time.

- **External Auditor**

The Group's external auditor PKF Littlejohn LLP has reported to the Audit Committee that in its professional judgement it is independent within the meaning of regulatory and professional requirements and after due consideration the Audit Committee concurs with that view. A resolution to reappoint PKF Littlejohn LLP as external auditors will be proposed at the company's AGM in September.

Streamlined Energy and Carbon Reporting

The aim of SECR is to increase awareness of energy costs within organisations and provide data to inform the adoption of energy efficiency measures which reduce their impact on climate change.

The Group's UK energy usage is expressed below as an annual quantity of emissions in tonnes of carbon dioxide equivalent (CO2e). The amounts disclosed under SECR relate to the total UK energy use from electricity, gas and from transport where fuel is purchased directly by the Group. It is important to point out that transport does not include emissions where the Group pays indirectly for fuel consumption. As a distribution business the Group uses third party logistics companies for all inbound and outbound deliveries. The Board recognises that third party distribution costs make up a significant portion of the Group's environmental impact and closely monitors the sustainability progress of its major suppliers.

Energy emissions are divided into three categories:

1. Direct greenhouse gas emissions from UK activities owned or controlled by the Group that release emissions into the atmosphere such as gas heating and fuel for company owned vehicles (scope 1)

2. Indirect greenhouse gas emissions from UK consumption of purchased electricity (scope 2)

3. Other indirect greenhouse gas emissions resulting from UK activities where the source is not directly owned or controlled by the Group such as business travel in private cars (scope 3)

The data used to measure annual gas and electricity emissions is taken directly from utility bills during the year and pro-rated where appropriate. For company vehicles emissions are based on the size, fuel type and annual mileage of each company car during the year. The conversion rates used to calculate CO2e vary according to the type of energy and vehicle and are taken from the UK Government GHG conversion factors for company reporting 2023 Version.

	2024	2023	% inc/(dec)
Scope 1 emissions in tonnes of CO2e			
Gas consumption – KWh to CO2e conversion rate used 0.18290 (prior year 0.18293)	**103.19**	108.17	-5%
Owned transport – motor vehicles (conversion rate used varies by vehicle)	**51.62**	58.07	-11%
Scope 2 emissions in Kg of CO2			
Purchased electricity – conversion rate used 0.20705 kg/kWh (prior year 0.207074 Kg/KWh)	**89.92**	93.87	-4%
Scope 3 emissions in tonnes of CO2e	**–**	–	–
Total gross emissions in tonnes of CO2e	**244.73**	260.11	-6%
Intensity ratio – tonnes of CO2e per UK full time employee	**1.02**	1.23	-17%

DIRECTORS' REPORT

The intensity ratio is used to measure the efficiency of the Group's UK carbon emissions. The Group is keen to reduce its carbon footprint wherever possible and will continue to strive for efficiency improvements. The Group is partnered with the sustainability certification organisation PlanetMark to certify the Group's carbon footprint in the UK and help drive continuous improvement throughout the business. The 17% reduction in the intensity ratio reflects reductions in both Scope 1 and Scope 2 emissions and follows a 12% reduction in the prior year. During the year the Group completed the conversion of its Fabric Division motor fleet to 100% electric or hybrid vehicles.

Going Concern
The Group ended the year with a strong balance sheet comprising net assets of £31.8 million including cash of £17.8 million and no bank borrowings. The Directors have prepared detailed profit and cash flow forecasts for each subsidiary covering a period of at least twelve months from the date of approving the financial statements and taking into account all of the principal risks and uncertainties facing the business. The forecasts have been stress tested by considering the profit and cash flow impact of a range of sales scenarios up to a maximum shortfall of 40% compared to the forecast. Even under the worst-case scenario the Group has significant headroom in terms of cash resources and has no need for any bank borrowing. As a result, the Directors are satisfied that the Group has adequate resources and that there is no material uncertainty that would prevent the Group from continuing in operational existence for the foreseeable future, and they have therefore adopted the going concern basis in preparing the consolidated financial statements for the year ended 30 April 2024.

Auditors
All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

A resolution to reappoint PKF Littlejohn LLP as auditors will be put to the members at the Annual General Meeting.

Annual General Meeting
This year's Annual General Meeting is due to take place on 26 September 2024. Further details and guidance can be found at note 1 to the Notice of Annual General Meeting.

R. M. Barker

By order of the Board
R. M. Barker ACA Secretary
30 July 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Directors' responsibilities
The Directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group and Company financial statements in accordance with UK-adopted international accounting. 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 Company and of the profit or loss of the Group for that period. The Directors are also required to prepare the financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the AIM.

In preparing these 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 the UK adopted IASs, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and Company will continue in business.

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

Website publication
The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLEFAX GROUP PLC

Opinion

We have audited the financial statements of Colefax Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2024 which comprise the Group income statement, the Group statement of comprehensive income, the Group statement of financial position, the Company statement of financial position, the Group statement of cash flows, the Company statement of cash flows, the Group statement of changes in equity, the Company statement of changes in equity, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 30 April 2024 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies.

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 and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- We discussed with management the process undertaken in preparing the going concern assessment.
- We challenged the assumptions used in the forecasts, in particular the sales growth rates, gross margins and cash flows generated from operations against actuals achieved in recent financial years.
- We tested the numerical accuracy of the model used to prepare the forecasts.
- We agreed the opening Group cash balances to forecast.
- We performed evaluation of sensitivities over the Group's cash flows to changes in significant inputs and assumptions used. The analysis considered reasonably possible adverse effects that could arise as a result of a significant decrease in sales as this is considered to be the most significant variable in the cash flow forecasts.
- We performed a comparison of the post year-end trading results to the forecasts so as to evaluate the accuracy and achievability of the forecasts prepared.
- We performed an evaluation of the adequacy of the relevant going concern disclosures within the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLEFAX GROUP PLC

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or 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.

Our application of materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

	Group financial statements (2024)	Parent company financial statements (2024)	Group financial statements (2023)	Parent company financial statements (2023)
Overall materiality	£831,000	£280,900	£808,000	£502,000
Performance materiality	£581,700	£196,630	£565,000	£351,000
Basis for determining materiality	0.8% of preliminary turnover	1% of gross assets	1% of preliminary turnover	2% of gross assets
Rationale for the benchmark applied	As an established business, turnover is used as the benchmark of the financial statements as we deem that to be the primary interest of shareholders and turnover is used to assess the group's growth and potential profitability. Gross assets is used as the benchmark for determining the parent company materiality as the Company has few liabilities and no external debt other than the IFRS 16 liability. The carrying value of investments in subsidiaries is therefore deemed to be the primary indicator of performance for the users of the financial statements.			

The performance materiality for the group and all subsidiaries is based on our assessment of the relevant risk factors e.g. previous experience of misstatements, management's attitude towards proposed adjustments, and the level of estimation inherent within the group and parent company.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. Other significant components of the group were audited to a level of materiality ranging from 82,000 to £599,000. Performance materiality was set at 70%.

We agreed to report to those charged with governance all corrected and uncorrected misstatements we identified through our audit with a value in excess of £41,550 for the group and for the parent company a value in excess of £14,045. We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLEFAX GROUP PLC

Our approach to the audit

In designing our audit, we determined materiality, as above, and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Of the 13 components of the group, a full scope audit was performed on the complete financial information of 7 components, and for the components not considered significant, we performed a limited scope analytical review together with substantive testing as appropriate on group audit risk areas applicable to those components based on their relative size, risks in the business and our knowledge of the entity appropriate to respond to the risk of material misstatement.

Of the 7 reporting components in the group, 1 was located in USA and 1 was located in France. The component in USA was audited by a firm within the PKF Network under our instruction. The component in France was audited by a firm outside of the PKF network operating under our instruction. The remaining components were performed in London, conducted by PKF Littlejohn LLP using a team with specific experience of auditing publicly listed entities. The Senior Statutory Auditor interacted regularly with the component audit teams during all stages of the audit and was responsible for the scope and direction of the audit process. This, in conjunction with additional procedures performed, gave us appropriate evidence for our opinion on the group and parent company financial statements.

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) we identified, including those 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLEFAX GROUP PLC

Key Audit Matter	How our scope addressed this matter
Inventory valuation (Note 15) There is the risk that the value of inventory is materially misstated, and that inventory is not accounted for in line with IAS 2 Inventories, and specifically that: • Inventory is not valued at the lower of cost and net realisable value. • The provision for inventory is calculated using inappropriate inputs and assumptions. The group has inventory balances of £18m (2023: £19m) which is stated net of provisions. The provision is calculated based on formula driven factors including whether the inventory is classified as a limited edition (and thus short life), the age of the inventory and sales history. There is a significant amount of management judgement in relation to the inventory provisioning as large quantities of finished goods are held which is common in the industry. There is also a risk of fraud through manipulation of the inventory provision. Owing to the magnitude of the finished goods held and the level of estimation and judgement involved in provisioning, we determined the carrying value of inventories to be a key audit matter.	Our work in this area included: • Attending the year-end inventory check to ensure existence of inventories held and review of the reconciliation between the value of inventory held in the financial statements to the amounts reported in the entity's records; • Reviewing movements in inventory from purchases or sales to ensure that the stock system operates effectively; • Reviewing a sample of inventories held to ensure the carrying values held are at lower of cost and net realisable value; • Reviewing cut off procedures around the year end to ensure accuracy of inventories held at reporting date; • Reviewing the provisioning model and tested the mathematical accuracy of the calculations and verified that the provision was being appropriately calculated and that the key inputs in the calculation were appropriately derived from underlying data; • Considering the appropriateness of the provisioning methodology to inventory lines to ensure consistency has been applied between inventory lines designated as active or obsolete; • Reviewing slow moving stock and considering if provision is complete for such stock items; • Discussing with the US and France component auditor regarding the stock valuation procedures set out in the component instructions; and • Reviewing the results of the work performed by the component auditors.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLEFAX GROUP PLC

