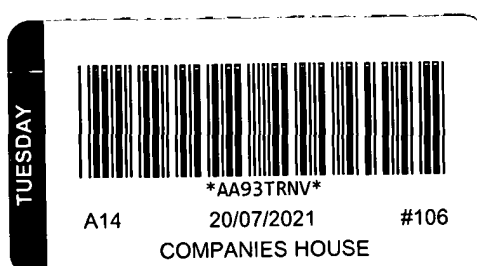


Strategic Report,
Report of the Directors and
Financial Statements
for the Period
1 March 2020 to 27 February 2021
for
Hammond Produce Limited



Contents of the Financial Statements
for the Period 1 March 2020 to 27 February 2021

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Hammond Produce Limited
Company Information
for the Period 1 March 2020 to 27 February 2021

DIRECTORS: J W Hammond
A E Hammond

SECRETARY: P A Thompson

REGISTERED OFFICE: New Farm
Mansfield Road
Redhill
Nottinghamshire
NG5 8PE

REGISTERED NUMBER: 03776727 (England and Wales)

AUDITORS: Wright Vigar Limited
Statutory Auditors
Chartered Accountants & Business Advisers
15 Newland
Lincoln
Lincolnshire
LN1 1XG

Strategic Report
for the Period 1 March 2020 to 27 February 2021

The directors present their strategic report for the 52-week period from 1 March 2020 to 27 February 2021.

OPERATIONAL IMPACT OF THE CORONAVIRUS PANDEMIC

As a food-producing business, the company has continued to operate throughout the period of the pandemic and the national lockdowns. The company enjoys a mixed customer base, including supermarkets, suppliers of fresh produce to both domestic consumers and other sectors (including hospitality and leisure) and other food manufacturers. As a result of the pandemic, some of these customers saw increased demand, whilst others saw reductions in demand. This resulted in a change in the mix of sales, although the total sales volume increased by 6%.

A few of the company's administration staff were able to follow the Government guidance to work from home where possible, for at least some of the year, but the majority of employees have continued to work at the New Farm production facility. Production has been reorganised, with strong emphasis on personal protective measures such as distancing, mask-wearing and hand sanitising. The directors are grateful to the diligence of the production team in their efforts to minimise the risks of transmitting the virus within the workforce. As a consequence of these efforts, there has been no disruption to company activities.

The company's transport fleet is used mainly for customer deliveries, but spare capacity is sold to third parties when possible. Due to the pandemic, external demand has reduced, causing third-party haulage income to fall by around 25% compared with the previous year.

FINANCIAL IMPACT OF THE CORONAVIRUS PANDEMIC

With the increased volume of fresh produce sales, coupled with the change in sales mix, turnover has increased by 10.5% compared with the previous year. However, the pandemic has also led to increases in direct costs, both in the cost of UK and imported produce and in the costs of production. This has caused a reduction in gross margin to 19.1%, compared with 19.6% last year. The fall in third-party transport sales has reduced the need for external hauliers and overheads have been strictly controlled.

Overall, the company achieved an EBITDA of £596,000, an improvement compared with £174,000 last year.

The company has maintained tight control of cash and working capital throughout the year. A weekly cash forecast, with a 13-week time horizon, is monitored daily and updated every week. As a consequence of these controls, the company has operated with higher in-hand cash balances throughout the year. There has been increased focus on credit control, recognising that some customers have struggled to operate effectively with their administrative staff working from home. Whilst a few customers have given cause for concern, the company has not suffered any irrecoverable debts due to the effects of the pandemic.

SALE OF THE COMPANY'S FIXED ASSETS

The company's immediate parent, Grovetree Limited, is owned and controlled by members of the Hammond family. During the year, a family partnership trading as T Hammond Farms was incorporated as T Hammond Farms Limited. The partnership and its successor company farm on some 2,100 acres in Nottinghamshire, growing fresh produce, potatoes and grains, and the farm is a major supplier to the company.

