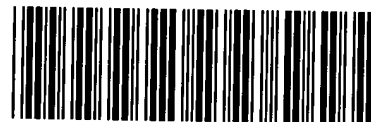


Company Registration No. 03266992 (England and Wales)

**HAYGROVE LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2020**

TUESDAY



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# **HAYGROVE LIMITED**

## **COMPANY INFORMATION**

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

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# HAYGROVE LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present the strategic report for the year ended 31 December 2020.

#### 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 leading Horticultural businesses internationally.

The results for the Group for the year, as set out on page 12, show overall revenues decreased by £1.4 million to £106.8 million (2019 - £108.2 million). The small decrease in turnover against the backdrop of a global pandemic is testament to the breadth of the Group's businesses and the key sector of farming in which it operates.

#### Operations

The Group made a net profit before tax for the year of £7.4 million (2019 - £1.5 million). Now that all businesses are fully established, we have removed the previous analysis between those in their early years of development and those that have been established for some time.

From early in 2020 COVID-19 impacted the Group resulting in several Growing Systems subsidiaries having some or all of their operations shut down for a period of time, whereas all Growing businesses remained functioning. The two operations in China were the first to be affected with the farm in Yunnan remaining open whilst the Growing Systems office and business was effectively closed for 7 weeks. This early exposure to the way that governments were reacting allowed the Group to anticipate and prepare well before the virus arrived elsewhere.

In South Africa, the suspension of many international flights impacted the business' export costs, with fruit being routed to many destinations via indirect flights when direct flights were not available. In the UK the farm, along with most others in the sector, relies upon a migrant workforce being able to travel from Europe, so recruitment of British nationals to fill the possible gap started very early. A dynamic advertising, interviewing, and onboarding exercise resulted in over 2,000 people, mainly furloughed from the service sector, applying for roles; of these 850 were interviewed and 185 were inducted to work on the farms. The pleasure was high and success rate low. Based on this experience, which was given maximum effort, we do not see British nationals as an economic substitute to the highly motivated seasonal migrant labour in feeding the nation.

The Portuguese farm business was impacted by the virus but like other farms in the Group successfully picked all crops. In terms of results the Portuguese farm improved net profit by over £1.4 million compared to the prior year, helped by significantly improved prices.

The UK farming operation was turned around to profitability after two difficult years following a management re-organisation, reduced costs and slightly higher pricing.

In China the second farm came on stream at the end of 2020 and the South African farming business also had a much better year, helped in part by a well-executed currency hedging.

The Growing Systems businesses kept functioning in a more remote way with many staff working from home. Despite the pressure on logistics and suppliers who had their own COVID-19 issues to deal with, a high service level was maintained with very few customers having their deliveries impacted. The business started the year slowly because of the pandemic, but as the year progressed demand for more local fresh produce and for the reliability of covered cropping increased in many countries, raising profits over the previous year.

Behind the scenes the Group's administration activities moved seamlessly to a paperless environment operated from employees' homes. The extensive use of video conferencing and proactive management through change improved the business operations in challenging times.

# HAYGROVE LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

The UK exit from the EU also provided logistical and cost challenges in the year, ahead of which the Group shifted the supply of most Scandinavian customers to the Group's German subsidiary to mitigate some of the impacts on the supply chain and be able to maintain service levels.

A deliberate concentration on controlling cost of sales resulted in Group gross profit increasing by 1.6% from last year. This was coupled with the cost reduction and management reorganisation program started in 2019 where processes were reviewed in the light of the two previous challenging years and with the market pressures on margins to improve the Group performance. The subsequent changes have created a more efficient and effective set of businesses, and this added to COVID-19 related cost savings helped to reduce overheads in total by a further £4.6 million during the year. Whilst some of the COVID-19 cost savings will return when restrictions are lifted, the Group has found smarter ways of working, meaning that many of the saved costs should be maintained. Overall, the Group became a more efficient business with operating margins increasing from 1.14% to 6.89%.

The delivery of a significantly better level of profitability with a continued focus on working capital management has changed the Group debt profile. So, at a Group level this has reduced the Net Debt of £2.8 million in 2019 by £8.6 million to a positive net cash position of £5.5 million at the end of the year. Within these numbers the UK net debt reduced from £4.2 million in 2019 to a positive net cash position of £2.9 million by the end of the year.

The Board thank all the staff across the Group for huge dedication and commitment during this extraordinary year of challenges during the Pandemic, when they have demonstrated rapid adaptability and cheerful resilience that is the Haygrove culture.

#### Triple Bottom Line

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

The key metrics are set out in the table below:

<b>Carbon</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Scope 1 and 2 carbon emissions tCO <sub>2</sub> -e	9,452	8,565	9,571
Scope 3 carbon emissions tCO <sub>2</sub> -e from air transport of fruit	13,631	n/a	n/a
Waste to landfill (tonnes)	332	400	272
Recycled (tonnes)	285	120	n/a

(The calculation of the carbon emissions is made to international standards using the Group's in house horticultural carbon calculator which is currently being developed as an App for use by other growers)

The Group started to measure scope 3 carbon emissions during 2020 and has offset all its scope 1&2 emissions, and its airfreight of all SA fruit, by the purchase of carbon credits from carefully selected gold and VCS standard environmentally sustainable projects. The Group continues to concentrate on reducing its carbon emissions wherever possible and is working towards establishing its own in-house carbon offset schemes to reach a sustainable carbon "Net Zero" position in the future. It is, however, recognised that these projects will take time to develop and therefore the Group will continue to offset not only its scope 1 and 2 but also its air freight related scope 3 emissions using carbon credits. To deliver this the Group procured sufficient carbon credits for 2020 and the subsequent 4 years, prior to the year end.

Looking at the intensity of the carbon usage for the growing businesses it is 2.93 tCO<sub>2</sub>-e/ tonne fruit sold; whilst for the growing systems businesses it is 12.37 tCO<sub>2</sub>-e / £million revenues. The intensity level will be reported on a comparative basis from 2021 onwards.

# **HAYGROVE LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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Up cycling, re-purposing and reduction of waste are also key areas for the Group. Due to a surprising absence of recycling options in many countries work is underway to deliver a containerised polythene recycling solution for all tunnel customers.