Key Audit Matter	How our scope addressed this matter
Revenue Recognition (note 3)	
Under ISA (UK) 240 there is a rebuttable presumption that revenue recognition is a fraud risk. Revenue is recognised on despatch of goods to the customer or on the sign-off of a project by the customer ("point in time"). The Group had revenues of £107m (2023: £104m) which is a significant increase to that reported in prior periods. Owning to the magnitude of the increase and the need to ensure that revenue has been correctly recognised in the correct period, we determined revenue to be a key audit matter. Given the nature of the Group's revenue being a relatively high volume of low value transactions we identified that the risk of fraud recognition was in the occurrence assertion, for example through the posting of a fraudulent journal.	Our work in this area included: • Obtaining an understanding of the internal control environment in operation for the material income streams and undertaking a walk-through to ensure that the key controls within these systems have been operating in the year; • A review of the revenue recognition policy of the Group to ensure revenue has been recognised in line with IFRS 15: Revenue from Contract with Customers. Careful consideration under IFRS 15 is required, to ensure the applicable performance obligations have been met; • Performing controls testing, in addition to substantive testing due to the relatively high volume of low value transactions on Colefax & Fowler Limited; • For a sample of sales invoices raised, we performed directional testing where we confirmed that the goods sold to the customer have been delivered (key performance obligation) by tracing transaction from the sales order through to delivery, thus evidencing the occurrence and cut off of revenue. We also checked if this was included within the trade receivable. The same selected invoices were also traced to subsequent cash receipts; • Testing income recognised in the financial statements, including deferred and accrued income balances recognised at the year end to ensure income is recognised in the correct period; • Reviewing post year-end sales to ensure completeness of income recorded in the accounting period; • Performing sales cut-off procedures to ensure that revenue is recorded in the correct accounting period; • Reviewing post year-end credit notes to ensure that window dressing does not occur; • Discussed with the US and France component auditor regarding the revenue procedures set out in the component instructions; and • Reviewed the results of the work performed by the component auditors.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLEFAX GROUP PLC

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 group and parent company 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.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In 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.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent company financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group and parent company 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 group and parent company financial statements, the directors are responsible for assessing the group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLEFAX GROUP PLC

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

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard discussions with management, evaluation of internal control and application of cumulative audit knowledge.

- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from:

  - AIM Rules
  - QCA Corporate Governance Code
  - Companies Act 2006
  - Employment Act 2008
  - Money Laundering Regulations 2007
  - GDPR
  - Textile Regulation (EU) No 1007/2011
  - Furniture and Furnishings (Fire) (Safety) Regulations 1988, 1993 and 2010
  - Local laws and regulations, including tax, in the jurisdictions where each member operates

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:

  - review of legal and professional fees to understand the nature of the costs and the existence of any non-compliance with laws and regulations;
  - discussion with management regarding potential non-compliance; and
  - review of minutes of meetings of those charged with governance and Regulatory News Service updates (RNS)

- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, the potential for management bias was identified in relation to the going concern of the group and the company and as noted above, we addressed this by challenging assumptions and judgements made by management when auditing that significant accounting estimate. Further, we identified fraud risk from revenue recognition and as noted above, we addressed this through substantive testing and challenging management assumptions.

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

- The audit team addressed matters of non-compliance with laws and regulations, including fraud at the group and component levels by communicating with component auditors and including procedures in the group instructions to detect non-compliance, including fraud.

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLEFAX GROUP PLC

Use of our report

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

Zahir Khaki (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
30 July 2024

15 Westferry Circus
Canary Wharf
London E14 4HD

GROUP INCOME STATEMENT
For the year ended 30 April 2024

	Notes	**2024 £'000**	2023 £'000
Revenue	3	**107,162**	104,818
Cost of sales		**(47,134)**	(45,085)
Gross profit		**60,028**	59,733
Operating expenses	5	**(51,552)**	(50,214)
Profit from operations		**8,476**	9,519
Finance income		**173**	26
Finance expense	8	**(917)**	(1,001)
Profit before taxation		**7,732**	8,544
Tax expense	9	**(1,938)**	(1,857)
Profit for the year attributable to equity holders of the parent		**5,794**	6,687
Basic and diluted earnings per share	11	**88.3p**	89.7p

The notes on pages 33 to 53 form part of these Consolidated financial statements.
All of the activities of the group are continuing operations.

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2024

	Notes	2024 £'000	2023 £'000
Profit for the year		**5,794**	6,687
Other comprehensive income/(expense):			
Items that will or may be reclassified to profit and loss:			
Exchange differences on translation of foreign operations		**(429)**	(93)
Total other comprehensive income/(expense)		**(429)**	(93)
Total comprehensive income for the year attributable to equity holders of the parent		**5,365**	6,594

The notes on pages 33 to 53 form part of these Consolidated financial statements.

GROUP STATEMENT OF FINANCIAL POSITION
At 30 April 2024

	Notes	**2024** **£'000**	2023 £'000
Non-current assets:			
Property, plant and equipment	12	**8,557**	8,231
Right of use asset	13	**20,612**	23,464
Deferred tax asset	19	**24**	23
		29,193	31,718
Current assets:			
Inventories and work in progress	15	**18,241**	19,487
Trade and other receivables	16	**8,774**	9,153
Cash and cash equivalents	17	**17,763**	19,746
Current corporation tax		**–**	144
		44,778	48,530
Current liabilities:			
Trade and other payables	18	**18,623**	20,003
Lease liabilities	13	**4,038**	3,085
Current corporation tax		**31**	–
		22,692	23,088
Net current assets		**22,086**	25,442
Total assets less current liabilities		**51,279**	57,160
Non-current liabilities:			
Lease liabilities	13	**19,380**	22,977
Deferred tax liability	19	**154**	223
Net assets		**31,745**	33,960
Capital and reserves attributable to equity holders of the Company:			
Called up share capital	21	**623**	724
Share premium account	22	**11,148**	11,148
Capital redemption reserve	22	**2,251**	2,150
ESOP share reserve	22	**(113)**	(113)
Foreign exchange reserve	22	**1,190**	1,619
Retained earnings	22	**16,646**	18,432
Total equity		**31,745**	33,960

The financial statements were approved by the Board of Directors and authorised for issue on 30 July 2024.

D. B. Green
Director

R. M. Barker
Director

The notes on pages 33 to 53 form part of these Consolidated financial statements.

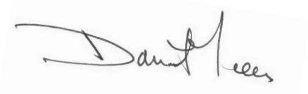
Company No. 1870320

COMPANY STATEMENT OF FINANCIAL POSITION
At 30 April 2024

	Notes	**2024** **£’000**	2023 £’000
Non-current assets:			
Investments	14	**20,443**	21,443
Current assets:			
Trade and other receivables	16	**17,485**	18,278
Cash and cash equivalents	17	**1,591**	587
		19,076	18,865
Current liabilities:			
Lease liabilities	13	**1,282**	1,432
Trade and other payables	18	**108**	107
Net current assets		**17,686**	17,326
Total assets less current liabilities		**38,129**	38,769
Non-current liabilities:			
Lease liabilities	13	**6,065**	6,141
Net assets		**32,064**	32,628
Capital and reserves attributable to equity holders of the Company:			
Called up share capital	21	**623**	724
Share premium account	22	**11,148**	11,148
Merger reserve	22	**10,762**	10,762
Capital redemption reserve	22	**2,251**	2,150
Retained earnings	22	**7,280**	7,844
Total equity		**32,064**	32,628

The Company profit for the year was £7,016,000 (2023 – £5,979,000). Total comprehensive income relating to the year for the Company consists of the profit for the year only. No income statement is presented by the Company as provided in S.408 of the Companies Act 2006.

The financial statements were approved by the board of directors and authorised for issue on 30 July 2024.



D. B. Green
Director

R. M. Barker
Director

The notes on pages 33 to 53 form part of these Consolidated financial statements.

Company No. 1870320

GROUP STATEMENT OF CASH FLOWS
For the year ended 30 April 2024

	Notes	2024 £'000	2023 £'000
Operating activities			
Profit before taxation		**7,732**	8,544
Finance income		**(173)**	(26)
Finance expense		**917**	1,001
Loss on disposal of property, plant and equipment		**38**	47
Depreciation on right of use assets	13	**4,350**	4,952
Depreciation	12	**2,625**	2,748
Cash flows from operations before changes in working capital		**15,489**	17,266
Decrease / (Increase) in inventories and work in progress		**1,244**	(2,462)
Decrease / (Increase) in trade and other receivables		**322**	(2,099)
(Decrease) / Increase in trade and other payables		**(1,837)**	2,239
Cash generated from operations		**15,218**	14,944
Taxation paid			
UK corporation tax paid		**(1,021)**	(699)
Overseas tax paid		**(730)**	(1,103)
		(1,751)	(1,802)
Net cash inflow from operating activities		**13,467**	13,142
Investing activities			
Payments to acquire property, plant and equipment	12	**(2,991)**	(3,580)
Interest received		**173**	–
Net cash outflow from investing		**(2,818)**	(3,580)
Financing activities			
Purchase of own shares		**(7,227)**	(5,382)
Principal paid on lease liabilities		**(4,151)**	(4,846)
Interest paid on lease liabilities		**(916)**	(999)
Interest paid		**(1)**	–
Equity dividends paid	10	**(353)**	(399)
Net cash outflow from financing		**(12,648)**	(11,626)
Net (decrease) in cash and cash equivalents		**(1,999)**	(2,064)
Cash and cash equivalents at beginning of year		**19,746**	21,785
Exchange gains on cash and cash equivalents		**16**	25
Cash and cash equivalents at end of year	17	**17,763**	19,746

The notes on pages 33 to 53 form part of these Consolidated financial statements.

