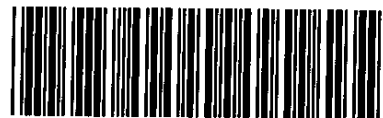


Company Registration No. 12531787 (England and Wales)

HAYGROVE SUMMIT SUPERVISORY LTD
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022

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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
Tax advisors	Bishop Fleming 10 Temple Back Bristol BS1 6FL

HAYGROVE SUMMIT SUPERVISORY LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Principal activities

The Haygrove group ('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.

Operations

The results of the group for the year, as set out on page 11, show overall revenues increased slightly to £142.6m (2021 - £142.0m). The group made a net profit before tax for the year of £19.5m (2021 - £12.6m). This includes £4.8m profit on disposal of Haygrove Africa Trading (Pty) Limited and £5.2m exceptional income from a distribution by Berry Gardens to its members following the sale of its sales, packaging and distribution arm. Excluding these items, profit was down from £12.6m in the prior year to £9.5m.

The group's gross margin showed a small drop from 26.4% in 2021 to 25.9%, reflecting a period of more stable raw material costs and continuing upward pressure on labour. The group saw increases in its distribution and administrative costs in 2022, primarily in staffing costs. Profit before tax fell from 8.8% to 6.6% (excluding the £4.8m and £5.2m detailed above). It must however be noted that in 2022 the group has invested further in people and systems to support the increased level of business for the long term.

The level of profits reflects the resilience of the group's businesses around the world as virtually all trading business were profitable. Labour continued to be a challenge for the group, with significant problems in sourcing sufficient labour for the businesses, whether that be recruiting pickers for the farms or administrative and professional staff elsewhere. The group trialled an innovative 'One Farm' approach by flying a small number of experienced fruit pickers from South Africa to the UK, using their skills to improve productivity while also moving minds and making a huge difference to the individuals that came. The teams around the group within the individual businesses produced a superb result whilst dealing with the ever-changing landscape.

As 2022 progressed, the impact of higher interest rates and increased uncertainty started to show in longer sales cycles for Growing Systems, and this is expected to continue into 2023. The challenging environment for growers worldwide is also expected to continue to impact on the markets for capital equipment. The group continues to invest in R&D to provide innovative solutions.

The continued concentration on delivering excellent service and superb quality produce to the group's customers and the detailed execution of the job elsewhere continued to benefit the group's profitability.

The Board agreed during the year to continue investing in its Cherry Farm in China to develop a cherry offering into the Chinese market. The new farm is in the same region of China as the other farms and will be controlled by the existing team. This investment will take several years to be established and produce commercial levels of fruit.

Triple Bottom Line

During the year, the group continued development of its own carbon, water, waste and biodiversity calculator "Hortiplanet", which is now being used by some third parties as well. The key carbon and material waste metrics are set out in the table below:

	2022	2021	2020	2019
Scope 1 and 2 carbon emissions tCO ₂ -e	8,849	10,710	9,160	8,565
Selected Scope 3 carbon emissions tCO ₂ -e	17,614	15,691	13,632	N/A
Landfill waste (tonnes)	560	426	555	400
Recycled waste (tonnes)	636	440	296	120

(Small discrepancies in carbon reporting have been corrected for previous years as a result of system development).

HAYGROVE SUMMIT SUPERVISORY LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

The scope 1&2 numbers fell in the year (-17%), reflecting the significant investment the group has made in biomass boilers for heating and solar arrays for electricity. The intensity of the carbon usage for the Growing businesses was 1.03 (2021 - 1.1) tCO₂-e/ tonne fruit sold during the year; whilst for the Growing Systems businesses it was 11.5 (2021 - 11.5) tCO₂-e / £million revenues. The scope 3 carbon increased however, due to a number of factors: business growth, increased exports, and better recording due to Hortiplanet system development.

Whilst the group remains committed to establishing its own "Net Zero" schemes, it is recognised that in the short term it will continue to purchase carbon offsets to ensure carbon neutrality, as it has since 2020.

The group continues to concentrate on reducing its carbon emissions wherever possible and in 2022 further invested in biomass boilers in the UK that came on stream throughout the year, so the downward trend should continue. In South Africa, the group is investing in a large solar array to reduce its reliance on purchased electricity and thereby its carbon footprint.

Up-cycling, re-purposing and waste reduction are also key areas for the group. During 2022 the UK Growing Systems business recycled all of the polythene that it replaced through sales to customers. Recycling generally across the group increased by +45%, which is significant and very positive, but overall the waste figure also increased, partly as a result of waste processing catch up from COVID-19 years where external processing capabilities were reduced, and partly from more granular reporting at each business level.

In terms of biodiversity, the group has set itself a target of having a 50:50 relationship between farmed (productive) and un-farmed land, which it owns, over the next 10 years, and to do this in a sustainable way for the business and the planet. In South Africa, the farm also runs a side project of taking local plants and re-establishing them to give a diverse environment on the farms and prevent the invasion of alien flora species, in some cases taking rare, endangered plants and propagating them to enhance the global availability.

People

In 2022 the group continued to positively impact other people's lives in a number of areas. The Haygrove Community Gardens charity was able to re-start its work with school children in the UK, and also made a material difference with its zero-waste food stall programme. Elsewhere, the continuing involvement of the Growing business in South Africa with a local school for farm workers' children, and a community project that provides meals for street kids, delivers lasting positive change.

The group has continued to work with its employees to develop their skills whilst also living its ethos of seeking to create opportunities for those that have drawn the short straw. The 'One Farm' Project enabled a pilot of 30 seasonal staff from South Africa to travel and work on the UK Farm as part of the Seasonal Agricultural Workers Scheme. This has been extended during 2023 due to the mutual success for both farming businesses and for the individuals involved.

