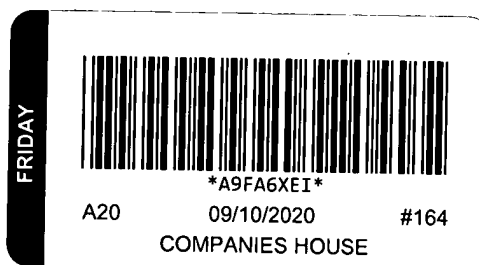


Company Registration No. 03266992 (England and Wales)

HAYGROVE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019



HAYGROVE LIMITED

COMPANY INFORMATION

Directors	A J Davison I D Williams R J Mills M J Musk
Secretary	S J Francis
Company number	03266992
Registered office	Redbank Ledbury Herefordshire HR8 2JL
Auditor	RSM UK Audit LLP Chartered Accountants Hartwell House 55-61 Victoria Street Bristol BS1 6AD

HAYGROVE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Principal activities

The Group is a horticultural business. The principal business and activities include:

- Growing - farms in UK, South Africa, Portugal and China producing fresh soft fruit and cherries for retail customers; and
- Growing Systems - supplying field scale poly-tunnel systems and substrate systems to other horticultural businesses internationally.

Business Review

The results for the Group for the year, as set out on pages 10 to 11, show overall revenues increased by £9.6 million to £108.2 million (2018 - £98.6 million). Within these numbers there was an increase in the turnover from the new operations in China, Australia and Portugal which accounted for all the increase.

The Group made a net profit before tax for the year of £1.5 million (2018 - loss £2.5 million), with the new operations delivering a profit of £1.3 million (2018 - loss £1.7 million) and continuing activities making a profit of £0.2 million (2018 - loss £0.8 million).

The growing and marketing conditions around the world for the continuing businesses remained challenging throughout the year. The UK and SA growing businesses continued to struggle with yield and prices issues during the year. In the UK the Growing business underwent a significant reorganisation aimed at increasing efficiency and reducing costs. The Growing Systems business was impacted by the bush fires in Australia that reduced the appetite for tunnels in that market but else where it made some significant progress in a number of its overseas operations. Overall, the continuing activities increased their gross margin percentage from 26% to 28%, and with the benefit of some positive exchange rate movements produced a small profit in the period.

Within the new operations, Portugal reduced the level of its losses and started to generate cash. The Group's two operations in China progressed well during the year. The farm in Yunnan, South West China picked its first crops and the Growing Systems business won a number of large orders pushing its profitability up significantly. Investment in a second farm in Yunnan commenced prior to the year end. As mentioned in last year's report whilst sales in the Australian subsidiary Haygrove Tree of Life increased during the year its net profit results were significantly below the expected level and therefore the decision was made to move to an agency model and to stop trading through the subsidiary. The company is in the process of being wound up which will be concluded during 2020.

The principal focus of the Group during the year was on debt and cash and in particular the reduction of the amount invested in working capital with the subsequent cash that was generated being repatriated to the UK business. This focus on working capital and the cash it has generated reduce the Group Net Debt from £9.4 million in 2018 to £2.8 million at the end of 2019. Within these numbers the UK net debt reduced from £9.4 million to £4.2 million.

Triple Bottom Line

The Group has further enhanced its reporting processes during the year to fully embedding the recording of the Group's impact on the planet and people within its normal monthly accounting cycle.

During the year, the Group reduced its carbon emissions by 11% to 8,565t CO₂, which was higher than had been hoped for the scope 1 and 2 emissions. The Group continues to work on this so that it can eliminate its emissions in 2020 in part through carbon offset arrangements. In terms of waste the Group worked actively on cleaning up the various farms with a view to minimising the output to land fill in 2020. The Group is working to develop a global group policy on polythene recycling in 2020 that will result in a significant portion of replaced polythene on its tunnels being recycled. Finally, the Group continued to support local community gardens in the UK, black empowerment in South Africa and teaching farm workers English in China, plus a host of other schemes.

HAYGROVE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Section 172 Statement

The Haygrove Group is a grower of fresh berries and cherries and a leading supplier of poly-tunnels worldwide. It depends upon the confidence of its customers to procure the fruit grown and to invest in the tunnels that it supplies, to operate on a long-term sustainable basis. The Group seeks to put the quality and integrity of its products first to satisfy the needs of its customers, invest in its employees, and support the communities where it operates, whilst it strives to make a sustainable profit for its shareholders. The key relationships with suppliers, customers, and other external stakeholders are overseen by the directors to ensure that all relationships are maintained in the most appropriate manner to promote the interests of the company and its stakeholders. The communication with staff is maintained through regular dialogue between the directors and the staff at a local level through the use of face to face and video conferencing. The board issues periodic email communications keeping staff aware of the progress within the Group. This extends to updates on financial progress and also community activities that staff and the Group engage in. The business has a relatively flat structure which elevates employees' responsibility and facilitates effective communication. The Board encourages openness amongst employees, actively invites direct employee feedback and takes pride in genuinely seeking to invest in its people through development and training. As mentioned in the "triple bottom line" section of this report the businesses actively engage with the local community to help improve lives of those less fortunate.

The directors have acted in accordance with their duties codified in law, which includes their duty to act in a way in which they consider, in good faith, would most likely promote the success of the Group for the benefit of its members as a whole, having regard to the stakeholders and matters set out in section 172(1) of the Companies Act 2006.

The Group monitors its impact on the environment which are reported under the "triple bottom line" section of the strategic report.

Section 172 considerations are embedded in the decision making at board level, of Group issues and when discharging the duties of the directors as covered by this report. The board has several external advisors who also review the directors' activities and decisions to provide an independent oversight of the decisions, with the ability to report directly to the shareholder.

Measuring performance

Each company in the Haygrove Group has a defined strategy and measures performance with specific KPI's developed as appropriate. The Haygrove Group board maintains an overview using base KPI's which cover both financial and non-financial measures. Each company is monitored using performance target-based data which include combinations of indicators like weight picked and sold, crop yields, turnover, gross margin, operating costs, and waste. Gross margin is measured down to individual product level to provide relevant financial detail and visibility. The board also monitors KPI's like debtor days outstanding (DSO) which showed a reduction over the period from 83 to 43. This clearly shows that the business remains vigilant in controlling the amount due to it.

Principal risk and uncertainties

The process of risk management is addressed through a framework of policies, procedures, and internal controls, subject to ongoing review by senior management. Compliance with regulation, legal and ethical standards is a high priority for the Group and the board takes an important oversight role in this regard. The board maintains a risk register that is reviewed monthly at board meetings.

Core risks to the business include the political uncertainty with pending exit from the European Union. The Group has been working with its suppliers to mitigate the supply risks of a No Deal Brexit. Less than 20% of the Group's Turnover emanates from the EU, with a significant portion of that turnover being transacted through the Group's two European subsidiaries based in Germany and Poland. The exit from the EU will also impact the ability to get migrant workers into the UK from East Europe so the UK operation worked with the 2019 cohort to ensure that as many as possible achieved a "settled status" position allowing them to return in the future.