COMPANY STATEMENT OF CASH FLOWS

For the year ended 30 April 2024

	Notes	2024 £'000	2023 £'000
Operating activites			
Profit before taxation		**7,084**	6,030
Dividend income for the year		**(6,985)**	(5,937)
Finance income		**(100)**	(92)
Cash flows from operations before changes in working capital		**(1)**	1
Decrease/(Increase) in trade and other receivables		**1,521**	(367)
Decrease in trade and other payables		**–**	–
Cash generated from operations		**1,520**	(366)
Taxation paid			
UK corporation tax paid		**(1,021)**	(699)
Net cash inflow/(outflow) from operating activities		**499**	(1,065)
Investing activities			
Interest received		**100**	92
Loan payment received from subsidiary		**1,000**	1,000
Dividends received from subsidiaries		**6,985**	5,937
Net cash inflow from investing		**8,085**	7,029
Financing activities			
Purchase of own shares		**(7,227)**	(5,382)
Equity dividends paid	10	**(353)**	(399)
Net cash outflow from financing		**(7,580)**	(5,781)
Net increase in cash and cash equivalents		**1,004**	183
Cash and cash equivalents at beginning of year		**587**	404
Cash and cash equivalents at end of year	17	**1,591**	587

The notes on pages 33 to 53 form part of these Consolidated financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2024

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	ESOP share reserve £'000	Foreign exchange reserve £'000	Cash flow hedge reserve £'000	Retained earnings £'000	Total equity £'000
At 1 May 2023	724	11,148	2,150	(113)	1,619	–	18,432	33,960
Profit and total comprehensive income for the year	–	–	–	–	–	–	5,794	5,794
Foreign exchange	–	–	–	–	(429)	–	–	(429)
Tax on other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(429)**	**–**	**5,794**	**5,365**
Share buybacks	(101)	–	101	–	–		(7,227)	(7,227)
Dividends paid	–	–	–	–	–	–	(353)	(353)
At 30 April 2024	**623**	**11,148**	**2,251**	**(113)**	**1,190**	**–**	**16,646**	**31,745**
At 1 May 2022	794	11,148	2,080	(113)	1,712	–	17,526	33,147
Profit and total comprehensive income for the year	–	–	–	–	–	–	6,687	6,687
Foreign exchange	–	–	–	–	(93)	–	–	(93)
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(93)**	**–**	**6,687**	**6,594**
Share buybacks	(70)	–	70	–	–		(5,382)	(5,382)
Dividends paid	–	–	–	–	–		(399)	(399)
At 30 April 2023	**724**	**11,148**	**2,150**	**(113)**	**1,619**	**–**	**18,432**	**33,960**

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2024

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
At 1 May 2023	724	11,148	10,762	2,150	7,844	32,628
Profit and total comprehensive income for the year	–	–	–	–	7,016	7,016
Share buybacks	(101)	–	–	101	(7,227)	(7,227)
Dividends paid	–	–	–	–	(353)	(353)
At 30 April 2024	**623**	**11,148**	**10,762**	**2,251**	**7,280**	**32,064**
At 1 May 2022	794	11,148	10,762	2,080	7,646	32,430
Profit and total comprehensive income for the year	–	–	–	–	5,979	5,979
Share buybacks	(70)	–	–	70	(5,382)	(5,382)
Dividends paid	–	–	–	–	(399)	(399)
At 30 April 2023	724	11,148	10,762	2,150	7,844	32,628

The notes on pages 33 to 53 form part of these Consolidated financial statements.

NOTES TO THE ACCOUNTS

For the year ended 30 April 2024

1 Accounting policies

General Information

Colefax Group Plc is a public limited company (Company No. 1870320) incorporated and domiciled in England and Wales and listed on the AIM market. The principal activity of the Company is to act as a holding company for the Group's trading subsidiaries. The address of its registered office and principal place of business are disclosed on page 10. The principal activities of the Group are the design, marketing, distribution and retailing of furnishing fabrics, wallpapers, trimmings, related products and upholstered furniture in the UK and overseas and the sale of antiques, interior and architectural design, project management, decorating and furnishing for private individuals and commercial firms.

Basis of Preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The policies have been applied to the Group and Company, unless otherwise stated.

These financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

Going Concern

In adopting the going concern basis for preparing the financial statements the Directors have considered the business activities including the principal risks and uncertainties. Based on the Group's cash flow forecasts and projections and various 'stress test' scenarios, all of which cover a minimum of twelve months from the date of approval of the financial statements, the Board is satisfied that the Group has adequate resources to continue in operational existence and therefore it is appropriate to adopt the going concern basis in preparing the consolidated financial statements for the year ended 30 April 2024.

Adoption of new and revised Accounting Standards

No new standards issued and effective for the year have had any significant impact on the preparation of the financial statements.

The following principal accounting policies have been applied consistently in the preparation of the financial statements:

Basis of Consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the Company to use its power to affect those variable returns. The consolidated financial statements present the results of Colefax Group Plc and its subsidiaries as if they formed a single entity.

No income statement is presented for the Company as provided in S.408 of the Companies Act 2006.

Goodwill

The Group has not made any acquisitions since 30 April 1998. Goodwill arising on acquisitions prior to 30 April 1998 was set off directly against reserves. Goodwill previously eliminated against reserves has not been reinstated upon transition to IFRS.

Investments in Subsidiaries

Investments in subsidiaries in the Company statement of financial position are stated at cost less any provision for impairment.

Revenue Recognition

Revenue, which excludes value added taxes, represents the amounts receivable from customers for goods and services supplied including disbursements, and net of rebates and discounts provided. Revenue is recognised in accordance with IFRS 15 'Revenue from Contracts with Customers'.

Revenue from the Product Division is recognised on point of delivery, which is when control over the goods passes to the customer and the Group has a present right to payment. There is no financing element to payment.

NOTES TO THE ACCOUNTS

For the year ended 30 April 2024

1 Accounting policies *continued*

In the Decorating Division goods supplied under a decorating contract are components of an overall finished and usable end product and are inextricably linked together as one performance obligation. The performance obligation is satisfied when control passes to the customer which is when the goods are provided to the customer on completion of the project. Whilst deposits are received in advance, the Group does not have an enforceable right to payment for performance completed to date (as contemplated in IFRS15.37c) and revenue is therefore recognised at a point in time. Decorating contracts do not contain any financing element.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost comprises the purchase price and costs directly incurred in bringing the asset into use. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation is provided on all property, plant and equipment other than freehold land at rates calculated to write off the cost less estimated residual value evenly over its expected useful life, as follows:

Freehold property	50 years
Leasehold property and improvements	over the shorter of the life of the lease or the life of the asset
Furniture, fixtures and equipment	5 – 10 years
Motor vehicles	4 years
Screens and originations	4 years

Leases

Definition of a lease

Under IFRS 16 a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

Lease accounting

At the lease commencement date, a right of use asset is recognised for the leased item with a corresponding lease liability for any payments due. Right of use assets are initially measured at cost based on the present value of the lease payments paid or payable (net of any incentives received from the lessor) plus any initial direct costs.

Right of use assets

Right of use assets are depreciated on a straight line basis from the commencement date of the lease to the earlier of the end of the assets useful life or the end of the lease term, whichever is the shorter. The lease term is the non-cancellable period of the lease plus any periods for which the group is reasonably certain to exercise any extension options. If right of use assets are considered to be impaired, the carrying value is reduced accordingly.

Lease liabilities

The Group recognises lease liabilities based on the present value of total lease payments at the commencement date of the lease. The discount rate is determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. After the lease commencement date the lease liability is adjusted for interest on the lease liability and reduced by lease payments made. The carrying value of lease liabilities is re-measured if there is any contractual change made to the lease such as the lease term or payment profile.

The Company as inter-company lessor

In order to secure the best possible lease terms and avoid the need for a security deposit Colefax Group Plc (the Company) has signed a number of UK property lease agreements on behalf of its UK subsidiaries. The substance of these transactions is that the Company acts a guarantor of the lease liabilities and payment for and use of the leased property is by the subsidiary company. The legal form of these transactions (which is reflected in the Company Statement of Financial Position) is that the lease liability resides with the Company and instead of a corresponding right of use asset there is a sub-lease and inter-company lease receivable from the subsidiary company. The lease liability and finance lease receivable reduce in line with payments made by the subsidiary company which include notional interest on the lease liability in accordance with IFRS 16. As the Company leases are all on behalf of 100% owned subsidiary companies, no risk management measures have been put in place by the Company in respect of its rights as lessor. At a Group level, the full value of the right of use asset and the associated lease liability are reflected in the Group Statement of Financial Position.

NOTES TO THE ACCOUNTS

For the year ended 30 April 2024

1 Accounting policies *continued*

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition, with the majority of inventories being valued on a weighted average cost basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Provision is made for obsolete and slow moving stocks.

Work in Progress

Work in progress is valued at cost. Cost includes all direct expenditure on physical goods and materials acquired in advance of installation.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted in the territories in which the taxable income is earned by the date of the statement of financial position.

Deferred Taxation

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the date of the statement of financial position. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and Deferred Tax for the year

Current and deferred tax are recognised as an expense or income in the income statement, except when they relate to items credited or debited directly to other comprehensive income or equity, in which case the tax is also recognised directly in other comprehensive income or equity.

Retirement Benefits

Defined Contribution Schemes

The Group operates defined contribution pension schemes which are externally administered. Payments made to the funds are charged to the income statement as part of employment costs in the period to which they relate.

NOTES TO THE ACCOUNTS
For the year ended 30 April 2024

1 Accounting policies *continued*

Foreign Currency
The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in Great British Pounds ('GBP'), which is the functional currency of the Company and the presentational currency for the consolidated financial statements.

Group
The assets and liabilities of overseas subsidiary undertakings are translated at the rate of exchange ruling at the date of the statement of financial position and the results of overseas subsidiaries are translated at the average rate of exchange for the year. The exchange differences arising on the retranslation of opening net assets and on loans which form part of the net investment are recognised in the Statement of other Comprehensive Income and taken to translation reserves. Loans are designated as part of the net investment, when settlement is neither planned nor likely to occur in the foreseeable future.

Company and all subsidiaries
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies including loans to subsidiaries are retranslated at the rate of exchange ruling at the date of the statement of financial position. All differences are taken to the income statement.

