
HECTARE AGRITECH LIMITED

UNAUDITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE PERIOD ENDED 31 DECEMBER 2021



HECTARE AGRITECH LIMITED

COMPANY INFORMATION

Directors	M C Dobbs J I M Hayward J A I McInnes D K Rose
Company secretary	S L Hayward
Registered number	08285271
Registered office	Stansted Park Rowland's Castle Hampshire PO9 6DX
Accountants	Grant Thornton UK LLP Chartered Accountants Royal Liver Building Liverpool L3 1PS

HECTARE AGRITECH LIMITED

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Report to the directors on the preparation of the unaudited statutory financial statements of Hectare Agritech Limited for the period ended 31 December 2021

We have compiled the accompanying financial statements of Hectare Agritech Limited (the 'company') based on the information you have provided. These financial statements comprise the Statement of Financial Position of Hectare Agritech Limited as at 31 December 2021, the Statement of Changes in Equity for the period then ended and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), 'Compilation Engagements'.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). As a member firm of the Institute of Chartered Accountants in England and Wales, we are subject to its ethical and other professional requirements which are detailed at www.icaew.com

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

This report is made solely to the company's directors, as a body, in accordance with the terms of our engagement letter dated 12 April 2022. Our work has been undertaken solely to prepare for your approval the financial statements of the company and state those matters that we have agreed to state to the company's directors, as a body, in this report in accordance with our engagement letter dated 12 April 2022. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its directors, as a body, for our work or for this report.

Grant Thornton UK LLP

Grant Thornton UK LLP

Chartered Accountants

Liverpool

Date: 22/6/2022

HECTARE AGRITECH LIMITED
REGISTERED NUMBER: 08285271

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	31 December 2021 £	30 November 2020 £
Fixed assets			
Intangible assets	4	-	468
Tangible assets	5	8,533	3,172
		<u>8,533</u>	<u>3,640</u>
Current assets			
Debtors: amounts falling due after more than one year	6	2,678	-
Debtors: amounts falling due within one year	6	76,036	53,556
Cash at bank and in hand		10,936,771	2,041,704
		<u>11,015,485</u>	<u>2,095,260</u>
Creditors: amounts falling due within one year	7	(149,396)	(100,509)
Net current assets		<u>10,866,089</u>	<u>1,994,751</u>
Net assets		<u><u>10,874,622</u></u>	<u><u>1,998,391</u></u>
Capital and reserves			
Called up share capital	8	528	375
Share premium account	9	17,426,227	6,214,519
Share-based payment reserve	9	165,103	106,848
Profit and loss account	9	(6,717,236)	(4,323,351)
Shareholders' funds		<u><u>10,874,622</u></u>	<u><u>1,998,391</u></u>

HECTARE AGRITECH LIMITED
REGISTERED NUMBER: 08285271

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

The directors consider that the company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the company to obtain an audit for the period in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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

Dave Rose

D K Rose
Director

Date: 22/6/2022

The notes on pages 5 to 17 form part of these financial statements.

HECTARE AGRITECH LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021**

	Called up share capital	Share premium account	Share-based payment reserve	Profit and loss account	Shareholders' funds
	£	£	£	£	£
At 1 December 2019	301	2,967,140	-	(2,998,429)	(30,988)
Comprehensive expense for the year					
Loss for the year	-	-	-	(1,377,464)	(1,377,464)
Share-based payment expense	-	-	159,390	-	159,390
Contributions by and distributions to owners					
Shares issued during the year	74	3,247,379	-	-	3,247,453
Shares exercised in the year	-	-	-	52,542	52,542
Shares exercised in the year	-	-	(52,542)	-	(52,542)
At 1 December 2020	375	6,214,519	106,848	(4,323,351)	1,998,391
Comprehensive expense for the period					
Loss for the period	-	-	-	(2,438,486)	(2,438,486)
Share-based payment expense	-	-	102,856	-	102,856
Contributions by and distributions to owners					
Shares issued during the period	153	11,211,708	-	-	11,211,861
Shares exercised in the period	-	-	-	44,601	44,601
Shares exercised in the period	-	-	(44,601)	-	(44,601)
At 31 December 2021	528	17,426,227	165,103	(6,717,236)	10,874,622

The notes on pages 5 to 17 form part of these financial statements.

HECTARE AGRITECH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

1. General information

Hectare Agritech Limited (the 'company') is a private company, limited by shares, incorporated and domiciled in England and Wales, registered number 08285271. The registered office and principal place of business is Stansted Park, Rowland's Castle, Hampshire, England, PO9 6DX.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The directors, after reviewing and analysing the forecasts of the company have an expectation that the company has sufficient resources to continue in operational existence for at least the next 12 months. Therefore, the company continues to adopt the going concern basis in its financial statements.

2.3 Foreign currency translation**Functional and presentation currency**

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

HECTARE AGRITECH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.4 Revenue**

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

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the company as lessee

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

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in profit or loss in the same period as the related expenditure.