HAYGROVE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Principal risks and uncertainties (continued)

In South Africa, the risks are around foreign exchange, labour availability and rates of pay, pests, diseases, and the weather. The Group is well spread geographically and in activity, though labour cost escalation is common to all areas and labour availability is a particular concern in the UK. The Group is taking active measures to mitigate as many of these risks as possible until certainty of the actual impact is known.

In the current economic climate with the Covid-19 pandemic there is a heightened risk in relation to accounts receivable and customer credit ratings.

Post year end events

After the year end the Covid-19 pandemic has impacted upon the Group's operations resulting in several subsidiaries having some or all of their operations shut down for a period of time. However, as the Group is operating in the farming sector, a key area of the economy, all businesses are now currently operational. The two operations in China were the first to be affected. The farm in Yunnan remained open and operational throughout the Chinese lockdown whilst the Growing Systems operation was stopped for 7 weeks. This early exposure to the effects of the virus allowed the Group to see the impacts of the lockdown and to prepare before the virus arrived elsewhere. As the pandemic arrived in other countries and they locked down the farming businesses have all been fully operational picking product for the consumers, operating in a safe and responsible manner on the farms and in the offices around the world. In South Africa, the suspension of most international flights has temporarily impacted on the business' export trade. In the UK where the farm, along with most others in the sector, relies upon a principally migrant workforce, the recruitment of British nationals to fill the gap started very early. A dynamic advertising, interviewing, and onboarding exercise resulted in over 2,000 people applying for roles; of these 850 were interviewed and currently around 165 were inducted to work on the farms.

The Growing Systems businesses have also been largely fully operational. Poly-tunnels have continued to be sold and shipped to customers around the world despite the pressure on logistics and suppliers who have had their own Covid-19 issues to deal with.

Behind the scenes the Group's administration activities moved seamlessly from a set of paper-based systems to a paperless environment operated from employees' homes. The extensive use of video conferencing and proactive management have maintained the business operations and the delivery of the fruit and poly-tunnels to customers.

We would like to take this opportunity to thank all our staff around the world for the way in which they have risen to the challenge of this virus and kept the Haygrove operations fully functioning under a very stressful environment.

The operations around the world have largely remained open for business during the pandemic so the Group has only furloughed a small number of people whose jobs became untenable under the lockdown restrictions. Financially, the business has understandably taken on some additional costs to maintain the safe operation of the businesses. Some of these costs have not been passed onto customers or consumers and therefore will impact on the Group's numbers. However, the Group has also continued the efforts, started in 2019, of reducing operating costs, pushing yields, and maintaining the very best quality in order to provide the best possible service to our customers and consumers. Therefore, it is expected that a significant portion of the additional costs incurred through the pandemic will be mitigated by savings elsewhere.

The Group has undertaken regular monthly "stress tests" on each of the businesses in the Group to monitor their ability to cope with the impacts of the pandemic. This is coupled with a regular forecasting exercise to assess its financial needs and it is believed by the board that the Group has adequate resources, based upon the current projections, to maintain its operations through the pandemic.

HAYGROVE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Future developments

The Group strategy remains to be a technical leader in its areas of activity, to create remarkable opportunities for its people, and to inspire others in its sector in how it operates. The Growing business strategy is to maximise its speed of learning through producing in both hemispheres and different latitudes. The Growing Systems strategy is to move tunnel and growing system knowledge between crops and regions to the benefit of its often world leading customers.

Since the year end the board has been focused upon the challenges presented by the pandemic, continued cost control and delivering excellence of product, quality and yields in light of this.

The Group continues to seek new opportunities and to look for the "bounce back" as businesses and governments try to get their respective economies up and running after the pandemic. Many growers are seeing the benefits of covered crops and increased yields and it is therefore expected that the Growing Systems business can benefit from this. Food grown locally is having more prominence during this time as people focus on healthy eating and food security. Therefore, the directors believe that pushing forward with the farming operations continues to be the right thing to do.

The transformation of the Group as it becomes more international has continued. There are increased opportunities to expand into new territories or covering new products with our tunnels. The reduction in the overall debt and the more effective spread of debt exposure across the Group provides a more agile business model for the future capable of taking opportunities as they arise. The Group remains responsive to changing trends and opportunities and meets them with an open mind to new ways of working to stay firmly ahead of the market. There is never a guarantee of success, but the Group is well placed to take advantage when those opportunities appear.

On behalf of the board



A J Davison

Director

Date: 2 Oct 2020

HAYGROVE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company and the group during the year was the sale of tunnels to fruit growers and the production of soft fruit, wine and cider.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A J Davison

I D Williams

J J Waltham

(Resigned 12 July 2019)

R J Mills

M J Musk

(Appointed 15 January 2019)

Results and dividends

The results for the year are set out on pages 10 to 11. No ordinary dividends were paid (2018 - £nil). The directors do not recommend payment of a final dividend.

Future developments

As permitted by the Companies Act 2006, the group has chosen to set out details of its future developments in its strategic report.

Financial risk management objectives and policies

The policies and procedures the directors have put in place to manage the group's financial risks are as follows:

- Liquidity risk: The group seeks to manage financial risk by ensuring sufficient liquid funds at the bank whilst also funding the repayment of longer term borrowing obligations.
- Interest rate risk: The group finances its operations through a mixture of retained profits and bank borrowings. The directors have assessed the group's short term exposure to interest rate fluctuations as low and has chosen not to implement hedging arrangements.
- Foreign currency risk: The group is exposed to foreign translation risk. Foreign currency bank balances and exchange rates are regularly reviewed and, where appropriate, foreign currency is converted into sterling to minimise this risk. The group also uses foreign exchange contracts to mitigate its exposure to changing exchange rates.
- Credit risk: The principal financial assets of the group are cash and trade debtors. In order to manage credit risk the directors set limits for certain customers based on a combination of payment history and third party credit references.

Directors' insurance

The group maintains insurance covering directors, officers and senior managerial staff.

Research and development

The group's commitment to product development continues with a considerable investment being made into product enhancements across all its areas of activity.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

HAYGROVE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Employee involvement

During the year, the policy of providing employees with information about the group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the group's profit sharing schemes.

Auditor

RSM UK Audit LLP has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



A J Davison
Director

Date: 2 Oct 2020

HAYGROVE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYGROVE LIMITED

Opinion

We have audited the financial statements of Haygrove Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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, 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYGROVE LIMITED (CONTINUED)

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 and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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.