Financial Instruments
Financial assets comprise cash and cash equivalents and trade and other receivables.

Cash and Cash Equivalents
Cash equivalents are defined as including short-term deposits with original maturity within 3 months.

Trade and Other Receivables
Trade and other receivables do not carry interest and are stated at their nominal (invoiced) value as reduced by appropriate allowances for estimated irrecoverable amounts. When a trade receivable is considered uncollectable, it is written off against the allowance. Subsequent recoveries of amounts previously written off are credited against the allowance. Changes in the carrying amount of the allowance are recognised in the income statement. Impairment of trade receivables is determined under IFRS 9 *Financial Instruments* using the simplified expected credit loss model that focusses on the risk that a debtor will default rather than whether a loss has been incurred. The model uses a provision matrix based on historical default rates and adjusted for forward looking considerations.

Trade and Other Payables
Trade and other payables are initially measured at fair value and subsequently at amortised cost using the effective interest rate method.

Forward Foreign Currency Contracts
The Group uses forward foreign currency contracts to hedge its risk associated with foreign currency fluctuations. Such forward foreign currency contracts are stated at fair value which is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

It is the Group's policy not to hold forward foreign currency contracts for speculative purposes.

Hedge accounting can be applied to financial assets and financial liabilities only where all of the relevant hedging criteria under IAS 39 are met. These financial statements have continued to apply the same accounting policy for cash flow hedges under IAS 39 through the transition period. The Group accounts for forward foreign currency contracts as a cash flow hedge. The effective part of the contracts designated as a hedge of the variability in cash flows of foreign currency risk arising from highly probable forecast transactions, are measured at fair value with changes in fair value recognised directly in equity (the "cash flow hedge reserve").

The cumulative gain or loss is initially recognised in other comprehensive income and accumulated in the cash flow hedge reserve. It is subsequently recycled through the consolidated income statement at the same time as the hedged transaction affects the income statement, and reported within the cost of sales line of the income statement. If, at any point, the hedged transaction is no longer expected to occur, the cumulative gain or loss is recycled through the consolidated income statement immediately.

NOTES TO THE ACCOUNTS

For the year ended 30 April 2024

1 Accounting policies *continued*

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is in the year in which they are paid. Final dividends are not accrued until the proposed dividend has been approved by the shareholders at the Annual General Meeting.

Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

2 Critical accounting estimates and judgements

In preparation of consolidated and parent company financial statements under international accounting standards in conformity with the Companies Act 2006 the Group makes estimates and assumptions regarding the future. Estimates are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Inventories

The Group reviews the net realisable value of, and demand for, its Inventories (see note 15) to provide assurance that recorded inventory is stated at the lower of cost or net realisable value. There have been no changes in the provisioning methodology in the year.

Leases

Under IFRS 16 Leases the discount rate used to discount lease liabilities is based on the incremental borrowing rate. This is the market rate at which the Group believes it could borrow funds if it were to buy the leased asset outright. The Group uses its best estimate of the market rate that would be payable in the territory concerned based on a fixed margin above central bank base rates in force at the time when the lease liability is first recorded or re-measured.

Income Taxes

The Group is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises tax liabilities under IFRIC 23 Uncertainty over income tax treatments based on the expected value method of whether additional taxes and interest will be due. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact current and deferred tax expenses and balances in the period in which such determination is made.

3. Revenue

	Product Division		Decorating Division		Total	
	2024	2023	**2024**	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Primary geographical markets:						
United Kingdom	**18,365**	17,609	**9,060**	7,928	**27,425**	25,537
United States	**53,266**	57,238	**1,717**	424	**54,983**	57,662
Europe	**18,692**	17,461	**741**	433	**19,433**	17,894
Rest of World	**3,326**	2,987	**1,995**	738	**5,321**	3,725
	93,649	95,295	**13,513**	9,523	**107,162**	104,818
Revenue arise from:						
Sale of goods	**93,649**	95,295	**12,006**	8,242	**105,655**	103,537
Provision of services	**–**	–	**1,507**	1,281	**1,507**	1,281
	93,649	95,295	**13,513**	9,523	**107,162**	104,818

Revenue on Product Division sales and Decorating Division sales (including antique sales) are recognised at a point in time.

NOTES TO THE ACCOUNTS

For the year ended 30 April 2024

4. **Segmental analysis**

The Board of Colefax Group Plc manages the operations of the Group as two divisions:

Product division - This comprises the design and distribution of furnishing fabrics (Fabric division), wallpapers, upholstered furniture and related products (Furniture division). The fabric and furnishing divisions are not separately disclosed in the below analysis as the furniture division is not material to this segmental analysis.

Decorating division – This division is involved in interior and architectural design and decoration, primarily for private individuals.

The reportable segments are distinct business units each run by a separate management team. The financial performance of each division is reported separately to the Board and forms the basis of strategic decision-making.

	Product Division		Decorating Division		Total	
	2024	2023	**2024**	2023	**2024**	2023
Business segments	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Revenue from external customers	**93,649**	95,295	**13,513**	9,523	**107,162**	104,818
Segment result:						
Profit from operations	**7,613**	9,593	**863**	(74)	**8,476**	9,519
Finance income	**173**	26	**–**	–	**173**	26
Finance expense	**(901)**	(979)	**(16)**	(22)	**(917)**	(1,001)
Profit before taxation	**6,885**	8,640	**847**	(96)	**7,732**	8,544
Tax (expense)/credit	**(1,698)**	(1,880)	**(240)**	23	**(1,938)**	(1,857)
Profit for the year attributable to equity holders of the parent	**5,187**	6,760	**607**	(73)	**5,794**	6,687
Total assets	**65,039**	70,410	**8,932**	9,838	**73,971**	80,248
Total liabilities	**(36,108)**	(39,157)	**(6,118)**	(7,131)	**(42,226)**	(46,288)
Net assets	**28,931**	31,253	**2,814**	2,707	**31,745**	33,960
Capital expenditure	**4,050**	5,989	**155**	171	**4,205**	6,160
Depreciation	**6,549**	7,280	**426**	420	**6,975**	7,700

No single external customer represents a significant proportion of the Group's revenues.

NOTES TO THE ACCOUNTS

For the year ended 30 April 2024

4. **Segmental analysis**
continued

Geographical segments	External revenue by location of customers **2024** **£'000**	2023 £'000	Non-current assets by location of assets **2024** **£'000**	2023 £'000
United Kingdom	**27,425**	25,537	**10,224**	11,030
United States	**54,983**	57,662	**17,076**	18,283
Europe	**19,433**	17,894	**1,893**	2,405
Rest of World	**5,321**	3,725	**–**	–
	107,162	104,818	**29,193**	31,718

5. **Operating expenses**

	2024 **£'000**	2023 £'000
Distribution and marketing costs	**36,456**	35,826
Administrative costs	**15,096**	14,388
Total operating expenses	**51,552**	50,214

6. **Profit from operations**

	2024 **£'000**	2023 £'000
This has been arrived at after charging/(crediting):		
Audit services – group	**41**	39
Audit services – subsidiaries	**198**	176
Depreciation of owned property, plant and equipment	**2,625**	2,748
Depreciation on right of use assets	**4,350**	4,952
(Profit)/loss on the disposal of property, plant and equipment	**(38)**	(47)
Exchange (gains)/losses	**(382)**	128
Pension costs (see note 23)	**696**	476

NOTES TO THE ACCOUNTS

For the year ended 30 April 2024

		2024 £'000	2023 £'000
7. **Staff costs**	Staff costs, including Executive Directors, were as follows:		
	Wages and salaries	**19,889**	19,090
	Social security costs	**2,321**	2,238
	Pension costs	**696**	476
		22,906	21,804

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

	No.	No.
Distribution and marketing		
Executive directors	**2**	2
Other employees	**319**	306
Administration		
Executive directors	**2**	2
Other employees	**55**	56
	378	366

The holding Company directors received their remuneration, as detailed in the Directors' Report, from other group companies. The holding Company had no other employees during the year (2023 – nil).

Average employee numbers have been increased to account for all employees that are employed under contracts of services as one employee, this now includes all part time employees. Current year employees have increased by 23 (2023 comparative: increased by 21).

	2024 £'000	2023 £'000
Directors' (key management personnel) remuneration was as follows:		
Emoluments	**1,632**	1,612
Pension contributions	**25**	10
Employer's social security costs on directors' emoluments	**157**	176
	1,814	1,798
Emoluments of the highest paid director:		
Emoluments	**693**	678

A full analysis of Directors' remuneration is provided on page 13 in the Directors' Report.

As the directors have the authority and responsibility for planning, directing and controlling the activities of the Group they are seen to be key management.

One director participated in Group defined contribution pension schemes in 2024 (2023 – one).

		2024 £'000	2023 £'000
8. **Finance income and expense**	Finance expense:		
	Bank interest received	**173**	26
		173	26
	Finance expense:		
	Finance costs on leases	**916**	999
	Other interest payable	**1**	2
		917	1,001

NOTES TO THE ACCOUNTS

For the year ended 30 April 2024

		2024 £'000	2023 £'000
9. **Tax expenses**	(a) Analysis of charge for the year		
	UK corporation tax		
	UK corporation tax on profits of the year	**1,286**	431
	Adjustments in respect of previous years	**(35)**	(15)
		1,251	416
	Overseas tax		
	Overseas tax on profits of the year	**727**	1,591
	Adjustments in respect of previous years	**31**	(107)
		758	1,484
	Total current tax	**2,009**	1,900
	UK deferred tax		
	Origination and reversal of temporary differences	**(48)**	108
	Adjustments in respect of previous years	**–**	–
		(48)	108
	Overseas deferred tax		
	Origination and reversal of temporary differences	**(23)**	(151)
		(23)	(151)
	Total deferred tax	**(71)**	(43)
	Total income tax expense	**1,938**	1,857

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below.