The group is committed to providing an ethical working environment and to eradicating Modern Slavery and upholding human rights and has joined the Modern Slavery Intelligence Network (MSIN).

Section 172 statement

The Haygrove group is a grower of fresh berries and cherries and a leading supplier of poly-tunnels and substrate systems worldwide. It depends upon the confidence of its customers to procure the fruit grown and to invest in the tunnels that it supplies and to operate on a long-term sustainable basis. The group seeks quality and integrity of its products to satisfy the needs of its customers, to invest in its employees and in the planet, to support the communities where it operates, and to make a sustainable profit for its shareholders. The key relationships with suppliers, customers, and other external stakeholders are overseen by the directors to ensure that they are maintained in the most appropriate manner to promote the interests of the company and its stakeholders.

Communication with staff is maintained through regular dialogue with directors at a local level. The Board issues periodic communications keeping staff aware of the progress within the group. This extends to updates on financial progress and community activities in which staff and the group are engaged. The business has a flat structure which elevates employees' responsibility and facilitates effective communication.

HAYGROVE SUMMIT SUPERVISORY LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

The Board encourages openness amongst employees, actively invites direct employee feedback and takes pride in genuinely seeking to shape jobs to its people. The group is undertaking employee engagement surveys, detailed succession planning and talent development to ensure the continuity of people who embrace the Haygrove culture coming up through the business. As mentioned in the "Triple Bottom Line" section of this report the businesses actively engage with the local community to help improve lives of those less fortunate.

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

The group monitors its impact on the environment which is stated under the "Triple Bottom Line" section of the strategic report. The group has achieved a carbon neutral position since 2020 in part through purchasing carbon credits. It has set ambitious targets to work towards to a self-sustaining "Net Zero" position in the future using in-house developed carbon projects.

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

Measuring Performance

Each company in the Haygrove group has a defined strategy and measures performance with specific KPIs 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 KPIs which cover both financial and non-financial measures. Each company is monitored using performance target-based data which include combinations of indicators like weight picked and sold, crop yields, turnover, gross margin, operating costs, and waste. Gross margin is measured down to individual product level to provide relevant financial detail and visibility. The Board also monitors KPIs like debtor days outstanding (DSO) which showed a slight increase over the period from 44 to 52. The business remains vigilant in controlling the amounts due to it.

Principal risks and uncertainties

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

Core risks to the business include geopolitical risks given some of the countries it operates in, climate change, labour availability, exchange rate movements and the continuing global pandemic. The group is well spread geographically and by activity and is in a key sector of the economies of the countries in which it operates. Labour cost escalation and labour availability are a common concern in all areas of the group which is further compounded by labour availability challenges in some areas. The group is taking active measures to mitigate as many of these risks as possible.

Outlook for 2023

For the UK, the ability to get farm labourers from Eastern Europe was reduced, resulting in the business sourcing labour from further afield for the 2023 season. The group also embarked upon a training and enhancement scheme by offering work to some of its South African fruit pickers in the UK during its summer.

As with most other businesses the group is seeing costs rising rapidly. The most significant of these are in energy and labour, which is why the significant investments made in biomass boilers and solar power are so important. These both save costs but more importantly significantly reduce the group's carbon footprint through burning gas or importing electricity.

HAYGROVE SUMMIT SUPERVISORY LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Future developments

The group continues to focus on measuring the "Triple Bottom Line" of planet, people, and profit. Through the development of Hortiplanet, the group has developed a grower-based tool for measuring a number of these elements. The App has been viewed by a number of external organisations, including growers and supermarkets who wish to use it as tool for measuring and helping develop their businesses further. This is allowing the group with the ethos of "Planet First" to influence other businesses to develop their own models along similar lines.

The group's strategy remains to be a technical leader in its areas of activity, to create remarkable opportunities for its people, and to inspire others in its sector in how it operates. The Growing business strategy is to maximise its speed of learning through producing in both hemispheres and different latitudes. The Growing Systems strategy is to move tunnel and growing system knowledge between crops and regions to the benefit of world leading customers. The integration of technology to complement the tunnels Haygrove provides is also a key future activity as farmers seek new techniques to improve their farming operations. The business continues to focus on excellent execution of the detail to maximise yields from existing cropped areas rather than looking to expand its footprint. This is seen as a better use of resource given the challenges that face a business growing berries and cherries. The exception to this is the new farm in China where the group sees an opportunity to develop in an under-supplied market.

The group continues to seek new opportunities and to develop the businesses further geographically. Many growers, investors and governments are seeing the benefits of covered crops and more reliable, higher quality, healthy fresh produce and it is therefore expected that the Growing Systems business can benefit from this. Food grown locally is also rising in prominence as people focus on healthy eating and food security. Therefore, the directors believe that pushing forward with the farming operations continues to be the right thing to do, whilst also developing the Growing Systems offering to a wider international audience.

The group has now achieved a better spread of profits and cash generation across its business with each business being largely self-supporting. This gives it better resilience against unexpected events and also gives it a better ability to look to take opportunities to develop the business into new geographic areas.

On behalf of the board

Angus Davison

.....
A J Davison
Director

Date: 29/09/23
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HAYGROVE SUMMIT SUPERVISORY LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

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 11. 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.

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.

HAYGROVE SUMMIT SUPERVISORY LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Post reporting date events

On 31 March 2023, the group's subsidiary Haygrove Heaven (Pty) Limited disposed of its 13.33% investment in Driscoll's South Africa (Pty) Limited (see note 15) through a share buyback transaction.