Thomas Morgan

Thomas Morgan (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD

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HAYGROVE LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Continuing operations £	New 31 December operations £	2019 £	Continuing operations £	New 31 December operations £	2018 £
Turnover	3	87,045,378	21,139,404	108,184,782	86,677,732	11,886,266	98,563,998
Cost of sales		(62,270,535)	(16,503,406)	(78,773,941)	(63,625,599)	(10,645,505)	(74,271,104)
Gross profit		24,774,843	4,635,998	29,410,841	23,052,133	1,240,761	24,292,894
Distribution costs		(11,391,428)	(104,666)	(11,496,094)	(8,151,584)	(43,315)	(8,194,899)
Administrative expenses		(14,675,884)	(3,442,211)	(18,118,095)	(15,535,509)	(3,101,800)	(18,637,309)
Other operating income		1,138,219	294,426	1,432,645	803,655	203,240	1,006,895
Operating profit/(loss)	6	(154,250)	1,383,547	1,229,297	168,695	(1,701,114)	(1,532,419)
Share of results of associates		1,736	-	1,736	8,553	-	8,553
Interest receivable and similar income	8	158,961	1,535	160,496	38,227	1,756	39,983
Interest payable and similar expenses	9	(376,236)	(79,309)	(455,545)	(365,360)	(2,446)	(367,806)
Fair value gains and losses on foreign exchange contracts		568,196	-	568,196	(615,455)	-	(615,455)
Profit/(loss) before taxation		198,407	1,305,773	1,504,180	(765,340)	(1,701,804)	(2,467,144)
Tax on profit/(loss)	10	168,291	(488,461)	(320,170)	281,962	(219,688)	62,274
Profit/(loss) for the financial year	26	366,698	817,312	1,184,010	(483,378)	(1,921,492)	(2,404,870)
Other comprehensive income net of taxation							
Currency translation differences				(60,647)			(309,326)
Total comprehensive income for the year				1,123,363			(2,714,196)

HAYGROVE LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Continuing operations £	New 31 December operations £	2019 £	Continuing operations £	New 31 December operations £	2018 £
Profit/(loss) for the financial year is attributable to:							
- Owners of the parent company				1,067,360			(2,189,226)
- Non-controlling interests				116,650			(215,644)
				<u>1,184,010</u>			<u>(2,404,870)</u>
Total comprehensive income for the year is attributable to:							
- Owners of the parent company				1,024,132			(2,356,154)
- Non-controlling interests				99,231			(358,042)
				<u>1,123,363</u>			<u>(2,714,196)</u>

HAYGROVE LIMITED**STATEMENTS OF FINANCIAL POSITION****AS AT 31 DECEMBER 2019**

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Fixed assets					
Goodwill	11	-	1,600	-	-
Negative goodwill	11	-	(31,573)	-	-
Net goodwill		-	(29,973)	-	-
Other intangible assets	11	13,577	33,392	-	-
Total intangible assets		13,577	3,419	-	-
Tangible assets	12	17,620,734	18,771,097	6,144,931	7,278,497
Biological assets	13	4,547,076	5,061,101	2,413,970	2,548,757
Investments	14	211,679	215,846	3,908,311	2,848,470
		22,393,066	24,051,463	12,467,212	12,675,724
Current assets					
Stocks	16	6,465,736	6,209,770	2,075,249	1,961,115
Debtors falling due after more than one year	17	13,652	71,658	6,396,000	4,378,652
Debtors falling due within one year	17	20,974,731	24,334,354	13,526,120	18,639,576
Cash at bank and in hand		5,616,648	3,804,973	1,953,317	1,071,022
		33,070,767	34,420,755	23,950,686	26,050,365
Creditors: amounts falling due within one year	18	(27,715,397)	(28,934,606)	(15,812,659)	(15,764,723)
Net current assets		5,355,370	5,486,149	8,138,027	10,285,642
Total assets less current liabilities		27,748,436	29,537,612	20,605,239	22,961,366
Creditors: amounts falling due after more than one year	19	(2,433,536)	(5,208,888)	(1,512,051)	(4,376,082)
Provisions for liabilities	23	(1,283,448)	(1,464,055)	-	(93,157)
Net assets		24,031,452	22,864,669	19,093,188	18,492,127

HAYGROVE LIMITED**STATEMENTS OF FINANCIAL POSITION (CONTINUED)****AS AT 31 DECEMBER 2019**

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Capital and reserves					
Called up share capital	25	100	100	100	100
Capital redemption reserve	26	11	11	11	11
Profit and loss reserves	26	22,526,450	21,575,521	19,093,077	18,492,016
Equity attributable to owners of the parent company		22,526,561	21,575,632	19,093,188	18,492,127
Non-controlling interests		1,504,891	1,289,037	-	-
		<u>24,031,452</u>	<u>22,864,669</u>	<u>19,093,188</u>	<u>18,492,127</u>

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income and related notes as it prepares group accounts.

The company's profit for the year was £601,061 (2018 - £3,740,334 loss).

The financial statements were approved by the board of directors and authorised for issue on 21/10/2020 and are signed on its behalf by:



A J Davison
Director

HAYGROVE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total controlling interest £	Non- controlling interest £	Total £
Balance at 1 January 2018	100	11	23,931,675	23,931,786	1,647,079	25,578,865
Year ended 31 December 2018:						
Loss for the year	-	-	(2,189,226)	(2,189,226)	(215,644)	(2,404,870)
Other comprehensive income net of taxation:						-
Currency translation differences	-	-	(309,326)	(309,326)	-	(309,326)
Amounts attributable to non-controlling interests	-	-	142,398	142,398	(142,398)	-
Total comprehensive income for the year	-	-	(2,356,154)	(2,356,154)	(358,042)	(2,714,196)
Balance at 31 December 2018	100	11	21,575,521	21,575,632	1,289,037	22,864,669
Year ended 31 December 2019:						
Profit for the year	-	-	1,067,360	1,067,360	116,650	1,184,010
Other comprehensive income net of taxation:						
Currency translation differences	-	-	(60,647)	(60,647)	-	(60,647)
Amounts attributable to non-controlling interests	-	-	17,419	17,419	(17,419)	-
Total comprehensive income for the year	-	-	1,024,132	1,024,132	99,231	1,123,363
Transfer to non-controlling interests	-	-	(73,203)	(73,203)	73,203	-
Capital subscribed by non-controlling interests	-	-	-	-	43,420	43,420
Balance at 31 December 2019	100	11	22,526,450	22,526,561	1,504,891	24,031,452

HAYGROVE LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2018	100	11	22,232,350	22,232,461
Year ended 31 December 2018:				
Loss and total comprehensive income for the year	-	-	(3,740,334)	(3,740,334)
Balance at 31 December 2018	100	11	18,492,016	18,492,127
Year ended 31 December 2019:				
Profit and total comprehensive income for the year	-	-	601,061	601,061
Balance at 31 December 2019	100	11	19,093,077	19,093,188

HAYGROVE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	27	14,565,430		6,351,209	
Income taxes paid		(576,444)		(968,896)	
Net cash inflow from operating activities		13,988,986		5,382,313	
Investing activities					
Purchase of intangible assets		-	(32,849)		
Purchase of tangible fixed assets	(3,497,223)		(5,093,634)		
Proceeds on disposal of tangible fixed assets	193,004		306,260		
Purchase of biological assets	(3,675,783)		(4,490,252)		
Proceeds on disposal of associates	-		52,420		
Interest received	160,496		39,983		
Net cash used in investing activities		(6,819,506)		(9,218,072)	
Financing activities					
(Repayment of)/increase in other loans	(553,780)		3,115,810		
(Repayment of)/increase in bank loans	(48,954)		124,167		
Increase in finance lease obligations	224,922		160,553		
Interest paid	(455,545)		(367,806)		
Net cash (used in)/generated from financing activities		(833,357)		3,032,724	
Net increase/(decrease) in cash and cash equivalents		6,336,123		(803,035)	
Cash and cash equivalents at beginning of year		(2,129,189)		(1,217,705)	
Effect of foreign exchange rates		(64,314)		(108,449)	
Cash and cash equivalents at end of year		4,142,620		(2,129,189)	
Relating to:					
Cash at bank and in hand		5,616,648		3,804,973	
Bank overdrafts included in creditors payable within one year		(1,474,028)		(5,934,162)	

HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Haygrove Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Redbank, Ledbury, Herefordshire, HR8 2JL.

