Registered number: 09772068

Flamingo Group International Limited

Annual Report and Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

Flamingo Group International Limited

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Company Information

Directors:

Peter Ronald Barnhoorn
William John Showalter
Giles Michael Turrell

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Watford
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WD17 1JJ

Company registration number:

09772068

Registered office:

Flamingo House
Cockerell Close
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Group Strategic Report

For the 52 week Period Ended 1 January 2022

Introduction

The Directors submit their report and audited financial statements of Flamingo Group International Limited ("the Company"), and the group headed up by the Company (together "the Group"), for the 52 week period ended 1 January 2022. The comparative information is for the 53 week period ended 2 January 2021.

Business Review

The results for the period are shown on page 22 and 23. A review of the business for the period, including its key performance indicators follows.

The Group's business is growing and selling vegetables, plants and cut flowers, and operates farms in Kenya which grow flowers and produce, and flower farms in Ethiopia. The Group has also developed a strategic network of supply partners across the world who supply the Group with flowers and produce.

The Group's main trading companies are in the UK serving the retail market, but the Group also has selling operations in Germany and the Netherlands who between them serve a variety of customers across Europe. The Group also exports from Kenya to the rest of the world principally to Asia and the Middle East. 2021 has been a period of strong competition for the Group's markets, with the usual commercial pressure from its competitors and the Group is of course subject to consumer spending patterns and consumers' overall level of disposable income within the economies of the UK and Europe. The Group continually monitors changes in consumer behaviour and is committed to developing new and innovative products that will meet changing consumer needs and preferences.

The Group companies procure raw material from a diverse geographical area in order to reduce the risk of supply disruption from one particular geographical region which may be impacted by adverse weather or other issues. The Group cares greatly about the environment and conducts business in an ethical and responsible fashion. The Group is committed to a sustainable future and seeks to address social, political and environmental issues by demonstrating that it is more financially rewarding to be sustainable.

During the period the Group executed its sale of F.V. SeleQt BV, Flamingo Horticulture South Africa (Pty) Limited, Dudutech Integrated Pest Management Limited and a pest management trade stream of Flamingo Horticulture Kenya Limited. These business units were deemed to be non-core to the Group's principal activities and a loss of £5,053k has been recorded within loss from discontinued operations.

On 15 Dec 2021, the company completed the acquisition of the Bigot France Holdings which is a French flowers and farming business which had an impact on FGIL profit of £nil.

Group Strategic Report (continued)
For the 52 week Period Ended 1 January 2022

Financial key performance indicators

The results presented in the Statement of Comprehensive Income include a number of key financial performance indicators, as reviewed by management.

	52 weeks ended 1 January 2022 £'000	Restated 53 weeks ended 2 January 2021 £'000
Revenue	699,205	608,126
EBITDA (a)	95,165	58,817
Net assets	67,057	31,056
Average number of employees	23,651	22,560

(a) Earnings before interest, tax, depreciation and amortisation ("EBITDA").

The prior period numbers have been changed to remove discontinued operations and restated to adjust for an error in share-based payment revaluation (note 2.28).

The revenue increase is due to increased business with existing Produce customers, market growth and general share gains in Flowers.

The EBITDA increase in the period is a result of increased revenue £12,153k, gain on assets held for sale £14,739k and fair value movements £9,458k.

Net assets have increased due to the profitability as detailed above, compensated by foreign exchange on intercompany facilities. The significant stock increase is due to cost inflation, increased throughput and necessity to hold more stock to avoid farm/factory shortages.

Average number of employees has increased in the period due to increased production.

The financial position of the Group is shown on pages 24 and 25 and its cashflow on page 30. In addition, notes 26 and 27 to the financial statements include the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposures to credit risk, interest rate risk, foreign currency risk and liquidity risk. As highlighted in those notes, the Group meets its day-to-day working capital requirements through a mixture of bank facilities which are sufficient, with cash flow from profits, to fund present commitments.

Term facilities are utilised to fund capital expenditure and short-term flexibility is achieved by the utilisation of cash resources in respect of financial liabilities, which are shown in the table in note 26 and indicates their contractual cash flow maturities.

Group Strategic Report (continued)

For the 52 week Period Ended 1 January 2022

Going Concern

In preparing these financial statements, the directors have assessed the ability of the Group and parent company to continue to operate for a period of not less than 12 months from the date of signature of these financial statements.

The Group's 2022 budget, approved by the Flamingo Group International Limited ("FGIL") board, demonstrates management's expectation that FGIL will continue to grow profitably, generate surplus liquidity and remain solvent throughout the three year (2022-2024) budget period. Through the first 3 months of the period ("Q1"), the group traded behind budget in terms of sales, EBITDA and cash generation but still ahead of prior year in terms of EBITDA. The Group's Q1 reforecast confirms an expectation that the period will finish ahead of prior year across all three metrics albeit adverse to plan. The businesses actual and forecast results show significant headroom compared to our lending covenants (the long-term loan matures in February 2025 and the short-term loan matures in February 2024). The Group finished the period at 2.75 x leverage (versus the lending covenant of 5.95x) and current projections are that 2022 will finish at 2.5x. As part of the prior period's Going Concern assessment the board modelled current trading to determine if the Group's liquidity was at risk or the Group's debt covenants could foreseeably be in danger of breach. During this evaluation, the board concluded that the level of foreseeable risk did not put the Group's liquidity position in jeopardy. On the basis that the financial performance and position of the Group has improved since that time, and the fact that the Board do not assess that liquidity or operating risks have increased, the Board feel that the conclusions from last period's risk assessment remain valid.

As is seen in these financial statements, sales and EBITDA for the Group were ahead of last period as is indicative of how we have traded during periods of lockdown. Further, once the initial and temporary supply chain disruption of the first lockdown was absorbed, all businesses benefited from increased sales as the period progressed. Our customers consider our products to be consumer staples and additionally the Group has benefited from recent consumer trends such as the increase in in-home dining.

It is also worth noting that the board actively monitors the trading results and profitability of all business units and actively works to divest any entity that does achieve the board's expected performance levels or meet its strategic expectations (note three divestitures executed in 2021).

Finally, the board does not believe that there are any contingent liabilities that could adversely impact the company's ability to function as a going concern.

It is the directors' view that, based on forward looking profit and cash generation projections, the performance of the business the channels in which we trade and products which we sell, that FGIL will remain a viable, solvent business for the foreseeable future.

Inflation

As a result of general increases in consumer demand, macro supply chain pressures, and most recently the war in the Ukraine, the Group has experienced substantial inflationary pressures on input costs including freight, energy, UK wages, fertilizer and packaging. While the Group takes all possible steps to mitigate inflationary impacts, including scaling its procurement activity and produce re-engineering, it is not able to fully compensate for these pressures.

The Group has successfully passed on price increases related to this unmitigated inflation and has current plans in place to make further price increases as additional inflationary pressures impact its input costs.

Group Strategic Report (continued)

For the 52 week Period Ended 1 January 2022

Environmental

In 2021, our Group carbon emission and energy use strategy has been developed and implemented through the UN Climate Neutral Now Initiative (UNFCCC), where we measure, monitor and reduce emissions in collaboration with One Carbon World. We agreed and developed an UN-offset agreement utilising voluntary carbon credits. Some of our emissions are unavoidable, for and these are off set in the voluntary carbon market. As an agricultural business, many of our carbon emissions lack academic consensus and we are collaborating with industry stakeholders in Europe through the Floriculture Product Environment Footprint Category Rules program with the EU and Floriculture sustainability Initiative.
Flamingo is developing a case study for voluntary carbon credits in the EU funded Agri capture project (Horizon 2020) where our regenerative agricultural practices help to reduce carbon emissions. We are also developing a Green Asset register across our operations in Kenya to further focus our attention and reduce our total emissions. We are working with project partners to look more closely at our Scope 3 emissions with our suppliers to continue to measure and reduce carbon emissions in the supply chain. During the year the Group has invested in sustainable and energy efficiency projects – Working with the Waitrose Foundation we provided approximately 4,000 energy efficient cook stoves to the community as well as provided 2 solar cooling units to our out-grower farmers in the Mount Kenya. We continue to develop sea freight innovation in Kenya through our vertical integrated model and also primarily on our South American flowers and produce deliveries and the development of sea freight protocols and delivery of Flowers and Produce helps to reduce carbon footprint with more efficient supply routes.

We have continued to upgrade our cold store network and with high level investment on new state of the art facilities in Flamingo Kenya and plans are set for UK 2023 to further improve this equipment to reduce operational consumption and improved GHG equipment as upgraded newer equipment is 25% more efficient. We have also disposed of production capacity in South Africa which was mainly fossil fuel source of heating. This production has moved to Kenya with green energy source and reduce need for heating.

We have continued our strategy to focus on production of key vegetable products as a closer to home strategy and this has enabled us to move 10% of produce previously grown in Kenya to countries closer such as Morocco and Spain which is then transported by road rather than air freight. This initiative will continue into 2023 as an annual target for the business to develop.

We have maintained our commitment to our communities in 2021 with over 16000 children being sponsored for education support and we also offered all members of our staff free Covid vaccinations. Our commitment to supporting Fairtrade and the wider community programs such as food waste reduction schemes for school meals for children will be a renewed focus for 2023.

Inclusion of electric vehicles and electric/ hybrid to the company fleet continues and all sites now have charging points for all to access. These will be continued to develop further as the vehicle numbers increase.

Employees

The Group is committed to ensuring that employment is based on equal opportunity for all employees irrespective of gender, sexual orientation, race, ethnicity, disability, martial-status, religion or age. Further information of the engagement of employees can be found in the Director's report.

The Group produces Gender Pay Analysis for UK companies and complies with statutory reporting in the UK.

Community Issues

The Group works closely with the communities in which it operates. Specifically the Group is involved in programmes to build schools and provide free meals to children in Kenya. In Ethiopia the Group operates a school and medical centre which is available for staff and members of the community in Ziway and has a longstanding CSR commitment to the area.

Group Strategic Report (continued)

For the 52 week Period Ended 1 January 2022

Social matters

The Group works on a number of social and community projects in Kenya and Ethiopia. These include providing funds and support for schools, feeding programmes and hospitals. As above it operates a health centre and a school in the Ziway region in Ethiopia.

Respect for human rights

See Corporate Social responsibility statement on P17.

Anti-corruption and anti-bribery matters

The directors take the matters of anti-corruption very seriously and there are stringent processes in place throughout the Group to prevent any transgressions. Communications and training courses to relevant employees takes place and the company's Anti Bribery and corruption policy is included in the Group Code of Conduct. There is a whistle-blower policy in place in all business units.

Principal and financial risks and uncertainties

Due to the nature of its primary activities, the growing and selling of fresh flowers and produce, the inherent operational risk for the business relates to uncertain weather conditions in Africa and Europe, affecting both supply and demand dynamics. Additionally, transporting fresh goods from Africa to Europe requires seamless logistics with limited disruptions across the value chain.

Besides these inherent risks and uncertainties there are some general risks and uncertainties which might affect future performance for the Group, and these risks include:

- Competitor activity In the competitive horticulture and fresh produce retail market it is always possible that a competitor gains share in the retail space. Due to the nature of the business this would normally entail a loss of certain product lines with a retail customer for a season or contract period. In such a case we usually see a commensurate decline in revenue and margin as we reallocate the products towards new customers and follow up on other opportunities for new business. That being said, the Group works in a close partnership with all its customers to continue to deliver a quality service at a competitive price. Any loss of share to a competitor is usually temporary and any decrease in margin can be mitigated in the longer term by reducing the workforce and downsizing the manufacturing facility.

- Supply side risk - The Group's business provides fresh flowers and produce, and its flowers are predominantly grown in Africa in greenhouses that rely on the sun for heating. This means that our yields are dependent on weather conditions and will naturally fluctuate with the seasons. More prolonged periods of extreme weather (e.g. droughts, cold fronts) will adversely impact yields. The same is true for the Group's produce business, where supply can be subject to weather conditions in both Africa and the other locations where its preferred partners grow, which includes Guatemala, Peru, Mexico, North Africa and the UK. In such cases the Group will work with its customers to minimize the impact on their in store programmes through actions such as product substitution, timing of promotional programs and temporary distribution reduction. The Group attempts to mitigate this risk by sourcing from multiple suppliers in different geographies, thus making us less impacted by meteorological conditions in any one region.

Group Strategic Report (continued)
For the 52 week Period Ended 1 January 2022

Principal and financial risks and uncertainties (continued)

- Pricing & foreign exchange risk – Lower pricing in the cut flower industry usually means a shift from more high-priced products to lower priced products (e.g. shift to smaller bouquets or shorter stem mono-bunches), hence lower pricing is usually the effect of a change in mix. This can adversely impact margins and can be mitigated by reducing costs in the supply chain through Group-level procurement to leverage scale, automation of production processes and introducing new product offerings. Competitor activity can also influence pricing in the very competitive markets in which we operate for both cut flowers and produce, and we respond as necessary to the market in order to protect and grow our business, whilst looking to maintain margins through our cost efficiency programmes, working closely with our customers to ensure that we are delivering competitive products at competitive prices. Foreign exchange risk relates to changes in our buying currencies (EURO, Kenya Shilling, US Dollar, Ethiopian Birr, South Africa Rand) versus our invoice currencies (Pound Sterling and EURO), which can impact our gross margins. We have a foreign exchange hedging policy agreed by the Board and we work closely with customers and suppliers to recognise and spread risk from foreign exchange fluctuations. Our policy is that we do not speculate on foreign exchange movements and hedge the Group's net exposure.

- Cyber security - The Group extensively uses information technology for both data processing and, increasingly, to supporting its fast-growing direct to customer ("D-to-C") business. As a result, Cyber-security attacks are a principal risk to the Group. The Group has put in place a number of different measures to help protect it from Cyber-attacks. These include:

    - A program to ensure that the Group actively upgrades and patch business-critical software.
    - Endpoint Detection & Response (EDR) agents installed across devices, network & cloud services monitoring, and Intrusion Detection Services (IDS) managed through a 24/7 Security Information & Event Monitoring (SIEM) and Security Operations Centre (SOC).
    - Vulnerability monitoring of devices, supported by patch management process.
    - VPN & Multi-Factor Authentication for remote access to our systems.
    - A robust data and application back-up regime.
    - Cyber-security awareness & training for its workforce.
    - Appointed a vCISO to support the ongoing management of the cyber security services and processes, as well as provide incident support in the case of any future breach.

The Group will maintain a continuous focus on Cyber security developments and make the necessary investments to ensure its security capabilities keep pace with this rapidly evolving issue.

As a more general point, with the worldwide political and economic uncertainties, the Executive Committee and the Board continues to maintain a risk register which is regularly reviewed and the Group insures for risks wherever possible.

Strategy and business model

The Group's strategy is to be a leading supplier of high-quality horticulture and produce products that generates double-digit returns for its investors. The Group's business model is to source product both from our its farms and third party suppliers spread across an extensive geographical network and sell into grocery and digital and, to a lesser extent the florist shop channels. The Group's aspiration is to generate the bulk of our growth organically in markets where it has an established presence. The Group's business plans also include the intent to enter new markets and to grow through acquisition.

Group Strategic Report (continued)

For the 52 week Period Ended 1 January 2022

Gender of directors and employees

The gender of the Company and Group's employees can be analysed as follows:

	Female Number	Male Number	2022 Total Number
Company directors	-	3	3
Key management of the Group	-	16	16
Employees of the Group	13,362	10,275	23,637

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The board of directors of the Group both individually and collectively believe that they have acted in a manner that they consider, in good faith, was likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholder and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the period ended 1 January 2022. Specifically:

- Capital investments in farming and production capacity and operating efficiencies
- Actions to mitigate the impact of inflation including price increases and product redesign
- Continued use of Covid protection protocols to safeguard the workforce
- Execution of our M&A strategy, including the acquisition of the Bigot Group and divestiture of three non-core business units (F.V. SeleQt BV, Flamingo Horticulture South Africa (Pty) Limited and Dudutech Integrated Pest Management Limited and assets of a pest management trade stream of Flamingo Horticulture Kenya).

These decisions were reviewed by the FGIL board and approved by the company's shareholder.

The board reviewed in detail our 2022-24 strategic plan with the specific intent of ensuring that we continued to provide high-quality horticultural products to our customers from 2024 and beyond. As part of this process, the board undertook to run the Group in a fiscally responsible manner, in compliance with all applicable laws and regulations and in compliance with our Environmental, Social and Corporate Governance ("ESG") agenda.

Engagement with investors

Our shareholders partner with the board in reviewing and approving our business plan. In doing so, they are committed to providing the board with the resources it needs to give the highest possible likelihood of plan delivery.