Auditor

RSM UK Audit LLP has indicated its willingness to be continue in office. 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

Angus Davison

.....
A J Davison

Director

Date: 29/09/23

HAYGROVE SUMMIT SUPERVISORY LTD

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including 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 2022 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 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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.

TR 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
29/09/23.....

HAYGROVE SUMMIT SUPERVISORY LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	142,565,587	142,008,142
Cost of sales		(105,595,134)	(104,496,757)
Gross profit		36,970,453	37,511,385
Distribution costs		(10,863,339)	(10,475,194)
Administrative expenses		(18,901,430)	(17,444,657)
Other operating income	6	7,679,596	3,938,857
Operating profit	6	14,885,280	13,530,391
Share of results of associates		(354)	7,752
Interest receivable and similar income	8	46,333	51,981
Interest payable and similar expenses	9	(340,344)	(336,357)
Profit on disposal of investments	10	4,801,351	-
Fair value gains and losses on foreign exchange contracts		69,302	(698,086)
Profit before taxation		19,461,568	12,555,681
Tax on profit	11	(1,994,375)	(1,992,727)
Profit for the financial year		17,467,193	10,562,954
Other comprehensive income net of taxation			
Currency translation differences		584,490	(127,642)
Total comprehensive income for the year		18,051,683	10,435,312
Profit for the financial year is attributable to:			
- Owner of the parent company		16,283,442	10,318,746
- Non-controlling interests		1,183,751	244,208
		17,467,193	10,562,954
Total comprehensive income for the year is attributable to:			
- Owner of the parent company		16,768,334	10,322,492
- Non-controlling interests		1,283,349	112,820
		18,051,683	10,435,312

HAYGROVE SUMMIT SUPERVISORY LTD**STATEMENTS OF FINANCIAL POSITION****AS AT 31 DECEMBER 2022**

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Fixed assets					
Goodwill	12	77,503	-	-	-
Intangible assets	12	-	6,725	-	-
Total intangible assets		77,503	6,725	-	-
Tangible assets	13	28,141,296	23,759,591	4,783,634	4,739,909
Biological assets	14	6,958,329	5,485,570	-	-
Investments	15	959,248	246,567	100	100
		36,136,376	29,498,453	4,783,734	4,740,009
Current assets					
Stocks	17	9,588,297	11,505,058	-	-
Debtors	18	25,578,247	23,302,942	4,725,516	311
Cash at bank and in hand		17,113,544	12,140,754	7,732	36,865
		52,280,088	46,948,754	4,733,248	37,176
Creditors: amounts falling due within one year	19	(25,968,676)	(30,518,233)	(2,638,273)	(3,769,357)
Net current assets/(liabilities)		26,311,412	16,430,521	2,094,975	(3,732,181)
Total assets less current liabilities		62,447,788	45,928,974	6,878,709	1,007,828
Creditors: amounts falling due after more than one year	20	(2,901,384)	(3,935,046)	(823,607)	(836,084)
Provisions for liabilities	24	(2,548,458)	(1,981,543)	(16,865)	(5,933)
Net assets		56,997,946	40,012,385	6,038,237	165,811
Capital and reserves					
Called up share capital	26	200	200	200	200
Capital redemption reserve	27	11	11	-	-
Profit and loss reserves	27	54,908,177	38,139,843	6,038,037	165,611
Equity attributable to owner of the parent company		54,908,388	38,140,054	6,038,237	165,811
Non-controlling interests		2,089,558	1,872,331	-	-
		56,997,946	40,012,385	6,038,237	165,811

HAYGROVE SUMMIT SUPERVISORY LTD

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2022

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £5,872,426 (2021 - £165,611).

The financial statements were approved by the board of directors and authorised for issue on 29/09/23 and are signed on its behalf by:

Angus Davison

.....
A J Davison
Director

HAYGROVE SUMMIT SUPERVISORY LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total controlling interest £	Non- controlling interest £	Total £
Balance at 1 January 2021	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	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
Year ended 31 December 2022:						
Profit for the year	-	-	16,283,442	16,283,442	1,183,751	17,467,193
Other comprehensive income net of taxation:						
Currency translation differences	-	-	584,490	584,490	-	584,490
Amounts attributable to non- controlling interests	-	-	(99,598)	(99,598)	99,598	-
Total comprehensive income for the year	-	-	16,768,334	16,768,334	1,283,349	18,051,683
Purchase of non-controlling interests	-	-	-	-	(1,066,122)	(1,066,122)
Balance at 31 December 2022	200	11	54,908,177	54,908,388	2,089,558	56,997,946

HAYGROVE SUMMIT SUPERVISORY LTD

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £	Profit and loss reserves £	Total £
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	100	-	100
Balance at 31 December 2021	200	165,611	165,811
Year ended 31 December 2022:			
Profit and total comprehensive income for the year	-	5,872,426	5,872,426
Balance at 31 December 2022	200	6,038,037	6,038,237

HAYGROVE SUMMIT SUPERVISORY LTD

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	28	12,716,398		11,595,726	
Corporate taxes paid		(1,523,670)		(1,512,683)	
Net cash inflow from operating activities		11,192,728		10,083,043	
Investing activities					
Purchase of non-controlling interest in subsidiary		(1,066,122)		(17,336)	
Purchase of intangible assets		(85,994)		(7,913)	
Purchase of tangible fixed assets		(7,463,795)		(6,892,586)	
Proceeds on disposal of tangible fixed assets		759,243		294,632	
Purchase of biological assets		(5,366,737)		(4,098,698)	
Proceeds on disposal of investments		4,801,351		-	
Interest received		46,333		27,393	
Dividends received		5,206,077		24,588	
Net cash used in investing activities		(3,169,644)		(10,669,920)	
Financing activities					
Increase in/(repayment of) borrowings		755,016		(1,449,879)	
(Repayment of)/increase in bank loans		(2,124,422)		739,394	
Payment of finance lease obligations		(116,670)		(514,941)	
Interest paid		(340,344)		(336,357)	
Net cash used in financing activities		(1,826,420)		(1,561,783)	
Net increase/(decrease) in cash and cash equivalents		6,196,664		(2,148,660)	
Cash and cash equivalents at beginning of year		9,925,079		12,033,059	
Effect of foreign exchange rates		416,646		40,680	
Cash and cash equivalents at end of year		16,538,389		9,925,079	
Relating to:					
Cash at bank and in hand		17,113,544		12,140,754	
Bank overdrafts included in creditors payable within one year		(575,155)		(2,215,675)	

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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.