The group consists of Haygrove Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include certain financial instruments at fair value.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The principal accounting policies adopted are set out below.

Reduced disclosures

FRS 102 allows a qualifying entity certain disclosure exemptions. In its individual financial statements the company has taken advantage of the exemptions for the following disclosure requirements:

- Section 7 "Statement of Cash Flows" - Presentation of a Statement of Cash Flows and related notes and disclosures;
- Section 33 "Related Party Disclosures" paragraph 7 - Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of Haygrove Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes estimated contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income and related notes.

HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Going concern

These financial statements have been prepared on a going concern basis on the grounds that the directors, after careful consideration, believe that the Group has sufficient cash resources in terms of existing committed facilities to be able to offset any foreseeable cashflow uncertainties and therefore the Group will be able to meet its debts as they fall due.

In order to form this opinion, the directors have considered a detailed set of forward forecasts over a period greater than one year from the date of the approval of these financial statements, taking into account the ongoing Covid-19 impacts and uncertainties this presents in drawing these conclusions.

In making these assessments the directors have reflected upon the horticulture sector in which the Group operates and its largely unique position of being able to trade as normal despite the lockdown arrangements that have impacted many businesses. They have also assessed the implications of Brexit and the plans that are in place to deal with the outcome whether a hard or soft exit from the EU. The fact that the Group has business both inside and outside the EU allows it to be flexible in finding the best solution to deal with either Brexit outcome.

The directors have made limited use of the Government's Job Retention Scheme but have not sought to use the VAT deferral scheme as it is a net recipient of refunds nor the use of other government backed loan arrangements, given the fact that it had negotiated early with its bank for an appropriate level of facilities to see it through the pandemic.

As at 31 December 2019 the Group is funded from a mixture of cash reserves; overdraft and leasing facilities and a revolving credit facility (as disclosed in note 20). Additional headroom is considered to be available by the directors in the form of an overdraft facility which is in place with Nat West of which 100% is currently available as at the date of approval of these financial statements. The overdraft facility has been renewed through to October 2021 and the revolving credit facility replaced with a five year term loan.

The directors are confident that with the business sector in which the Group operates, coupled with the steps they have taken to mitigate the associated risks, and plans in place for the future as set out in the strategic report, these will ensure that the Group is well placed to continue to trade throughout the current uncertain economic climate. They have therefore concluded that there are no material foreseeable uncertainties about the ability of the Group and company to continue as a going concern and that it remains appropriate to prepare the financial statements on that basis.

Turnover

Group turnover is the total amount receivable by the group for goods supplied excluding VAT and trade discounts. Revenue is recognised when invoiced or when its performance gives the group the right to consideration in accordance with UK accounting standards.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred.

HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is five years.

Negative goodwill arises when the cost of a business combination is less than the fair value of the interest in the identifiable assets, liabilities and contingent liabilities acquired. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to profit or loss in the periods expected to benefit, which the directors consider to be five years.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	3 years
Other intangible assets	1-4 years

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Land and buildings	5 - 25 years straight line
Plant and machinery	3 - 10 years straight line
Fixtures, fittings and equipment	4 years straight line
Motor vehicles	4 - 5 years straight line

No depreciation is provided on land.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Biological assets

Biological assets are stated at cost less depreciation and impairment. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life.

Expected useful lives are as follows:

Berries and cherries	1 - 8 years straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Cost include direct costs such as plants, grow medium and growing structures and direct overheads, including labour to get plants to the point of production.

Fixed asset investments

Unlisted investments represent investments in which the group has neither control or significant influence. Unlisted investments are initially measured at fair value, which is normally the transaction price, and subsequently carried at fair value with changes in fair value recognised in profit or loss, unless the fair value cannot be reliably measured in which case they are measured at cost less accumulated impairment.

In the separate accounts of the company, interests in subsidiaries and associates are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Undertakings in which the group has significant influence (i.e. the power to participate in the financial and operating policy decisions but not control or joint control over those policies) are classified as associates. The group's share of the results, other comprehensive income and equity of associates are accounted for using the equity method based on the associate's financial statements to 31 December.

All unrealised profit or losses on transactions with the associate are eliminated to the extent of the group's interest, except where unrealised losses provide evidence of an impairment. Where necessary, adjustments are made to bring the accounting policies of the associate into line with those used by the group. Dividends received from the associate reduce the carrying amount of the investment. Losses in an associate that reduce the carrying amount of the investment in the associate to below zero are not recognised, but a provision is recognised to the extent that the group has an obligation or has made payments on behalf of the associate.

Impairment of fixed assets

At each reporting end date, the group reviews the carrying amounts of its tangible, biological and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. All stocks are measured on a weighted average basis.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, cash and bank balances and amounts owed by group undertakings are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and amounts owed to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the group are recorded at the fair value of the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Derivatives

Foreign exchange contracts are initially recognised at fair value at the date a contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the contract is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. A contract with a positive fair value is recognised as a financial asset, whereas a contract with a negative fair value is recognised as a financial liability.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax is based on taxable profit for the year. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date. Current tax assets are recognised when tax paid exceeds the tax payable. Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries and associates that will be assessed to, or allowed for, tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future. Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Above the line tax credits

Above the line tax credits are credited to a deferral account and released to profit or loss over the period in which they are expected to be recovered. Any current asset recognised in respect of the tax recoverable is recognised to the extent that it is considered probable that the asset will be recovered in the future.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

The group operates a defined contribution scheme for the benefit of its employees. The assets of the scheme are held separately from those of the group. Contributions payable are charged to profit or loss in the year they are payable. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate fair value was determined. All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Assets and liabilities of overseas subsidiaries (including goodwill and fair value adjustments in relation to overseas subsidiaries) are translated into the group's presentation currency at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year as the directors consider this to be a reasonable approximation to the rate on the transaction date. Translation differences are recognised in other comprehensive income and accumulated in equity.

HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Biological assets

The annual depreciation charge is sensitive to any changes in the estimated useful life of biological assets. The useful economic lives are assessed on an annual basis and are amended only when evidence shows a change in the estimated economic lives. Criteria used to assess the economic life of biological assets includes quality of production, evidence of disease in crops and plants and future investment.

Impairment of debtors

The group makes an estimate of the recoverable value of trade debtors. When assessing impairment of trade debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Investments and loans

Haygrove Limited funds its subsidiary undertakings through a combination of loans and equity investments. The recovery of these balances are dependent on the long term success of the subsidiaries. Management must make a number of judgements in assessing the recoverability of these loans and investments.

HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2019 £	2018 £
Turnover analysed by class of business		
Sale of goods	108,184,782	98,563,998
	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom	44,098,783	42,486,815
Europe	14,345,797	19,012,030
America	4,597,407	2,725,776
Africa	19,204,359	16,283,159
Mexico	3,220,264	2,400,211
Rest of World	22,718,172	15,656,007
	108,184,782	98,563,998

4 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Production	151	130	37	37
Farming	2,513	2,703	595	618
Administration	157	156	65	69
	2,821	2,989	697	724

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	27,829,622	28,506,071	16,636,504	16,107,971
Social security costs	2,189,797	2,255,989	1,429,284	1,359,757
Pension costs	350,957	382,470	300,967	241,337
	30,370,376	31,144,530	18,366,755	17,709,065

HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

5 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	507,283	582,485
Company pension contributions to defined contribution schemes	8,842	15,480
Sums paid to third parties for directors' services	91,100	-
	<u>607,225</u>	<u>597,965</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2018 - 5).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	226,755	143,928
Company pension contributions to defined contribution schemes	7,729	10,075
	<u>234,484</u>	<u>154,003</u>

6 Operating profit/(loss)

	2019 £	2018 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange losses	427,519	132,977
Research and development costs	357,400	469,889
Depreciation of owned tangible fixed assets	3,907,282	3,565,402
Depreciation of tangible fixed assets held under finance leases	24,801	64,917
Depreciation of biological assets	3,613,307	3,467,447
Profit on disposal of tangible fixed assets	(29,132)	(57,634)
Amortisation of intangible assets	(16,783)	(41,511)
Loss on disposal of biological assets	376,269	566,561
Operating lease charges	1,314,461	1,205,663
	<u>10,070,934</u>	<u>9,518,711</u>

For the purposes of the analysis of new and continuing operations presented on the face of the statement of comprehensive income, new operations are those carried out in the group's subsidiaries Haygrove Portugal Unipessoal Limitada, Haygrove (Shanghai) Trading Co Ltd, Haygrove (Yunnan) Agricultural Development Co Ltd and Haygrove Tree of Life (Pty) Ltd.

HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

7 Auditor's remuneration

	2019	2018
	£	£
<i>Fees payable to the company's auditor and its associates:</i>		
For audit services		
Audit of the financial statements of the group and company	52,300	48,700
Audit of the financial statements of the company's subsidiaries	11,160	11,601
	<u>63,460</u>	<u>60,301</u>
For other services		
Audit-related assurance services	2,500	-
Taxation compliance services	7,400	12,486
Other taxation services	7,596	11,795
All other non-audit services	27,894	50,940
	<u>45,390</u>	<u>75,221</u>

8 Interest receivable and similar income

	2019	2018
	£	£
Interest income		
Interest on bank deposits	11,037	20,771
Other interest income	149,459	19,212
	<u>160,496</u>	<u>39,983</u>

9 Interest payable and similar expenses

	2019	2018
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	417,555	290,187
Other interest	12,432	58,124
	<u>429,987</u>	<u>348,311</u>
Other finance costs:		
Interest on finance leases and hire purchase contracts	25,558	19,495
	<u>455,545</u>	<u>367,806</u>

HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

10 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	-	84,830
Adjustments in respect of prior periods	(37,984)	41,782
Total UK current tax	(37,984)	126,612
Foreign current tax on profits for the current period	551,791	139,695
Total current tax	513,807	266,307
Deferred tax		
Origination and reversal of timing differences	(194,970)	(343,450)
Adjustment in respect of prior periods	1,333	14,869
Total deferred tax	(193,637)	(328,581)
Total tax charge/(credit)	320,170	(62,274)

The total tax charge/(credit) for the year included in the income statement can be reconciled to the profit/(loss) before tax multiplied by the standard rate of tax as follows:

	2019 £	2018 £
Profit/(loss) before taxation	1,504,180	(2,467,144)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	285,794	(468,757)
Tax effect of expenses that are not deductible in determining taxable profit	110,903	81,487
Tax effect of income not taxable in determining taxable profit	(100,924)	(37,872)
Tax effect of utilisation of tax losses not previously recognised	(144,556)	(25,250)
Unutilised tax losses carried forward	208,046	483,681
Change in unrecognised deferred tax assets	-	(68,759)
Adjustments in respect of prior years	(37,984)	41,782
Research and development tax credit	(235,117)	(5,472)
Other permanent differences	(282)	-
Effect of overseas tax rates	173,650	(122,612)
Deferred tax adjustments in respect of prior years	(13,500)	14,869
Permanent fixed asset differences	30,698	41,768
Adjust deferred tax to rate used in reconciliation	29,078	8,976
Other tax adjustments, reliefs and transfers	14,364	(6,115)
Taxation charge/(credit)	320,170	(62,274)

HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

11 Intangible fixed assets

Group	Goodwill	Negative goodwill	Software	Other intangible assets	Total
	£	£	£	£	£
Cost					
At 1 January 2019	8,000	(315,735)	59,929	9,338	(238,468)
Exchange adjustments	-	-	(7,953)	-	(7,953)
At 31 December 2019	8,000	(315,735)	51,976	9,338	(246,421)
Amortisation and impairment					
At 1 January 2019	6,400	(284,162)	26,537	9,338	(241,887)
Amortisation charged for the year	1,600	(31,573)	13,190	-	(16,783)
Exchange adjustments	-	-	(1,328)	-	(1,328)
At 31 December 2019	8,000	(315,735)	38,399	9,338	(259,998)
Carrying amount					
At 31 December 2019	-	-	13,577	-	13,577
At 31 December 2018	1,600	(31,573)	33,392	-	3,419

The company had no intangible fixed assets at 31 December 2019 or 31 December 2018.

In the statement of comprehensive income, amortisation is charged to administrative expenses.

HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

12 Tangible fixed assets

Group	Land and buildings	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2019	6,935,220	24,921,113	1,149,257	2,477,396	35,482,986
Additions	834,332	2,097,514	134,190	431,187	3,497,223
Disposals	-	(188,896)	(29,911)	(254,308)	(473,115)
Transfers	368,361	(710,087)	(39,627)	-	(381,353)
Exchange adjustments	(61,124)	(198,948)	(18,356)	(26,914)	(305,342)
At 31 December 2019	8,076,789	25,920,696	1,195,553	2,627,361	37,820,399
Depreciation and impairment					
At 1 January 2019	1,121,680	13,642,269	660,334	1,287,606	16,711,889
Depreciation charged in the year	287,597	3,100,984	171,771	371,731	3,932,083
Eliminated in respect of disposals	-	(114,896)	(18,102)	(176,245)	(309,243)
Transfers	108,910	(135,235)	26,325	-	-
Exchange adjustments	(7,995)	(110,254)	(8,816)	(7,999)	(135,064)
At 31 December 2019	1,510,192	16,382,868	831,512	1,475,093	20,199,665
Carrying amount					
At 31 December 2019	6,566,597	9,537,828	364,041	1,152,268	17,620,734
At 31 December 2018	5,813,540	11,278,844	488,923	1,189,790	18,771,097

HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

12 Tangible fixed assets (Continued)

Company	Land and buildings	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2019	2,465,996	12,774,242	649,175	1,028,682	16,918,095
Additions	25,592	566,812	30,925	201,918	825,247
Disposals	-	(152,600)	-	(92,895)	(245,495)
Transfers	195,000	(155,373)	(39,627)	-	-
At 31 December 2019	2,686,588	13,033,081	640,473	1,137,705	17,497,847
Depreciation and impairment					
At 1 January 2019	796,067	7,754,755	467,517	621,259	9,639,598
Depreciation charged in the year	149,705	1,480,887	62,454	193,675	1,886,721
Eliminated in respect of disposals	-	(97,934)	-	(75,469)	(173,403)
Transfers	-	(26,325)	26,325	-	-
At 31 December 2019	945,772	9,111,383	556,296	739,465	11,352,916
Carrying amount					
At 31 December 2019	1,740,816	3,921,698	84,177	398,240	6,144,931
At 31 December 2018	1,669,929	5,019,487	181,658	407,423	7,278,497

