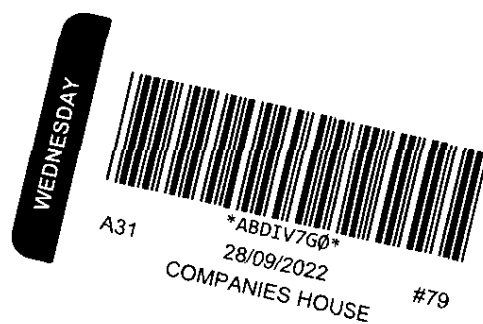


Company Registration No. 12531787 (England and Wales)

HAYGROVE SUMMIT SUPERVISORY LTD
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021



HAYGROVE SUMMIT SUPERVISORY LTD

COMPANY INFORMATION

Directors	A J Davison M J Musk A S Davison I D Williams
Secretary	S J Francis
Company number	12531787
Registered office	Redbank Little Marcle Road Ledbury Herefordshire HR8 2JL
Auditor	RSM UK Audit LLP Chartered Accountants 2nd Floor 1 The Square Temple Quay Bristol BS1 6DG

HAYGROVE SUMMIT SUPERVISORY LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

The Company was incorporated on 24 March 2020 and filed first period dormant accounts for the period ended 30 November 2020. On 31 January 2021, in connection with a reorganisation of the shareholder's interests, the Company acquired the entire issued share capital of Haygrove Limited through a share for share exchange under which the former shareholder of Haygrove Limited received one share in Haygrove Summit Supervisory Ltd for each of his shares in Haygrove Limited.

As further described in note 1, the group reorganisation has been accounted for using merger accounting. Consolidated information for the Group has been presented as if the new legal structure had always existed. Accordingly, full comparatives are presented for the consolidated information.

Principal activities

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

- Growing – farms in the UK, South Africa, Portugal and China producing fresh soft fruit and cherries for retail customers; and
- Growing Systems – supplying field scale poly-tunnels systems and substrate systems to leading Horticultural businesses internationally.

The Group results for the year, as set out on page 12, show that overall revenues increased by £35.2 million to £142.0 million (2020 - £106.8 million). The Group's absolute carbon emissions increased by 14% against a 33% increase in turnover. As a result, the Group's carbon intensity measured against tonnes of fruit sold and £m of Growing Systems sold decreased from 1.2 to 1.1 and from 12 to 11, respectively. Recycling of waste increased to 47% of the total produced which was an improvement of 9% over the previous year. Waste for landfill dropped by 23% in the year after adjusting for the prior year errors.

Operations

The Group made a net profit before tax for the year of £12.6 million (2020 £7.4 million).

The Group gross margin dropped from 28.8% to 26.4% in the period due to increased costs in raw materials, distribution, and labour. However operating margin increased from 6.9% to 9.5% due to overseas operations expanding within their existing overhead base, and turnover growth exceeding inflation. Profit before tax consequently increased from 6.9% to 8.8%.

The financial results reflect increasing resilience of the Group's business by risk spreading around the world. No single country is responsible for more than 35% of group sales, with almost all companies in all 7 countries being profitable. The Group's improving operations stood out in the year as providing more reliability to customers than by some of its competition, despite supply chain challenges in many materials such as steel. Alternative distribution routes frequently had to be found due to COVID-19 disruption, for example to tourist flights from South Africa on which fruit is exported, and to container shipping around the world. Inflated cost of raw materials and delays in distribution led to an extra £8m investment in working capital during the year, however the overall net cash position only reduced by £1.4m. Group net assets increased from £29.6m to £40.0m. Shortage of labour was also increasingly challenging, whether finding fruit pickers for farms or the right permanent staff. Against the backdrop of these challenges, the Group's international structure is beginning to show real benefits of mutual support. All teams within the individual Haygrove businesses danced well through the rapidly changing landscape of 2021 and are greatly appreciated.

Customer adaption to rising concerns of pandemic, distribution, climate, economy, and general food security, is leading to more prioritisation of locally grown and protected crops around the world. New investors in particular, and expanding ones, seem to appreciate Haygrove's long experience, which is helping the Growing Systems businesses in many countries.

Sales in the brexited UK grew little both in Growing Systems and farming, however they improved in profits. Portugal farming also had a better year and China blueberries performed excellently.

HAYGROVE SUMMIT SUPERVISORY LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Operations (continued)

Concentration upon detailed planning and execution, seeking incremental improvements in established businesses and right first time in new projects, is counterbalancing complexity.

Following on from the two successful blueberry farms in Yunnan, China, the Group invested in a new cherry farm in the same province to sell into the Chinese market. This investment will take a few years to produce significant quantities of fruit but enters a new market and should benefit the Growing Systems business.

Towards the end of the year restrictions related to the Pandemic started to lift and there was a welcome return to some office-based working within a Hybrid model.

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

Triple Bottom Line

During the year, the Group further developed its monthly reporting of carbon, waste, and water into a bespoke programme named "Hortiplanet." Though designed for internal use, other growers shown it have requested to use it, which is now formalised and promoted.

The detail and accuracy of the data that the Group is collating regarding its impact on the Planet is increasing year on year. Also, the metrics used to measure the outputs are being constantly reviewed to provide a more meaningful measure of the Group's progress in reducing its impact.

The key metrics are set out in the table below:

	2021	2020	2019	2018
Carbon Intensity Growing per tonne of fruit sold	1.1	1.2	N/A	N/A
Carbon Intensity Growing Systems per £m systems sold	11	12	N/A	N/A
Scope 1 and 2 carbon emissions tCO2-e	10,713	9,455	8,565	9,571
Selected Scope 3 carbon emissions tCO2-e	15,880	13,632	N/A	N/A
Landfill waste (tonnes)	426	555	400	272
Recycled waste (tonnes)	440	296	120	N/A

(As a result of the development of the calculator the waste numbers for 2020 have been updated to reflect previous errors.)

The absolute scope 1&2 numbers increased over the prior year but at a slower rate than underlying business activity, showing decreased carbon intensity. Scope 3 carbon increased, in part due to more fruit being exported and a reduced number of direct flights and was also impacted by the return of business travel. The Group measures intensity to see trends in efficiency.

Whilst the Group is committed to investing to achieve "Net Zero" by internally managed programmes, it is recognised that in the medium term it will continue to purchase carbon 'offsets' to remain "Carbon Neutral" as it has from 2020, which achieves the same carbon balance goal.