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.

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 modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

Reduced disclosures

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

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

Basis of consolidation

The consolidated financial statements incorporate those of Haygrove 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 2022. 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.

Where an interest in a subsidiary is increased or reduced, but control is not obtained or lost, the difference between the fair value of any consideration paid or received and the change to the non-controlling interest is recognised directly in equity and attributed to owners of the parent.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Going concern

These financial statements have been prepared on a going concern basis on the grounds that the directors, after careful consideration, believe that the group has sufficient cash resources in terms of existing committed facilities to be able to offset any foreseeable cash flow 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 forecasts through to December 2024, considering the continuing impacts and uncertainties of the macro economic and geopolitical landscape.

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 2022, the group is funded from a mixture of cash reserves, leasing facilities and term loan facilities both in the UK and elsewhere (as disclosed in note 21).

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 and company to continue as a going concern and that it remains appropriate to prepare the financial statements on that basis.

Turnover

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

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

Interest income

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

Research and development expenditure

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

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.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

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
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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.

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

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.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

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.

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.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

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.

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.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

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.

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.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

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.

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 amortisation 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. The amortisation charge for the year is shown in note 14.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty (Continued)

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. Further information about subsidiary undertakings is set out in notes 15 and 16, and further information about amounts owed by group undertakings is set out in note 18.

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. Further details are given in note 17.

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. At the year end, trade debtors disclosed in note 18 are stated after provisions of £272,990 (2021 - £264,000).

3 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
Sale of goods	142,565,587	142,008,142
	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	44,659,543	49,825,565
Europe	20,416,899	23,037,224
America	4,110,800	3,306,781
Africa	29,739,194	26,842,490
Mexico	6,832,473	6,962,298
China	22,930,270	21,316,567
Rest of World	13,876,408	10,717,217
	142,565,587	142,008,142

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

4 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Production	202	194	-	-
Farming	2,970	2,943	-	-
Administration	169	166	-	-
Total	3,341	3,303	-	-

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	33,449,707	30,132,410	-	-
Social security costs	2,179,941	1,919,845	-	-
Pension costs	237,946	250,421	-	-
	35,867,594	32,302,676	-	-

The company has no direct employees. However, wages and salaries costs of £20,035 (2021 - £10,934) were recharged to the company by fellow group undertakings.

5 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	409,154	328,153
Company pension contributions to defined contribution schemes	536	-
Sums paid to third parties for directors' services	-	47,192
	409,690	375,345

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021 - 0).

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

	2022 £	2021 £
Remuneration for qualifying services	260,722	266,880

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Operating profit

	2022 £	2021 £
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	(410,338)	179,676
Research and development costs	3,474,400	2,950,300
Government grants	-	(32,642)
Depreciation of owned tangible fixed assets	3,546,871	3,255,005
Depreciation of tangible fixed assets held under finance leases	334,652	229,604
(Profit)/loss on disposal of tangible fixed assets	(88,126)	69,291
Amortisation of intangible assets	8,491	7,578
Amortisation of biological assets	3,916,005	3,493,440
Loss on disposal of biological assets	-	64,402
Operating lease charges	1,236,336	1,119,070
Income from other investments (see below)	(5,206,077)	-

In the comparative period, government grants primarily reflect amounts received towards the employment costs of employees placed on furlough during the COVID-19 (Coronavirus) pandemic.

Other operating income credited in arriving at operating profit includes insurance claims income of £434,181 (2021 - £nil) and research and development tax credits of £411,965 (2021 - £374,700).

Income from other investments reflects a distribution by Berry Gardens to its members following the sale of its sales, packaging and distribution arm.

7 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	74,000	69,777
Audit of the financial statements of the company's subsidiaries	117,353	-
	<u>191,353</u>	<u>69,777</u>
For other services		
Taxation compliance services	-	23,375
Other taxation services	-	7,130
All other non-audit services	39,709	33,360
	<u>39,709</u>	<u>63,865</u>

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 2022

8 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	40,451	17,593
Other interest income	5,882	9,800
Total interest revenue	46,333	27,393
Other income from investments		
Dividends received	-	24,588
Total income	46,333	51,981

9 Interest payable and similar expenses

	2022 £	2021 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	317,493	319,295
Other interest	-	6,532
	317,493	325,827
Other finance costs:		
Interest on finance leases and hire purchase contracts	22,851	10,530
Total finance costs	340,344	336,357

10 Profit on disposal of investments

	2022 £	2021 £
Profit on disposal of investments	4,801,351	-

Profit on disposal of investments reflects the disposal of the group's interest in Haygrove Africa Trading (Pty) Limited (see note 16).