The carrying value of land in land and buildings comprises:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Freehold	1,697,113	1,709,960	415,000	415,000

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Plant and machinery	201,304	-	201,304	-
Motor vehicles	-	479,651	-	-
	201,304	479,651	201,304	-
Depreciation charge for the year in respect of leased assets	24,801	64,917	24,801	-

HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

13 Biological assets

Group	Berries and cherries £
Cost	
At 1 January 2019	8,290,049
Additions	3,675,783
Disposals	(3,643,889)
Transfers from tangible fixed assets	381,353
Transfer to stocks	(73,432)
Exchange adjustments	(122,627)
At 31 December 2019	8,507,237
Depreciation and impairment	
At 1 January 2019	3,228,948
Depreciation charged in the year	3,613,307
Eliminated in respect of disposals	(2,815,567)
Exchange adjustments	(66,527)
At 31 December 2019	3,960,161
Carrying amount	
At 31 December 2019	4,547,076
At 31 December 2018	5,061,101
Company	Berries and cherries £
Cost	
At 1 January 2019	3,998,463
Additions	2,784,332
Disposals	(2,579,449)
At 31 December 2019	4,203,346
Depreciation and impairment	
At 1 January 2019	1,449,706
Depreciation charged in the year	2,542,850
Eliminated in respect of disposals	(2,203,180)
At 31 December 2019	1,789,376
Carrying amount	
At 31 December 2019	2,413,970
At 31 December 2018	2,548,757

HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

14 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	15	-	-	3,870,748	2,810,907
Investments in associates	15	66,285	69,371	-	-
Unlisted investments		145,394	146,475	37,563	37,563
		<u>211,679</u>	<u>215,846</u>	<u>3,908,311</u>	<u>2,848,470</u>

Unlisted investments are held at cost less accumulated impairment as it is the opinion of management that the fair value of these investments cannot be reliably measured.

Movements in fixed asset investments

Group	Interest in associates £	Unlisted investments £	Total £
Cost or valuation			
At 1 January 2019	69,371	146,475	215,846
Valuation changes	(4,148)	-	(4,148)
Share of results of associates	1,736	-	1,736
Exchange adjustments	(674)	(1,081)	(1,755)
At 31 December 2019	<u>66,285</u>	<u>145,394</u>	<u>211,679</u>
Carrying amount			
At 31 December 2019	<u>66,285</u>	<u>145,394</u>	<u>211,679</u>
At 31 December 2018	<u>69,371</u>	<u>146,475</u>	<u>215,846</u>

Movements in fixed asset investments

Company	Investments in subsidiaries and associates £	Unlisted investments £	Total £
Cost or valuation			
At 1 January 2019	2,810,907	37,563	2,848,470
Additions	1,059,841	-	1,059,841
At 31 December 2019	<u>3,870,748</u>	<u>37,563</u>	<u>3,908,311</u>
Carrying amount			
At 31 December 2019	<u>3,870,748</u>	<u>37,563</u>	<u>3,908,311</u>
At 31 December 2018	<u>2,810,907</u>	<u>37,563</u>	<u>2,848,470</u>

Audit exemption

The company's subsidiary Haygrove Evolution Limited has taken exemption from audit by virtue of S479A of the Companies Act 2006, in connection with which Haygrove Limited has guaranteed its liabilities.

HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

15 Subsidiaries and associates

The company had interests in the ordinary share capital of the following companies at the reporting date:

Name of subsidiary	Nature of business	Holding indirect	Holding direct
Haygrove Inc (1)	Tunnel wholesaler	-	100.00%
Haygrove Tunnels S de RL de CV (2)	Tunnel wholesaler	-	99.99%
Haygrove Sp.Z.oo (3)	Tunnel wholesaler	-	60.00%
Haygrove Heaven (Pty) Limited (4)	Farming	-	74.00%
Haygrove Earth (Pty) Limited (5)	Property	-	100.00%
African Berry Holdings (Pty) Limited (4)	Holding company	55.50%	-
Haygrove Amajuba (Pty) Limited (4)	Farming	55.50%	-
Haygrove Portugal Unipessoal Limitada (6)	Farming	-	100.00%
Haygrove Africa (Kenya) Ltd (15)	Dormant	-	99.00%
Haygrove Africa Trading (Pty) Limited (4)	Fruit industry services	74.00%	-
Haygrove GmbH (8)	Tunnel wholesaler	-	100.00%
Haygrove Evolution Limited (7)	Wine and cider maker	-	91.13%
Haygrove Comercio de Equip. Agricola do Brasil Ltda (9)	Tunnel wholesaler	-	99.99%
Haygrove South Africa (Pty) Limited (10)	Tunnel wholesaler	15.00%	50.00%
Haygrove (Shanghai) Trading Co Ltd (11)	Tunnel wholesaler	-	100.00%
Haygrove (Yunnan) Agricultural Development Co Ltd (12)	Farming	-	100.00%
Haygrove Tree of Life (Pty) Ltd (14)	Coir wholesaler	-	100.00%
Haygrove Plants Limited (7)	Dormant	-	100.00%
Name of associate	Nature of business	Holding indirect	Holding direct
Haygrove Small Beginnings (Pty) Limited (4)	Plant propagation and production	37.00%	-
H&S Flights (Pty) Limited (13)	Group aviation services in S Africa	37.00%	-
Cape Irrigation Consultants (Pty) Limited (10)	Irrigation consultancy	-	30.00%

The registered offices of the above companies are as follows:

- (1) 694 Kraybill Church Rd, Mount Joy, PA 17552, USA
- (2) San Vicente, Tamazula, Jalisco, CP-49675, Mexico
- (3) Nowa Wies Ksiazeca 4A, 63-640 Bralin, Poland
- (4) Portion 67 Farm 587, Ertjiesvlei, Hemel en-aarde, Hermanus, 7200, South Africa
- (5) 2401 ABSA Centre, Heerengracht, Cape Town, 8001, South Africa
- (6) Avenida Da Republica 41 9, Lisbon, 1050-187, Portugal
- (7) Redbank, Ledbury, Herefordshire, HR8 2JL
- (8) Industriestrasse 20, 26160 Bad Zwischenahn, Germany
- (9) Avenida Ipiranga, 318, Bloco B, Conjunto 302, Sala 4, República, São Paulo, CEP 01046-010, Brazil
- (10) Panorama Farm, Appletiser Road, Grabouw, 7160, South Africa
- (11) Shanghai, Jiading District, ZhongRen Rd #399, Section 1, 12th Floor, Area B, Office JT2543, China
- (12) Yunnan XiShuangBanna Dai Semi-Autonomous Prefecture MengHai County MengZhe Town, LiMing Farmhouse Sugar Processing Agricultural Base, China
- (13) Southend Farm, Hemel and Aarde, Hermanus, Western Cape, 7200, South Africa
- (14) Shop 4, 1-4 Club Drive, Shearwater Tasmania 7307
- (15) 163 James Gichuru Road, Lavington, PO Box 10719-00100, Nairobi, Kenya

HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

16 Stocks

	Group 2019 £	2018 £	Company 2019 £	2018 £
Raw materials and consumables	1,902,811	1,719,212	484,066	373,105
Work in progress	287,939	399,819	-	16,603
Finished goods and goods for resale	4,274,986	4,090,739	1,591,183	1,571,407
	<u>6,465,736</u>	<u>6,209,770</u>	<u>2,075,249</u>	<u>1,961,115</u>

During the year, the group recognised stock impairments of £78,372 (2018 - £135,642). Impairments and reversals are recognised in cost of sales.