The Group continues to concentrate on reducing its carbon emissions wherever possible and in 2021 invested over £1 million in further biomass boilers in the UK. These came on stream early in 2022 and will result in no more gas being burned to heat glass and a significant reduction in the carbon footprint of the UK Growing operation. In South Africa, the Group likewise is investing in a large solar array to reduce its purchased coal generated electricity and thereby its carbon footprint. In the first 6 months of 2022 the Group has seen over 20% reduction in Scope 1&2 emissions over the same time last year.

HAYGROVE SUMMIT SUPERVISORY LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Triple Bottom Line (continued)

Up cycling, re-purposing and reduction of waste are also key areas for the Group. During 2021 the UK Growing Systems business recycled the same tonnage of polythene that it replaced through sales to customers. The figure for landfill waste in 2021 has been corrected for waste stored in 2020 and disposed of in 2021.

Water will become an increasing problem for the Planet as the rising heat in many countries has already shown. It is therefore imperative that horticulture minimises its water footprint so the Group has set itself an ambitious target to ensure that all rainwater that sensibly can be harvested from tunnels on all farms will be completed by the end of 2025.

2021 continued to be challenging to reach outside the Group to positively impact other people's lives with COVID-19 restricted movement. The Haygrove Community Gardens Charity was slowed in expansion however adapted to provide award winning experience to many school children in the UK. Initiatives continued in China and in South Africa with a remarkable local school for farm workers' children and a highly progressive community project that provides meals for homeless children. The Group seeks to continually give opportunities for employees to develop their skills, pursuing its ethos of 'creating opportunities for great people, particularly those that have drawn the short straw.' The Group is committed to providing an ethical working environment, avoiding all forms of Modern Slavery and upholding human rights.

In terms of biodiversity, the Group has set itself a target of having a 50:50 relationship between intensively farmed land and land managed for aims of biodiversity. This is currently 30%. The South African farm Haygrove Heaven runs an indigenous fynbos plant propagation project multiplying many thousands of plants from the hillside to enrich and beautify unfarmed land, including some very rare endangered species to enhance their chance of survival.

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 equipment 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 and the planet, to invest in its employees and social activities where it operates and to make a sustainable profit for its future. 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, keeping staff aware of progress within the Group. This includes updates on financial progress, and environmental and community activities that staff and the Group are engaged in. The business has a flat structure which elevates employee's responsibility. The Board encourage openness amongst employees, actively invites direct feedback and takes pride in genuinely seeking to shape jobs to its people. The Group undertakes employee engagement surveys, detailed succession planning and talent development to ensure the continuity of people who embrace the Haygrove culture rising through the business.

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 stakeholders as a whole, having regard 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 achieved a carbon neutral position in 2020, and onwards, through purchasing carbon credits. It has set an ambitious target to work towards "Net Zero" through carbon projects developed in-house. The UK business used 12,287,943 kWh of energy during 2021 compared to 13,986,832 kWh in 2020, a reduction of 12.1% year on year; other divisions are advancing also. Further recent significant carbon reductions will be reported in the 2022 results.

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 director's activities and decisions to provide an independent oversight of the decisions, with the ability to report directly to the shareholder.

HAYGROVE SUMMIT SUPERVISORY LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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 maintains an overview using base KPI's which cover both financial and non-financial measures. Each company is monitored using performance target-based data which include combinations of indicators like weight picked and sold, crop yields, turnover, gross margin, operating costs, and waste. *Gross margin is measured down to individual product level to provide relevant financial detail and visibility.* The board also monitor KPI's like debtor days outstanding (DSO) which showed a reduction over the period from 55 to 44. 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 high-level risk register reviewed monthly at Board meetings, and a framework of policies, procedures, and internal controls. Compliance with regulatory, legal, and ethical standards is a high priority and the board take an important oversight role in this regard.

Core risks to the business include geopolitical, climate change, labour availability, exchange rate movements, the continuing global pandemic. The Group is well spread geographically, by activity, and in supply chains. Labour cost escalation and labour availability are a common concern in all areas of the Group. The Group is continually active in mitigating as many risks as possible.

The operational climate with COVID-19 pandemic remains challenging with the possibility of new variants and lockdowns as seen in China.

Sudden changes in commodity prices are monitored and mitigated with care.

Post year end events

The war in Ukraine that broke out on 24 February 2022 is placing further strains on the Group's activities. Some countries serviced by the Group's Polish business are now effectively shut down to sales. Raw materials, energy, distribution, and labour are inflating rapidly.

In the UK, seasonal harvest staff could not come from Ukraine and were less available from Eastern Europe due to Brexit, resulting in the business sourcing from much further afield for the 2022 season. The UK governments under resourcing of the visa process resulted in expensive delays for these workers to many farms.

Following Brexit, the rules, and regulations for trade with the EU have continued to change creating further strain on business administration and distribution activities.

In China, the Growing Systems business based in Shanghai suffered a total shut down for 3 months with all employees working from home. This created issues in maintaining deliveries to customers and the order to cash cycle.

Around the world the Group has largely moved to a Hybrid working environment for the growing system and administrative activities whilst on farm activities continue normally.

The Group has sold its blueberry trading business in South Africa, Haygrove Africa Trading Pty, to Driscoll Inc. The deal is being completed in parts with the first ZAR66m being received in August 2022. The Group's UK marketer of its fruit, Berry Gardens Limited, has also been sold to Driscoll by its cooperative Berry Gardens Growers, of which Haygrove is a large member. Both these events are still in progress and will be reported fully in the 2022 results.

HAYGROVE SUMMIT SUPERVISORY LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Future developments

The Group continues to focus on measuring the triple bottom line of planet, people, and profit. Hortiplanet, its user-friendly tool for monthly measurement of carbon, waste, water and annually biodiversity, is being used by an increasing number of external organisations to measure, benchmark, and target improvements to their businesses from a planet perspective.

The Group strategy remains to be a technical leader in its areas of activity, to create opportunities for its people, and try to inspire other businesses in its sector in how they choose to measure and operate. The Growing business strategy is to maximise its speed of learning through producing in north and south hemispheres and at different latitudes and to invest in resilience and quality before scale. 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, like robots, to compliment the systems Haygrove provides is a key future activity.