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

11 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	1,231,817	615,119
Adjustments in respect of prior periods	(21,151)	-
Double tax relief	-	(14,152)
Total UK current tax	1,210,666	600,967
Foreign current tax on profits for the current period	442,545	678,365
Adjustments in foreign tax in respect of prior periods	193,349	126,200
Total current tax	1,846,560	1,405,532
Deferred tax		
Origination and reversal of timing differences	485,053	587,195
Adjustment in respect of prior periods	(337,238)	-
Total deferred tax	147,815	587,195
Total tax charge	1,994,375	1,992,727

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:

	2022 £	2021 £
Profit before taxation	19,461,568	12,555,681
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	3,697,698	2,385,579
Tax effect of expenses that are not deductible in determining taxable profit	91,025	46,926
Tax effect of income not taxable in determining taxable profit	(2,084,741)	(668,337)
Tax effect of utilisation of tax losses not previously recognised	(56,863)	(227,651)
Change in unrecognised deferred tax assets	10,020	74,736
Adjustments in respect of prior years	(21,151)	-
Patent box additional deduction	(238,953)	(82,911)
Foreign tax debits	119,631	-
Effect of overseas tax rates	816,666	414,794
Deferred tax adjustments in respect of prior years	(337,238)	-
Permanent fixed asset differences	(50,574)	(3,610)
Remeasurement of deferred tax for changes in tax rates	61,971	68,063
Other tax adjustments, reliefs and transfers	(13,116)	(14,862)
Taxation charge	1,994,375	1,992,727

Factors that may affect future tax charges

The main rate of corporation tax in the UK increased from 19% to 25% with effect from 1 April 2023.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

12 Intangible fixed assets

Group	Goodwill	Negative goodwill	Software	Total
	£	£	£	£
Cost				
At 1 January 2022	8,000	(315,735)	72,559	(235,176)
Additions	85,324	-	670	85,994
Disposals	-	-	(6,297)	(6,297)
Exchange adjustments	-	-	1,434	1,434
At 31 December 2022	93,324	(315,735)	68,366	(154,045)
Amortisation and impairment				
At 1 January 2022	8,000	(315,735)	65,834	(241,901)
Amortisation charged for the year	7,821	-	670	8,491
Exchange adjustments	-	-	1,862	1,862
At 31 December 2022	15,821	(315,735)	68,366	(231,548)
Carrying amount				
At 31 December 2022	77,503	-	-	77,503
At 31 December 2021	-	-	6,725	6,725

The company had no intangible fixed assets at 31 December 2022 or 31 December 2021.

Additions to goodwill reflect changes in the group's interest in Haygrove Small Beginnings (Pty) Limited which was previously an associate (through a 50% interest held by group's subsidiary Haygrove Heaven (Pty) Limited) but became a subsidiary on 31 January 2022 when Haygrove Heaven (Pty) Limited acquired the remaining 50% of shares for cash consideration of approximately £0.2m.

The acquisition method of accounting was used. In view of the immateriality of the business combination, no acquisition note or table of assets and liabilities acquired has been presented in these financial statements.

Following the acquisition, the group's subsidiary Haygrove Heaven (Pty) Limited transferred its propagation business as a going concern to Haygrove Small Beginnings (Pty) Limited, thereby concentrating all nursery related activities in South Africa into one group company.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

13 Tangible fixed assets

Group	Land and buildings	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2022	13,680,561	30,366,994	1,435,520	3,015,558	48,498,633
Additions	707,607	5,824,355	221,078	1,239,350	7,992,390
Business combinations (see note 12)	-	48,078	-	-	48,078
Disposals	(119,530)	(664,765)	(10,182)	(355,294)	(1,149,771)
Exchange adjustments	296,713	536,332	37,739	91,113	961,897
At 31 December 2022	14,565,351	36,110,994	1,684,155	3,990,727	56,351,227
Depreciation and impairment					
At 1 January 2022	2,101,557	19,783,566	1,000,001	1,853,918	24,739,042
Depreciation charged in the year	420,100	2,853,978	174,091	433,354	3,881,523
Eliminated in respect of disposals	(2,056)	(150,438)	(8,849)	(323,608)	(484,951)
Exchange adjustments	(11,292)	28,870	19,116	37,623	74,317
At 31 December 2022	2,508,309	22,515,976	1,184,359	2,001,287	28,209,931
Carrying amount					
At 31 December 2022	12,057,042	13,595,018	499,796	1,989,440	28,141,296
At 31 December 2021	11,579,004	10,583,428	435,519	1,161,640	23,759,591

Company	Land and buildings	Plant and machinery	Total
	£	£	£
Cost			
At 1 January 2022	4,716,176	29,462	4,745,638
Additions	-	66,475	66,475
At 31 December 2022	4,716,176	95,937	4,812,113
Depreciation and impairment			
At 1 January 2022	-	5,729	5,729
Depreciation charged in the year	-	22,750	22,750
At 31 December 2022	-	28,479	28,479
Carrying amount			
At 31 December 2022	4,716,176	67,458	4,783,634
At 31 December 2021	4,716,176	23,733	4,739,909

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

13 Tangible fixed assets (Continued)

The carrying value of land in land and buildings comprises:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Freehold land	6,297,720	6,237,521	4,716,176	4,716,176

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

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Plant and machinery	1,694,951	1,483,598	53,545	-

14 Biological assets

Group	Berries and cherries
	£
Cost	
At 1 January 2022	10,154,288
Additions	5,366,737
Disposals	(2,992,164)
Transfers from stocks	246,281
Exchange adjustments	(446,157)
At 31 December 2022	12,328,985
Depreciation and impairment	
At 1 January 2022	4,668,718
Depreciation charged for the year	3,916,005
Disposals	(2,655,030)
Exchange adjustments	(559,037)
At 31 December 2022	5,370,656
Carrying amount	
At 31 December 2022	6,958,329
At 31 December 2021	5,485,570