As part of this reorganisation of family assets, the company's fixed assets have been sold to T Hammond Farms Limited, realising a profit of some £225,000, which has been shown as an exceptional profit in these accounts. The sale brings together in one company all of the plant, equipment and other fixed assets involved in growing, harvesting, processing, packing and distributing fresh produce. In future, the company will pay rent to T Hammond Farms Limited on those assets it uses in its activities.

PRINCIPAL RISKS AND UNCERTAINTIES

The quality and availability of fresh produce processed by the company can be affected by the weather. To mitigate this risk and the potential impact on financial performance, T Hammond Farms Limited grows fresh produce on a number of different farms, with different growing characteristics, and it has extensive irrigation facilities for periods of low rainfall. In addition, the company maintains a wide spread of other suppliers and operates medium-term cold storage facilities.

Customer demand fluctuates depending upon the season of the year, any supermarket promotional activities, changes in the weather and any changes in end-consumer requirements. The business works in partnership with its customers to understand their requirements and to manage demand where feasible. The company sells a range of fresh produce to spread demand across the year and to avoid over-reliance on a single type of produce.

The production process is labour intensive and requires suitably skilled people. The business employs a core workforce of directly employed staff and works in partnership with agency labour providers which supply additional staff during periods of high demand.

Strategic Report
for the Period 1 March 2020 to 27 February 2021

DEVELOPMENT, PERFORMANCE AND POSITION

During the year, the company has continued to develop new ways of working and to invest in new plant, intended to reduce the unit costs of production and to offset the effects of the continuing increase in the UK minimum wage coupled with customer price pressure. The company will continue to evaluate new ways of working and to invest in new plant (although future capital investment will be made through T Hammond Farms Limited). Plans are well advanced for expanding the company's cold storage facilities during 2021, which should be brought into use by the autumn.

Throughout the year the business has continued to develop and improve the knowledge and skills of the senior management team, through training, recruitment, external coaching and mentoring. The business continues to be focused on improving profitability whilst strengthening key relationships with both customers and suppliers.

KEY PERFORMANCE INDICATORS

Management monitors produce yields and the financial margin per tonne, together with direct labour utilisation and labour costs per tonne, both weekly and monthly. This is used to ensure the company is achieving consistently high output and efficiencies, together with acceptable margins. Customer quality issues are also monitored to ensure our products meet the demands of the end-consumer.

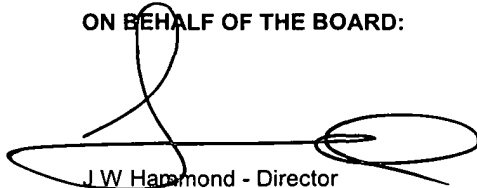
FUTURE PROSPECTS

The company started the current financial year with a much stronger cash and working capital position than 12 months previously. The business is funded by a combination of cash generated through operations and seasonal borrowings from other members of the Grovetree group. These funding lines have proven to be sufficient in the past, with adequate headroom to deal with seasonal requirements. There is no indication that headroom will worsen significantly in the coming year.

Recent demand has continued to be strong, helped by re-opening of the hospitality and leisure sectors. Major customers have provided the company with an indication of their requirements for the next 12 months, which is expected to cause some variation in sales mix. Selling prices have come under pressure, as some customers seek to repair damage to their businesses caused by the pandemic. On the supply side, costs are also under pressure. Brexit and the effects of the pandemic have combined to cause an increase in the cost of imported produce, required in the UK off-season, and reduced the availability of harvesting and pack house operatives. As the economy reopens, third-party haulage sales have started to increase. Taken together, these factors may cause a reduction in the gross margin in the coming year.

In preparing the accounts for the year ended 27 February 2021, the directors have considered the trading and financial position of the company since the end of the period and are confident that the company will have a sufficient level of activity and sufficient cash resources to remain a going concern for the following 12 months.

ON BEHALF OF THE BOARD:



J W Hammond - Director

29 June 2021

Hammond Produce Limited (Registered number: 03776727)

Report of the Directors
for the Period 1 March 2020 to 27 February 2021

The directors present their report with the financial statements of the company for the 52-week period from 1 March 2020 to 27 February 2021.

DIVIDENDS

No dividends will be distributed for the period ended 27 February 2021.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 March 2020 to the date of this report.