2020 has been a challenging year to reach outside the Group to positively impact others' lives when COVID-19 prohibited movement. The Haygrove Community Gardens Charity however adapted to provide experience to 900 school children in the UK. The Group has continued to work with its employees to develop their skills whilst also living its ethos of seeking to create opportunities for those that have drawn the short straw. The Group is committed to providing an ethical working environment and to eradicating Modern Slavery and upholding human rights.

In terms of bio-diversity, the Group has set itself a target of having a 50:50 relationship between farmed and unfarmed land over the next 10 years and to do this in a sustainable way for the business and the planet.

#### **Section 172 Statement**

The Haygrove Group is a grower of fresh berries and cherries and a leading supplier of poly-tunnels and substrate systems worldwide. It depends upon the confidence of its customers to procure the fruit grown and to invest in the tunnels that it supplies and to operate on a long-term sustainable basis. The Group seeks quality and integrity of its products to satisfy the needs of its customers, to invest in its employees and in the planet, to support the communities where it operates, and 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 they are maintained in the most appropriate manner to promote the interests of the company and its stakeholders. Communication with staff is maintained through regular dialogue with directors at a local level. The Board issue periodic communications keeping staff aware of the progress within the Group. This extends to updates on financial progress and community activities that staff and the Group are engaged in. The business has a relatively flat structure which elevates employees' responsibility and facilitates effective communication. The Board encourage openness amongst employees, actively invites direct employee feedback and takes pride in genuinely seeking to shape jobs to its employees. The Group is undertaking employee engagement surveys, detailed succession planning and talent development to ensure the continuity of people who embrace the Haygrove culture coming up through the business. 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 Company 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 is stated under the "triple bottom line" section of the strategic report. The Group has achieved a carbon neutral position in 2020 through purchasing carbon credits. It has set ambitious targets to work towards a self-sustaining "Net Zero" position in the future using in-house developed carbon projects. The UK business used 13,986,832 kWh of energy during 2020 compared to 15,247,714 kWh in 2019, a reduction of 8.3% year on year.

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.

# **HAYGROVE LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **Measuring performance**

Each company in the Haygrove Group has a defined strategy and measures performance with specific KPI's developed as appropriate. The Group also has a set of overarching strategies and measurements against which to judge its progress. The Haygrove Group Board maintain 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 levels to provide relevant financial detail and visibility. The Board also monitor 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 risks 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 take an important oversight role in this regard. The Board maintain a risk register that is reviewed monthly at board meetings.

Core risks to the business include geopolitical risks given some of the countries it operates in, climate change, labour availability, exchange rate movements and the continuing global pandemic. The risks from Brexit were mitigated by shifting the supply operations for customers in the EU away from the UK and into Germany and Poland. However, the Group is well spread geographically and by activity and is in a key sector of the economies of the countries in which it operates. Labour cost escalation is a common concern in all areas of the Group which is further compounded by labour availability challenges in some areas. The Group is taking active measures to mitigate as many of these risks as possible.

The operational climate with the COVID-19 pandemic remains challenging with the possibility of new variants.

#### **Post year end events**

In the UK, the departure from the EU at the end of the transition period has created a significant burden of administration for all imports and exports of raw materials and poly tunnels. This has been offset in part by switching some European customers to the Group's German subsidiary, but this has only mitigated a small part of the additional burden.

The business has also been suffering as a result of price inflation in its steel coil supply in addition to a shortage of supply looking forward. This has proved particularly challenging at a time when demand for the Group's tunnels has been increasing.

The pandemic continues to impact the businesses with many staff still operating from home. The latest, more transmittable variants of the virus are likely to impact on the farming businesses at some point. However, the protocols developed during 2020 are being reinforced and every precaution is being taken to ensure the health of the Group's staff and the continued supply to the Group's customers.

A new company Haygrove Summit Supervisory Ltd (HSS) was established by Mr A Davison in 2020. On 31 January 2021 he swapped his shares in Haygrove Limited for further shares issued in HSS such that HSS became the holding company of Haygrove Limited. The Group's overall ownership remained the same.

HSS acquired 2 parcels of land (65 acres and 54 acres) in Kington in January 2021 which it has subsequently rented to Haygrove Limited for the development of its cherry business. HSS also acquired 200 acres of land from Mr Davison covering the main Ledbury farm at the end of March 2021, which has also been rented to Haygrove on a similar basis to the way it had previously been rented to Haygrove by Mr Davison directly.

# HAYGROVE LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 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 world leading customers. The integration of technology to complement the tunnels Haygrove provides, like robots, is also a key future activity as farmers seek new techniques to improve their farming operations.

All the above are undertaken against a background of measuring the triple bottom line of planet, people, and profit. Both the measurement of each activity under the 3BL principles as well as the day-to-day running are core cultural activities embedded within the management and staff of the Group.

The Group continues to seek new opportunities and to develop the businesses. Many growers, investors and governments are seeing the benefits of covered crops and more reliable, higher quality, healthy fresh produce and it is therefore expected that the Growing Systems business can benefit from this. Food grown locally is also rising in prominence 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, whilst also developing the Growing Systems offering to a wider international audience.

The Group has achieved the initial turnaround after the results of 2018 with its financial strength restored. Its future development, on a measured basis, will be focused upon extending its core activities whilst seeking to be a high quality business against the key 3BL principles of Planet, People and Profit.

On behalf of the board



A J Davison  
Director

Date: 29 JULY 2021

# **HAYGROVE LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their annual report and financial statements for the year ended 31 December 2020.

#### **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.

#### **Results and dividends**

The results for the year are set out on page 12. Ordinary dividends were paid amounting to £250,000 (2019 - £0). The directors do not recommend payment of a further dividend.

#### **Future developments**

As permitted by the Companies Act 2006, the directors have chosen to set out details of the group's future developments in the 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**

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  
R J Mills  
M J Musk

#### **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 2020

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### 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.

### Post reporting date events

After the year end, on 31 January 2021, a newly-incorporated holding company Haygrove Summit Supervisory Ltd acquired all the shares of Haygrove Limited by way of a share for share exchange, as part of a reorganisation of shareholders' interests. The immediate and ultimate parent company is now Haygrove Summit Supervisory Ltd, a company incorporated in the United Kingdom and registered in England and Wales. A J Davison remains the ultimate controlling party.

### 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.

### Energy and carbon reporting

Details of the group's energy and carbon consumption are set out in the strategic report.