	2024 £'000	2023 £'000
Profit before taxation	**7,732**	8,544
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 25.0% (2023 – 19.49%)	**1,933**	1,658
Effect of:		
Disallowed expenses	**135**	159
Non-taxable income	**(12)**	(16)
Adjustments in respect of prior period (current tax)	**(4)**	(114)
Adjustments in respect of prior period (deferred tax)	**65**	(100)
Losses utilised	**(54)**	(49)
Differences in foreign tax rates	**(198)**	120
Other differences	**–**	3
State and local taxes	**73**	196
Total tax expense	**1,938**	1,857

At the Spring Budget 2021, the government announced that the Corporation Tax rate would increase from 19% to 25% from 1 April 2023. As such, a blended rate of 19.49% has been applied to the previous financial year to account for the change in Corporation Tax rate as at 1 April 2023. The current year UK corporation tax rate is 25%.

NOTES TO THE ACCOUNTS
For the year ended 30 April 2024

		2024 £'000	2023 £'000
10. **Dividends**	Final (paid) of 2.8p (2023 – 2.8p)	**201**	213
	Interim (paid) of 2.7p (2023 – 2.6p)	**166**	186
		367	399

A final dividend of 2.9p per share has been proposed for the year ended 30 April 2024 (2023 – 2.8p).

11. **Earnings per share**

Basic earnings per share have been calculated on the basis of profit on ordinary activities after tax of £5,794,000 (2023 – £6,687,000) and on 6,564,031 (2023 – 7,457,535) ordinary shares, being the weighted average number of ordinary shares in issue during the year. Shares owned by the Colefax Group Plc Employees' Share Ownership Plan (ESOP) Trust are excluded from the basic earnings per share calculation.

Diluted earnings per share are the same as basic earnings per share as there are no outstanding share options in force at 30 April 2024.

12. **Property, plant and equipment**

	Freehold property £'000	Leasehold improvements £'000	Furniture fixtures and equipment £'000	Motor vehicles £'000	Screens and originations £'000	Total £'000
Group						
Cost:						
At 1 May 2023	534	8,118	4,918	362	4,805	18,737
Exchange adjustment	–	(13)	(28)	–	1	(40)
Additions	–	901	504	121	1,465	2,991
Disposals	–	–	(540)	(140)	(1,281)	(1,961)
At 30 April 2024	**534**	**9,006**	**4,854**	**343**	**4,990**	**19,727**
Depreciation:						
At 1 May 2023	102	4,922	2,994	191	2,297	10,506
Exchange adjustment	–	(13)	(25)	–	–	(38)
Charge for the year	15	671	645	66	1,228	2,625
Disposals	–	–	(536)	(106)	(1,281)	(1,923)
At 30 April 2024	**117**	**5,580**	**3,078**	**151**	**2,244**	**11,170**
Net Book Value:						
At 30 April 2024	**417**	**3,426**	**1,776**	**192**	**2,746**	**8,557**
At 1 May 2023	432	3,196	1,924	171	2,508	8,231

	Freehold property £'000	Leasehold improvements £'000	Furniture fixtures and equipment £'000	Motor vehicles £'000	Screens and originations £'000	Total £'000
Group						
Cost:						
At 1 May 2022	240	8,401	7,341	317	7,508	23,807
Exchange adjustment	–	78	166	–	128	372
Additions	294	848	869	177	1,392	3,580
Disposals	–	(1,209)	(3,458)	(132)	(4,223)	(9,022)
At 30 April 2023	**534**	**8,118**	**4,918**	**362**	**4,805**	**18,737**
Depreciation:						
At 1 May 2022	92	5,210	5,705	216	5,161	16,384
Exchange adjustment	–	58	163	–	128	349
Charge for the year	10	863	572	72	1,231	2,748
Disposals	–	(1,209)	(3,446)	(97)	(4,223)	(8,975)
At 30 April 2023	**102**	**4,922**	**2,994**	**191**	**2,297**	**10,506**
Net Book Value:						
At 30 April 2023	**432**	**3,196**	**1,924**	**171**	**2,508**	**8,231**
At 1 May 2022	148	3,191	1,636	101	2,347	7,423

NOTES TO THE ACCOUNTS

For the year ended 30 April 2024

13. Leases

	2024 £'000 Land & Buildings	2024 £'000 Other	2024 £'000 Total
Group Right of use assets			
As at 1 May 2023	**23,597**	**(133)**	**23,464**
Additions to right of use assets – new leases	**1,104**	**110**	**1,214**
Remeasurement	**58**	**288**	**346**
Depreciation on right of use assets	**(4,255)**	**(95)**	**(4,350)**
Disposals of right of use assets	–	–	–
Foreign exchange movements	**(61)**	**(1)**	**(62)**
At 30 April 2024	**20,443**	**169**	**20,612**

	2023 £'000 Land & Buildings	2023 £'000 Other	2023 £'000 Total
As at 1 May 2022	25,481	140	25,621
Additions to right of use assets – new leases	2,528	52	2,580
Remeasurement	0	–	–
Depreciation on right of use assets	(4,625)	(327)	(4,952)
Disposals of right of use assets	–	–	–
Foreign exchange movements	213	2	215
At 30 April 2023	23,597	(133)	23,464

	2024 £'000 Group Land & Buildings	2024 £'000 Group Other	2024 £'000 Group Total	2024 £'000 Company Land & Buildings
Lease liabilities				
At 1 May 2023	26,055	7	**26,062**	**7,573**
Additions	1,465	110	**1,575**	**1,095**
Remeasurement	(145)	145	–	–
Finance costs on leases	909	7	**916**	**225**
Disposals	–	–	–	–
Lease payments	(4,964)	(103)	**(5,067)**	**(1,546)**
Foreign exchange movements	(67)	(1)	**(68)**	–
At 30 April 2024	**23,253**	**165**	**23,418**	**7,347**

NOTES TO THE ACCOUNTS

For the year ended 30 April 2024

13. **Leases**
continued

	2023 £'000 Group Land & Buildings	2023 £'000 Group Other	2023 £'000 Group Total	2023 £'000 Company Land & Buildings
Lease liabilities				
At 1 May 2022	27,846	137	**27,983**	**8,330**
Additions	2,606	91	**2,697**	**910**
Finance costs on leases	938	61	**999**	**256**
Disposals	–	–	**–**	**–**
Lease payments	(5,480)	(365)	**(5,845)**	**(1,923)**
Foreign exchange movements	145	83	**228**	**–**
At 30 April 2023	**26,055**	**7**	**26,062**	**7,573**

Lease liabilities are split between current and non-current liabilities as follows:

	Group		Company	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Current	**4,038**	3,085	**1,282**	1,432
Non-current	**19,380**	22,977	**6,065**	6,141
	23,418	26,062	**7,347**	7,573

The majority of the Group's leases do not contain early termination options.

At 30 April 2024 there were no variable lease payments associated with any of the Group's leases.

The maturity of lease liabilities is as follows:

	Group £'000	Company £'000
Undiscounted amounts payable:		
Within one year	4,843	1,544
In two to five years	14,137	3,977
In over five years	7,390	2,997
Total gross future liability	**26,370**	**8,518**
Effect of discounting	**(2,952)**	**(1,171)**
Lease liability at 30 April 2024	23,418	7,347

The Company as lessor

As set out in the accounting policies note on leases the Company acts as a sub-lessor on a number of property leases used by UK subsidiary companies. The notional interest income receivable and payable by the Company on these leases for the year ended 30 April 2024 amounted to £225,000 (2023 – £256,000).

The total value and maturity profile of the inter-company lease receivables exactly matches the maturity of the Company lease liabilities as set out above. The undiscounted value of the inter-company lease receivables by the Company is £8,518,000 and the related unearned income is £1,171,000.

NOTES TO THE ACCOUNTS

For the year ended 30 April 2024

		Shares £'000	Loans £'000	Total £'000
14. **Investments**	Company			
	At 30 April 2023	19,443	2,000	21,443
	Loan repayment by subsidiary	–	(1,000)	(1,000)
	At 30 April 2024	**19,443**	**1,000**	**20,443**

The subsidiaries of the Group, all of which have been included in these consolidated financial statements, are as follows:

Name of Company	Notes	Principal Products	Registered Address
Colefax and Fowler Limited	*,1	Fabrics and Wallpapers	19-23 Grosvenor Hill, London W1K 3QD
Sibyl Colefax & John Fowler Limited	*,1	Interior & Architectural Design	19-23 Grosvenor Hill, London W1K 3QD
Kingcome Sofas Limited	*,1	Upholstered Furniture	19-23 Grosvenor Hill, London W1K 3QD
Colefax and Fowler Holdings Limited	*,1	Holding Company for Colefax and Fowler Inc	19-23 Grosvenor Hill, London W1K 3QD
Manuel Canovas Limited	*,1	Dormant	19-23 Grosvenor Hill, London W1K 3QD
Jane Churchill Limited	*,1	Dormant	19-23 Grosvenor Hill, London W1K 3QD
Colefax and Fowler Incorporated	2	Fabrics and Wallpapers	148 39th Street, Space B319 New York, NY 11232
Cowtan and Tout Incorporated	2	Fabrics and Wallpapers	148 39th Street, Space B319 New York, NY 11232
Manuel Canovas SAS	3	Fabrics and Wallpapers	23, Rue Royale, 75008 Paris
Colefax and Fowler GmbH	4	Fabrics and Wallpapers	13, Ottostrasse, 80333 Munich
Colefax and Fowler Srl	5	Fabrics and Wallpapers	8 Via Palermo, 20121 Milan
Colefax and Fowler SL	6	Fabrics and Wallpapers	No. 115 Bis Portal 5 08008 Barcelona
Cowtan and Tout Canada Limited	7	Fabrics and Wallpapers	2600-1066 West Hastings Street, Vancouver BC Canada V6E 3X1

(*) Owned directly by parent company
(1) Incorporation/Principal Country of Operation is England and Wales.
(2) Incorporation/Principal Country of Operation is USA.
(3) Incorporation/Principal Country of Operation is France.
(4) Incorporation/Principal Country of Operation is Germany.
(5) Incorporation/Principal Country of Operation is Italy.
(6) Incorporation/Principal Country of Operation is Spain.
(7) Incorporation/Principal Country of Operation is Canada.