The Group continues to seek new opportunities particularly those offering a triple bottom line reward.

On behalf of the board

A J Davison

.....

A J Davison

Director

Date: 13/09/22
.....

HAYGROVE SUMMIT SUPERVISORY LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the group during the year was the sale of tunnels to fruit growers and the production of soft fruit, wine and cider. The principal activity of the company is that of a holding company and ownership of some of the group's property.

Results and dividends

The results for the year are set out on page 12. No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Future developments

As permitted by s414C(11) of 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

M J Musk

A S Davison

I D Williams

(Appointed 27 January 2022)

(Appointed 27 January 2022)

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 SUMMIT SUPERVISORY LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Employee involvement

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

Auditor

RSM UK Audit LLP was appointed auditor during the year and has indicated its willingness to be reappointed for another term. 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

.....
A J Davison

Director

Date: 13/09/22
.....

HAYGROVE SUMMIT SUPERVISORY LTD

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

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;
- 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 SUMMIT SUPERVISORY LTD

Opinion

We have audited the financial statements of Haygrove Summit Supervisory Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement 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 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 2021 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 SUMMIT SUPERVISORY LTD (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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 SUMMIT SUPERVISORY LTD (CONTINUED)

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, reviewing and testing inventory despatches to confirm revenue was appropriately recognised 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.

T R Morgan

Thomas Morgan (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
2nd Floor
1 The Square
Temple Quay
Bristol
BS1 6DG
13/09/22
.....

HAYGROVE SUMMIT SUPERVISORY LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	142,008,142	106,754,926
Cost of sales		(104,496,757)	(76,014,822)
Gross profit		37,511,385	30,740,104
Distribution costs		(10,475,194)	(8,660,064)
Administrative expenses		(17,444,657)	(16,345,373)
Other operating income		3,938,857	1,624,658
Operating profit	6	13,530,391	7,359,325
Share of results of associates		7,752	60,328
Interest receivable and similar income	8	51,981	59,955
Interest payable and similar expenses	9	(336,357)	(340,832)
Fair value gains and losses on foreign exchange contracts		(698,086)	221,145
Profit before taxation		12,555,681	7,359,921
Tax on profit	10	(1,992,727)	(1,141,813)
Profit for the financial year		10,562,954	6,218,108
Other comprehensive income net of taxation			
Currency translation differences		(127,642)	(265,491)
Total comprehensive income for the year		10,435,312	5,952,617
Profit for the financial year is attributable to:			
- Owner of the parent company		10,318,746	5,785,967
- Non-controlling interests		244,208	432,141
		10,562,954	6,218,108
Total comprehensive income for the year is attributable to:			
- Owner of the parent company		10,322,492	5,599,099
- Non-controlling interests		112,820	353,518
		10,435,312	5,952,617

HAYGROVE SUMMIT SUPERVISORY LTD**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	12		6,725		6,124
Tangible assets	13		23,759,591		17,678,221
Biological assets	14		5,485,570		5,383,842
Investments	15		246,567		254,293
			<u>29,498,453</u>		<u>23,322,480</u>
Current assets					
Stocks	17	11,505,058		7,430,708	
Debtors	18	23,302,942		26,134,189	
Cash at bank and in hand		12,140,754		14,311,406	
			<u>46,948,754</u>		<u>47,876,303</u>
Creditors: amounts falling due within one year	19	(30,518,233)		(36,581,820)	
Net current assets			<u>16,430,521</u>		<u>11,294,483</u>
Total assets less current liabilities			<u>45,928,974</u>		<u>34,616,963</u>
Creditors: amounts falling due after more than one year	20		(3,935,046)		(3,536,186)
Provisions for liabilities	24		(1,981,543)		(1,486,468)
Net assets			<u>40,012,385</u>		<u>29,594,309</u>
Capital and reserves					
Called up share capital	26		200		100
Capital redemption reserve	27		11		11
Profit and loss reserves	27		38,139,843		27,817,351
Equity attributable to owner of the parent company			<u>38,140,054</u>		<u>27,817,462</u>
Non-controlling interests			<u>1,872,331</u>		<u>1,776,847</u>
			<u>40,012,385</u>		<u>29,594,309</u>

The financial statements were approved by the board of directors and authorised for issue on 13/09/22 and are signed on its behalf by:

A J Davison

A J Davison
Director

HAYGROVE SUMMIT SUPERVISORY LTD**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

		31 December		30 November	
		2021		2020	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	13	4,739,909		-	
Investments	15	100		-	
		<u>4,740,009</u>		<u>-</u>	
Current assets					
Debtors	18	311		100	
Cash at bank and in hand		36,865		-	
		<u>37,176</u>		<u>100</u>	
Creditors: amounts falling due within one year	19	(3,769,357)		-	
Net current (liabilities)/assets		<u>(3,732,181)</u>		<u>100</u>	
Total assets less current liabilities		<u>1,007,828</u>		<u>100</u>	
Creditors: amounts falling due after more than one year	20	(836,084)		-	
Provisions for liabilities	24	(5,933)		-	
Net assets		<u>165,811</u>		<u>100</u>	
Capital and reserves					
Called up share capital	26	200		100	
Profit and loss reserves	27	165,611		-	
Total equity		<u>165,811</u>		<u>100</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 period was £165,611 (2020 - £0).

The financial statements were approved by the board of directors and authorised for issue on 13/09/22 and are signed on its behalf by:

A J Davison

A J Davison
Director

HAYGROVE SUMMIT SUPERVISORY LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital	Capital redemption reserve	Profit and loss reserves	Total controlling interest	Non-controlling interest	Total
		£	£	£	£	£	£
Balance at 1 January 2020		100	11	22,526,450	22,526,561	1,504,891	24,031,452
Year ended 31 December 2020:							
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)	-
Total comprehensive income for the year		-	-	5,599,099	5,599,099	353,518	5,952,617
Dividends	11	-	-	(250,000)	(250,000)	-	(250,000)
Transfer arising on increase in controlling interest in subsidiary		-	-	81,562	81,562	(81,562)	-
Adjustment arising on increase in controlling interest in subsidiary		-	-	(139,760)	(139,760)	-	(139,760)
Balance at 31 December 2020		100	11	27,817,351	27,817,462	1,776,847	29,594,309
Year ended 31 December 2021:							
Profit for the year		-	-	10,318,746	10,318,746	244,208	10,562,954
Other comprehensive income net of taxation:							
Currency translation differences		-	-	(127,642)	(127,642)	-	(127,642)
Amounts attributable to non-controlling interests		-	-	131,388	131,388	(131,388)	-
Total comprehensive income for the year		-	-	10,322,492	10,322,492	112,820	10,435,312
Issue of share capital	26	100	-	-	100	-	100
Purchase of non-controlling interests		-	-	-	-	(17,336)	(17,336)
Balance at 31 December 2021		200	11	38,139,843	38,140,054	1,872,331	40,012,385