J W Hammond
A E Hammond

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

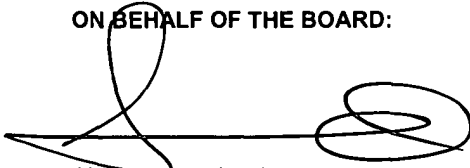
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, consisting of a large loop at the top and a horizontal line with a smaller loop at the end.

J W Hammond - Director

29 June 2021

**Report of the Independent Auditors to the Members of
Hammond Produce Limited**

Opinion

We have audited the financial statements of Hammond Produce Limited (the 'company') for the period ended 27 February 2021 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 company's affairs as at 27 February 2021 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the 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 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Report of the Independent Auditors to the Members of
Hammond Produce Limited

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 a Report of the Auditors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our work is performed to include an assessment of the susceptibility of the entity's financial statements to material misstatement, including the risk of fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

In identifying and assessing risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We plan our work to gain an understanding of the significant laws and regulations that are of significance to the entity and the sector in which they operate. We perform our work to ensure that the entity is complying with its legal and regulatory framework.
- We obtained an understanding of how the company is complying with those legal and regulatory frameworks by making inquiries to the management and people charged with governance.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

- Substantive procedures performed in accordance with the ISAs (UK).
- Challenging assumptions and judgments made by management in its significant accounting estimates.
- Identifying and testing journal entries, in particular material journal entries and an assessment of year end journals.
- Assessing the extent of compliance with the relevant laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Wright Vigar Limited

Matthew Chadwick BA (Hons) ACA (Senior Statutory Auditor)
for and on behalf of Wright Vigar Limited
Statutory Auditors
Chartered Accountants & Business Advisers
15 Newland
Lincoln
Lincolnshire
LN1 1XG

29 June 2021

Hammond Produce Limited (Registered number: 03776727)

Income Statement
for the Period 1 March 2020 to 27 February 2021

	Notes	Period 1.3.20 to 27.2.21 £	£	Period 3.3.19 to 29.2.20 £	£
TURNOVER			13,031,820		11,761,065
Cost of sales			10,546,514		9,456,958
GROSS PROFIT			2,485,306		2,304,107
Distribution costs		246,459		336,490	
Administrative expenses		1,796,016		1,867,296	
			2,042,475		2,203,786
OPERATING PROFIT	4		442,831		100,321
Exceptional profit on fixed asset sale	5		225,279		-
			668,110		100,321
Interest payable and similar expenses	6		8,243		7,132
PROFIT BEFORE TAXATION			659,867		93,189
Tax on profit	7		100,000		-
PROFIT FOR THE FINANCIAL PERIOD			559,867		93,189

The notes form part of these financial statements

Hammond Produce Limited (Registered number: 03776727)

Other Comprehensive Income
for the Period 1 March 2020 to 27 February 2021

	Notes	Period 1.3.20 to 27.2.21 £	Period 3.3.19 to 29.2.20 £
PROFIT FOR THE PERIOD		559,867	93,189
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>559,867</u>	<u>93,189</u>

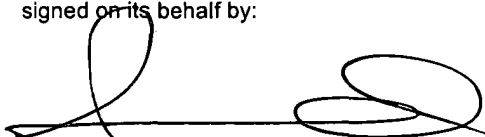
The notes form part of these financial statements

Hammond Produce Limited (Registered number: 03776727)

Balance Sheet
27 February 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Tangible assets	8	-	751,787
CURRENT ASSETS			
Stocks	9	185,534	164,123
Debtors	10	2,042,787	1,873,735
Cash at bank and in hand		350,556	253,917
		<u>2,578,877</u>	<u>2,291,775</u>
CREDITORS			
Amounts falling due within one year	11	<u>1,661,222</u>	<u>1,476,937</u>
NET CURRENT ASSETS		<u>917,655</u>	<u>814,838</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>917,655</u>	<u>1,566,625</u>
CREDITORS			
Amounts falling due after more than one year	12	<u>44,489</u>	<u>1,253,326</u>
NET ASSETS		<u><u>873,166</u></u>	<u><u>313,299</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	2,200,002	2,200,002
Retained earnings	18	<u>(1,326,836)</u>	<u>(1,886,703)</u>
SHAREHOLDERS' FUNDS		<u><u>873,166</u></u>	<u><u>313,299</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 29 June 2021 and were signed on its behalf by:



J W Hammond - Director

Hammond Produce Limited (Registered number: 03776727)

Statement of Changes in Equity
for the Period 1 March 2020 to 27 February 2021

	Called up share capital £	Retained earnings £	Total equity £
Balance at 3 March 2019	2,200,002	(1,979,892)	220,110
Changes in equity			
Total comprehensive income	-	93,189	93,189
Balance at 29 February 2020	<u>2,200,002</u>	<u>(1,886,703)</u>	<u>313,299</u>
Changes in equity			
Total comprehensive income	-	559,867	559,867
Balance at 27 February 2021	<u>2,200,002</u>	<u>(1,326,836)</u>	<u>873,166</u>

The notes form part of these financial statements

Notes to the Financial Statements
for the Period 1 March 2020 to 27 February 2021

1. STATUTORY INFORMATION

Hammond Produce Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the Financial Reporting Standard 102. 'The Financial Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

At 27 February 2021, the Company had negative retained earnings of £1,327,000 (2020: £1,887,000) but positive shareholders funds of £873,000 (2020: £313,000). The directors are satisfied that the going concern basis used to prepare the accounts is appropriate, as the Company has the financial and operational support of the Parent entity and its shareholders.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 10% - 50% on NBV at 3 March 2018 or cost
Motor vehicles	- 20% - 50% on NBV at 3 March 2018 or cost
Computer equipment	- 33% - 50% on NBV at 3 March 2018 or cost

In the year ended 2 March 2019 there was a change in the method for charging depreciation, to the methods and rates as outlined above. This accelerated the depreciation charged and was applied on the net book value of the assets at the start of that financial year.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes to the Financial Statements - continued
for the Period 1 March 2020 to 27 February 2021

2. ACCOUNTING POLICIES - continued

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating profit.

Hire purchase and leasing commitments

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the income statement over the relevant period.

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the income statement over the relevant period, and the capital element which reduces the outstanding obligation for future instalments.

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Financial 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 entity after deducting all of its financial liabilities.

Where the contractual obligation of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited to equity.

3. EMPLOYEES AND DIRECTORS

	Period 1.3.20 to 27.2.21 £	Period 3.3.19 to 29.2.20 £
Wages and salaries	2,330,851	2,069,948
Social security costs	211,246	189,292
Other pension costs	45,824	36,838
	<u>2,587,921</u>	<u>2,296,078</u>

The average number of employees during the period was as follows:

	Period 1.3.20 to 27.2.21	Period 3.3.19 to 29.2.20
Production	63	71
Administration	22	14
	<u>85</u>	<u>85</u>

Hammond Produce Limited (Registered number: 03776727)

Notes to the Financial Statements - continued
for the Period 1 March 2020 to 27 February 2021

3. EMPLOYEES AND DIRECTORS - continued

	Period 1.3.20 to 27.2.21 £	Period 3.3.19 to 29.2.20 £
Directors' remuneration	124,893	134,139
Directors' pension contributions to money purchase schemes	5,000	-
	<u>129,893</u>	<u>134,139</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	Period 1.3.20 to 27.2.21 £	Period 3.3.19 to 29.2.20 £
Depreciation - owned assets	131,574	154,857
Depreciation - assets on hire purchase contracts	22,069	19,711
Profit on disposal of fixed assets	-	(22,160)
Auditors' remuneration	15,250	16,753
	<u>178,893</u>	<u>168,161</u>

5. EXCEPTIONAL ITEMS

	Period 1.3.20 to 27.2.21 £	Period 3.3.19 to 29.2.20 £
Exceptional profit on fixed asset sale	<u>225,279</u>	<u>-</u>

During the year, the company has sold all of its fixed assets, primarily to T Hammond Farms Limited (a company owned and controlled by members of the Hammond family). The profit of £225,279 arising on these disposals has been shown in these accounts as exceptional.