Employee Engagement

Our employees are fundamental to the delivery and execution of this plan. We strive to be a responsible employer in all areas and particularly in our approach to compensation and benefits. In particular, in Kenya & Ethiopia, our pay structures fully comply with Fair Trade Africa guidelines. Providing a safe and healthy workplace for all of our employees is also a critical pillar of our business model.

The Group's policy is to consult and discuss with employees' staff councils and at meetings, matters likely to affect employee's interests. Information on matters of concern to employees is given through bulletins and reports, which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

Group Strategic Report (continued)

For the 52 week Period Ended 1 January 2022

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 (continued)

Employee Engagement (continued)

Quarterly meetings are held with employee representative groups such as Joint Consultative Committees (JCC) in the UK and Europe and with various employee representative groups (Welfare, Fairtrade, Gender committees) in Kenya. These groups are provided with updates on the business performance and events which impact on the business's performance. We have various Performance Related Pay schemes operating in the UK and Kenya which are aimed at aligning employees performance to the performance of the business.

Society and Community

Our plan takes into account the impact that the Group's operations have on the communities in which it operates. In particular, we focus on our responsibilities to our African employees and their communities. We have a robust ESG governance process that ensures that our stakeholders' (including employee representative groups, relevant non-government organisations ("NGOs") and their communities) views and interests are considered. Our ESG agenda explicitly recognises the company's intent in this regard.

As a board, our intention is to operate responsibly and to a high ethical standard. We have an active Code of Conduct that is comprehensively distributed across our employee base and to key stakeholders such as suppliers. We believe that adhering to our standards of ethical and responsible conduct is a necessary driver of delivering our business plan.

Engagement with suppliers, customers and others

The business continues to foster the company's relationships with suppliers, customers and others.
We recognise the importance of making decisions that are right for us, our suppliers and our customers.
We are in daily discussions with our customers and we also hold weekly conference calls with suppliers to discuss any upcoming matters. There are also structured supplier conferences held regularly where we discuss matters of concern to them.

This report was approved by the board on 15 June 2022 and signed on its behalf by

William John Showalter
Director

Directors' Report
For the 52 week Period Ended 1 January 2022

The directors present their report and the audited consolidated financial statements for the 52 week period ended 1 January 2022.

General information

As at the 1 January 2022 Flamingo Group International Limited, a private Limited company registered in England and Wales, was a subsidiary undertaking of Zara UK Holdco Limited, a company incorporated in the UK.

The ultimate parent undertaking and controlling party is a private equity investment fund advised by an affiliate of Sun Capital Partners, Inc. a company incorporated in the USA.

Registered office

Flamingo House
Cockerell Close
Stevenage
Hertfordshire
SG1 2NB

The Group has a number of subsidiaries outside of the UK, details of these can be found in note 11.

Principal activities

The Group's principal activities include the growing, importation, handling and distribution of flowers, premium prepared vegetables and plants to high street multiple retailers in the United Kingdom and Europe.

Future developments

The Group's strategy can be found in the Strategic Report on pages 9 – 14.

Results and dividends

The profit for the period, after taxation, amounted to £50,308k (2020: £14,619k loss).

The directors do not recommend payment of a final dividend (2020: £nil). Interim dividends of £nil were paid during the period
(2020: £nil).

Research and development

Research and development costs incurred by the Group relate to the development of new products and trials for existing customers.
During the period the Group spent £41 'k on research and development (2020: £229k).

Political and Charitable contributions

The Group made charitable donations during the period of £1k (2020: £2k). In 2021, we supported the local community in Ethiopia for an amount of £1,381k (2020:£1.315k), by providing free of charge medical services, free education to approximately 7,000 students and various other local projects.

No political donations were made during the current or prior period.

Directors' Report (continued)

For the 52 week Period Ended 1 January 2022

Post balance sheet events

There are no post balance sheet events.

Directors

The directors of the company who were in office during the period and up to the date of signing the financial statements were:

Peter Ronald Barnhoorn
William John Showalter
Giles Michael Turrell
Martin Hudson (resigned 2 March 2021)

Qualifying third party indemnity provisions

During the period and up to the date of this report, the Group maintained liability insurance and third-party indemnification provisions for its directors, under which the Group has agreed to indemnify the directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the Group.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of employees becoming disabled, every effort is made to ensure their employment with the Group continues and appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled employees should, as far as possible, be identical to that of other employees.

Financial instruments

The Group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets, other than derivatives, include trade and other receivables and cash and cash equivalents that derive directly from its operations.

Financial and risk management objectives and policies

The Group's risk management policy does not permit speculative trading in any financial instruments.

The main risks arising from the business's financial instruments are credit risk, liquidity risk, foreign currency risk and economy and market risk. The way in which these risks are managed is summarised below:

Directors' Report (continued)

For the 52 week Period Ended 1 January 2022

Credit risk

The Group aims to limit undue counterparty exposure by ensuring proper procedures are followed before starting to trade with a new customer and material on-going exposure is monitored on an ongoing basis. The procedures for establishing and monitoring credit limits are in accordance with policies as set out by the Group.

Liquidity risk

Investments in fixed assets and working capital are carefully controlled, with authorisation limits operating at different levels and with rates of return and cash payback periods applied as part of a defined investment appraisal process.

Foreign currency risk

The Group hedges some of its exposure to foreign currencies through a mixture of financial instruments, including forward contracts and participating forward contracts.

Economy and market risk

The business environment in which we operate continues to be challenging. The cut flower and vegetable markets in Europe are highly competitive and margins continue to be tight. We face strong pressure from our competitors and we are, of course, subject to consumer spending patterns and consumers' overall level of disposable income within the economy. The Group continually monitors changes in consumer behaviour and is committed to developing new and innovative products that will meet changing consumer needs and preferences.

The Group procures raw material from a diverse geographical area in order to reduce the risk of supply disruption from one particular geographical region which may be caused by adverse weather or political issues.

Emissions and energy use

		2021 UK	2020 UK
Global Green House Gas (GHG) Emissions – Location Based	a	6,568	5,575
Total Co2e (tonnes)			
Scope 1 Co2e emissions (tonnes)	b	1,660	1,429
Scope 2 Co2e emissions (tonnes) – Location Based	c	2,556	2,414
Scope 2 Co2e emissions (tonnes) – Market Based		1,756	78
Scope 3 Co2e emissions (tonnes)	d	2,352	1,732
Intensity ratio			
Total full-time employees (FTE)		1,334	1,365
Total Co2e per FTE (tonnes)		5	4
Energy consumption used to calculate above emissions (kWh)	e	18,913,593	16,297,547

(a) The methodology used to calculate the Group's GHG is the Greenhouse Gas Protocol. Emissions from the treatment of water has been omitted due to uncertainty over how water is treated in various locations globally. Location Based electricity emissions have been calculated using grid emissions factors. Market Based electricity emissions have been calculated using supplier specific emissions factors, in the absence of supplier specific emissions factors residual emissions factors by country have been applied and where not available the grid emissions factor has been applied.

(b) Scope 1 covers combustion of fuels and fugitive emissions. Total UK gas use has been taken as 363,756 kWh.

(c) Scope 2 covers emissions from electricity purchased for our own use.

Directors' Report (continued)

For the 52 week Period Ended 1 January 2022

Emissions and energy use (continued)

(d) Scope 3 covers indirect emissions from freight, business travel and waste disposal as well as emissions associated with T&D and WTT.
(e) Energy consumption is captured though energy bills and metering options throughout the different regions

Energy efficiency
In 2021, our Group carbon emission and energy use strategy has been developed and implemented through the UN Climate Neutral Now Initiative (UNFCCC), where we measure, monitor and reduce emissions in collaboration with One Carbon World. We agreed and developed a UN-offset agreement utilising voluntary carbon credits. Some of our emissions are unavoidable, for and these are off set in the voluntary carbon market. As an agricultural business, many of our carbon emissions lack academic consensus and we are collaborating with industry stakeholders in Europe through the Floriculture Product Environment Footprint Category Rules program with the EU and Floriculture sustainability.

Flamingo is developing a case study for voluntary carbon credits in the EU funded Agricapture project (Horizon 2020) where our regenerative agricultural practices help to reduce carbon emissions, we are also developing a Green Asset register across our operations in Kenya to further focus our attention and reduce our emissions. We are working with project partners to look more closely at our Scope 3 emissions with our suppliers to continue to measure and reduce carbon emissions in the supply chain. During the year the Group has invested in sustainable and energy efficiency projects - Working with the Waitrose Foundation we provided approximately 4,000 energy efficient cook stoves to the community as well as provided 2 solar cooling units to our out-grower farmers in the Mount Kenya. We continue to develop sea freight innovation, primarily on our South American flowers and produce deliveries and the development of sea freight protocols and delivery of Flowers and Produce helps to reduce carbon footprint and peak production waste.

We have continued to upgrade our cold store network and future are set for 2023 to further improve this equipment to reduce operational consumption and improved GHG equipment as upgraded newer equipment is 25% more efficient. We have also disposed of production capacity in South Africa which was fossil fuel based heating.

We have continued to focus on production of key vegetable products as a closer to home strategy and this has enabled us to move 10% of produce previously grown in Kenya to countries closer such as Morocco and Spain which is then transported by road rather than air freight. This initiative will continue into 2022 as an annual target for the business to develop.
Inclusion of electric vehicles and electric/ hybrid to the company fleet continues and all sites now have charging points for all to access. These will be continued to develop further as the vehicle numbers increase.

Disclosure of information in the strategic report

The business review and principal risks and uncertainty sections are not shown in the Directors' report, because they are shown in the strategic report instead under S414c(ii).

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, 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 period. Under that law the Directors have elected to prepare the financial statements in accordance with UK adopted International Financial Reporting Standards (IFRSs). 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 Group 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;

Directors' Report (continued)
For the 52 week Period Ended 1 January 2022

Directors' responsibilities statement (continued)

- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as each director is aware, there is no relevant audit information of which the Group's auditors are unaware, and
- the directors have taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Corporate governance

The company's statement on corporate governance can be found in the corporate governance report on pages 15 and 16 of these financial statements. The corporate governance report forms part of this directors' report and is incorporated into it by cross reference.

This report was approved by the board on 15 June 2022 and signed on its behalf by

William J Showalter

William John Showalter
Director

Corporate Governance Report

For the 52 week Period Ended 1 January 2022

The directors consider the annual report and financial statements to comply with all aspects of the Guidelines for Disclosure and transparency in Private Equity. From the 1st January 2019 the Group adhered to the Wates Corporate Principles issued as guidance for large private companies.

Wates Principle 1 – Purpose and leadership
The board has developed a 3 year strategic plan for 2022-2024, which clearly identifies the vision of the business and the individual strategic pillars required to ensure this success. Senior management within the business frequently measure and report back progress against this plan.

Wates Principle 2 – Board Composition
Our board and senior management team comprises of individual directors who have sufficient skills, background experience and knowledge to lead a business within our sector. The size and construction of the board is commensurate with an organization of our size.

Wates Principle 3 – Directors' responsibilities
Our board and senior management team have a clear understanding of their accountability and responsibilities required to lead this business, they receive regular feedback on performance and the policies of the business support effective decision making and challenge in the business.

Wates Principle 4 – Opportunity & risk
Our board and senior management team promote the long-term sustainable success of the company by conducting regular reviews to identify opportunities and establish oversight of the mitigation of risks in the long and short-term, which includes taking appropriate action.

Wates Principle 5 – Remuneration
Our board and senior management team promote executive remuneration structures aligned to the long- term sustainable success of the company. Remuneration is reviewed and benchmarked against a recognized global benchmarking system to which the company subscribes (Willis, Towers Watson).

Wates Principle 6 – Stakeholder relationships and engagement
The board and senior management team has regular meaningful engagement with the stakeholders and workforce. These include employee representative committees in the UK (JCC) and Kenya (Welfare committees).

Anti-corruption and anti-bribery matters

The directors take the matters of anti-corruption very seriously and there are stringent processes in place throughout the Group to prevent any transgressions. Communications and training courses to relevant employees takes place and the company's Anti-Bribery and corruption policy is included in the Group Code of Conduct. There is a whistle-blower policy in place in all business units.

Environmental

In 2021, our Group carbon emission and energy use strategy has been developed and implemented through the UN Climate Neutral Now Initiative (UNFCCC), where we measure, monitor and reduce emissions in collaboration with One Carbon World. We agreed and developed an UN-offset agreement utilising voluntary carbon credits. Some of our emissions are unavoidable, for and these are off set in the voluntary carbon market. As an agricultural business, many of our carbon emissions lack academic consensus and we are collaborating with industry stakeholders in Europe through the Floriculture Product Environment Footprint Category Rules program with the EU and Floriculture sustainability Initiative.

Corporate Governance Report

For the 52 week Period Ended 1 January 2022

Environmental (continued)

Flamingo is developing a case study for voluntary carbon credits in the EU funded Agri capture project (Horizon 2020) where our regenerative agricultural practices help to reduce carbon emissions. We are also developing a Green Asset register across our operations in Kenya to further focus our attention and reduce our total emissions. We are working with project partners to look more closely at our Scope 3 emissions with our suppliers to continue to measure and reduce carbon emissions in the supply chain. During the year the Group has invested in sustainable and energy efficiency projects Working with the Waitrose Foundation we provided approximately 4,000 energy efficient cook stoves to the community as well as provided 2 solar cooling units to our out-grower farmers in the Mount Kenya. We continue to develop sea freight innovation in Kenya through our vertical integrated model and also primarily on our South American flowers and produce deliveries and the development of sea freight protocols and delivery of Flowers and Produce helps to reduce carbon footprint with more efficient supply routes.

We have continued to upgrade our cold store network and with high level investment on new state of the art facilities in Flamingo Kenya and plans are set for UK 2023 to further improve this equipment to reduce operational consumption and improved GHG equipment as upgraded newer equipment is 25% more efficient. We have also disposed of production capacity in South Africa which was mainly fossil fuel source of heating. This production has moved to Kenya with green energy source and reduce need for heating.

We have continued our strategy to focus on production of key vegetable products as a closer to home strategy and this has enabled us to move 10% of produce previously grown in Kenya to countries closer such as Morocco and Spain which is then transported by road rather than air freight. This initiative will continue into 2023 as an annual target for the business to develop.

We have maintained our commitment to our communities in 2021 with over 16000 children being sponsored for education support and we also offered all members of our staff free Covid vaccinations. Our commitment to supporting Fairtrade and the wider community programs such as food waste reduction schemes for school meals for children will be a renewed focus for 2023.

Inclusion of electric vehicles and electric/ hybrid to the company fleet continues and all sites now have charging points for all to access. These will be continued to develop further as the vehicle numbers increase.

Employees

The Group is committed to ensuring that employment is based on equal opportunity for all employees irrespective of gender, sexual orientation, race, ethnicity, disability, martial-status, religion or age. Further information of the engagement of employees can be found in the Director's report.

The Company produces Gender Pay Analysis for UK companies and complies with statutory reporting in the UK.

Pension arrangements

The Group operates defined contributions pension schemes for its employees, as detailed in note 29. The Company complies with its obligations under Auto Enrolment in the UK.

Flamingo Group International Limited

Corporate Social responsibility

For the 52 week Period Ended 1 January 2022

Flamingo Group International Limited is headquartered in the UK and is a vertically integrated horticultural agribusiness that cultivates, processes, packages, markets, and distributes cut flowers and plants and premium freshly prepared vegetables. Over 23,000 people owe their livelihoods to Flamingo Group International Limited, and it is the largest vertically integrated, value added producer and exporter of fresh produce and flowers to the EU and UK.

Farming sustainably and responsibly has been a core commitment throughout our operations and has been further developed as the business has expanded to work with other producers around the world. As an agricultural business we are intimately linked to the natural environment and we understand the volatility, uncertainty, complex and ambiguous factors affecting both our and our partners operations. We have pioneered the development of environmentally intelligent farming solutions and taken an active participation in leading the industry in Environmental and Social programs in the regions and countries in which we operate. Our ESG commitments are centred around the 17 UN Sustainable development goals and key to our values are our social development and educational programs.

Flamingo Group International Limited recognises the challenges on the Future of Food and Farming and the drivers of change affecting farming, the Fifth and Sixth Assessment Report of the Intergovernmental Panel on Climate Change ("IPCC") as well as the UN Sustainable Development goals to promote sustainable agriculture. Flamingo Horticulture are active members of Friends of Champions 12.3 commitment to global food waste. All our global farming activity is externally audited to the highest industry standards such as Fairtrade, Kenya Flower Council, MPS-A, Global-GAP and we are active members of the Ethical Trade Initiative, Floriculture Sustainability Initiative 2025 and LEAF.