HAYGROVE SUMMIT SUPERVISORY LTD

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Profit and loss reserves £	Total £
Period ended 30 November 2020				
Profit and total comprehensive income for the period		-	-	-
Issue of share capital		100	-	100
Balance at 30 November 2020		100	-	100
Period ended 31 December 2021				
Profit and total comprehensive income for the period		-	165,611	165,611
Issue of share capital	26	100	-	100
Balance at 31 December 2021		200	165,611	165,811

HAYGROVE SUMMIT SUPERVISORY LTD

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	28	11,595,726		18,545,295	
Income taxes paid		(1,512,683)		(642,447)	
Net cash inflow from operating activities		10,083,043		17,902,848	
Investing activities					
Purchase of non-controlling interest in subsidiary		(17,336)		-	
Purchase of intangible assets		(7,913)		(1,678)	
Purchase of tangible fixed assets		(6,892,586)		(3,916,307)	
Proceeds on disposal of tangible fixed assets		294,632		184,103	
Purchase of biological assets		(4,098,698)		(4,476,814)	
Interest received		27,393		59,955	
Dividends received		24,588		-	
Net cash used in investing activities		(10,669,920)		(8,150,741)	
Financing activities					
Repayment of borrowings		(1,449,879)		(1,701,835)	
Increase in bank loans		739,394		844,609	
Payment of finance lease obligations		(514,941)		(361,674)	
Dividends paid to equity shareholders		-		(250,000)	
Interest paid		(336,357)		(340,832)	
Net cash used in financing activities		(1,561,783)		(1,809,732)	
Net (decrease)/increase in cash and cash equivalents		(2,148,660)		7,942,375	
Cash and cash equivalents at beginning of year		12,033,059		4,142,620	
Effect of foreign exchange rates		40,680		(51,936)	
Cash and cash equivalents at end of year		9,925,079		12,033,059	
Relating to:					
Cash at bank and in hand		12,140,754		14,311,406	
Bank overdrafts included in creditors payable within one year		(2,215,675)		(2,278,347)	

HAYGROVE SUMMIT SUPERVISORY LTD

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

1 Accounting policies

Company information

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

The group consists of Haygrove Summit Supervisory Ltd 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.

Merger accounting for reorganisation

On 31 January 2021, in connection with a reorganisation of the shareholder's interests, the company acquired the entire issued share capital of Haygrove Limited through a share for share exchange under which the former shareholder of Haygrove Limited received one share in Haygrove Summit Supervisory Ltd for each of his shares in Haygrove Limited.

The group reorganisation has been accounted for using merger accounting under FRS102 paragraphs 19.27-19.33. This permits a group reorganisation to be accounted for using merger accounting provided:

- the use of the merger accounting method is not prohibited by company law or other relevant legislation;
- the ultimate equity holders remain the same, and the rights of each equity holder, relative to the others, are unchanged; and
- no non-controlling interest in the net assets of the group is altered by the transfer.

In these circumstances, it has been considered appropriate to present consolidated information for the group as if the new legal structure had always existed. This recognises the fact that, notwithstanding the incorporation of a new holding company and the transfer of the shareholder's interests to that new company, there has been no change in the substance of the shareholder's investment.

Accordingly, full comparatives are presented for the consolidated information. The comparative period reflects the consolidated results of the group in the year to 31 December 2020. The current period reflects the consolidated results of the group in the year to 31 December 2021.

For the company's individual accounts, the current period reflects the results of the company in the thirteen months ended 31 December 2021. The comparative period reflects the results of the company in its first accounting period from incorporation on 24 March 2020 to 30 November 2020.

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 financial statements have been prepared under the historical cost convention. 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.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 *Accounting policies (Continued)*

Basis of consolidation

The consolidated financial statements incorporate those of Haygrove Summit Supervisory Ltd 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 2021. 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 the estimated contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

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 from the date of the approval of these financial statements, considering the ongoing COVID-19 impacts and the uncertainties this presents.

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.

The Group has a strong balance sheet with limited utilised banking facilities and therefore has significant scope to borrow further should that be required. However, the Group intends to run with a minimum sustainable level of external debt.

As of December 2021, 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.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Turnover

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

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

Interest income

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

Research and development expenditure

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

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 where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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

Software	3 years straight line
----------	-----------------------

Tangible fixed assets

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

Depreciation is recognised so as to write off the cost or valuation 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

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 SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Biological assets

Biological assets are stated at cost less depreciation and impairment. Cost includes direct costs such as plants, grow medium and growing structures and direct overheads, including labour to get plants to the point of production.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Berries and cherries	1 - 8 years straight line
----------------------	---------------------------

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.

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, associates and jointly controlled entities 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 period end date, the group reviews the carrying amounts of its tangible 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.

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.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

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, other short-term liquid investments with original maturities of three months or less, 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.

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.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

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 proceeds received, net of transaction 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.

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.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

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.

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 profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

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.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) 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 when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

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

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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

The group 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.

Stock provision

Inventory items are reviewed periodically to update the calculated inventory provision. The directors consider the ageing, current sales price and recent sales quantities as part of this analysis, and make adjustments to the provision accordingly.

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Sale of goods	142,008,142	106,754,926
	<u>142,008,142</u>	<u>106,754,926</u>
	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	49,825,565	42,373,447
Europe	23,037,224	18,274,253
America	3,306,781	2,738,207
Africa	26,842,490	20,519,579
Mexico	6,962,298	3,158,094
China	21,316,567	11,813,221
Rest of World	10,717,217	7,878,125
	<u>142,008,142</u>	<u>106,754,926</u>

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

4 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Production	194	168	-	-
Farming	2,943	2,579	-	-
Administration	166	152	-	-
Total	3,303	2,899	-	-

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	30,132,410	27,192,992	-	-
Social security costs	1,919,845	1,980,982	-	-
Pension costs	250,421	312,175	-	-
Total	32,302,676	29,486,149	-	-

The company has no direct employees. However, wages and salaries costs of £10,934 (2020 - £nil) are recharged to the company by fellow group undertakings.