The effective percentage of issued Share Capital held by the Group is 100% for all Group subsidiaries.

There was no movement in the number of shares held in subsidiary undertakings during the year.

At 30 April 2024, the ESOP Trust owned 60,000 (2023 - 60,000) ordinary shares of 10p in the Company at cost, with a market value of £405,000 (2023 - £452,000). Dividends on these shares have been waived.

The ESOP can provide benefits to all employees of the Group.

There were no shares under option in the ESOP or otherwise at the date of the statement of financial position.

NOTES TO THE ACCOUNTS

For the year ended 30 April 2024

		2024 £'000	2023 £'000
15. **Inventories and work in progress**	Finished goods for resale	**15,487**	16,508
	Work in progress	**2,754**	2,979
		18,241	19,487

The cost of inventories recognised as an expense and included in cost of sales amounted to £26,082,781 (2023 – £25,889,235). The value of stock impaired/written off in the period amounted to £879,744 (2023 – £1,159,000).

		Group		Company	
		2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
16. **Trade and other receivables**	Trade receivables	**4,857**	6,129	**–**	–
	Less: provision for impairment of trade receivables	**(592)**	(516)	**–**	–
	Trade receivables net	**4,265**	5,613	**–**	–
	Lease receivable owed by subsidiary undertakings	**–**	–	**7,347**	7,573
	Amounts owed by subsidiary undertakings	**–**	–	**9,983**	9,460
	Other receivables	**2,802**	1,403	**113**	114
	Prepayments and accrued income	**1,707**	2,137	**42**	1,131
		8,774	9,153	**17,485**	18,278

There is no difference between the carrying amount and the fair value of the trade and other receivables.

The only impaired assets are within trade receivables. No intercompany receivables balances are considered to be impaired.

The only financial asset that is subject to IFRS 9's expected credit loss model is trade receivables.

The Group has applied the IFRS 9 simplified approach to measure lifetime expected credit losses.

To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The expected loss rates are based on the Group's bad debt experience in the 12 months to 30 April 2024.

On this basis, the total loss allowance for trade receivables as at 30 April 2024 is determined as follows:

	Current £'000	Up to 3 months overdue £'000	3-6 months overdue £'000	6-12 months overdue £'000	More than 12 months overdue £'000	Total £'000
Expected loss rate	5%	19%	24%	85%	100%	
Trade receivables	3,117	1,175	449	81	35	4,857
Loss allowance	163	219	106	69	35	592

Credit quality of financial assets

(i) Current

Included in the Group's trade receivable balances are receivables with a carrying value of £3,117,000 (2023 – £4,244,000) which are not overdue. Under the expected credit loss model, a provision is held for the lifetime credit loss on these balances of £19,000 (2023 – £38,000).

(ii) Current – individually impaired

As at 30 April 2024, trade receivables totalling £144,000 which were not overdue (2023 – £NIL) were individually determined to be impaired and provided for.

The main factor used to assess the impairment of trade receivables is the circumstances of the individual customer.

NOTES TO THE ACCOUNTS

For the year ended 30 April 2024

16. **Trade and other receivables** *continued*

(iii) Overdue
Included in the Group's trade receivable balances are receivables with a carrying value of £1,740,000 (2023 – £1,885,000) which are overdue at the reporting date for which the Group does not consider the need to create a specific impairment provision against individually identified receivables, but an expected credit loss provision has been made of £150,000 (2023 – £370,000).

(iv) Overdue – individually impaired
As at 30 April 2024, trade receivables of £279,000 (2023 – £108,000) were individually determined to be impaired and provided for. The amount of the provision was £279,000 (2023 – £108,000).

The main factor used to assess the impairment of trade receivables is the circumstances of the individual customer.

Movements in the Group provision for impairment of trade receivables is as follows:

	2024 £'000	2023 £'000
At beginning of year	**516**	374
Provided during the year	**181**	157
Receivables written off as uncollectable	**(101)**	(11)
Unused amounts reversed	**–**	–
Exchange differences	**(4)**	(4)
At end of year	**592**	516

The Group's trade receivables are denominated in the following currencies:

	2024 £'000	2023 £'000
Euro	**68**	2,052
Sterling	**2,926**	1,564
US Dollar	**1,073**	1,737
Other	**198**	260
	4,265	5,613

17. **Cash and cash equivalents**

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Cash at bank and in hand	**17,763**	19,746	**1,591**	587

The fair value of cash and cash equivalents are considered to be their book value.

NOTES TO THE ACCOUNTS

For the year ended 30 April 2024

18. Current liabilities

	Group		Company	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Amounts owed to subsidiary undertakings	**–**	–	**58**	58
Trade payables	**4,648**	5,525	**–**	–
Accruals	**8,146**	7,167	**50**	49
Payments received on account	**4,031**	5,272	**–**	–
Other taxes and social security costs	**643**	609	**–**	–
Other payables	**1,155**	1,430	**–**	–
	18,623	20,003	**108**	107

Significant changes in payments received on account of £1,241,000 (2023 – £1,912,000) solely relates to cash received in advance of performance not recognised as revenue and amounts are taken to revenue upon satisfaction of the relevant performance obligation in our decorating division.

19. Deferred taxation

	2024	2023
	£'000	£'000
Deferred taxation has been provided as follows:		
Accelerated capital allowances on property, plant and equipment	**(625)**	(469)
Short-term temporary differences	**755**	669
	130	200

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences where the directors believe it is probable that the assets are recoverable.

This is made up as follows:		
Deferred taxation included in non-current assets	**(24)**	(23)
Deferred taxation included in non-current liabilities	**154**	223
	130	200

	2024	2023
	£'000	£'000
At 1 May	**200**	239
Charged to the income statement (note 9)	**(71)**	(43)
Translation adjustment	**1**	4
At 30 April	**130**	200

NOTES TO THE ACCOUNTS
For the year ended 30 April 2024

20. **Financial instruments** The financial instruments of the Group as classified in the financial statements as at 30 April 2024 can be analysed under the following IFRS 9 categories.

	Amortised cost	
	2024	2023
	£'000	£'000
Financial assets		
Trade and other receivables	**7,067**	7,016
Cash and cash equivalents	**17,763**	19,746
Total	**24,830**	26,762

	Other financial liabilities	
	2024	2023
	£'000	£'000
Financial liabilities		
Trade and other payables	**12,794**	12,692
Total	**12,794**	12,692

The Group's principal financial instruments comprise of cash, short-term deposits, bank overdrafts, forward foreign currency contracts and various items such as trade and other receivables and trade and other payables that arise directly from its operations. All trade and other payables disclosed above fall due for payment within one year.

Forward foreign currency contracts are carried at fair value, measured using level 2 of the fair value hierarchy.

The fair value hierarchy has the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value of forward foreign currency contracts is based on broker quote, derived from the quoted price of similar investments.

There are no assets or liabilities at fair value through profit or loss.

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged.

Liquidity Risk
The Group's objective is to maintain an appropriate balance between continuity of funding and flexibility through the use of multi-currency overdrafts and bank loans. The Group currently has no borrowing facilities.

Group borrowing facilities are reviewed annually with HSBC.

The Group's trade and short-term creditors all fall due within 60 days. At 30 April 2024 the Group's trade payables were £4.6 million (2023 – £5.5 million) and trade receivables were £4.3 million (2023 – £5.6 million) giving a ratio of 1.1 (2023 – 1.0). This, together with the Group's cash balances and unused borrowing facility, constitutes a relatively low liquidity risk.

NOTES TO THE ACCOUNTS
For the year ended 30 April 2024

20. **Financial instruments** *continued*

Credit Risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

In the Product Division credit risk is spread over a large number of customers and historically bad debt experience has been extremely low. In the Decorating Division it is not unusual to undertake large projects which can give rise to significant debtor balances from time to time. Risk is reduced by requiring a 50% deposit at the start of the project and a further 25% deposit prior to completion.

Credit risk also arises from cash and cash equivalents and deposits with banks. For banks, only independently rated parties with minimum rating "A" are accepted.

Foreign Currency Risk
Due to the international nature of its operations, the Group faces currency exposures in respect of exchange rate fluctuations against sterling. The most significant of these is the US where revenue in US dollars represents 51% of Group revenue.

The majority of the US subsidiary's revenue from the sale of goods is sourced by imports from the UK and Europe. This revenue is invoiced in US dollars. The Group minimises the currency translation exchange risk by the use of forward foreign currency contracts. At 30 April 2024 there were no forward foreign currency contracts in place.

The Group's profit is reduced by approximately £170,000 for every one cent deterioration in the US dollar against Sterling. The Group has a natural hedge between Euro costs and Euro revenues but this is dependent on maintaining Euro revenue at current levels.

About 23% of Group revenue is to customers in countries other than the UK and US. Most of this revenue is invoiced in the currencies of the countries involved. The Group does not hedge currency exposures on this revenue using forward foreign currency contracts as any exchange rate risk is considered to be insignificant due to the offsetting effect of imports.

The Group has continued its policy of not hedging statement of financial position translation exposures except to the extent that overseas liabilities, including borrowings, provide a natural hedge. It is also the Group's policy not to hedge income statement translation exposures.

The statements of financial position of overseas operations are translated into sterling at the closing rates of exchange for the year and any exchange difference is dealt with as a movement in the foreign exchange reserve. The income statements of overseas business are translated at an average rate of exchange.

Interest Rate Risk
As the Group has net cash of £17.8 million (2023 – £19.8 million), the Group does not consider interest rate risk to be a significant risk.

Forward Foreign Currency Contracts
The Group uses forward foreign currency contracts to forward-buy and sell foreign currency in order to hedge future transactions and cash flows. The Group is party to forward foreign currency contracts denominated in US dollars to eliminate transactional currency exposures on future expected revenue in the US.