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 1.3.20 to 27.2.21 £	Period 3.3.19 to 29.2.20 £
Hire purchase interest	5,563	3,409
Other interest	2,680	3,723
	<u>8,243</u>	<u>7,132</u>

Notes to the Financial Statements - continued
for the Period 1 March 2020 to 27 February 2021

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the period was as follows:

	Period 1.3.20 to 27.2.21 £	Period 3.3.19 to 29.2.20 £
Deferred tax	100,000	-
Tax on profit	100,000	-

Reconciliation of total tax charge included in profit and loss

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1.3.20 to 27.2.21 £	Period 3.3.19 to 29.2.20 £
Profit before tax	659,867	93,189
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	125,375	17,706
Effects of:		
Expenses not deductible for tax purposes	(276)	11,281
Capital allowances in excess of depreciation	-	(5,538)
Depreciation in excess of capital allowances	102,899	-
Adjustment in respect of tax losses carried forward	(227,998)	(23,449)
Deferred tax charge	100,000	-
Total tax charge	100,000	-

8. TANGIBLE FIXED ASSETS

	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 March 2020	1,865,178	742,123	196,150	2,803,451
Additions	83,454	7,000	20,534	110,988
Disposals	(1,948,632)	(749,123)	(216,684)	(2,914,439)
At 27 February 2021	-	-	-	-
DEPRECIATION				
At 1 March 2020	1,293,188	562,983	195,493	2,051,664
Charge for period	96,442	53,000	4,201	153,643
Eliminated on disposal	(1,389,630)	(615,983)	(199,694)	(2,205,307)
At 27 February 2021	-	-	-	-
NET BOOK VALUE				
At 27 February 2021	-	-	-	-
At 29 February 2020	571,990	179,140	657	751,787

Included within the net book value of fixed assets is £Nil (2020: £124,355) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £22,069 (2020: £19,711).

Hammond Produce Limited (Registered number: 03776727)

Notes to the Financial Statements - continued
for the Period 1 March 2020 to 27 February 2021

9. STOCKS

	2021	2020
	£	£
Stocks	61,932	93,785
Raw materials	123,602	70,338
	<u>185,534</u>	<u>164,123</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade debtors	1,669,220	1,359,183
Amounts owed by group undertakings	223,367	188,215
Other debtors	-	3,700
VAT	-	64,620
Deferred tax asset	50,000	150,000
Prepayments and accrued income	100,200	108,017
	<u>2,042,787</u>	<u>1,873,735</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Bank loans and overdrafts (see note 13)	5,511	-
Hire purchase contracts (see note 14)	-	22,122
Trade creditors	1,190,590	1,045,555
Social security and other taxes	72,639	48,551
VAT	117,315	-
Other creditors	46,022	178,049
Directors' current accounts	19,488	19,488
Accruals and deferred income	209,657	163,172
	<u>1,661,222</u>	<u>1,476,937</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£	£
Bank loans (see note 13)	44,489	-
Hire purchase contracts (see note 14)	-	62,229
Other creditors	-	1,191,097
	<u>44,489</u>	<u>1,253,326</u>

13. LOANS

An analysis of the maturity of loans is given below:

	2021	2020
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>5,511</u>	<u>-</u>
Amounts falling due between two and five years:		
Bank loans	<u>44,489</u>	<u>-</u>

Notes to the Financial Statements - continued
for the Period 1 March 2020 to 27 February 2021

14. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2021	2020
	£	£
Net obligations repayable:		
Within one year	-	22,122
Between one and five years	-	62,229
	<u>-</u>	<u>84,351</u>
	<u><u>-</u></u>	<u><u>84,351</u></u>
	Non-cancellable operating leases	
	2021	2020
	£	£
Within one year	491,979	397,480
Between one and five years	1,217,276	799,114
In more than five years	474,535	211,179
	<u>2,183,790</u>	<u>1,407,773</u>
	<u><u>2,183,790</u></u>	<u><u>1,407,773</u></u>

15. SECURED DEBTS

The following secured debts are included within creditors:

	2021	2020
	£	£
Hire purchase contracts	<u>-</u>	<u>84,351</u>
	<u><u>-</u></u>	<u><u>84,351</u></u>

Hire purchases are secured against the asset to which it relates.