Competition for key resources such as water, natural resource depletion, changes in the size and nature of per capita demand and climate change are other factors causing concern currently. Clearly, sustainable practices which safeguard our environment are essential to protect the future of generations to come. Flamingo Group International Limited has made sure that this responsibility to future generations is reflected and understood throughout the company, and covers all areas of the business, at all levels. This commitment to a sustainable future has remained consistent throughout the businesses and develops and influences the decisions we take. We have successfully completed stage 1 of our journey to full carbon neutrality with One Carbon World and Climate neutral now we are effectively carbon neutral on all our vertically integrated operations from Kenya, Ethiopia and UK operations.
Our sustainability strategy outlines our commitments and values for a sustainable future and the steps necessary to implement it
Our Farming- responsible use of water our soils and environmentally intelligent farming
Our People- enhancing livelihoods, training and developing careers, safety and support
Our customers - quality, innovation, integrity, insight everyday
Our community - supporting education, health and environment in and around our businesses
Our Stakeholders- long term value growth through vertically integrated profitable agribusiness solutions with excellent social governance

The Group operates a Code of Conduct which is available to all employees within the business that includes specific policy and guidance on how the group conducts itself. In addition to this there is an annual Modern Slavery statement which is updated and published on an annual basis via the Group's website (https://flamingo.net/sustainability/). The Group works with 3rd party shareholders i.e. Fairtrade which audits farms and factory sites, which include direct interviews with staff on a wide range of matters including treatment in the workplace and adherence to H&S and human rights standards.

We seek to develop our understanding of the political, social and environmental issues that affect us to better inform our decision making. Our vision is one where our business and the communities where we operate both thrive in a future that is sustainable and that we are making a difference in horticulture every day.

FAIRTRADE

Ethical Trading Initiative

Member

Independent auditors' report to the members of Flamingo Group International Limited

Report on the audit of the financial statements

Opinion

In our opinion, Flamingo Group International Limited's group financial statements and company financial statements (the "financial statements"):

* give a true and fair view of the state of the group's and of the company's affairs as at 1 January 2022 and of the group's profit and the group's and company's cash flows for the 52 week period then ended;
* have been properly prepared in accordance with UK-adopted international accounting standards; and
* have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated Statement of Financial Position and the Company Statement of Financial Position as at 1 January 2022; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the Company Statement of Cash Flows for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 and 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.

Conclusions relating to going concern

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 and 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Independent auditors' report to the members of Flamingo Group International Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the period ended 1 January 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 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 an auditors' 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

Independent auditors' report to the members of Flamingo Group International Limited (continued)

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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and Corporate Tax Legislation, and we considered the extent to which non compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate accounting entries to manipulate financial results and management bias in accounting estimates, including the manipulation of company information to be provided to the banks in relation to debt covenants within the group. Audit procedures performed by the engagement team included:

* Discussion with management including consideration of known or suspected instances of non compliance with laws and regulations or fraud;
* Challenging assumptions and judgements made by management in their significant accounting estimates and judgements, in particular in relation to the impairment of goodwill and indefinite life intangible assets and estimated, biological assets and defined benefit pension obligations;
* Risk based testing of journal entries;
* Testing debt covenants to ensure compliance with the related facilities agreement
* Reviewing the disclosures in the Directors' Reports and Financial Statements against the specific legal requirements; and
* Review of board minutes for consideration of known or suspected instances of non-compliance with laws and regulations or fraud.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

Independent auditors' report to the members of Flamingo Group International Limited (continued)

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

We have no exceptions to report arising from this responsibility.

David Beer (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
16 June 2022

Flamingo Group International Limited

Consolidated Statement of Comprehensive Income

For the 52 week Period Ended 1 January 2022

	Note	52 weeks ended 1 January 2022 £'000	Restated* 53 weeks ended 2 January 2021 £'000
Continuing operations			
Revenue	4	699,205	608,126
Cost of sales		(551,334)	(464,429)
Gross profit		147,871	143,697
Administrative expenses		(105,931)	(113,895)
Gain on sale of assets held for sale	34	14,739	
Other operating income	7	4,116	3,023
Fair value movements	5	5,789	(3,669)
Operating profit	5	66,584	29,156
Finance costs	9	(2,128)	(30,658)
Profit/(loss) before taxation		64,456	(1,502)
Taxation	10	(9,095)	(6,349)
Profit/(loss) from continuing operations		55,361	(7,851)
Loss from discontinued operations	34	(5,053)	(6,768)
Profit/(loss) for the period		50,308	(14,619)
Other comprehensive income – items that will not be reclassified subsequently to profit/(loss):			
Actuarial gain on defined benefit pension scheme	29	193	173
Deferred tax on actuarial gain on defined benefit pension scheme		(37)	
Other comprehensive loss – items that may subsequently be reclassified to profit/(loss):			
Foreign exchange losses on consolidation		(16,833)	(14,897)
Total other comprehensive loss for the financial period		(16,677)	(14,724)
Total comprehensive income/(loss) for the financial period		33,631	(29,343)

Flamingo Group International Limited

Consolidated Statement of Comprehensive Income

For the 52 week Period Ended 1 January 2022

	52 weeks ended 1 January 2022 £'000	Restated 53 weeks ended 2 January 2021 £'000
Allocation of profit/(loss) for the period:		
Non controlling interests	(2)	314
Owners of the parent company	50,310	(14,933)
	50,308	(14,619)
Allocation of total comprehensive income/(loss) for the period:		
Non-controlling interests	(2)	314
Owners of the parent company	33,633	(29,657)
	33,631	(29,343)
Total comprehensive income/(loss) for the period *attributable to the owners arises from:*		
Continuing operations	38,686	(22,889)
Discontinued operations	(5,053)	(6,768)
	33,633	(29,657)

* The period ending 2 January 2021 has been restated see note 2.28.

The period ending 2 January 2021 has also been changed to reclassify F.V. SeleQt BV and the pest management stream of Flamingo Horticulture Kenya Limited as discontinued.

Consolidated Statement of Financial Position

As at 1 January 2022

	Note(s)	1 January 2022 £'000	Restated 2 January 2021 £'000	Restated 29 December 2019
Assets				
Non-current assets				
Intangible assets - other	13	111,124	127,742	132,601
Intangible assets – goodwill	13	63,492	59,716	59,716
Property, plant and equipment	14	148,401	132,637	157,870
Trade and other receivables	17	726	700	527
Deferred tax assets	10	492	-	-
		324,235	320,795	350,714
Current assets				
Biological assets	15	14,331	12,020	11,825
Inventory	16	41,354	22,891	22,134
Trade and other receivables	17	85,892	84,056	67,880
Derivative financial instruments	23	1,328	494	
Current tax assets		-	-	2,515
Cash and cash equivalents	18	43,742	42,914	29,207
		186,647	162,375	133,561
Assets classified as held for sale	20,34	-	8,576	-
		186,647	170,951	133,561
Current liabilities				
Trade and other payables *	19	(112,810)	(112,983)	(80,390)
Borrowings	21	(14,840)	(22,643)	(20,800)
Lease liabilities	22	(3,670)	(3,096)	(3,217)
Current tax liability		(930)	(389)	-
Derivative financial instruments	23	-	(5,010)	(856)
		(132,250)	(144,121)	(105,263)
Liabilities directly associated with assets classified as held for sale	20,34	-	(1,709)	-
		(132,250)	(145,830)	(105,263)
Net current assets		54,397	25,121	28,294
Total assets less current liabilities		378,632	345,916	379,012
Non-current liabilities				
Pension obligations	29	(1,772)	(1,330)	(1,521)
Borrowings	21	(234,956)	(244,412)	(249,154)
Lease liabilities	22	(26,241)	(21,127)	(23,370)
Deferred tax liabilities	10	(48,406)	(47,760)	(47,647)
Trade and other payables	19	-	(228)	(342)
Provisions	24	(200)	-	-
		(311,575)	(314,857)	(322,034)
Net assets		67,057	31,059	56,978

Consolidated Statement of Financial Position

As at 1 January 2022

	Note	1 January 2022 £'000	Restated 2 January 2021 £'000	Restated 29 December 2019
Equity				
Share capital	30	209	209	209
Share premium reserve	2.21	57,089	57,089	57,089
Foreign exchange reserve	2.21	(29,912)	(13,079)	1,818
Capital contribution reserve *	2.21	13,185	10,818	7,394
Retained earnings/(Accumulated losses) *	2.21	26,134	(24,332)	(9,572)
Equity attributable to owners of the parent company		66,705	30,705	56,938
Non-controlling interests		352	354	40
Total equity		67,057	31,059	56,978

* 2 January 2021 and 29 December 2019 have been restated see note 2.28.

The financial statements on pages 22 to 96 were approved by the Board of Directors on 15 June 2022 and signed on its behalf by:

William John Showalter
Director
Company registration number: 09772068

Flamingo Group International Limited

Company Statement of Financial Position
As at 1 January 2022

	Note	1 January 2022 £'000	2 January 2021 £'000
Assets			
Non-current assets			
Investments	11	156,822	152,141
		156,822	152,141
Current assets			
Other receivables	17	110,053	129,480
Cash and cash equivalents	18	802	3,195
		110,855	132,675
Current liabilities			
Borrowings	21	(10,915)	(22,643)
Trade and other payables	19	(24,119)	(23,946)
Current tax liabilities		-	(434)
		(35,034)	(47,023)
Net current assets		75,821	85,652
Non-Current liabilities			
Borrowings	21	(230,500)	(244,412)
		(230,500)	(244,412)
Net assets/(liabilities)		2,143	(6,619)
Equity			
Share capital	30	209	209
Share premium reserve	2.21	57,089	57,089
Accumulated losses	2.21	(55,155)	(63,917)
Total equity		2,143	(6,619)

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own Statement of Comprehensive Income. The profit for the period included in the financial statements of the Company was £17,409k (2020: £10,435k loss).

The financial statements on pages 22 to 96 were approved by the Board of Directors on 15 June 2022 and signed on its behalf by:

William J Showalter

William John Showalter
Director
Company registration number: 09772068

Consolidated Statement of Changes in Equity
For the 52 week Period Ended 1 January 2022

	Share capital £'000	Share premium reserve £'000	Foreign exchange reserve £'000	Capital Contribution reserve £'000	(Accumulated losses)/ Retained earnings £'000	Equity attributable to owners of the parent £'000	Non-controlling interest £'000	Total £'000
Note	30	30						
Balance at 3 January 2021 – restated *	209	57,089	(13,079)	10,818	(24,332)	**30,705**	354	**31,059**
Profit/(loss) for the period	-	-	-	-	50,310	**50,310**	(2)	**50,308**
Foreign exchange reserve movement in the period	-	-	(16,833)	-	-	**(16,833)**	-	**(16,833)**
Actuarial gain on defined benefit pension scheme	-	-	-	-	156	**156**	-	**156**
Total comprehensive income/(loss) for the period	**-**	**-**	**(16,833)**	**-**	**50,466**	**33,633**	(2)	**33,631**
Transactions with owners								
Issue of shares	-	-		-	-	**-**	-	**-**
Share based payments	-	-	-	2,367		**2,367**	-	**2,367**
Total movement recognised in equity	-	-	-	2,367	-	**2,367**	-	**2,367**
Balance at 1 January 2022	**209**	**57,089**	**(29,912)**	**13,185**	**26,134**	**66,705**	352	**67,057**

* See note 2.28

Consolidated Statement of Changes in Equity
For the 53 week Period Ended 2 January 2021

Restated

	Share capital £'000	Share premium reserve £'000	Foreign exchange reserve £'000	Capital Contribution reserve £'000	Accumulated losses £'000	Equity attributable to owners of the parent £'000	Non-controlling interest £'000	Total £'000
Note	30	30						
Balance at 29 December 2019	209	57,089	1,818	2,198	(4,376)	**56,938**	40	**56,978**
Restatement *		-	-	5,196	(5,196)	-	-	-
Restated balance as 29 December 2019	209	57,089	1,818	7,394	(9,572)	**56,938**	40	**56,978**
(Loss)/profit for the period	-	-		-	(10,524)	**(10,524)**	314	**(10,210)**
Restatement *	-	-	-	-	(4,409)	**(4,409)**	-	**(4,409)**
Foreign exchange reserve movement in the period	-	-	(14,897)	-	-	**(14,897)**	-	**(14,897)**
Actuarial gain on defined benefit pension scheme	-		-	-	173	**173**	-	**173**
Total comprehensive (loss)/income for the period	-	-	**(14,897)**	-	**(14,760)**	(29,657)	314	(29,343)
Transactions with owners								
Share-based payments	-	-	-	3,424	-	**3,424**	-	**3,424**
Total movement recognised in equity	-	-	-	3,424	-	**3,424**	-	**3,424**
Balance at 2 January 2021	**209**	**57,089**	**(13,079)**	**10,818**	**(24,332)**	**30,705**	354	**31,059**

* See note 2.28.

Company Statement of Changes in Equity

For the 52 week Period Ended 1 January 2022

	Share capital £'000	Share premium reserve £'000	Accumulated losses £'000	Total £'000
Note	30	30		
Balance at 3 January 2021	209	57,089	(63,917)	(6,619)
Profit for the period	-	-	17,409	17,409
Other comprehensive loss	-	-	(8,647)	(8,647)
Total comprehensive profit for the period	-	-	8,762	8,762
Transactions with owners				
Shares issued during the period	-	-	-	-
Total movement recognised in equity	-			
Balance at 1 January 2022	**209**	**57,089**	**(55,155)**	**2,143**

For the 53 week Period Ended 2 January 2021

	Share capital £'000	Share premium reserve £'000	Accumulated losses £'000	Total £'000
Note	30	30		
Balance at 29 December 2019	209	57,089	(48,518)	8,780
Loss for the period	-	-	(10,435)	(10,435)
Other comprehensive loss	-	-	(4,964)	(4,964)
Total comprehensive loss for the period	-	-	(15,399)	(15,399)
Transactions with owners				
Shares issued during the period	-	-		
Total movement recognised in equity		-	-	
Balance at 2 January 2021	**209**	**57,089**	**(63,917)**	**(6,619)**

Flamingo Group International Limited

Consolidated Statement of Cash Flows

For the 52 week Period Ended 1 January 2022

	Note	52 weeks ended 1 January 2022	Restated 53 weeks ended 2 January 2021
		£'000	£'000
Cashflows from operating activities			
Profit/(loss) for the financial period		50,308	(14,619)
Other operating income		-	1,713
Depreciation	14	17,172	18,381
Amortisation and impairment of intangible assets	13	11,409	11,280
Impairment of assets held for sale		-	3,442
Share based payment expense		2,367	3,424
Taxation charge	10	9,095	6,349
Fair value movements	5	(5,789)	3,669
Finance costs	9	2,128	30,738
(Increase)/decrease in biological assets		(2,703)	1,847
Increase in inventory		(18,316)	(566)
Increase in trade and other receivables		(4,053)	(5,095)
Increase in trade and other payables		639	15,248
Increase in assets held for sale	20	-	(1,028)
Increase in liabilities associated with assets held for sale	20		62
Increase in pension liability	29	257	35
Corporation tax paid		(12,734)	(3,854)
Gain on the sale of assets held for sale	34	(14,740)	-
(Gain)/loss on disposals of assets		(641)	352
Net cash inflow from operating activities		**34,399**	**71,378**
Cash flow from investing activities			
Payment for acquisition of subsidiary, net of cash acquired	35	(8,184)	-
Purchase of intangibles		(1,948)	(1,263)
Purchase of property, plant and equipment		(17,648)	(13,660)
Disposals of property, plant and equipment		1,258	82
Proceeds from sale of discontinued operations	34	25,154	-
Net cash outflow from investing activities		**(1,368)**	**(14,841)**
Net cash flow from financing activities			
Proceeds from borrowings		11,832	8,263
Payments for right-of-use assets	22	(4,935)	(4,280)
Repayment of bank loan	33	(22,643)	(23,800)
Interest paid		(14,326)	(22,843)
Net cash outflow from financing activities		**(30,072)**	**(42,660)**
Net increase in cash and cash equivalents		**2,959**	**13,877**
Cash and cash equivalents at beginning of financial period	18	42,914	29,207
Effect of foreign exchange rate changes		(2,131)	(170)
Cash and cash equivalents at end of financial period	18	**43,742**	**42,914**

Company Statement of Cash Flows

For the 52 week Period Ended 1 January 2022

	Note	52 weeks ended 1 January 2022 £'000	53 weeks ended 2 January 2021 £'000
Cashflows from operating activities			
Profit/(loss) for the financial period		17,409	(10,435)
Finance (income)/costs		(6,428)	10,210
Tax charge/(credit)		514	(1,345)
Foreign exchange		837	-
Gain on the sale of assets held for sale		(15,259)	-
(Decrease)/increase in trade and other payables	19	(777)	15,616
Net cash (outflow)/inflow from operating activities		(3,704)	14,046
Net cash flow from investing activities			
Interest received		7,830	8,079
Decrease in trade and other receivables	17	14,241	18,969
Proceeds on the sale of assets held for sale		15,259	-
Investments acquired		(9,008)	-
Net cash inflow from investing activities		28,322	27,048
Net cash flow from financing activities			
Interest paid		(15,470)	(23,279)
Repayment of loan	33	(22,643)	(23,800)
Loans received	33	11,102	8,263
Net cash outflow from financing activities		(27,011)	(38,816)
Net (decrease)/increase in cash and cash equivalents		(2,393)	2,278
Cash and cash equivalents at beginning of financial period	18	3,195	917
Cash and cash equivalents at end of financial period	18	**802**	**3,195**

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

1. General information

Flamingo Group International Limited and is a private company limited by shares, incorporated with the Registrar of Companies for England. The Company's registered address is as follows: Flamingo House, Cockerell Close, Stevenage, Hertfordshire, SG1 2NB.