### 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: 29 JULY 2021

# **HAYGROVE LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

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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**

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### **Opinion**

We have audited the financial statements of Haygrove Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 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 of the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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**

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

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

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **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)**

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 8, 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.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team and component auditors:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

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

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As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to food production, food standards, right to work compliance and health and safety. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected certification and correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, testing the recognition of a sample of revenue items both pre and post year end with reference to the relevant contractual and shipping documentation, and reviewing the appropriateness of journal entries as they relate to contractual revenue.

All relevant laws and regulations identified at a group level and areas susceptible to fraud that could have a material effect on the consolidated financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our group audit approach.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://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.

*RSM UK Audit LLP*

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  
30 JULY 2021

# HAYGROVE LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	106,754,926	108,184,782
Cost of sales		(76,014,822)	(78,773,941)
<b>Gross profit</b>		<b>30,740,104</b>	<b>29,410,841</b>
Distribution costs		(8,660,064)	(11,496,094)
Administrative expenses		(16,345,373)	(18,118,095)
Other operating income		1,624,658	1,432,645
<b>Operating profit</b>	<b>6</b>	<b>7,359,325</b>	<b>1,229,297</b>
Share of results of associates and joint ventures		60,328	1,736
Interest receivable and similar income	8	59,955	160,496
Interest payable and similar expenses	9	(340,832)	(455,545)
Fair value gains and losses on foreign exchange contracts		221,145	568,196
<b>Profit before taxation</b>		<b>7,359,921</b>	<b>1,504,180</b>
Tax on profit	11	(1,141,813)	(320,170)
<b>Profit for the financial year</b>		<b>6,218,108</b>	<b>1,184,010</b>
<b>Other comprehensive income net of taxation</b>			
Currency translation differences		(265,491)	(60,647)
<b>Total comprehensive income for the year</b>		<b>5,952,617</b>	<b>1,123,363</b>
Profit for the financial year is attributable to:			
- Owners of the parent company		5,785,967	1,067,360
- Non-controlling interests		432,141	116,650
		<b>6,218,108</b>	<b>1,184,010</b>
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		5,599,099	1,024,132
- Non-controlling interests		353,518	99,231
		<b>5,952,617</b>	<b>1,123,363</b>

**HAYGROVE LIMITED****STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
<b>Fixed assets</b>					
Intangible assets	12	6,124	13,577	-	-
Tangible assets	13	17,678,221	17,620,734	4,824,450	6,144,931
Biological assets	14	5,383,842	4,547,076	2,544,121	2,413,970
Investments	15	254,293	211,679	4,040,889	3,908,311
		<u>23,322,480</u>	<u>22,393,066</u>	<u>11,409,460</u>	<u>12,467,212</u>
<b>Current assets</b>					
Stocks	17	7,430,708	6,465,736	2,596,095	2,075,249
Debtors falling due after more than one year	18	20,989	13,652	4,147,663	6,396,000
Debtors falling due within one year	18	26,113,200	20,974,731	14,275,040	13,526,120
Cash at bank and in hand		14,311,406	5,616,648	7,561,026	1,953,317
		<u>47,876,303</u>	<u>33,070,767</u>	<u>28,579,824</u>	<u>23,950,686</u>
<b>Creditors: amounts falling due within one year</b>	19	<u>(36,581,820)</u>	<u>(27,715,397)</u>	<u>(15,248,004)</u>	<u>(15,812,659)</u>
<b>Net current assets</b>		<u>11,294,483</u>	<u>5,355,370</u>	<u>13,331,820</u>	<u>8,138,027</u>
<b>Total assets less current liabilities</b>		<u>34,616,963</u>	<u>27,748,436</u>	<u>24,741,280</u>	<u>20,605,239</u>
<b>Creditors: amounts falling due after more than one year</b>	20	<u>(3,536,186)</u>	<u>(2,433,536)</u>	<u>(2,641,417)</u>	<u>(1,512,051)</u>
<b>Provisions for liabilities</b>	24	<u>(1,486,468)</u>	<u>(1,283,448)</u>	<u>-</u>	<u>-</u>
<b>Net assets</b>		<u>29,594,309</u>	<u>24,031,452</u>	<u>22,099,863</u>	<u>19,093,188</u>

**HAYGROVE LIMITED****STATEMENTS OF FINANCIAL POSITION (CONTINUED)****AS AT 31 DECEMBER 2020**

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
<b>Capital and reserves</b>					
Called up share capital	26	100	100	100	100
Capital redemption reserve	27	11	11	11	11
Profit and loss reserves	27	27,817,351	22,526,450	22,099,752	19,093,077
<b>Equity attributable to owners of the parent company</b>		27,817,462	22,526,561	22,099,863	19,093,188
<b>Non-controlling interests</b>		1,776,847	1,504,891	-	-
		<u>29,594,309</u>	<u>24,031,452</u>	<u>22,099,863</u>	<u>19,093,188</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts.

The company's profit for the year was £3,256,675 (2019 - £601,061 profit).

The financial statements were approved by the board of directors and authorised for issue on 29 JULY 2021 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 2020

Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
<b>Balance at 1 January 2019</b>	100	11	21,575,521	21,575,632	1,289,037	22,864,669
<b>Year ended 31 December 2019:</b>						
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)	-
<b>Total comprehensive income for the year</b>	-	-	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
<b>Balance at 31 December 2019</b>	100	11	22,526,450	22,526,561	1,504,891	24,031,452
<b>Year ended 31 December 2020:</b>						
Profit for the year	-	-	5,785,967	5,785,967	432,141	6,218,108
Other comprehensive income net of taxation:						
Currency translation differences	-	-	(265,491)	(265,491)	-	(265,491)
Amounts attributable to non-controlling interests	-	-	78,623	78,623	(78,623)	-
<b>Total comprehensive income for the year</b>	-	-	5,599,099	5,599,099	353,518	5,952,617
Dividends 10	-	-	(250,000)	(250,000)	-	(250,000)
Adjustment arising on increase in controlling interest in subsidiary 15	-	-	(139,760)	(139,760)	-	(139,760)
Transfer arising on increase in controlling interest in subsidiary 15	-	-	81,562	81,562	(81,562)	-
<b>Balance at 31 December 2020</b>	100	11	27,817,351	27,817,462	1,776,847	29,594,309