16. DEFERRED TAX

	£
Balance at 1 March 2020	(150,000)
Charge to Income Statement during period	<u>100,000</u>
Balance at 27 February 2021	<u><u>(50,000)</u></u>

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2021	2020
Number:	Class:	Nominal value:	£	£
100,002	Ordinary	£1	100,002	100,002
2,100,000	Preference share	£1	2,100,000	2,100,000
			<u>2,200,002</u>	<u>2,200,002</u>
			<u><u>2,200,002</u></u>	<u><u>2,200,002</u></u>

18. RESERVES

	Retained earnings
	£
At 1 March 2020	(1,886,703)
Profit for the period	<u>559,867</u>
At 27 February 2021	<u><u>(1,326,836)</u></u>

Notes to the Financial Statements - continued
for the Period 1 March 2020 to 27 February 2021

19. RELATED PARTY DISCLOSURES

Nature of related parties

Hammond Produce Limited (the "Company") is a wholly-owned subsidiary of Grovetree Limited ("Grovetree"). Grovetree owns 90.4% of the ordinary shares in Phoenix Farm Group Limited ("PFGL"), which in turn owns and controls all the ordinary shares in Phoenix Speciality Oils Limited ("PSOL") and Hammond Food Oils Limited ("HFOL"). Mr J W Hammond and Mr A E Hammond, directors and owners of the ordinary shares in Grovetree, are also partners in T Hammond Farms ("THF") and own all the ordinary shares in T Hammond Farms Limited ("THFL"). On 27 October 2020, the business, assets and trade of THF were transferred to THFL. THF/THFL farms on approximately 2,100 acres in Nottinghamshire, growing vegetables, potatoes, wheat and maize. THF and THFL were each 50% partners in Glassford Hammond Farming LLP ("GHF") until 27 October 2020; from this date, THFL became the sole partner although GHF ceased to operate from this date. In accordance with paragraph 33.1A of FRS102, no disclosure is given in relation to transactions between the Company and those subsidiaries that were wholly-owned by Grovetree throughout the period.

Sales made between related parties

The following sales have been made during the period:

- The Company has sold goods and services to PSOL and HFOL amounting in total to £217,345 (2020: £235,475), to THF and THFL amounting in total to £306,642 (2020: £379,456) and to GHF amounting to £Nil (2020: £3,366).
- PSOL and HFOL have sold goods and services to the Company amounting in total to £11,043 (2020: £13,119).
- THF and THFL have sold fresh produce, other items and services to the Company amounting in total to £1,660,709 (2020: £1,319,699). THF and THFL have also rented plant and sub-let certain buildings to the Company, charging a total rent of £107,218 (2020: £83,691).

Other transactions in the period

- As explained in the Strategic Report and note 5 to these accounts, the company has sold its fixed assets to THFL during the year; the aggregate consideration was £927,911.
- The Company has made payments of long-outstanding trading balances due to GHF, amounting in total to £108,903 (2020: £130,000). On 27 October 2020, GHF hived up its assets and liabilities to THFL and this resulted in a balance of £1,191,097, at that date owed to GHF, becoming payable to THFL.
- During 2020, GHF agreed to waive £170,084 of the debt owed to it by the Company.

Outstanding balances at 27 February 2021

The following intercompany balances existed as at 27 February 2021, deriving both from the above transactions and from transactions entered into in previous years:

- The Company was owed £30,994 (2020: £48,061) in total by PSOL and HFOL and owed £42,672 to THFL (2020: £64,946 owed by THF).
- The balance due by the Company to GHF amounted to £Nil (2020: £1,300,000).

20. ULTIMATE CONTROLLING PARTY

The directors consider that the Ultimate controlling party of this company is its parent company Grovetree Limited.

Grovetree Limited is the company's controlling related party by virtue of its ownership of the entire issued share capital of Hammond Produce Limited. The ultimate controlling related parties of the company are the directors JW Hammond and AE Hammond by virtue of their respective shareholdings in Grovetree Limited.