2. Principal accounting policies

This note provides a list of significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied in all the periods presented, unless otherwise stated.

2.1 Basis of preparation

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted International Accounting Standards in its company financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework. The financial statements of the Group have been prepared in accordance with UK adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards except for derivative financial instruments and Biological assets that have been measured at fair value.

Accounting policies have been applied consistently. No new accounting standards have been adopted in the period. The financial statements are presented in GBP (£) and have been presented in round thousands (£'000).

2.2 International Financial Reporting Standards in issue but not yet effective

At the date of authorisation of these financial statements, certain new standards, amendment and interpretations to existing standards have been publishing by the IASB but are not yet effective and have not been applied early by the Group.

Management anticipates that the following pronouncements relevant to the Group's operation will be adopted in accounting policies for the first period beginning after the effective date of the pronouncement, once adopted by the EU:

- IFRS 17 insurance contracts (issued in May 2017 and originally effective for periods beginning on or after 1 January 2021 but now extended to 1 January 2023)

2.3 Basis of consolidation

The Consolidated Financial Statements incorporate the results of Flamingo Group International Limited ("the Company") and entities controlled by the Company (its subsidiaries).

A subsidiary is a company controlled directly by the Group. Control is achieved where the Group has the power over the investee, rights to variable returns and the ability to use the power to affect the investee's returns.

Income and expenses of subsidiaries acquired during the period are included in the Consolidated Statement of Comprehensive Income from the effective date of control. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the parent company.

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

2. Principal accounting policies (continued)

2.3 *Basis of consolidation (continued)*

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in the Statement of Comprehensive Income immediately.

Non-controlling interests are measured initially at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Statement of Comprehensive Income in these financial statements. The parent company's profit for the period was £17,409k (2020: loss of £10,435k).

Acquisition-related costs are expensed as incurred.
All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

2.4 Going concern

In preparing these financial statements, the directors have assessed the ability of the Group and parent company to continue to operate for a period of not less than 12 months from the date of signature of these financial statements.

The Group's 2022 budget, approved by the Flamingo Group International Limited ("FGIL") board, demonstrates management's expectation that FGIL will continue to grow profitably, generate surplus liquidity and remain solvent throughout the three year (2022-2024) budget period. Through the first 3 months of the period ("Q1"), the group traded behind budget in terms of sales, EBITDA and cash generation but still ahead of prior year in terms of EBITDA. The Group's Q1 reforecast confirms an expectation that the period will finish ahead of prior year across all three metrics albeit adverse to plan. The businesses actual and forecast results show significant headroom compared to our lending covenants (the long-term loan matures in February 2025 and the short-term loan matures in February 2024). The Group finished the period at 2.75 x leverage (versus the lending covenant of 5.95x) and current projections are that 2022 will finish at 2.5x. As part of the prior period's Going Concern assessment the board modelled a number of sensitivities around farm shutdowns and supply chain disruptions to determine if the Group's liquidity was at risk or the Group's debt covenants could foreseeably be in danger of breach. During this evaluation, the board concluded that the level of foreseeable risk did not put the Group's liquidity position in jeopardy. On the basis that the financial performance and position of the Group has improved since that time, and the fact that the Board do not assess that liquidity or operating risks have increased, the Board feel that the conclusions from last period's risk assessment remain valid.

As is seen in these financial statements, sales and EBITDA for the Group were ahead of last period as is indicative of how we have traded during periods of lockdown. Further, once the initial and temporary supply chain disruption of the first lockdown was absorbed, all businesses benefited from increased sales as the period progressed. Our customers consider our products to be consumer staples and additionally the Group has benefited from recent consumer trends such as the increase in in-home dining.

It is also worth noting that the board actively monitors the trading results and profitability of all business units and actively works to divest any entity that does achieve the board's expected performance levels or meet its strategic expectations (note three divestitures executed in 2021).

Finally, the board does not believe that there are any contingent liabilities that could adversely impact the company's ability to function as a going concern.

2. Principal accounting policies (continued)

2.4 Going concern (continued)

It is the directors' view that, based on forward looking profit and cash generation projections, the performance of the business the channels in which we trade and products which we sell, that FGIL will remain a viable, solvent business for the foreseeable future.

2.5 Revenue

Revenue is recognised when performance obligations are met.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations.
5. Recognising revenue when/as performance obligation(s) are satisfied.

The Group enters into transactions involving a range of the Groups products and services, for example the delivery of flowers, plants and produce.

Revenue is recognised at the point in time when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Variable consideration is accounted for using the most likely outcome method.

Flowers

Revenue from the sale of flowers is recognised on delivery.
Sales are predominantly on a business to-business basis although in some cases delivery is direct to the end customer. With business to customer sales the contract is still with the business customer, not the end consumer.
Revenue from auction sales is recognised at the point of sale (auction date).

There are rebate arrangements in place with major customers. Rebates arrangements set volume levels which need to be reached in order for rebates to be given. These rebates are accounted for in line with variable revenue. As these payments are inseparable from the sale of goods it is deducted from revenue in the periods to which it relates.

Plants

Revenue from the sale of plants is recognised on delivery of the product.
Sales are predominantly on a business to-business basis although in some cases delivery is direct to the end customer. With business to customer sales the contract is still with the business customer, not the end consumer.

There are rebate arrangements in place with major customers. Rebates arrangements set volume levels which need to be reached in order for rebates to be given. These rebates are accounted for in line with variable revenue. As these payments are inseparable from the sale of goods it is deducted from revenue in the periods to which it relates.

Produce

Revenue from the sale of produce is recognised on delivery.

There are rebate arrangements in place with major customers. Rebates arrangements set volume levels which need to be reached in order for rebates to be given. These rebates are accounted for in line with variable revenue. As these payments are inseparable from the sale of goods it is deducted from revenue in the periods to which it relates.

Notes to the Consolidated Financial Statements
For the 52 week Period Ended 1 January 2022

2. Principal accounting policies (continued)

2.5 Revenue (continued)

Other Income
Other income mainly comprises logistical and medical services provided to third parties. Income is recognised when the services are actually provided.

2.6 Finance income and costs

Interest income and expense is recognised using the effective interest method which calculates the amortised cost of a financial asset or liability and allocates the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the net carrying amount of the financial asset or liability.

2.7 Goodwill

Goodwill represents the future economic benefits arising from business combinations which are not individually identified and separately recognised.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to the Consolidated Statement of Comprehensive Income. Goodwill is carried at cost less accumulated impairment losses.

2.8 Intangible assets other than goodwill

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. The amounts ascribed to such intangibles are arrived at using appropriate valuation techniques.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by prospectively changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in administrative expenses.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Statement of Comprehensive Income when the asset is derecognised.

Amortisation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Intangible asset	Useful life	Valuation method
Customer relationships	9 – 16 years	Estimated discounted cash flow
Trade names	3 – 20 years	Estimated discounted cash flow
Licences	5 years	Estimated discounted cash flow
Software	2.5 years	Historical cost

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

2. Principal accounting policies (continued)

2.9 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation less any recognised impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of these items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the costs can be measured reliably. All other costs, including repairs and maintenance costs, are charged to the Consolidated Statement of Comprehensive Income in the period in which they are incurred.

Depreciation is provided on all property, plant and equipment and is calculated on a straight-line basis as follows:

Land and buildings	Over the period of the lease or 2% to 10% straight line
Plant and machinery	Over the period of the lease or 10% to 20% straight line

Depreciation is provided on cost less residual value. The residual value, depreciation methods and useful lives are annually reassessed. Land is not depreciated.

Each asset's estimated useful life has been assessed with regard to its own physical life limitations and to possible future variations in those assessments. Estimates of remaining useful lives are made on a regular basis for all machinery and equipment, with annual reassessments for major items. Changes in estimates are accounted for prospectively.

The gain or loss arising on disposal or scrapping of an asset is determined as the difference between the sales proceeds, net of selling costs, and the carrying amount of the asset and is recognised in the Consolidated Statement of Comprehensive Income.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income to bring the carrying amount in line with the recoverable amount. In the case of right of use assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Bearer Plants are measured at cost and disclosed under the IAS 16 standard. Bearer Plants are depreciated over the life of asset, between 5-7 years depending on rose variety.

A bearer plant is defined as a plant that:

- is used in the production or supply of agricultural produce;
- is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce, except for scrap sale.

2.10 Impairment of non-financial assets including goodwill

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination. Each unit to which goodwill is allocated represents the lowest level within the group that independent cash flows are monitored.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired.

2. Principal accounting policies (continued)

2.10 *Impairment of non-financial assets including goodwill (continued)*

At each reporting date the directors review the carrying amounts of the Group's non-current assets, including goodwill, 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 the asset does not generate cash flows that are independent from other assets, the directors estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal 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. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

An impairment loss is recognised as an expense immediately.

An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where an impairment loss on other non-financial assets subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognised in the Consolidated Statement of Comprehensive Income immediately.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less from inception.

2.12 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

2. Principal accounting policies (continued)

2.12 Non-current assets (or disposal groups) held for sale and discontinued operations (continued)

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The cost of cut flowers transferred from biological assets is its fair value less estimated point-of-sale cost at date of harvest.

2.14 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.
Financial assets are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the Group does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the Groups business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit and loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within admin expenses.

Other financial assets and financial liabilities are measured subsequently as described below.

Notes to the Consolidated Financial Statements
For the 52 week Period Ended 1 January 2022

2. Principal accounting policies (continued)

2.14 Financial instruments (continued)

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions and are not designated as FVTPL:
- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit of loss (FVTPL)

Financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category.

Assets in this category are measured at fair value and gains or losses recognised in profit or loss. The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependant on the Group first identifying a credit loss event. Instead the group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward looking approach, a distinction is made between:
- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'),

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

2. Principal accounting policies (continued)

2.14 Financial instruments (continued)

Impairment of financial assets (continued)

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators, and forward-looking information to calculate expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to note 25 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Financial liabilities

The Group's financial liabilities include trade and other payables, deferred consideration, borrowings and derivative financial instruments

Trade and other payables and borrowings are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method ("EIR" method).

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Consolidated Statement of Comprehensive Income.

Loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the balance sheet date.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

From time to time, the long-term debt held by the Group maybe refinanced. The Group reviews whether the debt is accounted for as a modification or an extinguishment of the liability. A substantial modification should be accounted for as an extinguishment of the existing liability and the recognition of a new liability. A non-substantial modification should be accounted for as an adjustment to the existing liability. Both the quantitative and qualitative aspects of the modification are taken into account to ascertain whether the modification is substantial and these can include the change in covenants, repayment dates and the effective interest rate.

If modification accounting is adopted, the gross carrying amount of the financial instrument is recalculated as the present value of the modified contractual cash flows discounted at the original effective interest rate, adjusted for fees paid or costs incurred. If extinguishment accounting is adopted, the existing liability is de-recognised and the new or modified liability is recognised at its fair value, the gain or loss equal to the difference between the carrying value of the old liability and the fair value of the new one is recognised, any incremental costs or fees incurred and any consideration paid or received is recognised in profit or loss and a new effective interest rate for the modified liability is calculated and used in future periods.

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

2. Principal accounting policies (continued)

2.14 Financial instruments (continued)

Derivative financial instruments

Financial instruments held at fair value through profit and loss (FVTPL) include foreign currency forward contracts, commodity contracts and contingent consideration.

The forward contracts meet the definition of stand-alone derivatives. Derivative financial instruments comprise only in-the-money derivatives and are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Comprehensive Income. The fair values are determined by reference to active markets or using a valuation technique where no active market exists.

As required by the reporting framework the likelihood of meeting contingent consideration must be assessed at each reporting date in order to establish an appropriate valuation of the future obligation. All changes in fair value are recognised in the Consolidated Statement of Comprehensive Income. The fair values are determined using a valuation technique.

2.15 Foreign currency

Functional and presentation currency

The Group's functional and presentational currency is GBP.

Transactions and balances

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

Foreign operations

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

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

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than GBP are translated into GBP upon consolidation. The functional currencies of entities within the Group have remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into GBP at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into GBP at the closing rate. Income and expenses have been translated into GBP at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

2.16 Current taxation

Current taxation for each taxable entity in the Group is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the reporting date and includes adjustments to tax payable or recoverable in respect of previous periods.

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

2. Principal accounting policies (continued)

2.17 Deferred taxation

Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. No deferred tax is recognised on initial recognition of goodwill or on investment in subsidiaries. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are provided in full, and are not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the profit or loss, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority, on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.18 Short-term employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

2.19 Leases

The Group as a lessee

For any new contracts entered into, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

2. Principal accounting policies (continued)

2.19 Leases (continued)

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonable certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in substance fixed payments.

When the lease liability is remeasured , the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.
On the statement of financial position, right-of-use assets have been included in property, plant and equipment. Lease liabilities have been included as a separate financial statement line item.

2.20 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, its is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

2.21 Equity and dividends

Equity comprises the following:

- Share capital – represents the nominal value of equity shares issued.
- Share premium reserve – included any premiums received on issue of share capital. Any transaction costs associated with the issue of shares are deducted from share premium.
- Retained earnings – represents the accumulated profits and losses attributable to equity shareholders.
- Foreign exchange reserve – represents foreign exchange differences arising from the translation of financial statements of the Group's foreign entities into GBP (£).
- Capital contribution reverse - arises from the issue of equity based share options for certain employees and directors within the Group via a group share option scheme.

All transactions with owners of the parent company are recorded separately within equity.

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

2. Principal accounting policies (continued)

2.22 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic phase only.

2.23 Post-employment benefits

Defined contribution plans

The Group operates defined contribution schemes for all qualifying employees. Contributions paid into the schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

Kenyan Gratuity Scheme

Entitlements for employees in Kenya to gratuity are assessed using the projected unit credit method. Under this method the cost of providing gratuity is charged to the Statement of Comprehensive Income so as to spread the regular cost over the service lives of employees in accordance with advice of actuaries who carry out a full valuation of the plan every three years. The gratuity obligation is measured as the present value of the estimated future cash outflows by applying the discount rate used to measure the obligation at the beginning of the annual period to the then net liability, adjusted for any charges in the period. Any actuarial gains and losses are recognised in other comprehensive income. Net interest expense and other expenses related to the gratuity agreement are recognised in the Statement of Comprehensive Income.

Ethiopian Severance Benefit

Employees in Ethiopia are entitled to a severance benefit. The cost of providing this benefit is charged to the Statement of Comprehensive Income. The liability is measured as the present value of estimated future cash outflows by applying a discount rate and is determined based on an actuarial calculation taking into account the composition of the workforce (age, start date, salaries and expected resignations), mortality tables and expected salary increases.

2.24 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Consolidated Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

The prior year share based payment expense has been restated details in note 2.28

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

2. Principal accounting policies (continued)

2.25 Biological assets

Biological assets are held for the production of freshly cut flowers, plants and produce for distribution.

An entity shall recognise a biological asset or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the entity; and
- the fair value or cost of the asset can be measured reliably.

Biological assets are measured at their fair value less estimated costs to sell, with any change therein recognised in profit or loss. Costs to sell include all costs that would be necessary to sell the assets, including transportation costs. Cut flowers are transferred to inventory at its fair value less estimated costs to sell at the date of harvest.

2.26 Investments

Investments in subsidiary undertakings are stated in the Statement of Financial Position of the Company at cost less impairment written off.

2.27 Capital management

Full details of the Group and Companies capital management are contained in note 27.