# HAYGROVE LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2019</b>		100	11	18,492,016	18,492,127
<b>Year ended 31 December 2019:</b>					
Profit and total comprehensive income for the year		-	-	601,061	601,061
<b>Balance at 31 December 2019</b>		100	11	19,093,077	19,093,188
<b>Year ended 31 December 2020:</b>					
Profit and total comprehensive income for the year		-	-	3,256,675	3,256,675
Dividends	10	-	-	(250,000)	(250,000)
<b>Balance at 31 December 2020</b>		100	11	22,099,752	22,099,863

# HAYGROVE LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	28	18,197,322		14,565,430	
Income taxes paid		(642,447)		(576,444)	
<b>Net cash inflow from operating activities</b>		<b>17,554,875</b>		<b>13,988,986</b>	
<b>Investing activities</b>					
Purchase of intangible assets		(1,678)		-	
Purchase of tangible fixed assets		(3,916,307)		(3,497,223)	
Proceeds on disposal of tangible fixed assets		184,103		193,004	
Purchase of biological assets		(4,476,814)		(3,675,783)	
Interest received		59,955		160,496	
<b>Net cash used in investing activities</b>		<b>(7,802,768)</b>		<b>(6,819,506)</b>	
<b>Financing activities</b>					
Repayment of other loans		(1,701,835)		(553,780)	
Increase in/(repayment of) bank loans		844,609		(48,954)	
(Repayment of)/increase in finance lease obligations		(361,674)		224,922	
Dividends paid to equity shareholders		(250,000)		-	
Interest paid		(340,832)		(455,545)	
<b>Net cash used in financing activities</b>		<b>(1,809,732)</b>		<b>(833,357)</b>	
<b>Net increase in cash and cash equivalents</b>		<b>7,942,375</b>		<b>6,336,123</b>	
Cash and cash equivalents at beginning of year		4,142,620		(2,129,189)	
Effect of foreign exchange rates		(51,936)		(64,314)	
<b>Cash and cash equivalents at end of year</b>		<b>12,033,059</b>		<b>4,142,620</b>	
<b>Relating to:</b>					
Cash at bank and in hand		14,311,406		5,616,648	
Bank overdrafts included in creditors payable within one year		(2,278,347)		(1,474,028)	

# HAYGROVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### 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 2020. 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 2020

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### 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.

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, considering the ongoing COVID-19 impacts and the 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 fortunate position of being able to trade despite the lockdown arrangements that have impacted many businesses.

Following early negotiation with its bank for an appropriate level of facilities to support it through the pandemic, the Group has not needed to make use of the VAT deferral scheme or use other government backed loan arrangements in 2020 and has only made limited use of the Government's Job Retention Scheme.

As of December 2020, the Group is funded from a mixture of cash reserves, overdraft and leasing facilities and a term loan facility both in the UK and elsewhere (as disclosed in note 21). As additional headroom an overdraft facility of £2m is in place with NatWest of which 100% is currently available as at the date of approval of these financial statements.

The directors are confident that being in the business sector in which the Group operates, coupled with the steps they have taken to mitigate future risks as set out in the strategic report, 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 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 and development 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 2020

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### 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 2020

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#### 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 2020

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#### 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 2020

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#### 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 2020

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### 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.

#### **Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

# HAYGROVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies (Continued)

#### 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.

### 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 2020

### 3 Turnover and other revenue

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

	2020 £	2019 £
<b>Turnover analysed by class of business</b>		
Sale of goods	106,754,926	108,184,782
	<u>106,754,926</u>	<u>108,184,782</u>
	2020 £	2019 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	42,373,447	44,098,783
Europe	18,274,253	14,345,797
America	2,738,207	4,597,407
Africa	20,519,579	19,204,359
Mexico	3,158,094	3,220,264
China	11,813,221	13,542,662
Rest of World	7,878,125	9,175,510
	<u>106,754,926</u>	<u>108,184,782</u>

### 4 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Production	168	151	36	37
Farming	2,579	2,513	600	595
Administration	152	157	63	65
Total	<u>2,899</u>	<u>2,821</u>	<u>699</u>	<u>697</u>

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	27,192,992	27,829,622	16,853,386	16,636,504
Social security costs	1,980,982	2,189,797	1,469,545	1,429,284
Pension costs	312,175	350,957	267,884	300,967
	<u>29,486,149</u>	<u>30,370,376</u>	<u>18,590,815</u>	<u>18,366,755</u>

# HAYGROVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 5 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	539,479	507,283
Company pension contributions to defined contribution schemes	11,161	8,842
Sums paid to third parties for directors' services	98,300	91,100
	<u>648,940</u>	<u>607,225</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 - 3).

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

	2020 £	2019 £
Remuneration for qualifying services	264,912	226,755
Company pension contributions to defined contribution schemes	-	7,729
	<u>-</u>	<u>7,729</u>

### 6 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	4,084	427,519
Research and development costs	3,223,400	2,591,087
Government grants	(88,952)	-
Depreciation of owned tangible fixed assets	3,682,883	3,837,368
Depreciation of tangible fixed assets held under finance leases	193,268	94,715
Depreciation of biological assets	3,373,365	3,613,307
Loss/(profit) on disposal of tangible fixed assets	9,868	(29,132)
Amortisation of intangible assets	9,549	(16,783)
Loss on disposal of biological assets	-	376,269
Operating lease charges	<u>1,168,702</u>	<u>1,314,461</u>

Government grants primarily reflect amounts received towards the employment costs of employees placed on furlough during the COVID-19 (Coronavirus) pandemic.

# HAYGROVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 7 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	57,750	52,300
Audit of the financial statements of the company's subsidiaries	11,366	11,160
	<u>69,116</u>	<u>63,460</u>
<b>For other services</b>		
Audit-related assurance services	-	2,500
Taxation compliance services	8,450	7,400
Other taxation services	23,326	7,596
All other non-audit services	19,446	27,894
	<u>51,222</u>	<u>45,390</u>

### 8 Interest receivable and similar income

	2020	2019
	£	£
<b>Interest income</b>		
Interest on bank deposits	25,352	11,037
Other interest income	34,603	149,459
	<u>59,955</u>	<u>160,496</u>

### 9 Interest payable and similar expenses

	2020	2019
	£	£
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	306,928	417,555
Other interest	16,155	12,432
	<u>323,083</u>	<u>429,987</u>
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	17,749	25,558
	<u>17,749</u>	<u>25,558</u>
<b>Total finance costs</b>	<u>340,832</u>	<u>455,545</u>