5 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	328,153	272,795
Sums paid to third parties for directors' services	47,192	98,300
Total	375,345	371,095

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2020 - 0).

Remuneration disclosed above includes the following amounts paid to the highest paid director. The amounts shown below include £nil (2020 - £98,300) paid to third parties for directors' services.

	2021 £	2020 £
Remuneration for qualifying services	266,880	264,912

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

5 Directors' remuneration (Continued)

In line with the principles of merger accounting, the 2020 comparatives reflect the remuneration of the directors in office on the date of the merger earned throughout the group previously headed by Haygrove Limited during 2020. No amounts were earned by any of the directors through the Haygrove Summit Supervisory Ltd entity during 2020.

6 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	179,676	4,084
Research and development costs	2,950,300	3,223,400
Government grants	(32,642)	(88,952)
Depreciation of owned tangible fixed assets	3,255,005	3,682,883
Depreciation of tangible fixed assets held under finance leases	229,604	193,268
Loss on disposal of tangible fixed assets	69,291	9,868
Amortisation of intangible assets	7,578	(1,001,454)
Depreciation of biological assets	3,493,440	4,384,368
Loss on disposal of biological assets	64,402	347,973
Operating lease charges	1,119,070	1,168,702

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

7 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	69,777	69,116
For other services		
Taxation compliance services	23,375	13,530
Other taxation services	7,130	18,246
All other non-audit services	33,360	19,446
	63,865	51,222

The above fees reflect amounts payable in respect of the company and all its subsidiaries. The individual amounts are not separately identifiable.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

8 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	17,593	25,352
Other interest income	9,800	34,603
	<u>27,393</u>	<u>59,955</u>
Total interest revenue	27,393	59,955
Other income from investments		
Dividends received	24,588	-
	<u>51,981</u>	<u>59,955</u>
Total income	51,981	59,955

9 Interest payable and similar expenses

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	319,295	306,928
Other interest	6,532	16,155
	<u>325,827</u>	<u>323,083</u>
Other finance costs:		
Interest on finance leases and hire purchase contracts	10,530	17,749
	<u>336,357</u>	<u>340,832</u>
Total finance costs	336,357	340,832

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

10 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	615,119	416,835
Adjustments in respect of prior periods	-	(106,555)
Double tax relief	(14,152)	-
Total UK current tax	600,967	310,280
Foreign current tax on profits for the current period	678,365	699,014
Adjustments in foreign tax in respect of prior periods	126,200	-
Total current tax	1,405,532	1,009,294
Deferred tax		
Origination and reversal of timing differences	587,195	136,000
Adjustment in respect of prior periods	-	(3,481)
Total deferred tax	587,195	132,519
Total tax charge	1,992,727	1,141,813

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:

	2021 £	2020 £
Profit before taxation	12,555,681	7,359,921
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	2,385,579	1,398,385
Tax effect of expenses that are not deductible in determining taxable profit	46,926	82,019
Tax effect of income not taxable in determining taxable profit	(668,337)	(284,903)
Tax effect of utilisation of tax losses not previously recognised	(227,651)	(209,904)
Unutilised tax losses carried forward	-	206,221
Change in unrecognised deferred tax assets	74,736	11,021
Adjustments in respect of prior years	-	(106,555)
Patent box credit	(82,911)	(134,586)
Effect of overseas tax rates	414,794	163,295
Deferred tax adjustments in respect of prior years	-	(3,481)
Permanent fixed asset differences	(3,610)	26,384
Remeasurement of deferred tax for changes in tax rates	68,063	(21,790)
Other tax adjustments, reliefs and transfers	(14,862)	15,707
Taxation charge	1,992,727	1,141,813

Factors that may affect future tax charges

The main rate of corporation tax in the UK will rise from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

11 Dividends

No dividends were paid during the current period. In the comparative period, an interim dividend of £250,000 was paid by Haygrove Limited to the holder of the ordinary shares in Haygrove Limited, which was the group's ultimate parent company at the time.

12 Intangible fixed assets

Group	Goodwill	Negative goodwill	Software	Total
	£	£	£	£
Cost				
At 1 January 2021	8,000	(315,735)	65,270	(242,465)
Additions	-	-	7,913	7,913
Exchange adjustments	-	-	(624)	(624)
At 31 December 2021	8,000	(315,735)	72,559	(235,176)
Amortisation and impairment				
At 1 January 2021	8,000	(315,735)	59,146	(248,589)
Amortisation charged for the year	-	-	7,578	7,578
Exchange adjustments	-	-	(890)	(890)
At 31 December 2021	8,000	(315,735)	65,834	(241,901)
Carrying amount				
At 31 December 2021	-	-	6,725	6,725
At 31 December 2020	-	-	6,124	6,124

The company had no intangible fixed assets at 31 December 2021 or 30 November 2020.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

13 Tangible fixed assets

Group	Land and buildings	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2021	7,877,299	28,905,532	1,139,694	2,828,037	40,750,562
Additions	6,120,980	3,458,971	382,600	461,482	10,424,033
Disposals	(58,277)	(1,169,211)	(72,151)	(182,133)	(1,481,772)
Transfers	39,236	(39,236)	-	36,150	36,150
Exchange adjustments	(298,677)	(789,062)	(14,623)	(127,978)	(1,230,340)
At 31 December 2021	13,680,561	30,366,994	1,435,520	3,015,558	48,498,633
Depreciation and impairment					
At 1 January 2021	1,841,445	18,696,788	853,801	1,680,307	23,072,341
Depreciation charged in the year	309,188	2,634,823	165,906	374,692	3,484,609
Eliminated in respect of disposals	(4,761)	(950,668)	(7,580)	(154,840)	(1,117,849)
Transfers	55,967	(55,967)	-	36,150	36,150
Exchange adjustments	(100,282)	(541,410)	(12,126)	(82,391)	(736,209)
At 31 December 2021	2,101,557	19,783,566	1,000,001	1,853,918	24,739,042
Carrying amount					
At 31 December 2021	11,579,004	10,583,428	435,519	1,161,640	23,759,591
At 31 December 2020	6,035,854	10,208,744	285,893	1,147,730	17,678,221
Company			Land and buildings	Plant and machinery	Total
			£	£	£
Cost					
At 1 December 2020			-	-	-
Additions			4,716,176	29,462	4,745,638
At 31 December 2021			4,716,176	29,462	4,745,638
Depreciation and impairment					
At 1 December 2020			-	-	-
Depreciation charged in the year			-	5,729	5,729
At 31 December 2021			-	5,729	5,729
Carrying amount					
At 31 December 2021			4,716,176	23,733	4,739,909
At 30 November 2020			-	-	-