The company had no biological assets at 31 December 2022 or 31 December 2021.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

15 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	16	-	-	100	100
Investments in associates	16	-	115,956	-	-
Unlisted investments		959,248	130,611	-	-
		<u>959,248</u>	<u>246,567</u>	<u>100</u>	<u>100</u>

Movements in fixed asset investments

Group	Investments in associates £	Unlisted investments £	Total £
Cost or valuation			
At 1 January 2022	115,956	130,611	246,567
Additions	3,114	828,637	831,751
Share of results of associates	(354)	-	(354)
Exchange adjustments	443	-	443
Other changes (see below)	(119,159)	-	(119,159)
At 31 December 2022	<u>-</u>	<u>959,248</u>	<u>959,248</u>
Carrying amount			
At 31 December 2022	<u>-</u>	<u>959,248</u>	<u>959,248</u>
At 31 December 2021	<u>115,956</u>	<u>130,611</u>	<u>246,567</u>

Other changes to investments in associates reflect the group's interest in Haygrove Small Beginnings (Pty) Limited which was previously an associate (through a 50% interest held by group's subsidiary Haygrove Heaven (Pty) Limited) but became a subsidiary on 31 January 2022 when Haygrove Heaven (Pty) Limited acquired the remaining 50% of shares. Further details are set out in note 12.

Additions to unlisted investments reflect an interest in Driscoll's South Africa (Pty) Limited received in connection with the sale of Haygrove Africa Trading (Pty) Limited. Further details are set out in note 16.

Movements in fixed asset investments

Company	Shares in group undertakings £
Cost or valuation	
At 1 January 2022 and 31 December 2022	<u>100</u>
Carrying amount	
At 31 December 2022	<u>100</u>
At 31 December 2021	<u>100</u>

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16 Subsidiaries and associates

The company had interests in the ordinary share capital of the companies listed below at the reporting date.

Haygrove Small Beginnings (Pty) Limited was previously an associate (through a 50% interest held by group's subsidiary Haygrove Heaven (Pty) Limited) but became a subsidiary on 31 January 2022 when Haygrove Heaven (Pty) Limited acquired the remaining 50% of shares. Further details are set out in note 12.

A former subsidiary Haygrove Africa Trading (Pty) Limited was sold on 31 August 2022 in an asset-for-share transaction with Driscoll's South Africa (Pty) Limited under which Haygrove Heaven (Pty) Limited received a 13.33% investment in Driscoll's South Africa (Pty) Limited. After the year end, on 31 March 2023 Haygrove Heaven (Pty) Limited disposed of this investment through a share buy-back transaction.

Name of subsidiary	Nature of business	Holding direct	Holding indirect
United Kingdom			
Haygrove Limited (1)	Tunnels and farming	100.00%	-
Haygrove Evolution Limited (1)	Wine and cider maker	-	98.08%
Haygrove Plants Limited (1)	Plant propagation	-	100.00%
Europe			
Haygrove Sp.Z.oo (2)	Tunnel wholesaler	-	100.00%
Haygrove GmbH (3)	Tunnel wholesaler	-	100.00%
Haygrove Portugal Unipessoal Limitada (4)	Farming	-	100.00%
America			
Haygrove Inc (5)	Tunnel wholesaler	-	100.00%
Africa			
Haygrove Heaven (Pty) Limited (6)	Farming	-	82.00%
Haygrove Small Beginnings (Pty) Limited (6)	Plant propagation and production	-	82.00%
African Berry Holdings (Pty) Limited (6)	Holding company	-	61.50%
Haygrove Amajuba (Pty) Limited (6)	Farming	-	61.50%
Haygrove South Africa (Pty) Limited (7)	Tunnel wholesaler	-	65.00%
Haygrove Earth (Pty) Limited (6)	Property	-	100.00%
Haygrove Africa (Kenya) Ltd (8)	Dormant	-	99.00%
Rest of world			
Haygrove Tunnels S de RL de CV (9)	Tunnel wholesaler	-	99.99%
Haygrove (Shanghai) Trading Co Ltd (10)	Tunnel wholesaler	-	100.00%
Haygrove (Kunming) Agriculture Technology Co., Ltd (11)	Tunnel wholesaler	-	100.00%
Haygrove Growing (Xiangyun) Co., Ltd (12)	Farming	-	100.00%
Haygrove (Yunnan) Agricultural Development Co Ltd (13)	Farming	-	100.00%
Name of associate	Nature of business	Holding direct	Holding indirect
H&S Flights (Pty) Limited (14)	Group aviation services in S Africa	-	41.00%
Cape Irrigation Consultants (Pty) Limited (7)	Irrigation consultancy	-	30.00%

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16 Subsidiaries and associates (Continued)

The registered offices of the above companies are as follows:

- (1) Redbank, Ledbury, Herefordshire, HR8 2JL
- (2) ul. Poznańska 4, 63-600 Kępno, Poland
- (3) Industriestrasse 20, 26160 Bad Zwischenahn, Germany
- (4) Estrada da Entrada da Barca - Herdade do Samoqueiro, Cx. Postal 5417 - Entrada da Barca, Zambujeira do Mar, 7630-734
- (5) 230 Cross Street, Darlington, SC 29532 USA
- (6) Portion 67 Farm 587, Ertjiesvlei, Hemel en-aarde, Hermanus, 7200, South Africa
- (7) Panorama Farm, Appletiser Road, Grabouw, 7160, South Africa
- (8) 163 James Gichuru Road, Lavington, PO Box 10719-00100, Nairobi, Kenya
- (9) San Vicente, Tamazula, Jalisco, CP-49675, Mexico
- (10) Shanghai, Jiading District, ZhongRen Rd #399, Section 1, 12th Floor, Area B, Office JT2543, China
- (11) A35B, Kunming Science and Technology Innovation Park, No.3 Jingkai Road, Changhong Road Community, Ala Street, Economic Development Zone, Kunming Area, China
- (12) Dagong Hill, Shangchi Village, Hedian Town, Xiangyun County, Dali Autonomy State, Yunnan Province
- (13) Yunnan XiShuangBanna Dai Semi-Autonomous Prefecture MengHai County MengZhe Town, LiMing Farmhouse Sugar Processing Agricultural Base, China
- (14) Southend Farm, Hemel and Aarde, Hermanus, Western Cape, 7200, South Africa

Audit exemption

The company'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 the ultimate parent Haygrove Summit Supervisory Ltd has guaranteed their liabilities.