### 10 Dividends

	2020	2019
	£	£
Recognised as distributions to equity holders:		
Interim paid	250,000	-
	<u>250,000</u>	<u>-</u>

# HAYGROVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 11 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	416,835	-
Adjustments in respect of prior periods	(106,555)	(37,984)
<b>Total UK current tax</b>	<b>310,280</b>	<b>(37,984)</b>
Foreign current tax on profits for the current period	699,014	551,791
<b>Total current tax</b>	<b>1,009,294</b>	<b>513,807</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	136,000	(194,970)
Adjustment in respect of prior periods	(3,481)	1,333
<b>Total deferred tax</b>	<b>132,519</b>	<b>(193,637)</b>
<b>Total tax charge</b>	<b>1,141,813</b>	<b>320,170</b>

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

	2020 £	2019 £
Profit before taxation	7,359,921	1,504,180
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	1,398,385	285,794
Tax effect of expenses that are not deductible in determining taxable profit	82,019	110,903
Tax effect of income not taxable in determining taxable profit	(284,903)	(100,924)
Tax effect of utilisation of tax losses not previously recognised	(209,904)	(144,556)
Unutilised tax losses carried forward	206,221	208,046
Change in unrecognised deferred tax assets	11,021	-
Adjustments in respect of prior years	(106,555)	(37,984)
Patent box credit	(134,586)	(235,117)
Other permanent differences	-	(282)
Effect of overseas tax rates	163,295	173,650
Deferred tax adjustments in respect of prior years	(3,481)	(13,500)
Permanent fixed asset differences	26,384	30,698
Remeasurement of deferred tax for changes in tax rates	(21,790)	29,078
Other tax adjustments, reliefs and transfers	15,707	14,364
<b>Taxation charge</b>	<b>1,141,813</b>	<b>320,170</b>

# HAYGROVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 12 Intangible fixed assets

Group	Goodwill	Negative goodwill	Software	Other intangible assets	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2020	8,000	(315,735)	51,976	9,338	(246,421)
Additions	-	-	-	1,678	1,678
Transfers	-	-	11,016	(11,016)	-
Exchange adjustments	-	-	2,278	-	2,278
At 31 December 2020	8,000	(315,735)	65,270	-	(242,465)
<b>Amortisation and impairment</b>					
At 1 January 2020	8,000	(315,735)	38,399	9,338	(259,998)
Amortisation charged for the year	-	-	7,871	1,678	9,549
Transfers	-	-	11,016	(11,016)	-
Exchange adjustments	-	-	1,860	-	1,860
At 31 December 2020	8,000	(315,735)	59,146	-	(248,589)
<b>Carrying amount</b>					
At 31 December 2020	-	-	6,124	-	6,124
At 31 December 2019	-	-	13,577	-	13,577

The company had no intangible fixed assets at 31 December 2020 or 31 December 2019.

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 2020

#### 13 Tangible fixed assets

Group	Land and buildings	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2020	8,076,789	25,920,696	1,195,553	2,627,361	37,820,399
Additions	77,114	4,082,952	74,310	493,485	4,727,861
Disposals	-	(449,865)	(117,954)	(211,972)	(779,791)
Exchange adjustments	(276,604)	(648,251)	(12,215)	(80,837)	(1,017,907)
At 31 December 2020	7,877,299	28,905,532	1,139,694	2,828,037	40,750,562
<b>Depreciation and impairment</b>					
At 1 January 2020	1,510,192	16,382,868	831,512	1,475,093	20,199,665
Depreciation charged in the year	300,960	3,023,559	142,380	409,252	3,876,151
Eliminated in respect of disposals	-	(307,499)	(112,746)	(165,575)	(585,820)
Exchange adjustments	30,293	(402,140)	(7,345)	(38,463)	(417,655)
At 31 December 2020	1,841,445	18,696,788	853,801	1,680,307	23,072,341
<b>Carrying amount</b>					
At 31 December 2020	6,035,854	10,208,744	285,893	1,147,730	17,678,221
At 31 December 2019	6,566,597	9,537,828	364,041	1,152,268	17,620,734

The carrying value of land in land and buildings comprises:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Freehold	1,602,225	1,697,113	415,000	415,000

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

	Group 2020 £	2019 £	Company 2020 £	2019 £
Plant and machinery	1,128,421	841,092	480,331	201,304
Depreciation charge for the year in respect of leased assets	193,268	94,715	97,563	24,801

# HAYGROVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 13 Tangible fixed assets (Continued)

Company	Land and buildings	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2020	2,686,588	13,033,081	640,473	1,137,705	17,497,847
Additions	57,829	297,215	27,816	132,754	515,614
Disposals	-	(322,909)	(108,535)	(150,222)	(581,666)
At 31 December 2020	2,744,417	13,007,387	559,754	1,120,237	17,431,795
<b>Depreciation and impairment</b>					
At 1 January 2020	945,772	9,111,383	556,296	739,465	11,352,916
Depreciation charged in the year	138,202	1,372,634	48,243	189,277	1,748,356
Eliminated in respect of disposals	-	(258,123)	(105,711)	(130,093)	(493,927)
At 31 December 2020	1,083,974	10,225,894	498,828	798,649	12,607,345
<b>Carrying amount</b>					
At 31 December 2020	1,660,443	2,781,493	60,926	321,588	4,824,450
At 31 December 2019	1,740,816	3,921,698	84,177	398,240	6,144,931

# HAYGROVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 14 Biological assets

Group	Berries and cherries £
<b>Cost</b>	
At 1 January 2020	8,507,237
Additions	4,476,814
Disposals	(4,122,411)
Transfer from stocks	157,275
Exchange adjustments	(30,536)
At 31 December 2020	8,988,379
<b>Depreciation and impairment</b>	
At 1 January 2020	3,960,161
Depreciation charged in the year	3,373,365
Eliminated in respect of disposals	(3,774,438)
Exchange adjustments	45,449
At 31 December 2020	3,604,537
<b>Carrying amount</b>	
At 31 December 2020	5,383,842
At 31 December 2019	4,547,076
<b>Company</b>	<b>Berries and cherries £</b>
<b>Cost</b>	
At 1 January 2020	4,203,346
Additions	2,812,728
Disposals	(2,191,058)
At 31 December 2020	4,825,016
<b>Depreciation and impairment</b>	
At 1 January 2020	1,789,376
Depreciation charged in the year	2,362,362
Eliminated in respect of disposals	(1,870,843)
At 31 December 2020	2,280,895
<b>Carrying amount</b>	
At 31 December 2020	2,544,121
At 31 December 2019	2,413,970

# HAYGROVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 15 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	16	-	-	4,003,326	3,870,748
Investments in associates	16	116,879	66,285	-	-
Unlisted investments		137,414	145,394	37,563	37,563
		<u>254,293</u>	<u>211,679</u>	<u>4,040,889</u>	<u>3,908,311</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 £
<b>Cost or valuation</b>			
At 1 January 2020	66,285	145,394	211,679
Valuation changes	(7,603)	-	(7,603)
Share of results of associates	60,328	-	60,328
Exchange adjustments	(2,131)	(7,980)	(10,111)
At 31 December 2020	<u>116,879</u>	<u>137,414</u>	<u>254,293</u>
<b>Carrying amount</b>			
At 31 December 2020	<u>116,879</u>	<u>137,414</u>	<u>254,293</u>
At 31 December 2019	<u>66,285</u>	<u>145,394</u>	<u>211,679</u>

# HAYGROVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 15 Fixed asset investments (Continued)

##### Movements in fixed asset investments Company

	Investments in subsidiaries and associates	Unlisted investments	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 January 2020	3,870,748	37,563	3,908,311
Additions	146,801	-	146,801
Disposals	(55)	-	(55)
At 31 December 2020	4,017,494	37,563	4,055,057
<b>Impairment</b>			
At 1 January 2020	-	-	-
Impairment charge	14,168	-	14,168
At 31 December 2020	14,168	-	14,168
<b>Carrying amount</b>			
At 31 December 2020	4,003,326	37,563	4,040,889
At 31 December 2019	3,870,748	37,563	3,908,311

Additions reflect additional investments of £139,760 in relation to Haygrove Sp.Z.oo and £7,041 in relation to Haygrove (Yunnan) Agricultural Development Co Ltd.

The additional investment of £139,760 in Haygrove Sp.Z.oo on 21 February 2020 increased the group's holding from 60% to 100%. Since this was just an increase in a controlling interest in a subsidiary, it has been accounted for in accordance with FRS 102 Paragraphs 9.19C, 9.19D and 22.19. The transaction has therefore been accounted for as a transaction between equity holders and the non-controlling interest has been adjusted. No adjustment has been made to restate the identifiable assets and liabilities to fair value, and no goodwill has been recognised. For details, see the consolidated statement of changes in equity.

Disposals reflect £55 in relation to Haygrove Tree of Life (Pty) Ltd, which was dissolved during the year. The impairment charge of £14,168 is in relation to Haygrove Comercio de Equip. Agricola do Brasil Ltda.

# HAYGROVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 16 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	-	100.00%
Haygrove Heaven (Pty) Limited (4)	Farming	-	74.00%
Haygrove Earth (Pty) Limited (4)	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 (5)	Farming	-	100.00%
Haygrove Africa (Kenya) Ltd (12)	Dormant	-	99.00%
Haygrove Africa Trading (Pty) Limited (4)	Fruit industry services	74.00%	-
Haygrove GmbH (7)	Tunnel wholesaler	-	100.00%
Haygrove Evolution Limited (6)	Wine and cider maker	-	91.13%
Haygrove South Africa (Pty) Limited (8)	Tunnel wholesaler	15.00%	50.00%
Haygrove (Shanghai) Trading Co Ltd (9)	Tunnel wholesaler	-	100.00%
Haygrove (Yunnan) Agricultural Development Co Ltd (10)	Farming	-	100.00%
Haygrove Plants Limited (6)	Dormant	-	100.00%

Name of associate	Nature of business	Holding indirect	Holding direct
Haygrove Small Beginnings (Pty) Limited (4) (held by Haygrove Heaven (Pty) Limited)	Plant propagation and production	37.00%	-
H&S Flights (Pty) Limited (11) (held by Haygrove Heaven (Pty) Limited)	Group aviation services in S Africa	37.00%	-
Cape Irrigation Consultants (Pty) Limited (9)	Irrigation consultancy	-	30.00%

All indirect holdings are through Haygrove Heaven (Pty) Limited other than Haygrove South Africa (Pty) Limited which is through Cape Irrigation Consultants (Pty) Limited. 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) ul. Poznańska 4, 63-600 Kępno, Poland
- (4) Portion 67 Farm 587, Ertjiesvlei, Hemel en-aarde, Hermanus, 7200, South Africa
- (5) Estrada da Entrada da Barca - Herdade do Samoqueiro, Cx. Postal 5417 - Entrada da Barca, Zambujeira do Mar, 7630-734
- (6) Redbank, Ledbury, Herefordshire, HR8 2JL
- (7) Industriestrasse 20, 26160 Bad Zwischenahn, Germany
- (8) Panorama Farm, Appletiser Road, Grabouw, 7160, South Africa
- (9) Shanghai, Jiading District, ZhongRen Rd #399, Section 1, 12th Floor, Area B, Office JT2543, China
- (10) Yunnan XiShuangBanna Dai Semi-Autonomous Prefecture MengHai County MengZhe Town, LiMing Farmhouse Sugar Processing Agricultural Base, China
- (11) Southend Farm, Hemel and Aarde, Hermanus, Western Cape, 7200, South Africa
- (12) 163 James Gichuru Road, Lavington, PO Box 10719-00100, Nairobi, Kenya

#### Audit exemption

The company's subsidiary Haygrove Evolution Limited has taken exemption from audit by virtue of s479A 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 2020

#### 17 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Raw materials and consumables	1,640,247	1,902,811	604,344	484,066
Work in progress	268,850	287,939	-	-
Finished goods and goods for resale	5,521,611	4,274,986	1,991,751	1,591,183
	<u>7,430,708</u>	<u>6,465,736</u>	<u>2,596,095</u>	<u>2,075,249</u>

During the year, the group recognised stock impairments of £33,729 (2019 - £78,372). Impairments and reversals are recognised in cost of sales.