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

13 Tangible fixed assets (Continued)

The carrying value of land in land and buildings comprises:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Freehold	5,577,202	1,602,225	4,055,857	-

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

	Group 2021 £	2020 £	Company 2021 £	2020 £
Plant and machinery	1,483,598	1,128,421	-	-

14 Biological assets

Group	Berries and cherries £
Cost	
At 1 January 2021	8,988,379
Additions	4,098,698
Disposals	(3,057,037)
Transfers	308,214
Exchange adjustments	(183,966)
At 31 December 2021	10,154,288
Depreciation and impairment	
At 1 January 2021	3,604,537
Depreciation charged for the year	3,493,440
Disposals	(2,335,607)
Transfers	6,449
Exchange adjustments	(100,101)
At 31 December 2021	4,668,718
Carrying amount	
At 31 December 2021	5,485,570
At 31 December 2020	5,383,842

The company had no biological assets at 31 December 2021 or 30 November 2020.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

15 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
<i>Investments in subsidiaries</i>	16	-	-	100	-
<i>Investments in associates</i>		115,956	116,879	-	-
<i>Unlisted investments</i>		130,611	137,414	-	-
		<u>246,567</u>	<u>254,293</u>	<u>100</u>	<u>-</u>

Movements in fixed asset investments

Group	Shares in group undertakings and participating interests £	Other investments other than loans £	Total £
Cost or valuation			
At 1 January 2021	116,879	137,414	254,293
Additions	24	-	24
Share of results of associates	8,067	-	8,067
Exchange adjustments	(9,014)	(6,803)	(15,817)
At 31 December 2021	<u>115,956</u>	<u>130,611</u>	<u>246,567</u>
Carrying amount			
At 31 December 2021	<u>115,956</u>	<u>130,611</u>	<u>246,567</u>
At 31 December 2020	<u>116,879</u>	<u>137,414</u>	<u>254,293</u>

Movements in fixed asset investments

Company	Shares in group undertakings £
Cost or valuation	
At 1 December 2020	-
Additions	100
At 31 December 2021	<u>100</u>
Carrying amount	
At 31 December 2021	<u>100</u>
At 30 November 2020	<u>-</u>

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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 direct %	Holding indirect %
Haygrove Limited (1)	Tunnels and farming	100.00	-
Haygrove Inc (2)	Tunnel wholesaler	-	100.00
Haygrove Tunnels S de RL de CV (3)	Tunnel wholesaler	-	99.99
Haygrove Sp.Z.oo (4)	Tunnel wholesaler	-	100.00
Haygrove Heaven (Pty) Limited (5)	Farming	-	74.00
Haygrove Earth (Pty) Limited (5)	Property	-	100.00
African Berry Holdings (Pty) Limited (5)	Holding company	-	55.50
Haygrove Amajuba (Pty) Limited (5)	Farming	-	55.50
Haygrove Portugal Unipessoal Limitada (6)	Farming	-	100.00
Haygrove Africa (Kenya) Ltd (7)	Dormant	-	99.00
Haygrove Africa Trading (Pty) Limited (5)	Fruit industry services	-	74.00
Haygrove GmbH (8)	Tunnel wholesaler	-	100.00
Haygrove Evolution Limited (1)	Wine and cider maker	-	98.08
Haygrove South Africa (Pty) Limited (9)	Tunnel wholesaler	-	65.00
Haygrove (Shanghai) Trading Co Ltd (10)	Tunnel wholesaler	-	100.00
Haygrove (Yunnan) Agricultural Development Co Ltd (11)	Farming	-	100.00
Haygrove Growing (Xiangyun) Co., Ltd (11)	Farming	-	100.00
Haygrove Plants Limited (1)	Plant propagation	-	100.00
Name of associate	Name of business	Holding direct %	Holding indirect %
Haygrove Small Beginnings (Pty) Limited (5) (held by Haygrove Heaven (Pty) Limited)	Plant propagation and production	-	37.00
H&S Flights (Pty) Limited (12) (held by Haygrove Heaven (Pty) Limited)	Group aviation services in South Africa	-	37.00
Cape Irrigation Consultants (Pty) Limited (9)	Irrigation consultancy	-	30.00

The registered offices of the above companies are as follows:

- (1) Redbank, Ledbury, Herefordshire, HR8 2JL
- (2) 694 Kraybill Church Rd, Mount Joy, PA 17552, USA
- (3) San Vicente, Tamazula, Jalisco, CP-49675, Mexico
- (4) ul. Poznańska 4, 63-600 Kępno, Poland
- (5) Portion 67 Farm 587, Ertjiesvlei, Hemel en-aarde, Hermanus, 7200, South Africa
- (6) Estrada da Entrada da Barca - Herdade do Samoqueiro, Cx. Postal 5417 - Entrada da Barca, Zambujeira do Mar, 7630-734, Portugal
- (7) 163 James Gichuru Road, Lavington, PO Box 10719-00100, Nairobi, Kenya
- (8) Industriestrasse 20, 26160 Bad Zwischenahn, Germany
- (9) Panorama Farm, Appletiser Road, Grabouw, 7160, South Africa
- (10) Shanghai, Jiading District, ZhongRen Rd #399, Section 1, 12th Floor, Area B, Office JT2543, China
- (11) Yunnan XiShuangBanna Dai Semi-Autonomous Prefecture MengHai County MengZhe Town, LiMing Farmhouse Sugar Processing Agricultural Base, China
- (12) Southend Farm, Hemel and Aarde, Hermanus, Western Cape, 7200, South Africa

Audit exemption

The group's subsidiaries Haygrove Evolution Limited and Haygrove Plants Limited have taken exemption from audit by virtue of s479A Companies Act 2006, in connection with which Haygrove Summit Supervisory Ltd has guaranteed their liabilities.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

17 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Raw materials and consumables	2,073,728	1,640,247	-	-
Work in progress	289,105	268,850	-	-
Finished goods and goods for resale	9,142,225	5,521,611	-	-
	<u>11,505,058</u>	<u>7,430,708</u>	<u>-</u>	<u>-</u>

During the year, the group reversed previously recognised stock impairments of £194,148 (2020 - recognised stock impairments of £33,729). Impairments and reversals are recognised in cost of sales.