17 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Raw materials and consumables	3,233,976	2,073,728	-	-
Work in progress	200,560	289,105	-	-
Finished goods and goods for resale	6,153,761	9,142,225	-	-
	<u>9,588,297</u>	<u>11,505,058</u>	<u>-</u>	<u>-</u>

During the year, the group recognised stock impairments of £375,779 in relation to slow moving stocks or stocks not expected to sell (2021 - the group reversed previously recognised stock impairments of £194,148). Impairments and reversals are recognised in cost of sales.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

18 Debtors

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	19,552,855	16,985,180	-	-
Corporation tax recoverable	248,316	449,860	-	-
Amounts owed by group undertakings	-	-	4,722,797	-
Amounts owed by undertakings in which the company has a participating interest	531,114	481,668	-	-
Derivative financial instruments	-	2,097	-	-
Other debtors	3,155,620	2,708,359	2,534	209
Prepayments and accrued income	1,723,808	2,640,635	185	102
	<u>25,211,713</u>	<u>23,267,799</u>	<u>4,725,516</u>	<u>311</u>
Deferred tax asset (note 24)	332,243	7,463	-	-
	<u>25,543,956</u>	<u>23,275,262</u>	<u>4,725,516</u>	<u>311</u>
Amounts falling due after more than one year:				
Other debtors	<u>34,291</u>	<u>27,680</u>	<u>-</u>	<u>-</u>
Total debtors	<u>25,578,247</u>	<u>23,302,942</u>	<u>4,725,516</u>	<u>311</u>

During the year, £144,622 of impairment charges previously recognised against trade debtors due from customers considered unlikely to be able to settle their debts were reversed. In the comparative period, impairment charges of £249,114 were recognised against such amounts. The reversals and charges have been recognised within administrative expenses.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

19 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts	21	1,716,319	3,551,984	43,229	43,629
Obligations under finance leases	22	523,333	500,862	19,336	-
Other borrowings	21	332,351	35,418	-	-
Payments received on account		1,717,926	1,766,860	-	-
Trade creditors		11,340,189	11,451,416	3,702	14,656
Amounts owed to group undertakings		-	-	11,623	660,913
Corporation tax payable		229,359	202,333	2,993	36,659
Other taxation and social security		517,601	663,876	-	-
Derivative financial instruments		100,873	172,272	-	-
Other creditors		5,232,607	6,059,782	2,548,728	3,000,000
Accruals and deferred income		4,258,118	6,113,430	8,662	13,500
		<u>25,968,676</u>	<u>30,518,233</u>	<u>2,638,273</u>	<u>3,769,357</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 £3,082,909 (2021 - £3,831,924) and in the company balance sheet amounts totalling £2,548,728 (2021 - £3,000,000) 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 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	21	1,336,437	3,265,714	793,090	836,084
Obligations under finance leases	22	1,090,312	652,780	30,517	-
Other borrowings	21	474,635	16,552	-	-
		<u>2,901,384</u>	<u>3,935,046</u>	<u>823,607</u>	<u>836,084</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 2022

21 Borrowings

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	2,477,601	4,602,023	836,319	879,713
Bank overdrafts	575,155	2,215,675	-	-
Other borrowings	806,986	51,970	-	-
	<u>3,859,742</u>	<u>6,869,668</u>	<u>836,319</u>	<u>879,713</u>
Payable within one year	2,048,670	3,587,402	43,229	43,629
Payable after one year	<u>1,811,072</u>	<u>3,282,266</u>	<u>793,090</u>	<u>836,084</u>

The total payable by instalments in more than five years is approximately £759,000 (2021 - £535,000).

Bank loans

Bank loans comprise the following:

- £836,319 (2021 - £879,713) 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.
- £Nil (2021 - £2,555,600) previously held by Haygrove Limited. The loan bore interest at 1.75% above the National Westminster Bank Plc base rate and was 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 had entered into agreements concerning the priorities of debts and the treatment of loans advanced by them. National Westminster Bank Plc held a fixed charge over property at Rhymney Valley Nurseries, Begon Road, Old St Mellons, Cardiff, CF3 6XL.
- £616,872 (2021 - £581,864) 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 £122,703 (2021 - £334,923).
- £1,024,410 (2021 - £351,073) held by Haygrove (Shanghai) Trading Co Ltd, denominated in Chinese Renmimbi, bearing interest at 3.4% (2021 - 3.9%) and repayable during 2023.
- £Nil (2021 - £233,773) previously held by Haygrove (Yunnan) Agricultural Development Co Ltd, denominated in Chinese Renmimbi, bearing interest at 6.5% and repaid during 2022.

Bank overdrafts

Bank overdrafts reflect facilities held by Haygrove Portugal Unipessoal Limitada, Haygrove Heaven (Pty) Limited and Haygrove South Africa (Pty) Limited. These are annual facilities, subject to review at various dates during the year, and are repayable on demand and secured on the assets of the respective companies.