2.28 Prior year restatement

The period ending 2 January 2021 has been restated to correct errors relating to share-based payments;

- the company valuation used previously to value the share based payments was incorrect resulting in an increased share-based payment expense.
- Under accrual for national insurance ("NI") on the D shares:

These errors resulted in the following changes:

Consolidated Statement of Comprehensive Income:

	53 weeks ended 2 January 2021 £'000	Increase in share-based payment expense	Increase in NI accrual	Restated 53 weeks ended 2 January 2021 £'000
Administrative expenses	(109,486)	(4,033)	(376)	(113,895)

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

2. Principal accounting policies (continued)

2.28 Prior year restatement (continued)

Statement of financial position:

	28 December 2019 £'000	Share-based payment	NI accrual	Restated 28 December 2019 £'000
Capital contribution reserve	2,198	5,196	-	7,394
Retained earnings/(accumulated losses)	(4,376)	(5,196)		(9,572)

	2 January 2021 £'000	Prior year share-based payment adjustment	Current year share-based payment	NI accrual	Restated 2 January 2021 £'000
Trade and other payables	(112,607)	-	-	(376)	(112,983)
Capital contribution reserve	1,589	5,196	4,033	-	10,818
Retained earnings/(accumulated losses)	(14,727)	(5,196)	(4,033)	(376)	(24,332)

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Assumptions and accounting estimates are subject to regular review. Any revisions required to accounting estimates are recognised in the period in which the revisions are made including all future periods affected.

The following are the significant estimates and/or judgements used in applying the accounting policies of the Group that have the most significant effect on the financial statements:

Estimates

- Biological assets – the estimate of the fair value of growing crops at the reporting date is based on the estimated yields and the estimated percentage of completion of biological transformation as calculated by management. In most cases the crops are sold at the predetermined estimated prices less the subsequent costs to sell, up to and including harvesting costs which are reasonably predictable. The sensitivity analysis on biological assets is that a 1% quantity increase/decrease would impact the results by £143k (2020: £120k), further details in note 25.

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Estimates (continued)

- The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of high-quality corporate bonds in the respective currency, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates. The sensitivity analysis on defined pension scheme plans is that a 1% change in discount rate would impact the results by £239k (2020:£242k) for further information on the estimation uncertainty at the end of the reporting period refer to note 29.

- Impairment review of intangible assets requires an estimation with respect to the discount rate, growth rates and components of forecast cash flows. If revenue in the forecast period was to decrease by 1% it would result in a reduction of headroom of £11,583k (2020:£15,540k). If WACC in the forecast period was to increase by 1% it would result in a reduction of headroom of £31,099k (2020:£33,906k).

Judgements

- The useful life of plant and machinery is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements. If the useful like of plant and machinery reduced by 1 year the impact to the results would be increased depreciation of £738k (2020: £702k).

- Deferred Tax assets are recognised by the Group to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. This requires management to estimate the future taxable income which is based on a forecast cashflow from operations and the application of existing tax laws in each jurisdiction. If the deferred tax rates reduced by 1% the impact to the results would be a decrease in tax of £1,640k (2020: £1,756k).

- Judgement is required in assessing whether break or extension clauses within the leases will be taken by the Group. Break clauses have been assumed not to be taken unless otherwise specifically identified as a proactive management decision.

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

4. Revenue

Revenue is all derived from continuing operations.
Analysis of revenue by category:

	52 weeks ended 1 January 2022 £'000	53 weeks ended 2 January 2021 £'000
Sale of flowers	479,606	405,978
Sale of fresh produce	160,116	157,349
Sale of plants	59,483	44,799
	699,205	608,126

Analysis of revenue by geographical area:

	52 weeks ended 1 January 2022 £'000	53 weeks ended 2 January 2021 £'000
United Kingdom	538,383	461,857
European Union	154,119	139,524
Rest of the World	6,703	6,745
	699,205	608,126

5. Operating profit

Operating profit is stated after charging/(crediting):	52 weeks ended 1 January 2022 £'000	53 weeks ended 2 January 2021 £'000
Research and development costs expensed	417	229
Depreciation of property, plant and equipment	17,172	18,381
Amortisation and impairment of intangible fixed assets	11,409	11,280
Inventory recognised in cost of sales	385,934	327,657
Stock impairment	535	1,063
(Gain)/loss on movement in fair value of financial instruments	(5,789)	3,669
Gain on movement in fair value of biological assets included in cost of sales (note 25)	(2,883)	(3,615)
Auditors' remuneration:		
- Fees payable to the company's auditors for the audit of the parent company.	13	35
- Audit of the financial statements of the company's subsidiaries	716	653
- Tax advisory services	-	80
Defined contribution costs	2,075	2,121
Defined benefit scheme current service costs	118	115

Notes to the Consolidated Financial Statements
For the 52 week Period Ended 1 January 2022

6. Material profit or loss items

The Group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group.

		52 weeks ended 1 January 2022 £'000	53 weeks ended 2 January 2021 £'000
Transformation programme (included within administrative expenses)	(a)	1,725	2,560
Legal and professional costs	(b)	3,440	427
Impairment	(c)	-	3,441
		5,165	6,428

6(a) Transformation programme
The Group has continued its transformation programme and incurred a number of transformation and restructuring costs during the period amounting to £1,725k. Last period the transformation programme incurred costs of £2,560k.

6(b) Legal and professional costs
The Group incurred legal costs in relation to the sale of business and additional merger and acquisition transactions.

6(c) Impairment
In the prior period the group impaired assets relating to the sale of Flamingo Horticulture South Africa (Pty) Limited (£2,219k), the pest management trade stream of Flamingo Horticulture Kenya Limited (Dudutech) (£998k) and I.V. SeleQt BV (£224k) in accordance with IFRS 5 Non-current assets held for sale and discontinued operations.

7. Other operating income

	52 weeks ended 1 January 2022 £'000	53 weeks ended 2 January 2021 £'000
Hospital receipts	870	1,020
Sher Ethiopia school income	-	718
Rental income	696	558
Sundry income	2,550	727
	4,116	3,023

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

8. Directors and employees

The aggregate payroll costs of employees were as follows:

	Group		Company	
	52 weeks ended 1 January 2022 £'000	53 weeks ended 2 January 2021 £'000	52 weeks ended 1 January 2022 £'000	53 weeks ended 2 January 2021 £'000
Staff costs				
Wages and salaries	79,395	75,421	1,995	2,131
Social security costs	4,952	4,983	128	144
Other pension costs	2,193	2,236	5	12
Share based payment expense	2,367	3,425	-	-
	88,907	86,065	2,128	2,287

Average monthly number of persons, including directors, employed during the period were as follows:

	Group		Company	
	52 weeks ended 1 January 2022 Number	53 weeks ended 2 January 2021 Number	52 weeks ended 1 January 2022 Number	53 weeks ended 2 January 2021 Number
By activity:				
Directors (including directors of group subsidiaries)	13	17	2	3
Management and administration	747	755	1	-
Operatives	22,891	21,788	-	-
	23,651	22,560	3	3

Remuneration of the Directors included within the Statement of Comprehensive Income is as follows:

	52 weeks ended 1 January 2022 £'000	53 weeks ended 2 January 2021 £'000
Remuneration of Directors		
Remuneration	1,765	2,624
Other pension costs	-	19
	1,765	2,643

During the 52 week period retirement benefits were accruing to nil directors (2020: 2) in respect of defined contribution pension schemes.

	52 weeks ended 1 January 2022 £'000	53 weeks ended 2 January 2021 £'000
Emoluments of highest paid Director		
Remuneration	1,095	1,190
Other pension costs		
	1,095	1,190

Details of key management personnel and their remuneration is disclosed within note 31

Notes to the Consolidated Financial Statements
For the 52 week Period Ended 1 January 2022

9. Finance costs

	52 weeks ended 1 January 2022 £'000	53 weeks ended 2 January 2021 £'000
Bank interest payable	14,900	17,182
Other interest payable	1,240	945
Interest expense for leasing arrangements	1,384	1,377
Foreign exchange movement on borrowings	(15,396)	11,154
	2,128	30,658

10. Taxation
Analysis of charge/ (credit) in the period

	52 weeks ended 1 January 2022 £'000	53 weeks ended 2 January 2021 £'000
Corporation tax		
Current tax on profits for the period	8,620	5,750
Foreign tax on income for the period	826	512
Adjustments to tax charge in respect of prior periods	(153)	123
Total current tax	9,293	6,385
Deferred tax		
Origination and reversal of temporary differences	(971)	(171)
Adjustments to tax charge in respect of prior periods	(91)	(68)
Effect of tax rate change on opening balance	864	203
Total deferred tax	(198)	(36)
Taxation on profit /(loss)	9,095	6,349
Income tax expense is attributable to:		
Profit from continuing operations	9,095	6,555
Profit from discontinued operations	-	(206)
	9,095	6,349

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. UK Deferred taxes at the balance sheet date have been measured using these enacted tax rates, based on the expected timing of the reversal of temporary differences, and reflected in these financial statements.

As part of the Dutch Tax Plan 2022, the Dutch Government has announced that the Netherlands headline corporate tax rate would increase from 25% to 25.8% effective from 1 January 2022. This new law was substantively enacted on 21 December 2021. The Dutch deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

10. Taxation (continued)

	52 weeks ended 1 January 2022 £'000	Restated 53 weeks ended 2 January 2021 £'000
Profit/(loss) on continuing operations before taxation	64,456	(1,502)
Loss on discontinued operations before taxation	(5,053)	(6,768)
	59,403	(8,270)
Profit/(loss) on ordinary activities by rate of tax of 19% (2020: 19%)	11,287	(1,571)
Expenses not deductible for tax purposes	(2,456)	3,829
Adjustments to tax charge in respect of prior periods	(244)	55
Recognition of previously unrecognised losses	(946)	-
Non-taxable income	(2,034)	(1,464)
Other differences leading to an increase in the tax charge	(38)	168
Difference in overseas tax rates	3,446	5,451
Effect of tax rate change on deferred tax balance	864	203
Utilisation of previously unrecognised deferred tax balances	(958)	(415)
Impact of overseas tax	174	93
Total tax charge/(credit) for the period	9,095	6,349

Deferred tax balances:

Group

At 29 December 2019	Property plant and equipment £'000	Intangibles £'000	Revaluation of land £'000	Biological assets £'000	Other £'000	Total £'000
At 29 December 2019	(9,766)	(26,934)	(10,784)	(1,885)	1,722	(47,647)
(charged)/credited						
- to profit or loss	2,136	(2,329)	(24)	(166)	419	36
- to other comprehensive income	(1,812)	558	-	-	82	(1,172)
- Exchange adjustments	1,198	(1,156)	1,130	235	(383)	1,024
At 2 January 2021	**(8,244)**	**(29,861)**	**(9,678)**	**(1,816)**	**1,840**	**(47,759)**
At 3 January 2021	(8,244)	(29,861)	(9,678)	(1,816)	1,840	(47,759)
(charged)/credited						
- to profit or loss	(330)	1,294	(40)	(445)	(281)	198
- On acquisition	-	-	(2,371)	-	-	(2,371)
- to other comprehensive income	-	14	-	-	-	14
- Exchange adjustments	(146)	1,670	208	74	198	2,004
At 1 January 2022	**(8,720)**	**(26,883)**	**(11,881)**	**(2,187)**	**1,757**	**(47,914)**

Notes to the Consolidated Financial Statements
For the 52 week Period Ended 1 January 2022

10. Taxation (continued)

	At 1 January 2022 £'000	At 2 January 2021 £'000
Liability expected to be utilised within 12 months of the reporting date	(3,903)	(1,063)
Liability expected to be utilised after 12 months of the reporting date	(44,011)	(46,697)
	(47,914)	(47,760)

The Group has unrecognised deferred tax assets in relation to gross losses of £17,486k (2020: £32,479k) due to significant uncertainty regarding future taxable profit forecasts in the relevant jurisdictions. Of these losses £142k is expected to expire within 5 years. The rest of the losses have no expiry date and can be carried forward indefinitely.

The Group has not recognised any deferred tax liability in relation to gross unremitted earnings of £46,600k (2020: £23,100k) in relation to its foreign subsidiaries. This is on the basis that the Group is able to control the timing of the reversal of these temporary differences and it is not probable that any distributions from the relevant jurisdictions will be made in the foreseeable future.

11. Investments

Company

	52 weeks ended 1 January 2022 £'000	53 weeks ended 2 January 2021 £'000
Cost and Net book value		
Opening	152,141	152,141
Acquired in the period	4,681	
Closing	156,822	152,141

On 15 December 2021, the company purchased the Bigot Group.

Subsidiary undertakings

Details of the Group's subsidiaries are as follows:

Name	Registered address	Class of shares	Country of incorporation	Holding	Principal activity
Flamingo Group Midco Limited	Flamingo House, Cockerell Close, Stevenage, Hertfordshire, SG1 2NB	Direct Ordinary	United Kingdom	100%	Holding company
Flamingo Horticulture Limited	Flamingo House, Cockerell Close, Stevenage, Hertfordshire, SG1 2NB	Indirect Ordinary	United Kingdom	100%	Investment company
Flamingo Horticulture Investments Limited	Flamingo House, Cockerell Close, Stevenage, Hertfordshire, SG1 2NB	Indirect Ordinary	United Kingdom	100%	Holding company

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

11. Investments (continued)

Subsidiary undertakings (continued)

Name	Registered address	Class of shares	Country of incorporation	Holding	Principal activity
Flamingo Holdings Limited	Flamingo House, Cockerell Close, Stevenage, Hertfordshire, SG1 2NB	Indirect Ordinary	United Kingdom	100%	Holding company
Flamingo Horticulture South Africa (Pty) Limited	Plot 25 Syferbult Road Tarlton South Africa	Indirect Ordinary	South Africa	100%	Flower grower and distributor
Chuma Manufacturing (Pty) Limited	Plot 25 Syferbult Road Tarlton South Africa	Indirect Ordinary	South Africa	100%	Dormant
Flamingo Horticulture Kenya Limited	Watermark Business Park Ndege Road PO box 10222 00400 Nairobi, Kenya	Indirect Ordinary	Kenya	100%	Growing and exportation of flowers and produce
Flamingo Tanzania Limited	Tanzania	Indirect Ordinary	Tanzania	100%	Packing of vegetables
Dudutech Limited	Flamingo House, Cockerell Close, Stevenage, Hertfordshire, SG1 2NB	Indirect Ordinary	United Kingdom	100%	Integrated pest management holding company Dormant
Dudutech (Kenya) Limited	Watermark Business Park Ndege Road PO box 10222-00400 Nairobi, Kenya	Indirect Ordinary	Kenya	100%	Dormant
Flamingo Produce Limited	Flamingo House, Cockerell Close, Stevenage, Hertfordshire, SG1 2NB	Indirect Ordinary	United Kingdom	100%	Distribution of vegetable products
Flamingo Flowers BV	Jupiter 185 2675 LV Honselersdijk Netherlands	Indirect Ordinary	Netherlands	100%	Flower wholesaler
Flamingo Flowers Limited	Flamingo House, Cockerell Close, Stevenage, Hertfordshire, SG1 2NB	Indirect Ordinary	United Kingdom	100%	Flower and plant distributor
Omniflora GmbH	Blumen Centre GmbH Odenwaldstrasse 7 9 63263 Neu Isenburg Germany	Indirect Ordinary	Germany	100%	Distribution of flowers, vegetables and herbs

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

11 Investments (continued)

Subsidiary undertakings (continued)

Name	Registered address	Class of shares	Country of incorporation	Holding	Principal activity
Kingsholme Limited	Watermark Business Park Ndege Road PO box 10222-00400 Nairobi, Kenya	Indirect Ordinary	Kenya	100%	Growing and exportation of horticultural produce
Siraji Limited	Watermark Business Park Ndege Road PO box 10222-00400 Nairobi, Kenya	Indirect Ordinary	Kenya	100%	Dormant
Mlasa Limited	Watermark Business Park Ndege Road PO box 10222-00400 Nairobi, Kenya	Indirect Ordinary	Kenya	100%	Dormant
Flamingo Plants Group Limited	Flamingo House, Cockerell Close, Stevenage, Hertfordshire, SG1 2NB	Indirect Ordinary	United Kingdom	100%	Dormant
Flamingo Castlegate 363 Limited	Flamingo House, Cockerell Close, Stevenage, Hertfordshire, SG1 2NB	Direct Ordinary	United Kingdom	100%	Dormant
Flamingo Plants Limited	Flamingo House, Cockerell Close, Stevenage, Hertfordshire, SG1 2NB	Direct Ordinary	United Kingdom	100%	Dormant
Flamingo Plants Properties Limited *	Flamingo House, Cockerell Close, Stevenage, Hertfordshire, SG1 2NB	Indirect Ordinary	United Kingdom	100%	Dormant
Blooming Holdings B.V.	Legmeerdijk 313, 1430 BC Aalsmeer, The Netherlands	Indirect Ordinary	Netherlands	100%	Holding company
Sher Holland B.V.	Legmeerdijk 313, 1430 BC Aalsmeer, The Netherlands	Indirect Ordinary	Netherlands	100%	Flower distributor
Sher Flowers B.V.	Legmeerdijk 313, 1430 BC Aalsmeer, The Netherlands	Indirect Ordinary	Netherlands	100%	Holding company
Sher Ethiopia PLC	Bole Sub-City Kebele 03-05 number 2263 PO box 152 code 110 Addis Ababa, Ethiopia	Indirect Ordinary	Ethiopia	100%	Growing and exportation of flowers

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

11 Investments (continued)

Subsidiary undertakings (continued)

Name	Registered address	Class of shares	Country of incorporation	Holding	Principal activity
Sher Ethiopia Hospital PLC	Bole Sub City Kebele 03 05 number 2263 PO box 152 code 110 Addis Ababa, Ethiopia	Indirect Ordinary	Ethiopia	90%	Medical services
Bigot France Holdings	Les Mardelles, 72700 Allonnes, France	Indirect ordinary	France	100%	Holding company
SAS Bigot Jean Phillippe Horticulture	Les Mardelles, 72700 Allonnes, France	Indirect ordinary	France	100%	Electricity generation
Bigot Finances	Les Mardelles, 72700 Allonnes, France	Indirect ordinary	France	100%	Holding company
Les Fleurs de Nicolas	Les Mardelles, 72700 Allonnes, France	Indirect ordinary	France	100%	Sale of flowers
Societe Civile Immobiliere Bigot Jean-Phillippe	Les Mardelles, 72700 Allonnes, France	Indirect ordinary	France	100%	Real estate company
Bigot Fleurs	Les Mardelles, 72700 Allonnes, France	Indirect ordinary	France	100%	Growing flowers

All UK subsidiaries, excluding Flamingo Flowers Limited and Flamingo Produce Limited are exempt from audit, having taken the exemption in Section 477 or 479A of the UK Companies Act 2006 (the Act)from the requirements in the Act for their individual financial statements to be audited.
The guarantees given by the Company under section 479C of the Act are disclosed in Note 28.