2.7 Interest income

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

2.8 Pensions**Defined contribution pension plan**

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

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

HECTARE AGRITECH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.9 Share-based payments****Share-based employee remuneration**

The company has granted share options to certain employees under an Enterprise Management Incentive (EMI) scheme and to certain non-employees under a separate scheme, which allows those persons to acquire shares in the company at an agreed exercise price.

The EMI share options can be exercised upon a change of control, the sale or takeover of the company or flotation, the period to which is the vesting period. The non-employee options are deemed to vest immediately on the date of grant. The share options lapse after 10 years from the date of grant. When a member of staff ceases to be employed by the company it is up to the discretion of the directors as to whether that employee's share options lapse.

The share options are measured at fair value and expensed as equity-settled share-based payments over the vesting period in profit or loss, with a corresponding increase in equity. The fair value of equity-settled share-based payments are measured at the grant date using the black-scholes option-pricing model, taking into account the terms and conditions upon which the awards are granted.

In the event of a cancellation, whether by the company or by a participating employee, the compensation expense that would have been recognised over the remainder of the vesting period is recognised immediately in profit or loss.

2.10 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

HECTARE AGRITECH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.11 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Website development costs	-	50% straight-line
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Research expenditure is written off as incurred. Development expenditure is also written off, except where the Directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the Company is expected to benefit. The period is two years. Provision is made for any impairment.

2.12 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Leasehold improvements	-	50% straight-line
Office equipment	-	50% straight-line
Computer equipment	-	50% straight-line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

HECTARE AGRITECH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.14 Cash and cash equivalents

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

2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.16 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

3. Employees

The average monthly number of employees, including directors, during the period was 30 (2020: 15).

HECTARE AGRITECH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

4. Intangible assets

	Website development costs £
Cost	
At 1 December 2020	10,174
At 31 December 2021	<u>10,174</u>
Amortisation	
At 1 December 2020	9,706
Charge for the period	468
At 31 December 2021	<u>10,174</u>
Net book value	
At 31 December 2021	<u><u>-</u></u>
At 30 November 2020	<u><u>468</u></u>

HECTARE AGRITECH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

5. Tangible fixed assets

	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 December 2020	2,174	3,999	6,484	12,657
Additions	-	2,780	7,621	10,401
At 31 December 2021	<u>2,174</u>	<u>6,779</u>	<u>14,105</u>	<u>23,058</u>
Depreciation				
At 1 December 2020	2,174	3,999	3,312	9,485
Charge for the period	-	747	4,293	5,040
At 31 December 2021	<u>2,174</u>	<u>4,746</u>	<u>7,605</u>	<u>14,525</u>
Net book value				
At 31 December 2021	<u>-</u>	<u>2,033</u>	<u>6,500</u>	<u>8,533</u>
At 30 November 2020	<u>-</u>	<u>-</u>	<u>3,172</u>	<u>3,172</u>

HECTARE AGRITECH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

6. Debtors

	31 December 2021 £	<i>30 November 2020 £</i>
Due after more than one year		
Other debtors	2,678	-
	<hr/> <hr/>	<hr/> <hr/>
	31 December 2021 £	<i>30 November 2020 £</i>
Due within one year		
Trade debtors	38,948	<i>48,977</i>
Other debtors	21,498	<i>2,328</i>
Prepayments and accrued income	15,590	<i>2,251</i>
	<hr/> <hr/> 76,036	<hr/> <hr/> <i>53,556</i>

7. Creditors: amounts falling due within one year

	31 December 2021 £	<i>30 November 2020 £</i>
Trade creditors	48,674	<i>37,433</i>
Other taxation and social security	61,595	<i>37,980</i>
Other creditors	2,051	<i>5,103</i>
Accruals and deferred income	37,076	<i>19,993</i>
	<hr/> <hr/> 149,396	<hr/> <hr/> <i>100,509</i>

HECTARE AGRITECH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

8. Called up share capital

	31 December 2021 £	30 November 2020 £
Allotted, called up and fully paid		
4,031,247 (2020: 3,745,166) Ordinary shares of £0.0001 each	403	375
1,250,000 (2020: nil) Preference shares of £0.0001 each	125	-
	<hr/> 528 <hr/>	<hr/> 375 <hr/>

Ordinary shares are entitled to one vote in any circumstance. Each share has equal rights to dividends and are entitled to participate in a distribution arising from a winding up of the company.

Preference shares have an equal ranking alongside Ordinary shares with the addition of a liquidation preference as defined in the articles of association.

On 20 January 2021, 174,211 Ordinary shares were issued and allotted with a nominal value of £0.0001 per share. Total consideration of £740,397 was paid resulting in £740,379 being allocated to the share premium account.

Expenses on issue of shares were £43,373.

On 4 February 2021, 100,000 Ordinary shares were issued and allotted with a nominal value of £0.0001 per share. Total consideration of £500,000 was paid resulting in £499,990 being allocated to the share premium account.

On 30 April 2021, 11,870 Ordinary shares were issued and allotted with a nominal value of £0.0001 per share. Total consideration of £14,838 was paid resulting in £14,837 being allocated to the share premium account.