NOTES TO THE ACCOUNTS

For the year ended 30 April 2024

20. Financial instruments *continued*

At 30 April 2024, the Group had no forward foreign currency contract arrangements to sell US dollars. All hedged transactions held at the previous year end have now occurred. The fair value of the Group's forward foreign currency contracts at the date of the statement of financial position is as follows:

	2024 £'000	2023 £'000
Fair value of forward foreign currency contracts – asset/(liability)	**–**	–

Capital Disclosures

The Directors consider the Group's capital to consist of its share capital and reserves.

The Group's objective when maintaining capital is to safeguard the Group's ability to continue as a going concern so that that it can continue to provide returns for shareholders and benefits for other stakeholders.

To the extent that the Group considers it has surplus capital it has been Group policy to return this to shareholders through share buy backs.

Other Financial Instruments

The book amount for trade and other receivables, cash and cash equivalents, bank overdrafts, and trade and other payables with an expected life of 12 months or less, is considered to reflect its fair value.

The financial instruments of the Company as classified in the financial statements at 30 April 2024 can be analysed under the following IFRS 9 categories:

	Amortised cost	
	2024 £'000	2023 £'000
Financial assets		
Intercompany and other receivables	**17,443**	17,147
Total	**17,443**	17,147

	Other financial liabilities	
	2024 £'000	2023 £'000
Financial liabilities		
Finance lease liabilities	**7,347**	7,573
Intercompany and other payables	**58**	58
Total	**7,405**	7,631

The Company acts as a holding company for the Group's subsidiaries and does not trade.

Its financial instruments comprise cash, bank overdraft, amounts receivable and payable from subsidiary undertakings and other receivables and payables.

The Company faces liquidity risk on managing cash flows from its subsidiary undertakings.

NOTES TO THE ACCOUNTS
For the year ended 30 April 2024

		Authorised		Allotted, called up and fully paid	
		2024	2023	**2024**	2023
21. **Share capital**	Ordinary shares of 10p each	**£3,300,000**	£3,300,000	**£622,428**	£723,754
	Number of shares	**33,000,000**	33,000,000	**6,224,280**	7,237,535

	Allotted, called up and fully paid			
	2024 Number	**2024 £**	2023 Number	2023 £
Ordinary shares of 10p each At beginning of year	**7,237,535**	**723,754**	7,937,535	793,754
Purchase of own shares for cancellation	**(1,013,255)**	**(101,326)**	(700,000)	(70,000)
At end of year	**6,224,280**	**622,428**	7,237,535	723,754

Details of shareholdings of Directors are shown in the Directors' Report on page 13.

22. **Reserves**

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

Reserve	Allotted called up and fully paid
Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Capital redemption	Amounts transferred from share capital on redemption of issued shares.
ESOP share	Weighted average cost of own shares held by the ESOP trust.
Merger	Premium on shares issued to fund acquisitions prior to 1999, which was used for write-off of goodwill on consolidation.
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement less distributions made.
Foreign exchange	Unrealised cumulative net gains and losses arising on the retranslation of the opening net assets and loans of overseas subsidiary undertakings.
Cash flow hedge	Unrealised gains and losses, net of deferred tax, arising on the revaluation of forward foreign currency contracts at the date of the statement of financial position.

23. **Pension commitments**

Group companies make pension contributions for eligible employees to group personal pension schemes. These schemes are independently administered. The pension cost charge represents contributions payable by Group companies to the schemes during the year and amounted to £696,000 (2023 – £476,000).

24. **Guarantees**

The Company has given an unlimited guarantee to HSBC Bank plc to secure all the present and future indebtedness and liabilities to the Bank of the Company, Colefax and Fowler Incorporated and Cowtan & Tout Incorporated. There is a cross guarantee between the Company and each of its UK subsidiaries in respect of their overdraft balances. At 30 April 2024, the value of subsidiary overdrafts covered by the guarantee amounted to £nil (2023 – £nil).

The Company acts as guarantor on certain US leases in the name of its US subsidiary Cowtan and Tout Inc.

The minimum undiscounted value of lease liabilities at 30 April 2024 amounted to £7.7 million (2023 £9.2 million).

NOTES TO THE ACCOUNTS

For the year ended 30 April 2024

25. Related party transactions

The Company undertook the following transactions with its subsidiary undertakings in the year:

	2024 £'000	2023 £'000
Interest charged on long-term loans to Colefax and Fowler Holdings Limited	**100**	92

At the year end the following amounts were owed to/(by) the Company by/(to) its subsidiaries:

	2024 £'000	2023 £'000
Colefax and Fowler Holdings Limited	**(58)**	(58)
Colefax and Fowler Limited	**15,760**	16,100
Kingcome Sofas Limited	**361**	10
Sibyl Colefax and John Fowler Limited	**1,209**	923
	17,272	16,975

The Company received dividend income from subsidiaries in the year of £6,985,000 (2023 – £5,937,000).

Details of Directors' remuneration (key management personnel) are given in Note 7 to the accounts.

26. Post Balance Sheet Events

No significant events have occurred between 30 April 2024 and the date of these financial statements.

FIVE YEAR REVIEW

	2024 £'000	2023 £'000	2022 £'000	2021 £'000	2020 £'000
Revenue	**107,162**	104,818	101,796	77,908	78,364
Profit before taxation	**7,732**	8,544	10,823	5,422	2,176
Profit attributable to shareholders	**5,794**	6,687	8,493	4,046	1,920
Basic and diluted earnings per share	**88.3p**	89.7p	102.5p	45.1p	21.4p
Dividends paid per share	**5.5p**	5.3p	2.5	0.0p	2.7
Equity	**31,745**	33,960	33,147	31,108	28,210
Operating cash flow less lease payments	**10,151**	9,100	12,789	11,433	5,702
Cash and cash equivalents	**17,763**	19,746	21,785	19,344	11,538

NOTICE OF MEETING

Notice is hereby given that the 2024 Annual General Meeting of Colefax Group plc will be held at 19-23 Grosvenor Hill, London W1K 3QD on 26 September 2024 at 11.00 a.m. to transact the following business:

Ordinary Business

1. To receive, and if thought fit, to adopt the audited Annual Accounts of the Company for the year to 30 April 2024, together with the reports of the directors and the auditors thereon.

2. To re-appoint PKF Littlejohn LLP as auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next general meeting of the Company at which accounts are laid.

3. To declare a final dividend of 2.9p per ordinary share.

4. To authorise the Directors to determine the remuneration of the auditors.

5. To re-elect W Nicholls who retires by rotation.

Special Business

To consider and, if thought fit, to pass the following resolutions of which resolution 6 will be proposed as an ordinary resolution and resolutions 7 and 8 will be proposed as special resolutions.

6. THAT, in place of all existing authorities (save to the extent relied upon prior to the passing of this resolution), the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act"):

    (a) to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum nominal amount of £207,476 (or such lower number as shall equal one-third of the nominal value of the issued share capital of the Company at the date of the Annual General Meeting) for a period expiring (unless previously renewed, varied or revoked by the Company in a general meeting) at the earlier of the date falling 15 months following the date of the Annual General Meeting and the end of the next annual general meeting of the Company, save that the Company may before expiry of this authority make an offer or agreement which would or might require shares to be allotted, or rights to subscribe for or to convert any security into shares to be granted, after expiry of this authority and the Directors may allot shares, or grant rights to subscribe for or convert any security into shares, in pursuance of that offer or agreement as if this authority had not expired; and

    (b) in addition, to allot equity securities (within the meaning of section 560 of the Act) in connection with an offer of such securities or an invitation to apply to subscribe for such securities (whether by way of rights issue, open offer or otherwise) in favour of holders of ordinary shares in proportion (as nearly as may be) to their respective holdings of ordinary shares (but subject to such exclusions or other arrangements as the Directors consider necessary or expedient in connection with treasury shares, fractional entitlements, record dates or any legal or practical problems arising under the laws or regulations of, or the requirements of any regulatory body or stock exchange in, any territory) up to a maximum nominal amount of £207,476 (or such lower number as shall equal one-third of the nominal value of the issued share capital of the Company at the date of the Annual General Meeting) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the earlier of the date falling 15 months following the date of the Annual General Meeting and the end of the next annual general meeting of the Company, save that the Company may before expiry of this authority make an offer or agreement which would or might require equity securities to be allotted after expiry of this authority and the Directors may allot equity securities in pursuance of that offer or agreement as if this authority had not expired.

7. THAT, subject to the passing of resolution 6 above and in place of all existing powers, the Directors be generally and unconditionally authorised pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority granted by resolution 6 above as if section 561 of the Act did not apply to any such allotment. This power shall be limited to:

    (a) the allotment of equity securities in connection with an offer of such securities or an invitation to apply to subscribe for such securities or an invitation to apply to subscribe for such securities (whether by way of rights issue, open offer or otherwise) in favour of holders of ordinary shares in proportion (as

NOTICE OF MEETING

nearly as may be) to their respective holdings of ordinary shares but subject to such exclusions or other arrangements as the Directors consider necessary or expedient in connection with treasury shares, fractional entitlements, record dates or any legal or practical issues arising under the laws or regulations of, or the requirements of any regulatory body or stock exchange authority in, any jurisdiction or territory; and

(b) the allotment (other than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £31,121 (or such lower number as shall equal 5% of the nominal value of the issued share capital of the Company at the date of the Annual General Meeting).

This power shall expire on the earlier of the date falling 15 months following the date of the Annual General Meeting and the conclusion of the next annual general meeting of the Company, but the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired.

This power also applies in relation to a sale of treasury shares, which is an allotment of equity securities by virtue of section 560(3) of the Act as if in the first paragraph of this resolution the words “subject to the passing of resolution 6 above” and “pursuant to the authority granted by resolution 6 above” were omitted.