#### 18 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
<b>Amounts falling due within one year:</b>				
Trade debtors	16,031,860	14,711,488	7,515,441	6,548,036
Corporation tax recoverable	375,038	832,276	375,038	649,260
Amounts owed by group undertakings	-	-	2,633,956	3,224,436
Amounts owed by undertakings in which the company has a participating interest	476,076	488,832	438,382	430,200
Derivative financial instruments	553,124	335,129	-	-
Other debtors	3,169,887	1,279,010	508,271	504,894
Prepayments and accrued income	5,483,388	3,175,318	2,780,125	2,016,616
	<u>26,089,373</u>	<u>20,822,053</u>	<u>14,251,213</u>	<u>13,373,442</u>
Deferred tax asset (note 24)	23,827	152,678	23,827	152,678
	<u>26,113,200</u>	<u>20,974,731</u>	<u>14,275,040</u>	<u>13,526,120</u>
<b>Amounts falling due after more than one year:</b>				
Amounts owed by group undertakings	-	-	4,147,663	6,396,000
Other debtors	20,989	13,652	-	-
	<u>20,989</u>	<u>13,652</u>	<u>4,147,663</u>	<u>6,396,000</u>
<b>Total debtors</b>	<u>26,134,189</u>	<u>20,988,383</u>	<u>18,422,703</u>	<u>19,922,120</u>

During the year, impairment charges of £487,971 (2019 - £110,734) were recognised against debts due from customers who are considered unlikely to be able to settle their debts. The charges have been recognised within administrative expenses.

In the company statement of financial position, amounts owed by group undertakings falling due within one year and after more than one year are shown net of provisions of £3,476,462 (2019 - £3,716,572) against amounts where recovery is considered unlikely. Movements in intercompany provisions are recognised within administrative expenses.

# HAYGROVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 19 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	21	3,361,317	3,933,541	444,400	2,764,044
Obligations under finance leases	22	399,582	230,323	104,243	79,502
Other borrowings	21	1,482,876	1,785,588	1,482,876	1,785,588
Payments received on account		7,953,315	1,642,388	643,741	384,413
Trade creditors		13,033,584	12,766,799	8,091,756	6,853,912
Amounts owed to group undertakings		-	-	758	758
Corporation tax payable		158,906	448,649	-	-
Other taxation and social security		571,500	594,777	259,821	224,661
Derivative financial instruments		17,716	11,119	17,716	11,119
Other creditors		3,672,085	2,499,807	1,249,617	1,381,364
Accruals and deferred income		5,930,939	3,802,406	2,953,076	2,327,298
		<u>36,581,820</u>	<u>27,715,397</u>	<u>15,248,004</u>	<u>15,812,659</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, Begon 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 £880,681 (2019 - £622,625) relating to certain directors of the parent company. These amounts are unsecured, interest free and repayable on demand.

#### 20 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	21	2,779,659	558,507	2,555,600	-
Obligations under finance leases	22	737,554	456,933	66,844	93,955
Other borrowings	21	18,973	1,418,096	18,973	1,418,096
		<u>3,536,186</u>	<u>2,433,536</u>	<u>2,641,417</u>	<u>1,512,051</u>

Obligations under finance leases are secured against the underlying assets.

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



# HAYGROVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 21 Borrowings

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	3,862,629	3,018,020	3,000,000	2,300,000
Bank overdrafts	2,278,347	1,474,028	-	464,044
Other borrowings	1,501,849	3,203,684	1,501,849	3,203,684
	<u>7,642,825</u>	<u>7,695,732</u>	<u>4,501,849</u>	<u>5,967,728</u>
Payable within one year	4,844,193	5,719,129	1,927,276	4,549,632
Payable after one year	<u>2,798,632</u>	<u>1,976,603</u>	<u>2,574,573</u>	<u>1,418,096</u>

The total payable by instalments in more than five years is £nil (2019 - £nil).

#### Bank loans

The bank loans comprise £3,000,000 (2019 - £2,300,000) held by Haygrove Limited and term loans of £862,629 (2019 - £nil) held by Haygrove (Yunnan) Agricultural Development Co Ltd denominated in Chinese Renminbi. In the comparative period there was also a term loan of £59,748 and a revolving loan of £558,507, both held by Haygrove Heaven (Pty) Limited and denominated in South African Rand, and a loan of £99,765 held by Haygrove Sp.Z.oo. and denominated in Polish Zloty.

The bank loan of £3,000,000 bears interest at 1.75% above the National Westminster Bank Plc base rate. It is repayable in monthly instalments of £55,550 commencing seven months after draw down with a final instalment of £55,850 on 31 October 2025. The term loans of £862,629 bear interest at 6.5% and are repayable by instalments ending in October 2021 and April 2022.

In the comparative period the bank loan of £2,300,000 reflected a revolving credit facility which bore interest at 1.75% above LIBOR. The term loan of £59,748 bore interest at the prime lending rate annually and was repayable in monthly instalments with the final payment due on 1 September 2020. The revolving loan of £558,507 bore interest at the prime lending rate less 0.6% (prime being 10.00% at the year end) and was repayable in annual instalments with the final payment due on 25 August 2024 but was repaid during 2020. The loan of £99,765 was 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 an interest-free loan of £139,471 (2019 - £278,942) held by Haygrove Limited, and four asset finance loans totalling £1,362,378 (2019 - £2,924,742) held by Haygrove Limited.

The interest-free loan of £139,471 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.

# HAYGROVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 22 Finance lease obligations

	Group 2020 £	2019 £	Company 2020 £	2019 £
Future minimum lease payments due under finance leases:				
Less than one year	440,882	280,275	107,611	83,064
Between one and five years	800,363	494,711	67,272	95,509
	<u>1,241,245</u>	<u>774,986</u>	<u>174,883</u>	<u>178,573</u>
Less: future finance charges	(104,109)	(87,730)	(3,796)	(5,116)
	<u>1,137,136</u>	<u>687,256</u>	<u>171,087</u>	<u>173,457</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.

#### 23 Financial instruments

	Group 2020 £	2019 £	Company 2020 £	2019 £
<b>Carrying amount of financial assets</b>				
Instruments measured at fair value through profit or loss	<u>553,124</u>	<u>335,129</u>	<u>-</u>	<u>-</u>
<b>Carrying amount of financial liabilities</b>				
Measured at fair value through profit or loss				
- Other financial liabilities	<u>17,716</u>	<u>11,119</u>	<u>17,716</u>	<u>11,119</u>

The group enters into forward, swap and over the counter foreign currency contracts to mitigate the exchange rate risk for certain foreign currency receivables and payables. The outstanding contracts mature within 12 months (2019 - 12 months) of the year end.