12 Parent company profit/(loss) for the period

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the period was £17,409k (2020: loss of £10,435k).

Notes to the Consolidated Financial Statements
For the 52 week Period Ended 1 January 2022

13 Intangible assets
Group

	Customer relationships	Trade names	Licences	Software	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 3 January 2021	156,596	3,854	3,696	2,877	167,023
Additions	-	-	1,032	916	1,948
Disposals	-	-	(560)	-	(560)
Exchange adjustments	(8,417)	(217)	(568)	(16)	(9,218)
At 1 January 2022	148,179	3,637	3,600	3,777	159,193
Accumulated amortisation					
At 3 January 2021	34,507	845	2,383	1,546	39,281
Charge for period	10,190	169	402	648	11,409
Disposals	-	-	-	-	-
Exchange adjustments	(1,728)	(35)	(842)	(16)	(2,621)
At 1 January 2022	42,969	979	1,943	2,178	48,069
Net book value					
At 1 January 2022	**105,210**	**2,658**	**1,657**	**1,599**	**111,124**
At 2 January 2021	122,089	3,009	1,313	1,331	127,742

	Customer relationships	Trade names	Licences	Software	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 29 December 2019	150,499	3,697	2,698	2,596	159,490
Additions		-	848	419	1,267
Disposals	-	-	-	(46)	(46)
Exchange adjustments	6,097	157	150	(92)	6,312
At 2 January 2021	156,596	3,854	3,696	2,877	167,023
Accumulated amortisation					
At 29 December 2019	23,285	654	1,461	1,489	26,889
Charge for period	10,491	176	422	191	11,280
Disposals	-	-	-	(46)	(46)
Exchange adjustments	731	15	500	(88)	1,158
At 2 January 2021	34,507	845	2,383	1,546	39,281
Net book value					
At 2 January 2021	**122,089**	**3,009**	**1,313**	**1,331**	**127,742**
At 28 December 2019	127,214	3,043	1,237	1,107	132,601

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For the 52 week Period Ended 1 January 2022

13 Intangible assets (continued)

Included in customer relationships are 13 in Blooming Holdings B.V. (2020: 14) which are deemed individually material to the financial statements, the carrying values of the individual relationships range from between £1,012k £22,338k and are all amortised over a 16 year period. Also included are 2 customer relationships in Flamingo Horticulture Limited (2020: 2) which are deemed individually material to the financial statements, the carrying values of the individual relationships range from between £1,739k - £2,758k and are all amortised over a 9 year period.

Amortisation is included within administrative expenses. The amortisation periods are:

- Customer relationships 9 16 years.
- Trade names 3 20 years.
- Licences 5 years
- Software 2.5 years

Goodwill

Impairment testing for cash-generating units containing goodwill

The Group tests goodwill for impairment on an annual basis by considering the recoverable amount of individual cash-generating units against carrying value

Cash generating units comprise operating segments. This is the lowest level at which goodwill balances are monitored for impairment by management. There are no intangible assets with indefinite useful lives (other than goodwill).

For the purpose of impairment testing, the recoverable amount of each cash-generating unit has been calculated with reference to value in use. The key assumptions for the period over which management approved forecasts are based and beyond this, for the value in use calculations overall, are those regarding discount rates, growth, achievement of future revenues and expected changes in direct costs during those periods.

In arriving at the values assigned to each key assumption management make reference to past experience and external sources of information regarding the future – for example changes in tax rates. The key features of these calculations are shown below:

	Period over which management approved forecasts are based		Growth rate		Pre-tax discount rate	
	2021	2020	2021	2020	2021	2020
Flamingo Flowers Limited	5 years	5 years	1.0%	1.0%	13.5%	13.5%
Blooming Holdings B.V.	4 years	3 years	1.7%	1.5%	14.4%	13.3%

In preparing value in use calculations for cash-generating units, the Group has estimated the long-term growth rates for each unit based on current market assessments, using data such as inflation forecasts, for each individual cash-generating unit. The discount rates used in each value in use calculation have been based upon the Group's post-tax weighted average cost of capital ("WACC") together with divisional specific risk taking account factors such as the nature of service user need, cost profiles and the barriers to entry into each market segment as well as other macro-economic factors.

Notes to the Consolidated Financial Statements
For the 52 week Period Ended 1 January 2022

13 Intangible assets (continued)

Goodwill (continued)

The Directors believe that, even in the current economic climate and public spending environment and taking into account the nature of the Group's operations, any reasonably possible change in the key assumptions on which recoverable amounts are based would not cause the cash-generating units' carrying amount to exceed the recoverable amount.

Group	**1 January 2022 £'000**	**2 January 2021 £'000**
Opening goodwill	70,845	70,845
Acquired in the year (note 35)	3,776	
Accumulated impairment	(11,129)	(11,129)
Period end carrying value	63,492	59,716

The carrying value of goodwill is split between the following cash-generated units.

Group	**1 January 2022 £'000**	**2 January 2021 £'000**
Flamingo Flowers Limited	7,035	7,035
Bigot France Holdings	3,776	-
Blooming Holdings B.V.	52,681	52,681
Balance at the end of the period	63,492	59,716

No impairment has been identified in the current reporting period based on the assumptions listed above (2020: no impairment).

A sensitivity analysis on the goodwill has been performed by management. If revenue in the forecast period was to decrease by 1.0% it would result in decreased of headroom of £11,583k (2020: £15,540k).

If WACC in the forecast period was to increase by 1%, it would result in decreased headroom of £31,099k (2020: £33,906k).

14 Property, plant and equipment
Group

	Land and buildings	Plant and Machinery	Bearer plants	Total
	£'000	£'000	£'000	£'000
Cost				
At 3 January 2021	109,531	70,337	24,269	204,137
Additions	12,078	12,026	5,687	29,791
Acquisition of subsidiary	7,056	2,942	1,646	11,644
Disposals	(919)	(991)	(106)	(2,016)
Exchange adjustments	(2,586)	(344)	(688)	(3,618)
At 1 January 2022	125,160	83,970	30,808	239,938
Accumulated depreciation				
At 3 January 2021	19,471	42,722	9,307	71,500
Charge for period	5,519	8,075	3,578	17,172
Disposals	(128)	(459)	-	(587)
Exchange adjustments	1,424	248	1,780	3,452
At 1 January 2022	26,286	50,586	14,665	91,537
Net book value				
At 1 January 2022	**98,874**	**33,384**	**16,143**	**148,401**

	Land and buildings	Plant and Machinery	Bearer plants	Total
	£'000	£'000	£'000	£'000
Cost				
At 29 December 2019	123,980	81,974	29,103	235,057
Additions	9,989	8,039	2,801	20,829
Assets classified as held for sale and other disposals	(6,242)	(10,121)	(1,042)	(17,405)
Impairment	(776)	(2,472)	-	(3,248)
Exchange adjustments	(17,420)	(7,083)	(6,593)	(31,096)
At 2 January 2021	109,531	70,337	24,269	204,137
Accumulated depreciation				
At 29 December 2019	19,794	46,146	11,248	77,188
Charge for period	5,852	8,721	3,808	18,381
Assets classified as held for sale and other disposals	(1,551)	(7,390)	(916)	(9,857)
Exchange adjustments	(4,624)	(4,755)	(4,833)	(14,212)
At 2 January 2021	19,471	42,722	9,307	71,500
Net book value				
At 2 January 2021	**90,060**	**27,615**	**14,962**	**132,637**

Notes to the Consolidated Financial Statements
For the 52 week Period Ended 1 January 2022

14 Property, plant and equipment (continued)

Depreciation is included within administrative expenses.

The net book value of land and buildings may be further analysed as follows:

	1 January 2022 £'000	2 January 2021 £'000
Freehold property	59,733	54,699
Long leasehold	34,712	31,187
Short leasehold	4,429	4,174
	98,874	90,060

Included in land and buildings is freehold land at cost of £7,808k (2020: £7,895k), which is not depreciated.

Included in long and short leasehold property are leasehold improvements with carrying value of £11,297k and £1,453k respectively.

Included in the net carrying amount of property, plant, and equipment are right-of-use assets as follows:

	1 January 2022 £'000	2 January 2021 £'000
Long leasehold property	23,415	21,361
Short leasehold	2,976	1,830
Plant and machinery	1,920	3,454
	28,311	26,645

During the period there were additions of £9,641k relating to right-of-use assets (2020: £3,687k) and £366k acquired on acquisition of subsidiary.

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

15 Biological assets

Group

	1 January 2022 £'000	2 January 2021 £'000
Flowers	13,371	10,976
Produce	960	1,044
	14,331	12,020

Biological assets relate to the unharvested produce of bearer plants. Bearer plants themselves are recognised as Property, plant and equipment. The fair value of biological assets is based on management assumptions with regard to the estimated future EBITDA (Earnings before interest, tax, depreciation and amortisation) margin per unharvested produce and stems, adjusted for maturity phase. As future market prices are a significant unobservable input, the fair value measurement of biological assets is classified as a level 3 type of measurement.

	Group 1 January 2022 £'000	Group 2 January 2021 £'000
Ethiopian Roses	7,651	6,716
Kenyan Mixed Flowers	5,720	4,260
Kenyan Produce	960	1,044
Total	14,331	12,020

The profit recognised in cost of sales in relation to biological assets during the period are £2,883k (2020: £3,615k).

16 Inventory

Group	1 January 2022 £'000	2 January 2021 £'000
Raw materials	15,963	11,599
Packaging and other consumables	19,548	8,603
Finished goods and goods for resale	5,843	2,689
	41,354	22,891

Inventory recognised in cost of sales during the period as an expense was £385,934k (2020: £327,657k).

An impairment loss of £535k (2020: £1,063k) was recognised in cost of sales against inventory during the period due to slow moving and obsolete inventory.

Notes to the Consolidated Financial Statements
For the 52 week Period Ended 1 January 2022

17 Trade and other receivables

Due within one year	**Group 1 January 2022 £'000**	Group 2 January 2021 £'000	**Company 1 January 2022 £'000**	Company 2 January 2021 £'000
Trade receivables	**65,254**	66,034	**-**	
Other receivables	**6,555**	4,486	**-**	-
Prepayments	**3,885**	4,057	**130**	-
Accrued income	**3,171**	5,318	**-**	-
Other taxation	**7,027**	4,161	**-**	-
Amounts owed by group undertakings	**-**	-	**109,923**	129,480
	85,892	84,056	**110,053**	129,480
Due after more than one year				
Other receivables	**726**	700	**-**	-
	726	700	**-**	-

The directors consider the carrying value of trade and other receivables approximates to its fair value.

All of the Group's trade and other receivables in the comparative periods have been reviewed for indicators of impairment. The impaired trade receivables are mostly due from customers in the business to business market that are experiencing financial difficulties. The Group suffers some incidence of credit losses. However, where management views that there is a significant risk of non-payment, a specific provision for impairment is made and recognised as a deduction from trade receivables.

Note 25 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses. The below shows the loss allowance for the Group using the IFRS 9 expected credit loss model for the current and prior period.

	1 January 2022 £'000	2 January 2021 £'000
Loss allowance	1,316	1,305

The amount of trade receivables past due with no loss allowance at each balance sheet date is as follows:

	1 January 2022 £'000	2 January 2021 £'000
Trade receivables past due	1,215	324

The Company does not have any trade receivables past due that are not impaired.

Notes to the Consolidated Financial Statements

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18 Cash and cash equivalents

	Group		Company	
	1 January 2022	2 January 2021	**1 January 2022**	2 January 2021
	£'000	£'000	**£'000**	£'000
Cash at bank (GBP)	**12,845**	17,864	**105**	490
Cash at bank (EUR)	**24,185**	14,550	**697**	2,705
Cash at bank (USD)	**1,935**	4,655	**-**	
Cash at bank (RAND)	**4,345**	400	**-**	-
Cash at bank (KSH)	**47**	3,871	**-**	-
Cash at bank (ETB)	**237**	1,414	**-**	-
Cash at bank (OTH)	**148**	160	**-**	-
	43,742	42,914	**802**	3,195

All significant cash and cash equivalents were deposited with major clearing banks with at least an 'A' rating; the Group and Company believe the risk of impairment of cash and cash equivalents to be low.

19 Trade and other payables

Amounts falling due within one year

	Group		Company	
	1 January 2022	2 January 2021	**1 January 2022**	2 January 2021
	£'000	£'000	**£'000**	£'000
Trade payables	**41,306**	34,346	**-**	
Amounts payable to parent undertaking	**537**	596	**-**	-
Amounts payable to group undertakings	**-**	-	**14,527**	15,668
Other taxation and social security	**2,394**	4,485	**45**	43
Other payables	**9,330**	12,385	**231**	337
Accrued interest on loan balances and other facilities	**5,651**	6,138	**5,651**	6,138
Accruals	**53,592**	55,033	**3,665**	1,760
	112,810	112,983	**24,119**	23,946

Amounts falling after one year:

	Group		Company	
	1 January 2022	2 January 2021	**1 January 2022**	2 January 2021
	£'000	£'000	**£'000**	£'000
Other payable	**-**	228	**-**	-
	-	228	**-**	

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

20 Assets classified as held for sale

Group

During the period the Group sold F.V. SeleQt BV, Flamingo Horticulture South Africa (Pty) Limited and a pest management trade stream of Flamingo Horticulture Kenya Limited. As a result of these transactions the following were classified as held for sale in the prior period.

	1 January 2022 £'000	2 January 2021 £'000
Non-current assets held for sale		
Property, plant and equipment (a)	-	5,522
Current assets held for sale		
Biological assets	-	148
Inventories (b)	-	1,237
Trade and other receivables (b)	-	1,664
Cash and cash equivalents	-	5
	-	3,054
Assets classified as held for sale	-	8,576
Liabilities associated directly with assets classified as held for sale		
Lease liabilities	-	62
Trade and other payables	-	1,585
Pension obligations	-	62
	-	1,709

(a) Property, plant and equipment classified as held for sale were measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification, resulting in the recognition of a write down of £3,248k (note 14), £2,219k is included in loss from discontinued operations (note 34) and £1,029k as administrative expenses in the statement of profit or loss.

(b) Inventories and Trade and other receivables classified as held for sale were measured at the lower of the carrying amount and fair value less costs to sell at the time of the reclassification, resulting in the recognition of a write down of £224k included in administrative expenses in the statement of profit and loss.