17 Debtors

	Group 2019 £	2018 £	Company 2019 £	2018 £
Amounts falling due within one year:				
Trade debtors	14,711,488	18,537,809	6,548,036	10,968,366
Corporation tax recoverable	832,276	568,676	649,260	360,053
Amounts owed by group undertakings	-	-	3,224,436	4,717,713
Amounts owed by undertakings in which the company has a participating interest	488,832	386,263	430,200	318,390
Derivative financial instruments	335,129	37,576	-	37,576
Other debtors	1,279,010	2,436,867	504,894	757,314
Prepayments and accrued income	3,175,318	2,367,163	2,016,616	1,480,164
	<u>20,822,053</u>	<u>24,334,354</u>	<u>13,373,442</u>	<u>18,639,576</u>
Deferred tax asset (note 23)	152,678	-	152,678	-
	<u>20,974,731</u>	<u>24,334,354</u>	<u>13,526,120</u>	<u>18,639,576</u>
Amounts falling due after more than one year:				
Trade debtors	-	49,798	-	49,798
Amounts owed by group undertakings	-	-	6,396,000	4,328,854
Other debtors	13,652	21,860	-	-
	<u>13,652</u>	<u>71,658</u>	<u>6,396,000</u>	<u>4,378,652</u>
Total debtors	<u>20,988,383</u>	<u>24,406,012</u>	<u>19,922,120</u>	<u>23,018,228</u>

HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

17 Debtors (Continued)

During the year, impairment charges of £110,734 (2018 - £74,503) were recognised against debtors due from customers who are considered unlikely to be able to settle their debts. The charges have been recognised within administrative expenses.

During the year, the company released a provision of £1,335,237 made previously against amounts owed by group undertakings where recovery was considered unlikely, and made a new provision of £240,119 (2018 - £3,533,986) against amounts owed by group undertakings where recovery is considered unlikely. The charges have been recognised within administrative expenses.

18 Creditors: amounts falling due within one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans and overdrafts	20	3,933,541	6,217,815	2,764,044	4,446,164
Obligations under finance leases	21	230,323	161,970	79,502	-
Other borrowings	20	1,785,588	1,632,261	1,785,588	1,632,261
Payments received on account		1,642,388	825,196	384,413	460,102
Trade creditors		12,766,799	13,884,609	6,853,912	6,794,492
Amounts owed to group undertakings		-	-	758	403
Corporation tax payable		448,649	108,035	-	-
Other taxation and social security		594,777	577,686	224,661	271,415
Derivative financial instruments		11,119	273,794	11,119	37,073
Other creditors		2,499,807	2,177,002	1,381,364	1,242,289
Accruals and deferred income		3,802,406	3,076,238	2,327,298	880,524
		<u>27,715,397</u>	<u>28,934,606</u>	<u>15,812,659</u>	<u>15,764,723</u>

Bank loans and overdrafts are secured by a mortgage bond over certain land, buildings and debtors, a letter of undertaking and an unlimited suretyship given by A Davison and S Tager. In addition, group companies, their directors and shareholders have entered into agreements concerning the priorities of debts and the treatment of loans advanced by them. National Westminster Bank Plc holds a fixed charge over property at Rhymney Valley Nurseries, Begam Road, Old St Mellons, Cardiff, CF3 6XL.

Obligations under finance leases are secured on the underlying assets.

Other borrowings include asset finance loans which are secured against specific fixed assets.

Other creditors include amounts totalling £622,625 (2018 - £901,797) relating to certain directors of the parent company. These amounts are unsecured, interest free and repayable on demand.

HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

19 Creditors: amounts falling due after more than one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans	20	558,507	2,783,321	-	2,300,000
Obligations under finance leases	21	456,933	300,364	93,955	-
Other borrowings	20	1,418,096	2,125,203	1,418,096	2,076,082
		<u>2,433,536</u>	<u>5,208,888</u>	<u>1,512,051</u>	<u>4,376,082</u>

Obligations under finance leases are secured against the underlying assets.

Other borrowings include asset finance loans which are secured against specific fixed assets.

20 Borrowings

	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans	3,018,020	3,066,974	2,300,000	2,300,000
Bank overdrafts	1,474,028	5,934,162	464,044	4,446,164
Other borrowings	3,203,684	3,757,464	3,203,684	3,708,343
	<u>7,695,732</u>	<u>12,758,600</u>	<u>5,967,728</u>	<u>10,454,507</u>
Payable within one year	5,719,129	7,850,076	4,549,632	6,078,425
Payable after one year	<u>1,976,603</u>	<u>4,908,524</u>	<u>1,418,096</u>	<u>4,376,082</u>

HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

20 Borrowings (Continued)

The total payable by instalments in more than five years is £nil (2018 - £214,278).

Bank loans

The bank loans comprise £2,300,000 (2018 - £2,300,000) drawn down under a revolving credit facility held by Haygrove Limited, a term loan of £59,748 (2018 - £134,342) and a revolving loan of £558,507 (2018 - £486,558), both held by Haygrove Heaven (Pty) Limited and denominated in South African Rand, and a loan of £99,765 (2018 - £146,074) held by Haygrove Sp.Z.oo. and denominated in Polish Zloty.

The £2,300,000 drawn down under the revolving credit facility bears interest at 1.75% above LIBOR and is due for repayment on 31 October 2020. Post year end the facility has been rolled into a new five year term loan. The term loan of £59,748 bears interest at the prime lending rate annually and is repayable in monthly instalments with the final payment due on 1 September 2020. The revolving loan of £558,507 bears interest at the prime lending rate less 0.6% (prime being 10.00% at the year end) and is repayable in annual instalments with the final payment due on 25 August 2024. The loan of £99,765 is repayable in one amount during 2020.

Bank overdrafts

Bank overdrafts are annual facilities, subject to review at various dates during the year, and are repayable on demand.

Other borrowings

Other borrowings comprise loans of £nil (2018 - £49,121) provided by certain directors of Haygrove Evolution Limited, an interest-free loan of £278,942 (2018 - £418,413) within Haygrove Limited, and four asset finance loans totalling £2,924,742 (2018 - £3,289,930) within Haygrove Limited.

The directors loan in Haygrove Evolution was unsecured, bore interest at 1.75% above the Bank of England base rate, and was repaid during the year in connection with a refinancing of the company. The interest-free loan of £278,942 is unsecured and is being repaid in five equal annual instalments to May 2021. The four asset finance loans are secured on the underlying assets, bear interest at LIBOR + 1.75% and are repayable in equal monthly instalments over terms of 12 or 36 months.