On 15 December 2021, 1,250,000 Preference shares were issued and allotted with a nominal value of £0.0001 per share. Total consideration of £10,000,000 was paid resulting in £9,999,875 being allocated to the share premium account.

HECTARE AGRITECH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

9. Capital and reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of shares issued.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any transaction costs.

Share-based payment reserve

The share-based payment reserve represents cumulative share-based payment expenses, less those which are transferred to the profit and loss account on exercise.

Profit and loss account

The profit and loss amount represents cumulative profits, losses and total other comprehensive income made by the company, including distributions to, and contributions from, the owners.

10. Share-based payments

The company has granted share options to certain employees under an Enterprise Management Incentive (EMI) scheme and to certain non-employees under a separate scheme, which allows those persons to acquire shares in the company at an agreed exercise price.

The EMI share options can be exercised upon a change of control, the sale or takeover of the company or flotation, the period to which is the vesting period. The non-employee options are deemed to vest immediately on the date of grant. The share options lapse after 10 years from the date of grant. When a member of staff ceases to be employed by the company it is up to the discretion of the directors as to whether that employee's share options lapse.

	31 December 2021 WAEP (£)	31 December 2021 Number	30 November 2020 WAEP (£)	30 November 2020 Number
Outstanding at the beginning of the period/year	1.25	83,659	1.25	-
Granted during the period/year	1.25	91,622	1.25	104,681
Exercised during the period/year	1.25	(11,870)	1.25	(13,937)
Expired during the period/year	1.25	(14,337)	1.25	(7,085)
Outstanding at the end of the year	1.25	149,074	1.25	83,659

HECTARE AGRITECH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

10. Share-based payments (continued)

	31 December 2021 £	<i>30 November 2020 £</i>
Equity-settled schemes		
Share-based payment expense (Administrative expense)	102,856	<i>159,390</i>

11. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £49,826 (2020: £27,126). Contributions totalling £nil (2020: £4,150) were payable to the fund at the reporting date and are included in other creditors.

12. Commitments under operating leases

At 31 December, the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	31 December 2021 £	<i>30 November 2020 £</i>
Not later than 1 year	29,025	<i>3,714</i>
Later than 1 year and not later than 5 years	101,150	<i>-</i>
	130,175	<i>3,714</i>

13. Financial commitments, guarantees and contingent liabilities

During the financial period, National Westminster Bank PLC held a fixed and floating charge which covers all the property undertakings of the company. This charge was satisfied on 10 December 2020.

HECTARE AGRITECH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

14. Subsequent events

On 15 March 2022, 4,320 Ordinary shares were issued and allotted with a nominal value of £0.0001 per share. Total consideration of £8,208 was paid resulting in £8,207 being allocated to the share premium account.

On 31 March 2022, 625,000 Preference shares were issued and allotted with a nominal value of £0.0001 per share. Total consideration of £5,000,000 was paid resulting in £4,999,938 being allocated to the share premium account.

15. First time adoption of FRS 102

The company transitioned to FRS 102 from FRS 105 as at 1 December 2019. The last financial statements prepared in accordance with FRS 105 were for the year ended 30 November 2020. The impact of the transition to FRS 102 is as follows:

Reconciliation of equity at 1 December 2019

	£
Equity at 1 December 2019 under FRS 105	(36,420)
Intangible asset adjustment (1)	5,432
	<hr/>
Equity shareholders' funds at 1 December 2019 under FRS 102	(30,988)
	<hr/> <hr/>

Reconciliation of equity at 30 November 2020 and 1 December 2020

	£
Equity at 30 November 2020 under FRS 105	1,997,923
Intangible asset adjustment (1)	468
	<hr/>
Equity shareholders' funds at 30 November 2020 and 1 December 2020 under FRS 102	1,998,391
	<hr/> <hr/>

Reconciliation of profit and loss account for the year ended 30 November 2020

	£
Loss for the year under FRS 105	(1,213,110)
Amortisation for the year on intangible asset adjustment (1)	(4,964)
Share-based payment expense (2)	(159,390)
	<hr/>
Loss for the year ended 30 November 2020 under FRS 102	(1,377,464)
	<hr/> <hr/>

HECTARE AGRITECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

15. First time adoption of FRS 102 (continued)

Explanation of changes to previously reported profit and equity:

1. Intangible assets (website development costs) - Under the previous accounting framework of FRS 105, costs relating to website development are charged to, and realised in, profit or loss in the year incurred. However, under the new accounting framework of FRS 102, this expenditure is capitalised as a fixed asset and are subsequently amortised at a rate chosen and elected by the directors of the company. This change in accounting policy effects both the total fixed asset and net asset balance at the reporting date.

2. Share-based payments (equity settled) - Under the previous accounting framework of FRS 105, share options offered to both employees and non-employees were disclosed only, with no related charge recognised in the financial statements. However, under the new accounting framework of FRS 102, the share options are measured at fair value and expensed as equity-settled share-based payments over the vesting period in profit or loss and are recognised in a separate component of equity and transferred to the profit and loss account when exercised.