21 Borrowings

	Group 1 January 2022 £'000	Group 2 January 2021 £'000	Company 1 January 2022 £'000	Company 2 January 2021 £'000
Secured – at amortised cost				
- Bank loans and other facilities	**246,012**	273,136	**246,012**	273,136
- Arrangement fees capitalised	**(4,597)**	(6,081)	**(4,597)**	(6,081)
Unsecured – at amortised cost				
- Bank loans and other facilities	**8,381**	-	-	-
	249,796	267,055	**241,415**	267,055
Ageing:				
Current	**14,840**	22,643	**10,915**	22,643
Non-current	**234,956**	244,412	**230,500**	244,412
	249,796	267,055	**241,415**	267,055

Notes to the Consolidated Financial Statements
For the 52 week Period Ended 1 January 2022

21 Borrowings (continued)

Bank loans and other facilities include £249,796k (2020: £267,055k) of capital in the borrowings table and the accrued interest of £5,651k (2020: £6,138k) is in the Trade and other payables note, note 19. The total debt in relation to the item is £255,447k as at 1 January 2022 (2020: £273,193k).

Summary of borrowing arrangements:

Bank loans and other facilities
The terms of the bank loans and other facilities are disclosed in note 26 of these financial statements. There are fixed and floating charges secured against certain assets of the Group.

22 Leases

Lease liabilities are presented in the statement of financial position as follows:

	1 January 2022 £'000	2 January 2021 £'000
Current	3,670	3,096
Non-current	26,241	21,127
	29,911	24,223

The Group has leases for warehouses, buildings, plant and machinery, motor vehicles and some IT equipment. Each lease is reflected on the statement of financial position as a right of use asset and a lease liability. The group classifies its right of use assets in a consistent manner to its property, plant and equipment (see note 14).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Group is prohibited from selling or pledging the underlying leases assets as security. For leases over office buildings and warehouse premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

22 Leases (continued)

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on the balance sheet:

As at 1 January 2022

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with options to purchase	No. of leases with variable payments linked to an index	No. of leases with termination options
Land and buildings	29	1-22 years	7 years	2	0	3	0
Plant and machinery	140	1-6 years	2 years	0	0	0	0

As at 2 January 2021

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with options to purchase	No. of leases with variable payments linked to an index	No. of leases with termination options
Land and buildings	22	1–23 years	9 years	2	0	3	0
Plant and machinery	157	1-7 years	2 years	0	0	0	0

The lease liabilities are secured by the related underlying assets. Future minimum lease payments were as follows:

As at 1 January 2022

	Minimum lease payments due						
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
1 January 2022	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Lease payments	5,140	4,855	4,413	3,080	2,695	20,101	40,284
Finance charges	(1,450)	(1,279)	(1,118)	(979)	(889)	(4,546)	(10,261)
Foreign exchange	(20)	(17)	(15)	(14)	(13)	(33)	(112)
Net present values	3,670	3,559	3,280	2,087	1,793	15,522	29,911

As at 2 January 2021

	Minimum lease payments due						
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
2 January 2021	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Lease payments	4,045	3,349	3,126	2,913	2,133	18,074	33,640
Finance charges	(1,235)	(1,109)	(998)	(889)	(793)	(4,326)	(9,350)
Foreign exchange	(4)	(6)	(8)	(9)	(5)	(35)	(67)
Net present values	2,806	2,234	2,120	2,015	1,335	13,713	24,223

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22 Leases (continued)

The Group had committed to leases which had not yet commenced. The total future cash outflows for leases that had not yet commenced were as follows:

Type of asset	1 January 2022 £'000	2 January 2021 £'000
Land and buildings		254

Total cash outflow for leases for the period ended 1 January 2022 was £4,935k (2020: £4,324k).

Additional information on the right of use assets by class of assets is as follows:

	Depreciation expense		Carrying amount (note 14)	
	1 January 2022 £'000	2 January 2021 £'000	1 January 2022 £'000	2 January 2021 £'000
Long leasehold property	2,806	1,742	23,415	21,361
Short leasehold	262	577	2,976	1,830
Plant and machinery	1,192	1,121	1,920	3,454
Total right-of-use asset	4,260	3,440	28,311	26,645

The right of use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned.

23 Financial instruments

Classification of financial instruments

The tables below set out the Group's accounting classification for the classes of its financial assets and liabilities.

	Group 1 January 2022 £'000	Group 2 January 2021 £'000	Company 1 January 2022 £'000	Company 2 January 2021 £'000
Financial assets				
Fair value through profit or loss				
Derivative financial instruments	**1,328**	494	-	
Measured at amortised cost				
Trade and other receivables (note 17)	**75,706**	76,538	**109,923**	129,480
Cash and cash equivalents (note 18)	**43,742**	42,914	**802**	3,195
	119,448	119,452	**110,725**	132,675

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23 Financial instruments (continued)

Classification of financial instruments (continued)

Financial liabilities	Group 1 January 2022 £'000	Group 2 January 2021 £'000	Company 1 January 2022 £'000	Company 2 January 2021 £'000
Fair value through profit or loss				
Derivative financial instruments	-	5,010	-	
Measured at amortised cost				
Trade and other payables due within one year (note 19)	110,416	108,498	24,074	23,903
Trade and other payables due after one year (note 19)	-	228	-	-
Provisions (note 24)	200		-	
Borrowings (note 21)	249,796	267,055	241,415	267,055
	360,412	375,781	265,489	290,958

A description of the Group's financial instruments risks, including risk management objectives and policies is given in note 26.

24 Provisions

	1 January 2022 £'000	2 January 2021 £'000
Current liability		
Dilapidation provision	200	-
	200	-

The Group is required to restore the leased premises of one of its warehouses to their original condition at the end of the lease term. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements and are amortised over the lease term.

25 Fair value measurement

The fair value hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

25 Fair value measurement (continued)

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The Group holds foreign currency forward and option contracts at their fair value. The contracts are the only financial statement item classified at fair value through the profit or loss (FVTPL).

During the period the net effect of the changes in fair value within the Statement of Comprehensive Income was a gain of £5,789k (2020: £3,669k loss).

The loss recognised in cost of sales in relation to the changes in fair value of biological assets during the period are £2,883k (2020: £3,615k).

The Group holds biological assets in growing fresh flowers and fresh vegetable produce.

The information below sets out the gross amounts of the corresponding assets and liabilities as well as the methodology used to establish their fair values.

Group

	Level 1		**Level 2**		**Level 3**	
	1 January 2022 £'000	2 January 2021 £'000	**1 January 2022 £'000**	2 January 2021 £'000	1 January 2022 £'000	2 January 2021 £'000
Assets						
Commodities			151	494	-	-
Foreign Currency			1,177		-	-
Biological assets	-				14,331	12,020
	-	-	1,328	494	14,331	12,020

	Level 1		**Level 2**		**Level 3**	
	1 January 2022 £'000	2 January 2021 £'000	**1 January 2022 £'000**	2 January 2021 £'000	**1 January 2022 £'000**	2 January 2021 £'000
Liabilities						
Foreign currency		-	-	5,010		-
	-	-	-	5,010		

Measurement of fair value of financial instruments

Foreign currency forward contracts (Level 2)
The Group's foreign currency forward and option contracts are not traded in active markets. These have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contract. The effects of non-observable inputs are not significant for foreign currency forward contracts.

Commodity forward contracts (Level 2)
The Group's commodities forward and option contracts are not traded in active markets. These have been fair valued using observable commodity rates and interest rates corresponding to the maturity of the contract. The effects of non observable inputs are not significant for commodity forward contracts.

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25 Fair value measurement (continued)

Biological assets (Level 3)

The fair value method for calculation is the valuation of the future selling price less directly attributable cost of sale and production i.e. pre harvesting costs, harvesting costs, and post harvesting costs including direct labour, and outbound transportation costs, based on the average maturity period for each identifiable product type.

The assumption to calculate this fair value is based upon 187m unharvested roses in Ethiopia, 123m various flower stems in Kenya, 1,269T of various produce (mainly tenderstem broccoli and fine beans).

The 2020 comparatives were valued in a similar way, with 157m unharvested roses in Ethiopia, 98m various flower stems and 1,379T of various produce in Kenya.

Biological assets

	Level 3
52 weeks ended 1 January 2022	**£'000**
Opening balance	12,020
Sales	(12,020)
Current period fair value	14,331
	14,331

	Level 3
	£'000
52 weeks ended 2 January 2021	
Opening balance	11,825
Sales	(11,825)
Current period fair value	12,020
	12,020

A sensitivity analysis on the biological assets, where quantity and EBITDA (earnings before interest, tax, depreciation and amortisation) were increased/decreased by 1% is shown below :

	52 weeks ended 1 January 2022 EBITDA Movement			52 weeks ended 2 January 2021 EBITDA Movement		
	1% decrease £'000	Current £'000	1% increase £'000	1% decrease £'000	Current £'000	1% increase £'000
Quantity (1% decrease)	14,046	14,188	14,331	11,781	11,900	12,020
Quantity (current period)	14,188	14,331	14,475	11,900	12,020	12,140
Quantity (1% increase)	14,331	14,475	14,619	12,020	12,140	12,262

26 Financial instrument risk exposure and management

The Group and Company's operations expose it to degrees of financial risk that include liquidity risk, credit risk, interest rate risk, and foreign currency risk.

This note describes the Group and Company's objectives, policies and process for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented in the notes.

The Group is exposed to risks arising from environmental and climatic changes. The Groups geographic spread of farms allows a high degree of mitigation against adverse climatic conditions such as drought, floods and disease outbreaks. The Group has strong environmental policies and procedures in place to comply with environmental and other laws.

The Group and Company's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations.

The Group's principal financial assets, include trade and other receivables and cash and cash equivalents that derive directly from its operations. The Company's principal financial assets, include other receivables and cash and cash equivalents that derive directly from its operations.

The Group and Company is exposed to interest rate risk, credit risk, foreign currency risk and liquidity risk. The Group enters into derivatives, principally to minimise foreign exchange risk. Associated disclosures are included in note 26.

Interest rate risk

The Group and Company's borrowing facilities comprise a term loan, variable loan notes, local overdraft facilities and a revolving credit facility, principally in Euros and GBP. Interest is charged at fixed rates.

Cash and deposits earn interest at floating rates based on the bank's short-term treasury deposit rates, short-term trade and other receivables are interest free.

At 1 January 2022, if interest rates were 50 basis points lower, with all other variables held constant, annualised net interest expense would decrease by £1,230k (2020: £1,376k).

The Group and Company's other financial assets and liabilities are not exposed to interest rate risk.

Credit risk

Financial instruments which potentially expose the Group to credit risk consist primarily of cash equivalents and trade receivables. Cash equivalents are deposited only with major financial institutions that satisfy certain credit criteria.

Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are carried out on all significant prospective customers and all existing customers requiring credit beyond a certain threshold. Varying approval levels are set on the extension of credit depending upon the value of the sale.

The Group provides credit to customers in the normal course of business. The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have significant financing component. The amounts presented in the Statement of Financial Position in relation to the Group's trade receivables are presented net of loss allowances. The Group measures loss allowances at an amount equal to the lifetime expected credit losses (ECL's) using both quantitative and qualitative information and analysis based on the Group's historical experience and forward looking information. During the period there was a charge to the Consolidated Income Statement of £11k (2020: charge £179k) to increase the loss allowance.

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

26 Financial instrument risk exposure and management (continued)

Credit risk (continued)

At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset. Based on past experience, the Group believes that no further impairment allowance is necessary in respect of trade receivables not past due. The Group consider that the carrying value of trade receivables approximates its fair value.

The trade receivables as at 1 January 2022 and 2 January 2021 are aged as follows:

	1 January 2022 £'000	2 January 2021 £'000
Under 3 months past due	64,040	65,710
More than three months but not more than six months past due	462	117
More than six months but not more than twelve months past due	409	109
More than twelve months past due	343	98
Trade receivables (note 17)	65,254	66,034

The movement in the loss allowance for expected credit losses in respect of trade receivables during the period was as follows:

	1 January 2022 £'000	2 January 2021 £'000
At beginning of the period	1,305	1,126
Charged to the Consolidated Income Statement	11	179
At the end of the period	**1,316**	1,305

All of the Group's trade and other receivables have been reviewed using the expected credit loss model. Following this review an increase to the provision of£11k (2020: increase of £179k) has been recorded within administration expenses. The impaired trade receivables are mostly due from customers experiencing financial difficulties.

The Group and Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the period end, as summarised below:

	Group 1 January 2022 £'000	Group 2 January 2021 £'000	**Company 1 January 2022 £'000**	Company 2 January 2021 £'000
Derivative financial instruments	**1,328**	494	**-**	-
Cash and cash equivalents	**43,742**	42,914	**802**	3,195
Trade and other receivables	**75,706**	76,538	**109,923**	129,480
	120,776	119,946	**110,725**	132,675

As at the period end, Group management considers that all of the above financial assets that are not impaired or past due for each period end reporting dates under review are of good credit quality.

Amounts owed by subsidiaries are unsecured, have no fixed date of repayment and are repayable on demand.

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

26 Financial instrument risk exposure and management (continued)

Credit risk (continued)

The Group has certain trade receivables that have not been settled by the contractual date but are not considered to be impaired. The amounts at 1 January 2022 and 2 January 2021 analysed by the length of time past due, are:

	1 January 2022 £'000	2 January 2021 £'000
Not more than 3 months	-	
More than 3 months but not more than 6 months	**462**	117
More than 6 months but not more than 1 year	**409**	109
More than 1 year	**344**	98
	1,215	324

There were no amounts for the Company that have not been settled by the contractual date and no allowance for impairment in respect of trade receivables.

Foreign currency risk

The Group and Company's main operating entities' functional currency and the Group and Company's presentational currency is GBP, although some transactions are executed in non-sterling currencies, including Euros and US dollars. The transactional amounts realised or settled are therefore subject to the effects of movements in these currencies against sterling. Management of these exposures is centralised and managed by the Group's finance function by entering into foreign exchange forward contracts for all significant net exposures.

Group

The Group generates about half of its profits in non-GBP currencies and has assets in non GBP jurisdictions, principally in Africa where the currency utilised is the Kenyan Shilling and Ethiopian Birr and Europe where the currency utilised is the Euro.

To mitigate the Groups exposure to foreign currency risk, the Groups forecasted procurement in non GBP currencies and cash spend is monitored and foreign exchange contracts are entered into in accordance with the group hedging policies as agreed by directors.

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

26 Financial instrument risk exposure and management (continued)

The table below shows the Group's currency exposures that give rise to net currency gains and losses recognised in the consolidated Statement of Comprehensive Income as a result of assets and liabilities that are not denominated in the functional currency of the subsidiaries involved.

1 January 2022

	Sterling £'000	Euro £'000	US Dollar £'000	Ethiopian Birr £'000	Kenyan Shilling £'000	Other £'000	Total £'000
Cash and cash equivalents	12,845	24,185	1,935	237	4,345	195	43,742
Trade receivables	56,065	8,409	179	-	601	-	65,254
Secured loans	-	(241,416)	-	-	-		(241,416)
Unsecured loans	-	(7,650)	-	(730)	-	-	(8,380)
Accrued interest on bank loans and other facilities	-	(5,651)	-	-	-	-	(5,651)
Trade payables	(16,616)	(10,729)	(9,095)		(4,827)	(39)	(41,306)
Balance sheet exposure	52,294	(232,852)	(6,981)	(493)	119	156	(187,757)

2 January 2021

	Sterling £'000	Euro £'000	US Dollar £'000	Ethiopian Birr £'000	Kenyan Shilling £'000	Other £'000	Total £'000
Cash and cash equivalents	17,864	14,550	4,655	1,414	3,871	560	42,914
Trade receivables	57,617	7,025	279	591	503	19	66,034
Secured loans	(22,643)	(244,412)	-	-	-	-	(267,055)
Accrued interest on bank loans and other facilities	-	(6,138)	-	-	-	-	(6,138)
Trade payables	(18,386)	(6,186)	(5,907)	(59)	(3,803)	(5)	(34,346)
Balance sheet exposure	34,452	(235,161)	(973)	1,946	571	574	(198,591)

26 Financial instrument risk exposure and management (continued)

A 1% weakening of the following currencies against the pound sterling at 1 January 2022 would have increased (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date. This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

	Equity £'000	SOCI £'000
South African Rand	(1)	(1)
Kenyan Shilling	(98)	(98)
Euro	2,329	2,329
US Dollar	70	70
Ethiopian Birr	5	5
	2,305	2,305

A 1% strengthening of the above currencies against the pound sterling at 1 January 2022 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

We are applying a consistent 1% across all currencies as 1% is deemed an appropriate fluctuation of the largest GBP conversion currency.

Company

The Company generates and makes payments in Sterling, however settles interest on the term loan in Euros.

The table below shows the Company's currency exposures that give rise to net currency gains and losses recognised in the Statement of Comprehensive Income as a result of assets and liabilities that are not denominated in the functional currency of the subsidiaries involved.