18 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	16,985,180	16,031,860	-	-
Unpaid share capital	-	-	-	100
Corporation tax recoverable	449,860	375,038	-	-
Amounts owed by undertakings in which the company has a participating interest	481,668	476,076	-	-
Derivative financial instruments	2,097	553,124	-	-
Other debtors	2,708,359	3,169,887	209	-
Prepayments and accrued income	2,640,635	5,483,388	102	-
	<u>23,267,799</u>	<u>26,089,373</u>	<u>311</u>	<u>100</u>
Deferred tax asset (note 24)	7,463	23,827	-	-
	<u>23,275,262</u>	<u>26,113,200</u>	<u>311</u>	<u>100</u>
Amounts falling due after more than one year:				
Other debtors	<u>27,680</u>	<u>20,989</u>	<u>-</u>	<u>-</u>
Total debtors	<u>23,302,942</u>	<u>26,134,189</u>	<u>311</u>	<u>100</u>

During the year, impairment charges of £249,114 (2020 - £487,971) 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.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

19 Creditors: amounts falling due within one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans and overdrafts	21	3,551,984	3,361,317	43,629	-
Obligations under finance leases	22	500,862	399,582	-	-
Other borrowings	21	35,418	1,482,876	-	-
Payments received on account		1,766,860	7,953,315	-	-
Trade creditors		11,451,416	13,033,584	14,656	-
Amounts owed to group undertakings		-	-	660,913	-
Corporation tax payable		202,333	158,906	36,659	-
Other taxation and social security		663,876	571,500	-	-
Derivative financial instruments		172,272	17,716	-	-
Other creditors		6,059,782	3,672,085	3,000,000	-
Accruals and deferred income		6,113,430	5,930,939	13,500	-
		<u>30,518,233</u>	<u>36,581,820</u>	<u>3,769,357</u>	<u>-</u>

Details of security applicable to bank loans and overdrafts is given in note 21. 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 in the group balance sheet amounts totalling £3,831,924 (2020 - £880,681) and in the company balance sheet amounts totalling £3,000,000 (2020 - £nil) relating to certain directors. These amounts are unsecured, interest free and repayable on demand.

20 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	21	3,265,714	2,779,659	836,084	-
Obligations under finance leases	22	652,780	737,554	-	-
Other borrowings	21	16,552	18,973	-	-
		<u>3,935,046</u>	<u>3,536,186</u>	<u>836,084</u>	<u>-</u>

Details of security applicable to bank loans is given in note 21. Obligations under finance leases are secured against the underlying assets. Other borrowings include asset finance loans which are secured against specific fixed assets.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

21 Borrowings

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	4,602,023	3,862,629	879,713	-
Bank overdrafts	2,215,675	2,278,347	-	-
Other borrowings	51,970	1,501,849	-	-
	<u>6,869,668</u>	<u>7,642,825</u>	<u>879,713</u>	<u>-</u>
Payable within one year	3,587,402	4,844,193	43,629	-
Payable after one year	<u>3,282,266</u>	<u>2,798,632</u>	<u>836,084</u>	<u>-</u>

The total payable by instalments in more than five years is approximately £535,000 (2020 - £nil).

Bank loans

Bank loans comprise the following:

- £879,713 (2020 - £nil) held by Haygrove Summit Supervisory Ltd, reflecting principal amounts of £606,000 bearing interest at an initial rate of 3.46% repayable over 20 years and £277,750 bearing interest at Base Rate + £2.57% repayable over 10 years, both secured by charges dated 16 April 2021 and 22 October 2021 over land at Kington, Herefordshire.
- £2,555,600 (2020 - £3,000,000) held by Haygrove Limited, bearing interest at 1.75% above the National Westminster Bank Plc base rate and repayable in monthly instalments of £55,550 commencing seven months after drawdown with a final instalment of £55,850 on 31 October 2025, secured by a mortgage bond over certain land, buildings and debtors. In addition, group companies, their directors and shareholders have entered into agreements concerning the priorities of debts and the treatment of loans advanced by them. National Westminster Bank Plc holds a fixed charge over property at Rhymney Valley Nurseries, Begam Road, Old St Mellons, Cardiff, CF3 6XL.
- £581,864 (2020 - £nil) denominated in South African Rand held by Haygrove Heaven (Pty) Limited, bearing interest at the South African Prime Rate and repayable in instalments ending in 2031. The amount due in more than five years is £334,923 (2020 - £nil).
- £351,073 (2020 - £nil) held by Haygrove (Shanghai) Trading Co Ltd, denominated in Chinese Renminbi, bearing interest at 3.9% and repayable during 2022; and
- £233,773 (2020 - £862,629) held by Haygrove (Yunnan) Agricultural Development Co Ltd, denominated in Chinese Renminbi, bearing interest at 6.5% and repayable during 2022.

Bank overdrafts

Bank overdrafts are annual facilities, subject to review at various dates during the year, and are repayable on demand. The overdrafts are subject to the same security as the bank loans above.