8. THAT, in place of all existing authorities (save to the extent relied upon prior to the passing of this resolution), the Company be generally and unconditionally authorised in accordance with Section 701 of the Companies Act (the “Act”) to make one or more market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of 10p each in the capital of the Company (“ordinary shares”) provided that:

(a) the maximum aggregate number of ordinary shares authorised to be purchased is 933,642 (or such lower number as shall equal 15% of the nominal value of the issued share capital of the Company at the date of the Annual General Meeting);

(b) the minimum price which may be paid for an ordinary share is 10p;

(c) the maximum price which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that ordinary share is purchased;

(d) this authority expires (unless previously renewed, varied or revoked by the Company in a general meeting) at the conclusion of the next annual general meeting of the Company or, if earlier, 15 months following the date of the Annual General Meeting; and

(e) the Company may make a contract to purchase ordinary shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority and may make a purchase of ordinary shares in pursuance of any such contract.

By order of the Board
R. M. Barker ACA
Secretary
30 July 2024

Registered Office
19-23 Grosvenor Hill
London W1K 3QD

NOTICE OF MEETING

Additional Information in respect of resolution 8:

Authority to Buyback Ordinary Shares and the Takeover Code

The Concert Party

David Green, the Chairman and Chief Executive of the Company, together with certain family members (together, the '**Concert Party**') are all considered to be acting in concert with each other in relation to the Company for the purposes of the City Code on Takeovers and Mergers (the '**Code**'). The Concert Party currently holds, directly and indirectly, 1,976,671Ordinary Shares, representing in aggregate 31.76 per cent. of the current issued voting share capital of the Company.

The Takeover Code

Under Rule 9 of the Code when:

- a person acquires an interest in shares which (taken together with shares in which they and persons acting in concert (as defined by the Code) with them are interested) carry 30 per cent. or more of the voting rights of a company subject to the Code; or

- any person who, together with persons acting in concert with them, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company subject to the Code, but does not hold shares carrying more than 50 per cent. of the voting rights of the company, and such person, or any persons acting in concert with them, acquires an interest in any shares which increase the percentage of shares carrying voting rights in which they are interested,

that person together with the persons acting in concert with them, is normally required to extend offers in cash, at the highest price paid by them (or any persons acting in concert with them) for shares in the company within the preceding 12 months, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights (a '**Rule 9 Offer**').

Rule 37 of the Code states that when a company redeems or purchases its own voting shares, any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purposes of Rule 9. However, Note 1 of Rule 37.1 states that a person who comes to exceed the limits in Rule 9.1 as a consequence of a company's redemption or purchase of its own shares will not normally incur an obligation to make a mandatory offer unless that person is a director, or the relationship of the person with any one or more of the directors is such that the person is, or is presumed to be, acting in concert with any of the directors. A person who has appointed a representative to the board of the company, and investment managers of investment trusts, will be treated for these purposes as a director.

The Company has historically sought authority and received approval from its shareholders to make market purchases of its own shares at its annual general meeting and is proposing to renew this authority at its upcoming annual general meeting due to take place on 26 September 2024 (the '**AGM**'). This authority, if approved by Shareholders, would permit the Company to repurchase up to 933,642 Ordinary Shares, equal to 15 per cent of the Company's issued ordinary share capital at the date of the notice of AGM (the '**AGM Authority**'). However, if approved, the Company may be restricted from using the AGM Authority owing to the Concert Party being interested in more than 30 per cent but less than 50 per cent of the total voting rights of the Company (and therefore, any repurchases of shares under the AGM Authority being liable to trigger an obligation for the Concert Party to make an offer, in cash, for the entire issued and to be issued share capital of the Company, pursuant to Rule 9 of the City Code). The AGM Authority might, therefore, absent a waiver of the obligation to make a general offer under Rule 9 and Rule 37 of the Code by the Panel, give rise to an obligation on the Concert Party to make a general offer for the entire issued share capital of the Company.

Waiver of the obligation to make a general offer under Rule 9 and Rule 37 of the Code

Under Rule 37 and Note 1 on the Notes on the Dispensations from Rule 9 of the Code, the Panel will normally waive the requirement for a Rule 9 Offer if, inter alia, those shareholders of the Company who are independent of the persons who would otherwise be required to make an offer and any person acting in concert with them who do not have any interest which may compromise their independence (the '**Independent Shareholders**') pass an ordinary resolution on a poll at a general meeting approving such a waiver (a '**Waiver Resolution**'). Under Note 5(c) on the Notes on the Dispensations from Rule 9 of the Code, the Panel may waive the requirement for a Rule 9 Offer and a Waiver Resolution if Independent Shareholders holding more than 50 per cent. of the Company's shares capable of being voted on such a Waiver Resolution confirm in writing that they approve the proposed waiver and would vote in favour of a Waiver Resolution were one to be put to the Shareholders at a general meeting.

NOTICE OF MEETING

Confirmations and acknowledgements
Independent Shareholders holding more than 50 per cent. of the Company's Ordinary Shares capable of being voted on a resolution to approve a Waiver Resolution, being Jupiter Asset Management Limited in its capacity as discretionary investment manager for and on behalf of the Rights and Issues Investment Trust Plc and Schroders PLC, have confirmed the following:

- they are beneficial owners of 2,296,681 Ordinary Shares in the issued share capital of the Company, representing at the date hereof 36.90 per cent. of the Company's issued share capital carrying voting rights (and 54.1 per cent. of the Ordinary Shares capable of being voted on a resolution to approve a Waiver Resolution) and have absolute discretion over the manner in which these Ordinary Shares are voted. These Ordinary Shares are held free of all liens, pledges, charges and encumbrances;

- that (a) save for the fact that they are Shareholders, there is no connection between any Independent Shareholder and the Concert Party; (b) they do not have any interest or potential interest, whether commercial, financial or personal, in the outcome of the AGM Authority; and (c) they are each Independent Shareholders of the Company as defined above; and

- that, in connection with the AGM Authority: (a) they consent to the Panel granting a waiver from the obligation for the Concert Party to make a Rule 9 offer to the Shareholders; (b) they consent to the Panel dispensing with the requirement that the waiver from such obligation be conditional on a Waiver Resolution being approved by Independent Shareholders of the Company at a general meeting; and (c) they would vote in favour of a Waiver Resolution to waive the obligation for the Concert Party to make a Rule 9 Offer upon utilisation of the AGM Authority if a Waiver Resolution were to be put to the Independent Shareholders of the Company at a general meeting.

In giving the confirmations referred to above, the Independent Shareholders have acknowledged:

- that the Panel will approve the waiver from the obligation for the Concert Party to make a Rule 9 Offer without the requirement for the waiver having to be approved by Independent Shareholders of the Company at a general meeting;

- that if no general meeting is held to approve the Waiver Resolution to waive the obligation for the Concert Party to make a Rule 9 Offer:

    i. there will not be an opportunity for any other person to make any alternative proposal to the Company conditional on such Waiver Resolution not being approved by Independent Shareholders of the Company;

    ii. there will not be an opportunity for other Shareholders to make known their views on the AGM Authority; and

    iii. there will be no requirement for the Company either (i) to obtain and make known to its Shareholders competent independent advice under Rule 3 of the Code on the AGM Authority and the waiver of the obligation for the Concert Party to make a Rule 9 offer; or (ii) to publish a circular to Shareholders of the Company in compliance with Appendix 1 of the Code in connection with this matter.

The Board has consulted with the Panel which has agreed that it will waive any obligation on the Concert Party to make a general offer under Rule 9 and Rule 37 of the Code as a result of the utilisation of the AGM Authority and, provided that the holders of a majority of the Ordinary Shares, held by Independent Shareholders, confirm in writing that they would approve the Rule 9 Waiver, if a resolution to approve the Rule 9 Waiver were put to the Independent Shareholders at the General Meeting.

The holders of a majority of Ordinary Shares, held by Independent Shareholders, have given that written confirmation and the Board has also now received the Panel's confirmation that the Panel has granted a waiver of the obligation on the Concert Party to make a general offer under Rule 9 and Rule 37 of the Code to the extent that such obligation would otherwise arise as a result of the utilisation of the AGM Authority.

NOTICE OF MEETING

AGM Procedural Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend, to speak and, both on a show of hands and on a poll, to vote in his or her stead at the meeting. A proxy need not be a member of the Company but must attend the meeting in person. The appointment of a proxy does not preclude a member from attending and voting in person at the meeting should he or she subsequently decide to do so. A form of proxy which may be used is attached.

2. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him or her.

3. To be valid, a form of proxy together with, if applicable, the power of attorney or other authority under which it is signed, or a certified copy thereof, must be received by Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not later than 11.00 a.m. on 24 September 2024.

4. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 6.00 p.m. on 24 September 2023 shall be entitled to attend or vote (whether on a show of hands or on a poll) at the meeting in respect of the number of shares registered in their name at the time. Changes to entries on the register after 6.00 p.m. on 24 September 2023 (or after 6.00 p.m. on the day which is two days before any adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the meeting.

5. As at [• July] 2024 (being the last business day prior to the date of this notice) the Company's issued share capital consisted of 6,224,281 ordinary shares each carrying one vote per share. Accordingly the total number of voting rights in the Company as at [• July] 2024 were 6,224,281.

6. CREST members who wish to appoint a proxy or proxies for the meeting or any adjournment thereof by utilising the CREST electronic proxy appointment service may do so by following the procedures described in the CREST Manual (www.euroclear. com/CREST). CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by the latest time(s) for receipt of proxy appointments specified in this notice. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

NOTICE OF MEETING

7. Any member attending the meeting has the right to ask questions.

8. If a shareholder has a general query about the Annual General Meeting or wishes to give the Company prior notification of any question he wishes to ask at the Annual General Meeting, he should call our shareholder helpline on 0870 889 3295 if calling within the United Kingdom or +44 870 889 3295 if calling from outside the United Kingdom. The Shareholder Helpline is available from 8.30 a.m. and 5.30 p.m. Monday to Friday (except public holidays). The cost of calls to the helpline may vary depending on the service provider. Calls to the helpline from outside the United Kingdom will be charged at applicable international rates. Calls may be recorded and monitored for security and training purposes.

Park is an EMAS certified company and its Environmental Management System is certified to ISO 14001.

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