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.

# HAYGROVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 24 Deferred taxation

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:

	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
<b>Group</b>				
Fixed asset timing differences	-	-	17,036	(36,507)
Short term timing differences	-	-	6,791	3,081
Losses and other deductions	-	-	-	186,104
Foreign deferred tax	1,486,468	1,283,448	-	-
	<u>1,486,468</u>	<u>1,283,448</u>	<u>23,827</u>	<u>152,678</u>

	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
<b>Company</b>				
Fixed asset timing differences	-	-	17,036	(36,507)
Short term timing differences	-	-	6,791	3,081
Losses and other deductions	-	-	-	186,104
	<u>-</u>	<u>-</u>	<u>23,827</u>	<u>152,678</u>

	Group 2020 £	Company 2020 £
<b>Movements in the year:</b>		
Liability/(asset) at 1 January 2020	1,130,770	(152,678)
Charge to profit or loss	132,519	128,851
Foreign exchange movements	199,352	-
Liability/(asset) at 31 December 2020	<u>1,462,641</u>	<u>(23,827)</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.

#### 25 Retirement benefit schemes

	2020 £	2019 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>312,175</u>	<u>350,957</u>

# HAYGROVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 25 Retirement benefit schemes (Continued)

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 £33,891 (2019 - £47,941) were included in other creditors.

### 26 Share capital

	Group and Company			
	2020 Number	2019 Number	2020 £	2019 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	100	100	100	100

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.

### 27 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.

### 28 Cash generated from group operations

	2020 £	2019 £
Profit for the year after tax	6,218,108	1,184,010
Adjustments for:		
Share of results of associates	(60,328)	(1,736)
Taxation charged	1,141,813	320,170
Finance costs	340,832	455,545
Investment income	(59,955)	(160,496)
Loss/(gain) on disposal of tangible fixed assets	9,868	(29,132)
Loss on disposal of biological assets	-	376,269
Fair value gains and losses on foreign exchange contracts	(221,145)	(568,196)
Amortisation and impairment of intangible assets	9,549	(16,783)
Depreciation and impairment of tangible fixed assets	3,876,151	3,932,083
Depreciation and impairment of biological assets	3,373,365	3,613,307
Movements in working capital:		
(Increase)/decrease in stocks	(1,098,975)	280,044
(Increase)/decrease in debtors	(5,399,557)	4,369,680
Increase in creditors	10,067,596	810,665
<b>Cash generated from operations</b>	<b>18,197,322</b>	<b>14,565,430</b>

# HAYGROVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 29 Analysis of changes in net funds/(debt) - group

	1 January 2020	Cash flows	New finance leases	Exchange rate movements	31 December 2020
	£	£	£	£	£
Cash at bank and in hand	5,616,648	8,819,195	-	(124,437)	14,311,406
Bank overdrafts	(1,474,028)	(876,820)	-	72,501	(2,278,347)
	<u>4,142,620</u>	<u>7,942,375</u>	<u>-</u>	<u>(51,936)</u>	<u>12,033,059</u>
Borrowings excluding overdrafts	(6,221,704)	810,399	-	46,827	(5,364,478)
Obligations under finance leases	(687,256)	326,246	(811,554)	35,428	(1,137,136)
	<u>(2,766,340)</u>	<u>9,079,020</u>	<u>(811,554)</u>	<u>30,319</u>	<u>5,531,445</u>

### 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 2020	2019	Company 2020	2019
	£	£	£	£
Within one year	437,582	424,719	21,320	28,794
Between one and five years	782,067	791,002	64,352	36,924
In over five years	26,944	127,843	-	-
	<u>1,246,593</u>	<u>1,343,564</u>	<u>85,672</u>	<u>65,718</u>

### 31 Related party transactions

#### Remuneration of key management personnel

The remuneration of the key management personnel of the group is as follows.

	2020	2019
	£	£
Aggregate compensation	<u>1,625,081</u>	<u>1,569,183</u>

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 transactions with other related parties as set out below.

# HAYGROVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 31 Related party transactions (Continued)

##### Group

Income from related parties	Income 2020 £	Income 2019 £	Debtor 2020 £	Debtor 2019 £
Associate undertakings	96,264	23,572	491,045	468,630
Key management personnel	-	-	-	-
Other related parties	281,462	359,696	1,557	263,284
	<u>377,726</u>	<u>383,268</u>	<u>492,602</u>	<u>731,914</u>
Costs incurred with related parties	Expenses 2020 £	Expenses 2019 £	Creditor 2020 £	Creditor 2019 £
Associate undertakings	(185,161)	(223,768)	(56,134)	(18,256)
Key management personnel	(349,221)	(318,864)	(880,681)	(622,625)
Other related parties	(387,226)	(496,679)	(7,020)	(76,905)
	<u>(921,608)</u>	<u>(1,039,311)</u>	<u>(943,835)</u>	<u>(717,786)</u>

##### Company

Income from related parties	Income 2020 £	Income 2019 £	Debtor 2020 £	Debtor 2019 £
Associate undertakings	8,182	8,160	438,382	430,200
Group undertakings not wholly-owned	5,528,721	801,614	2,099,756	4,283,207
Key management personnel	-	-	-	-
Other related parties	275,529	353,203	1,557	93,347
	<u>5,812,432</u>	<u>1,162,977</u>	<u>2,539,695</u>	<u>4,806,754</u>
Costs incurred with related parties	Expenses 2020 £	Expenses 2019 £	Creditor 2020 £	Creditor 2019 £
Associate undertakings	-	-	-	-
Group undertakings not wholly-owned	(220,336)	(6,669,616)	-	-
Key management personnel	(349,221)	(318,864)	(880,681)	(622,625)
Other related parties	(185,469)	(444,590)	-	-
	<u>(755,026)</u>	<u>(7,433,070)</u>	<u>(880,681)</u>	<u>(622,625)</u>

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

## **HAYGROVE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **32 Controlling party**

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

#### **33 Events after the reporting date**

After the year end, on 31 January 2021, a newly-incorporated holding company Haygrove Summit Supervisory Ltd acquired all the shares of Haygrove Limited by way of a share for share exchange, as part of a reorganisation of shareholders' interests. The immediate and ultimate parent company is now Haygrove Summit Supervisory Ltd, a company incorporated in the United Kingdom and registered in England and Wales. A J Davison remains the ultimate controlling party.