Other borrowings

Other borrowings comprise fixed rate asset finance agreements totalling £51,970 (2020 - £1,362,378) held by Haygrove Limited and an interest-free loan which was repaid in full during the year (2020 - £139,471). The fixed rate asset finance agreements are secured on the underlying assets and are repayable in equal monthly instalments over terms of 12 or 36 months. The interest-free loan was unsecured and was being repaid in five equal annual instalments to May 2021.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

22 Finance lease obligations

	Group 2021 £	2020 £	Company 2021 £	2020 £
Future minimum lease payments due under finance leases:				
Less than one year	553,309	440,882	-	-
Between one and five years	690,214	800,363	-	-
	<u>1,243,523</u>	<u>1,241,245</u>	<u>-</u>	<u>-</u>
Less: future finance charges	(89,881)	(104,109)	-	-
	<u>1,153,642</u>	<u>1,137,136</u>	<u>-</u>	<u>-</u>

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

23 Financial instruments

	Group 2021 £	2020 £	Company 2021 £	2020 £
Carrying amount of financial assets				
Instruments measured at fair value through profit or loss	2,097	553,124	-	-
	<u>2,097</u>	<u>553,124</u>	<u>-</u>	<u>-</u>
Carrying amount of financial liabilities				
Measured at fair value through profit or loss				
- Other financial liabilities	172,272	17,716	-	-
	<u>172,272</u>	<u>17,716</u>	<u>-</u>	<u>-</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 (2020 - 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 SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

24 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Liabilities 2021 £	Liabilities 2020 £	Assets 2021 £	Assets 2020 £
Group				
Fixed asset timing differences	298,795	-	7,451	17,036
Short term timing differences	(7,731)	-	12	6,791
Foreign deferred tax	1,690,479	1,486,468	-	-
	<u>1,981,543</u>	<u>1,486,468</u>	<u>7,463</u>	<u>23,827</u>
	Liabilities 2021 £	Liabilities 2020 £	Assets 2021 £	Assets 2020 £
Company				
Fixed asset timing differences	<u>5,933</u>	<u>-</u>	<u>-</u>	<u>-</u>
			Group 2021 £	Company 2021 £
Movements in the year:				
Liability at 1 January 2021			1,462,641	-
Charge to profit or loss			587,195	5,933
Foreign exchange movements			(75,756)	-
Liability at 31 December 2021			<u>1,974,080</u>	<u>5,933</u>

It is not possible to state the extent to which the deferred tax assets and liabilities set out above are expected to reverse within the next twelve months because reversal depends on several factors which cannot be reliably estimated.

25 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>250,421</u>	<u>312,175</u>

Defined contribution pension arrangements are operated for all qualifying employees. The assets of the schemes are held separately from those of the group in independently administered funds.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

26 Share capital

	Group and Company			
	2021	2020	2021	2020
	Number	Number	£	£
Ordinary share capital issued and fully paid				
Ordinary shares of £1 each	200	100	200	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.

On 31 January 2021, the company issued 100 ordinary shares of £1 each, at par, in relation to a reorganisation of the shareholder's interests in which the company received the entire issued share capital of Haygrove Limited under a share for share exchange agreement. Further details are given in note 1.

27 Reserves

Capital redemption reserve

The capital redemption reserve reflects the nominal value of certain shares of Haygrove Limited previously repurchased and subsequently cancelled while Haygrove Limited was the group's ultimate parent company.

Profit and loss reserves

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

28 Cash generated from group operations

	2021	2020
	£	£
Profit for the year after tax	10,562,954	6,218,108
Adjustments for:		
Share of results of associates	(7,752)	(60,328)
Taxation charged	1,992,727	1,141,813
Finance costs	336,357	340,832
Investment income	(51,981)	(59,955)
Loss on disposal of tangible fixed assets	69,291	9,868
Loss on disposal of biological assets	64,402	347,973
Fair value loss/(gain) on foreign exchange contracts	698,086	(221,145)
Amortisation and impairment of intangible assets	7,578	9,549
Depreciation and impairment of tangible fixed assets	3,484,609	3,876,151
Depreciation and impairment of biological assets	3,493,440	3,373,365
Movements in working capital:		
Increase in stocks	(3,605,554)	(1,098,975)
Decrease/(increase) in debtors	2,410,174	(5,399,557)
(Decrease)/increase in creditors	(7,858,605)	10,067,596
Cash generated from operations	11,595,726	18,545,295

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

29 Analysis of changes in net funds - group

	1 January 2021 £	Cash flows £	Exchange rate movements £	31 December 2021 £
Cash at bank and in hand	14,311,406	(2,056,119)	(114,533)	12,140,754
Bank overdrafts	(2,278,347)	(92,541)	155,213	(2,215,675)
	12,033,059	(2,148,660)	40,680	9,925,079
Borrowings excluding overdrafts	(5,364,478)	747,883	(37,398)	(4,653,993)
Obligations under finance leases	(1,137,136)	(82,536)	66,030	(1,153,642)
	5,531,445	(1,483,313)	69,312	4,117,444

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 2021 £	2020 £	Company 2021 £	2020 £
Within one year	551,983	437,582	-	-
Between one and five years	2,113,114	782,067	-	-
In over five years	1,191,710	26,944	-	-
	3,856,807	1,246,593	-	-

31 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Acquisition of tangible fixed assets	478,010	-	-	-

32 Events after the reporting date

The Group has sold its blueberry trading business in South Africa, Haygrove Africa Trading Pty, to Driscoll Inc. The deal is being completed in parts with the first ZAR66m being received in August 2022. The Group's UK marketer of its fruit, Berry Gardens Limited, has also been sold to Driscoll by its cooperative Berry Gardens Growers, of which Haygrove is a large member. Both these events are still in progress and will be reported fully in the 2022 results.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

33 Related party transactions

Remuneration of key management personnel

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

	2021 £	2020 £
Aggregate compensation	1,798,791	1,625,081

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 Summit Supervisory Ltd.

During the year, the company acquired land and buildings from certain directors for consideration of £3,000,000 which has been left outstanding on the directors' current accounts included in other creditors (see note 19). The company had no other transactions or balances with related parties.

During the year, the group entered into transactions with other related parties as set out below.

Group

Income from related parties	Income 2021	Income 2020	Debtor 2021	Debtor 2020
Associate undertakings	40,787	96,264	448,558	491,045
Key management personnel	-	-	-	-
Other related parties	293,442	281,462	19,464	1,557
	<u>334,229</u>	<u>377,726</u>	<u>468,022</u>	<u>492,602</u>
 Costs incurred with related parties	 Expenses 2021	 Expenses 2020	 Creditor 2021	 Creditor 2020
Associate undertakings	(400,211)	(185,161)	(6,615)	(56,134)
Key management personnel	(199,208)	(349,221)	(3,831,924)	(880,681)
Other related parties	(214,165)	(387,226)	(224)	(7,020)
	<u>(813,584)</u>	<u>(921,608)</u>	<u>(3,838,763)</u>	<u>(943,835)</u>

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

34 Controlling party

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