Other borrowings

Other borrowings comprise fixed rate asset finance agreements totalling £806,986 (2021 - £51,970) held by Haygrove Limited. These are secured on the underlying assets and are repayable in equal monthly instalments over terms of 12 or 36 months.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

22 Finance lease obligations

	Group 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Less than one year	780,342	553,309	21,016	-
Between one and five years	993,247	690,214	31,514	-
After five years	2,474	-	-	-
	<u>1,776,063</u>	<u>1,243,523</u>	<u>52,530</u>	<u>-</u>
Less: future finance charges	(162,418)	(89,881)	(2,677)	-
	<u>1,613,645</u>	<u>1,153,642</u>	<u>49,853</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 2022 £	2021 £	Company 2022 £	2021 £
Carrying amount of financial assets				
Instruments measured at fair value through profit or loss	-	2,097	-	-
	<u>-</u>	<u>2,097</u>	<u>-</u>	<u>-</u>
Carrying amount of financial liabilities				
Measured at fair value through profit or loss				
- Other financial liabilities	100,873	172,272	-	-
	<u>100,873</u>	<u>172,272</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 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 2022

24 Deferred taxation

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

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Group				
Fixed asset timing differences	547,504	298,795	-	7,451
Short term timing differences	(5,691)	(7,731)	-	12
Foreign deferred tax	2,006,645	1,690,479	332,243	-
	<u>2,548,458</u>	<u>1,981,543</u>	<u>332,243</u>	<u>7,463</u>
	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Company				
Fixed asset timing differences	<u>16,865</u>	<u>5,933</u>	<u>-</u>	<u>-</u>
			Group 2022 £	Company 2022 £
Movements in the year:				
Net liability at 1 January 2022			1,974,080	5,933
Charge to profit or loss			147,815	10,932
Exchange adjustments			94,320	-
Net liability at 31 December 2022			<u>2,216,215</u>	<u>16,865</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

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>237,946</u>	<u>250,421</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 2022

26 Share capital

	Group and Company 2022 Number	2021 Number	Group and Company 2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	200	200	200	200

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

27 Reserves

Capital redemption reserve

The capital redemption reserve reflects the nominal value of 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

	2022 £	2021 £
Profit for the year after tax	17,467,193	10,562,954
Adjustments for:		
Share of results of associates	354	(7,752)
Taxation charged	1,994,375	1,992,727
Finance costs	340,344	336,357
Investment income	(46,333)	(51,981)
(Gain)/loss on disposal of tangible fixed assets	(88,126)	69,291
Loss on disposal of biological assets	-	64,402
Fair value (gain)/loss on foreign exchange contracts	(69,302)	698,086
Amortisation and impairment of intangible assets	8,491	7,578
Depreciation and impairment of tangible fixed assets	3,881,523	3,484,609
Depreciation and impairment of biological assets	3,916,005	3,493,440
Profit on sale of investments	(4,801,351)	-
Income from other investments	(5,206,077)	-
Movements in working capital:		
Decrease/(increase) in stocks	1,573,781	(3,605,554)
(Increase)/decrease in debtors	(2,619,668)	2,410,174
Decrease in creditors	(3,634,811)	(7,858,605)
Cash generated from operations	12,716,398	11,595,726

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

29 Analysis of changes in net funds - group

	1 January 2022 £	Cash flows £	Acquisitions £	New finance leases £	Exchange rate movements £	31 December 2022 £
Cash at bank and in hand	12,140,754	5,506,741	(1,066,122)	-	532,171	17,113,544
Bank overdrafts	(2,215,675)	1,756,045	-	-	(115,525)	(575,155)
	9,925,079	7,262,786	(1,066,122)	-	416,646	16,538,389
Borrowings excluding overdrafts	(4,653,993)	1,396,587	-	-	(27,181)	(3,284,587)
Obligations under finance leases	(1,153,642)	164,917	-	(576,673)	(48,247)	(1,613,645)
	4,117,444	8,824,290	(1,066,122)	(576,673)	341,218	11,640,157

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 2022 £	2021 £	Company 2022 £	2021 £
Within one year	1,184,172	551,983	-	-
Between one and five years	2,918,114	2,113,114	-	-
In over five years	2,082,957	1,191,710	-	-
	6,185,243	3,856,807	-	-

31 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Acquisition of tangible fixed assets	149,775	478,010	-	-

32 Events after the reporting date

On 31 March 2023, the group's subsidiary Haygrove Heaven (Pty) Limited disposed of its 13.33% investment in Driscoll's South Africa (Pty) Limited (see note 15) through a share buyback transaction.

HAYGROVE SUMMIT SUPERVISORY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

33 Related party transactions

Remuneration of key management personnel

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

	2022 £	2021 £
Aggregate compensation	2,461,503	1,798,791

Disclosure exemption

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.

Other related party transactions

During the comparative period, 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 other related party transactions as set out below.

Group

Income from related parties	Income 2022	Income 2021	Debtor 2022	Debtor 2021
Associate undertakings	8,160	40,787	454,702	448,558
Key management personnel	-	-	-	-
Other related parties	351,317	293,442	-	19,464
	<u>359,477</u>	<u>334,229</u>	<u>454,702</u>	<u>468,022</u>
Costs incurred with related parties	Expenses 2022	Expenses 2021	Creditor 2022	Creditor 2021
Associate undertakings	-	(400,211)	-	(6,615)
Key management personnel	(204,227)	(199,208)	(3,617,090)	(3,831,924)
Other related parties	(156,697)	(214,165)	(56,558)	(224)
	<u>(360,924)</u>	<u>(813,584)</u>	<u>(3,673,648)</u>	<u>(3,838,763)</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.