21 Finance lease obligations

	Group 2019 £	2018 £	Company 2019 £	2018 £
Future minimum lease payments due under finance leases:				
Less than one year	280,275	202,451	83,064	-
Between one and five years	494,711	341,620	95,509	-
	<u>774,986</u>	<u>544,071</u>	<u>178,573</u>	<u>-</u>
Less: future finance charges	(87,730)	(81,737)	(5,116)	-
	<u>687,256</u>	<u>462,334</u>	<u>173,457</u>	<u>-</u>

Finance lease payments represent rentals payable by the group for certain items of tangible fixed assets, where no restrictions are placed on the use of the assets. The lease terms are for 3-6 years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

	Group 2019 £	2018 £	Company 2019 £	2018 £
Carrying amount of financial assets				
Instruments measured at fair value through profit or loss	335,129	37,576	-	37,576
Carrying amount of financial liabilities				
Measured at fair value through profit or loss				
- Other financial liabilities	11,119	273,794	11,119	37,073

The forward, swaps and over the counter foreign currency contracts are measured at fair value determined using observable inputs. The key inputs used in valuing the derivatives are the forward and swap exchange rates for GBP:EUR, GBP:ZAR and GBP:AUD.

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

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HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

23 Deferred taxation (Continued)

	Group 2019 £	Company 2019 £
Movements in the year:		
Liability at 1 January 2019	1,464,055	93,157
Credit to profit or loss	(298,033)	(245,835)
Foreign exchange movements	(35,252)	-
Liability/(asset) at 31 December 2019	<u>1,130,770</u>	<u>(152,678)</u>

It is not possible to estimate with any degree of reliability the extent to which the deferred tax liabilities set out above will reverse within the next twelve months.

24 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>350,957</u>	<u>382,739</u>

Defined contribution pension arrangements are operated for all qualifying employees. The assets of the schemes are held separately from those of the group in independently administered funds. At the year end, outstanding contributions of £47,941 (2018 - £52,919) were included in other creditors.

25 Share capital

	Group and company 2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

The company's ordinary shares carry the right to receive dividends, the right to one vote per share at general meetings, and the right to participate in any capital distribution on winding up.

26 Reserves

Capital redemption reserve

The capital redemption reserve reflects the nominal value of shares previously repurchased and subsequently cancelled.

Profit and loss reserves

Profit and loss reserves reflect cumulative profits and losses net of distributions to owners.

HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

27 Cash generated from group operations

	2019 £	2018 £
Profit/(loss) for the year after tax	1,184,010	(2,404,870)
Adjustments for:		
Share of results of associates	(1,736)	(8,553)
Taxation charged/(credited)	320,170	(62,274)
Finance costs	455,545	367,806
Investment income	(160,496)	(39,983)
Gain on disposal of tangible fixed assets	(29,132)	(57,634)
Loss on disposal of biological assets	376,269	566,561
Fair value gains and losses on foreign exchange contracts	(568,196)	615,455
Amortisation and impairment of intangible assets	(16,783)	(41,511)
Depreciation and impairment of tangible fixed assets	3,932,083	3,630,319
Depreciation and impairment of biological assets	3,613,307	3,467,447
Movements in working capital:		
Decrease in stocks	280,044	1,185,510
Decrease/(increase) in debtors	4,369,680	(718,825)
Increase/(decrease) in creditors	810,665	(148,239)
Cash generated from operations	14,565,430	6,351,209

28 Analysis of changes in net debt - group

	1 January 2019 £	Cash flows £	Exchange rate movements £	31 December 2019 £
Cash at bank and in hand	3,804,973	1,890,573	(78,898)	5,616,648
Bank overdrafts	(5,934,162)	4,445,549	14,585	(1,474,028)
	(2,129,189)	6,336,122	(64,313)	4,142,620
Borrowings excluding overdrafts	(6,824,438)	590,170	12,564	(6,221,704)
Obligations under finance leases	(462,334)	(230,621)	5,699	(687,256)
	(9,415,961)	6,695,671	(46,050)	(2,766,340)

HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

29 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group, who are also directors, is as follows.

	2019 £	2018 £
Aggregate compensation	1,569,183	1,554,476

The group and company have taken advantage of the exemption available under Section 33 of FRS102 and have not disclosed details of transactions or balances between wholly-owned entities in the group headed by Haygrove Limited. During the year, the group and company entered into the following transactions with other related parties.

Group

Income from related parties	Income 2019 £	Income 2018 £	Debtor 2019 £	Debtor 2018 £
Associate undertakings	23,572	61,066	468,630	390,058
Key management personnel	-	-	-	-
Other related parties	359,696	723,699	263,284	558,668
	<u>383,268</u>	<u>784,765</u>	<u>731,914</u>	<u>948,726</u>
Costs incurred with related parties	Expenses 2019 £	Expenses 2018 £	Creditor 2019 £	Creditor 2018 £
Associate undertakings	(223,768)	(245,063)	(18,256)	(10,821)
Key management personnel	(318,864)	(312,752)	(622,625)	(901,797)
Other related parties	(496,679)	(607,425)	(76,905)	(61,633)
	<u>(1,039,311)</u>	<u>(1,165,240)</u>	<u>(717,786)</u>	<u>(974,251)</u>

HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

29 Related party transactions (Continued)

Company

Income from related parties	Income 2019 £	Income 2018 £	Debtor 2019 £	Debtor 2018 £
Associate undertakings	8,160	8,160	430,200	318,390
Group undertakings not wholly-owned	801,614	613,930	4,283,207	5,146,691
Key management personnel	-	-	-	-
Other related parties	353,203	680,236	93,347	287,051
	<u>1,162,977</u>	<u>1,302,326</u>	<u>4,806,754</u>	<u>5,752,132</u>
Costs incurred with related parties	Expenses 2019 £	Expenses 2018 £	Creditor 2019 £	Creditor 2018 £
Associate undertakings	-	-	-	-
Group undertakings not wholly-owned	(6,669,616)	(6,125,152)	-	-
Key management personnel	(318,864)	(312,752)	(622,625)	(901,797)
Other related parties	(444,590)	(504,250)	-	(61,131)
	<u>(7,433,070)</u>	<u>(6,942,154)</u>	<u>(622,625)</u>	<u>(962,928)</u>

Other related parties are entities in which the directors or directors' family members have an interest.

30 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Within one year	424,719	395,295	28,794	81,454
Between one and five years	791,002	993,769	36,924	70,476
In over five years	127,843	228,812	-	-
	<u>1,343,564</u>	<u>1,617,876</u>	<u>65,718</u>	<u>151,930</u>

31 Controlling party

The directors consider A J Davison to be the ultimate controlling party.

HAYGROVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

32 Events after the reporting date

In early 2020, the existence of the new coronavirus ("COVID-19") was confirmed. The outbreak has since spread across a significant number of countries, leading to the disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets and wider economic uncertainty. The directors consider the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on the group or to provide a quantitative estimate of this impact, but commentary on the outbreak including measures taken by the directors to mitigate the impact on the group is included in the strategic report at the front of these financial statements.