1 January 2022

	Sterling £'000	Euro £'000	Total £'000
Cash and cash equivalents	105	697	802
Other receivables	372	109,551	109,923
Trade and other payables	(14,527)	-	(14,527)
Accrued interest on bank loans and other facilities	-	(5,651)	(5,651)
Secured loans	-	(241,415)	(241,415)
Balance sheet exposure	(14,050)	(136,818)	(150,868)

26 Financial instrument risk exposure and management (continued)

2 January 2021

	Sterling £'000	Euro £'000	Total £'000
Cash and cash equivalents	490	2,705	3,195
Other receivables	26,291	103,189	129,480
Trade and other payables	(15,668)	-	(15,668)
Accrued interest on bank loans and other facilities	-	(6,138)	(6,138)
Secured loans	(22,643)	(244,412)	(267,055)
Balance sheet exposure	(11,530)	(144,656)	(156,186)

A 1% weakening of the following currencies against the pound sterling at 1 January 2022 would have increased (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date. This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

2 January 2021	Equity £'000	SOCI £'000
Euro	1,368	1,368

A 1% strengthening of the above currencies against the pound sterling at 1 January 2022 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Liquidity risk

Group

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group manages liquidity risk through both the treasury and finance functions. Cash flow forecasts are prepared and reviewed on a weekly basis, normally covering a period of 3 months.

In addition, cash flow forecasts are prepared as part of the Group's overall budgeting and forecasting process and performance is monitored against this each month. This is intended to give the Board sufficient forward visibility of debt levels and cash requirements.

26 Financial instrument risk exposure and management (continued)

The tables below show the undiscounted cash flows on the Group's financial liabilities as at 1 January 2022 and 2 January 2021, on the basis of their earliest possible contractual maturity:

At 1 January 2022

	Carrying Value £'000	Contractual Cashflow £'000	Within 3 months £'000	Within 3 -6 months £'000	6 – 12 months £'000	1-2 years £'000	Greater than 2 years £'000	Greater than 5 years £'000
Trade payables	**41,306**	**41,306**	39,003	1,840	293	170		
Other payables and accruals	**62,922**	**62,922**	62,922	-	-	-	-	-
Accrued interest on bank loans and other facilities	**5,651**	**5,651**	5,651	-		-	-	-
Amounts payable to parent undertaking	**537**	**537**	537	-	-	-	-	-
Borrowings	**249,796**	**293,024**	7,429	2,701	18,253	13,361	250,703	577
	360,212	**403,440**	115,542	4,541	18,546	13,531	250,703	577

At 2 January 2021

	Carrying Value £'000	Contractual Cashflow £'000	Within 3 months £'000	Within 3 -6 months £'000	6 – 12 months £'000	1-2 years £'000	Greater than 2 years £'000	Greater than 5 years £'000
Trade payables	**34,346**	**34,346**	29,871	3,569	885	21		
Other payables and accruals	**67,418**	**67,418**	67,418				-	
Accrued interest on bank loans and other facilities	**6,138**	**6,138**	6,138	-	-	-	-	-
Amounts payable to parent undertaking	**596**	**596**	596	-	-	-	-	-
Borrowings	**267,055**	**332,743**	7,599	-	30,242	14,403	280,499	-
	375,553	**441,241**	111,622	3,569	31,127	14,424	280,499	-

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For the 52 week Period Ended 1 January 2022

26 Financial instrument risk exposure and management (continued)

In assessing and managing liquidity risks of its derivative financial instruments, the Group considers both contractual inflows and outflows. As at 1 January 2022, the contractual cash flows of the Group's derivative financial assets and liabilities are as follows:

At 1 January 2022

	Within 12 months £'000
Gross-settled forward contracts	
- Cash outflow	(167,341)
- Cash inflow	168,518
Total	**1,177**

This compares to the contractual cash flows of the Group's derivative financial assets and liabilities in the previous reporting period as follows:

At 2 January 2021

	Within 12 months £'000
Gross-settled forward contracts	
- Cash outflow	(151,252)
- Cash inflow	146,242
Total	**(5,010)**

Terms and debt repayment schedule 1 January 2022:

	Currency	Interest rate %	Year of maturity	Face value €'000	Carrying amount £'000
Credit Suisse	EUR	LIBOR + 5.75	2025	280,000	235,097
Credit Suisse	EUR	LIBOR + 3.75	2025	30,000	10,915
Credit Agricole	EUR	3.4	2026	250	94
Credit Agricole	EUR	1.26	2026	120	74
Credit Agricole	EUR	1.0	2024	100	50
Credit Agricole	EUR	0.84	2027	300	194
Societe Generale	EUR	0.58	2026	21	18
BNP Paribas	EUR	0.75	2026	49	42
Credit Agricole	EUR	0.55	2026	930	781
Credit Agricole	EUR	3.52	2024	80	18
Credit Agricole	EUR	3.65	2024	70	13
Credit Agricole	EUR	3.23	2027	100	42
Credit Agricole	EUR	3.23	2027	100	43
BNP Paribas	EUR	1.95	2022	150	19
BNP Paribas	EUR	1.95	2022	230	30
Credit Agricole	EUR	1.61	2026	200	77
Societe Generale	EUR	1.95	2022	250	37
Societe Generale	EUR	1.15	2023	200	46
Societe Generale	EUR	1.15	2022	40	3
BPI France	EUR	4.29	2024	600	302
BPI France	EUR	2.28	2025	300	189
Credit Agricole	EUR	1.60	2026	41	20
BNP Paribas	EUR	0.95	2025	41	20
Credit Agricole	EUR	1.10	2024	100	46
Credit Agricole	EUR	0.95	2025	100	53

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For the 52 week Period Ended 1 January 2022

26 *Financial instrument risk exposure and management (continued)*

Terms and debt repayment schedule 1 January 2022 (continued):

	Currency	Interest rate %	Year of maturity	Face value €'000	Carrying amount £'000
Societe Generale	EUR	1.35	2027	120	76
Societe Generale	EUR	0.58	2027	97	81
BNP Paribas	EUR	0.75	2026	202	173
Credit Agricole	EUR	0.55	2026	671	563
BPI France	EUR	1.80	2026	230	193
BNP Paribas	EUR	0.25	2022	500	420
Credit Agricole	EUR	1.20	n/a	700	588
BNP Paribas	EUR	1.10	2024	100	35
Credit Agricole	EUR	1.00	2026	120	72
BPI France	EUR	0.00	2027	75	63
Credit Agricole	EUR	2.05	2028	230	106
Credit Agricole	EUR	1.90	2029	218	121
BNP Paribas	EUR	1.60	2029	218	125
Credit Agricole	EUR	1.97	2033	165	109
Credit Agricole	EUR	1.82	2030	52	33
Credit Agricole	EUR	1.82	2030	38	24
Credit Agricole	EUR	0.95	2031	11	9
Credit Agricole	EUR	0.95	2031	31	24
Credit Agricole	EUR	1.25	2033	252	210
Credit Agricole	EUR	1.25	2023	382	316
Credit Agricole	EUR	0.00	2022	2,500	2,099
Arrangement fees capitalised				-	(4,597)
				321,284	249,066

	Currency	Interest rate %	Year of maturity	Face value ETB 000	Carrying amount £'000
Zemen Bank S.co	ETB	7.25	n/a	49,343	730
Total					249,796

Terms and debt repayment schedule 2 January 2021:

	Currency	Interest rate %	Year of maturity	Face value €'000	Carrying amount £'000
Credit Suisse lead consortium	EUR	LIBOR + 5.75	2025	280,000	250,493
Credit Suisse lead consortium	EUR	LIBOR + 3.75	2025	30,000	22,643
Arrangement fees capitalised				-	(6,081)
				310,000	267,055

26 Financial instrument risk exposure and management (continued)

Company

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through both the treasury and finance functions. Cash flow forecasts are prepared and reviewed on a weekly basis, normally covering a period of 3 months.

In addition, cash flow forecasts are prepared as part of the Company's overall budgeting and forecasting process and performance is monitored against this each month. This is intended to give the Board sufficient forward visibility of debt levels and cash requirements.

The tables below show the undiscounted cash flows on the Company's financial liabilities as at 1 January 2022 and 2 January 2021, on the basis of their earliest possible contractual maturity:

At 1 January 2022

	Carrying Value £'000	Contractual Cashflow months £'000	Within 3 months £'000	Within 3 -6 months £'000	6 – 12 months £'000	1-2 years £'000	Greater than 2 years £'000	Greater than 5 years £'000
Other payables and accruals	**3,896**	**3,896**	3,896		-	-	-	-
Accrued interest on bank loans and other facilities	**5,651**	**5,651**	5,651	-	-	-	-	
Amounts payable to group undertakings	**14,527**	**14,527**	14,527		-	-	-	-
Borrowings	**241,415**	**284,458**	6,366	-	17,282	12,343	248,467	-
	265,489	**308,532**	30,440	-	17,282	12,343	248,467	-

At 2 January 2021

	Carrying Value £'000	Contractual Cashflow £'000	Within 3 months £'000	Within 3 -6 months £'000	6 – 12 months £'000	1-2 years £'000	Greater than 2 years £'000	Greater than 5 years £'000
Other payables and accruals	**2,097**	**2,097**	2,097	-	-	-	-	
Accrued interest on bank loans and other facilities	**6,138**	**6,138**	6,138	-	-	-	-	-
Amounts payable to group undertaking	**15,668**	**15,668**	15,668	-	-	-	-	-
Borrowings	**267,055**	**332,743**	7,599	-	30,242	14,403	280,499	-
	290,958	**356,646**	31,502	-	30,242	14,403	280,499	-

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26 Financial instrument risk exposure and management (continued)

Terms and debt repayment schedule 1 January 2022:

	Currency	Interest rate %	Year of maturity	Face value €'000	Carrying amount £'000
Credit Suisse lead consortium	EUR	LIBOR + 5.75	2025	280,000	235,097
Credit Suisse lead consortium	EUR	LIBOR + 3.75	2025	30,000	10,915
Arrangement fees capitalised				-	(4,597)
				310,000	241,415

Terms and debt repayment schedule 2 January 2021:

	Currency	Interest rate %	Year of maturity	Face value €'000	Carrying amount £'000
Credit Suisse	EUR	LIBOR + 5.75	2025	280,000	250,493
Credit Suisse	EUR	LIBOR + 3.75	2025	30,000	22,643
Arrangement fees capitalised				-	(6,081)
				310,000	267,055

Financial compliance risk (Group and Company)

Risk

The Group and Company is subject to banking covenants - which were first tested for the quarter ended 30 September 2018. In the event that the covenants are not met, the Group would be in breach of its loan agreements and, as would be the case in any covenant breach, the bank could withdraw a portion of their funding to the Group, requiring early repayment of part of the loan. Since incorporation the Group has always met its covenant requirements with its bankers.

In addition to covenant compliance the Group and Company must ensure that it manages its liquidity such that it has sufficient funds to meets its obligations as they fall due.

Mitigation

The Group reviews its performance on an on-going basis. The Group and Company manages liquidity risk through the finance function. Cash flow forecasts are prepared and reviewed on a weekly basis, normally covering a period of 3 months. In addition, cash flow forecasts are prepared as part of the Group and Company's overall budgeting and forecasting process and is monitored against this each month. In the event of a forecast covenant breach the Group and Company would seek a covenant waiver or amendment from its lenders.

27 Capital management

The Group and Company manages its capital through on-going reviews of working capital and continuous monitoring of trading to ensure that the Group and Company has sufficient funds in place moving forward to meet payment requirements and regulated minimum capital requirements, as necessary.

Management monitor projected trading cash flows and establish capital requirements well in advance of the date required.

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For the 52 week Period Ended 1 January 2022

27 Capital management (continued)

The Group and Company defines and monitors capital on the basis of the carrying amount of equity plus its outstanding loan notes, less cash and cash equivalents as presented on the face of the statement of financial position and as follows:

	Group 1 January 2022 £'000	Company 1 January 2022 £'000	Group 2 January 2021 £'000	Company 2 January 2021 £'000
Equity	**67,057**	**2,143**	31,056	(6,619)
Borrowings	**249,796**	**241,415**	267,055	267,055
Cash and cash equivalents	**(43,742)**	**(802)**	(42,914)	(3,195)
	273,111	**242,756**	255,197	257,241

The directors are satisfied that the capital management procedures are appropriately implemented and that controls are operating effectively.

The Group and Company are not subject to any externally imposed capital requirements.

28 Guarantees and other financial commitments

The UK trading companies' banker, NatWest Plc., has provided a duty deferment guarantee of £625,000 to HM Revenue & Customs.

The UK trading companies provide an unlimited cross guarantee to their principle bankers NatWest Plc. concerning their liabilities. The total liabilities for the period ending 1 January 2022 were £374,178k (2020:£347,191k).

The UK trading companies form a Group VAT registration and as such are jointly and severally liable for the VAT liabilities.

In accordance with Section 479C of the Companies Act 2006, the Company has provided a guarantee over the liabilities of certain Subsidiaries as shown in note **11**, however it is expected that no liability will arise under the guarantee.

29 Retirement benefit plans

Kenya

The Group operates an unfunded gratuity arrangement in Kenya and the gratuity benefits are paid out of the Group's general revenues as and when they arise. Upon retirement, resignation, or death in service, the arrangement provides a benefit of 23 days basic pay per year worked to employees with over 5 years of service. The arrangement also pays an additional death in service lump sum of £179, KShs 27,000 (2020: £198, KShs 27,000).

Since the plan is unfunded, neither the Group nor the employees make any contribution. Further, there are no assets held separately in respect of this arrangement. However, an employee benefit liability is made in the Group's financial statements in relation to the end of service gratuity benefits to employees. The results of the actuarial valuation were updated at 1 January 2022 by an independent qualified actuary in accordance with IAS 19 "Employee Benefits".

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

29 Retirement benefit plans (continued)

Kenya (continued)

(a) Major assumptions used by the scheme's actuaries at the balance sheet date (in nominal terms)

	1 January 2022	2 January 2021
Rate of increase in pensionable salaries	**5.00%**	5.00%
Discount rate	**13.7%**	13.30%

The discount rate is determined with reference to Government of Kenya long-term bond yields.

Demographic assumptions

- Employees are assumed to retire at the age of 60.
- Assumptions regarding future mortality have been based on the A1949-1952 ultimate table for pre-retirement mortality.
- Terminations (voluntary or resignation) are assumed to follow the Specimen Salaried Male/Female Ultimate Experience Table scaled up to 200%. No allowance is made for retrenchment, redundancies and dismissals.
- Retirement due to ill health is based on average experience of other similar arrangements.

The assumptions represent management's best estimate of long term expectations.

(b) The amount included in the balance sheet arising from the Group's obligations in respect of all the gratuity scheme and the movements during the period are as follows:

	For the 52 weeks ended 1 January 2022 Group £'000	For the 52 weeks ended 2 January 2021 Group £'000
At the beginning of the period	(1,330)	(1,521)
Current service costs	(100)	(115)
Net interest expense	(177)	(198)
Actuarial gain	71	173
Benefits paid	160	103
Foreign exchange differences	29	166
Transferred to assets held for sale (note 20)		62
Carried forward	(1,347)	(1,330)

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

29 Retirement benefit plans (continued)

Kenya (continued)

(c) Amounts recognised in income in respect of the gratuity scheme

	For the 52 weeks ended 1 January 2022 Group £'000	For the 52 weeks ended 2 January 2021 Group £'000
Current service costs charged to operating profit in the income statement	(100)	(115)
Net interest expense	(177)	(198)
Total gratuity charge	(277)	(313)

Gratuity costs have been charged in the Statement of Comprehensive Income within administration expenses.

Sensitivity analysis

The results of the actuarial valuation will be more sensitive to changes in the financial assumptions than changes in the demographic assumptions. In preparing the sensitivity analysis, the actuaries have relied on their calculations of the duration of the liability. Based on this methodology, the results are summarised below:

		Discount rate	**One percentage point increase/ decrease £'000**
Effect on defined benefit obligation	2021	13.7%	+/- 219
Effect on defined benefit obligation	2020	13.3%	+/- 222

Since all the benefits payable under the arrangement are salary-related, the sensitivity of the liability to a change in the salary escalation assumption is not expected to be materially different from the sensitivity of the interest rate calculations. As the benefits are based on the final salary, any changes in salary that differ from the salary escalation rate assumed will have a direct bearing on the benefits paid under the gratuity arrangement.

The timing of benefit payments is influenced by the age at which employees retire or leave service from the Group.

Ethiopia

The Group operates an unfunded severance benefit plan in Ethiopia and the gratuity benefits are paid out of the Group's general revenues as and when they arise. Employees who have served the Company for 5 years or more and are below the retirement age (i.e. has not met the requirement to access the pension fund) are entitled to the benefit. The final pay-out is determined by reference to the final monthly salary and number of years in service computed as one month salary for the first year in employment plus one third of monthly salary for subsequent years to a maximum of twelve months salary.

29 Retirement benefit plans (continued)

Ethiopia (continued)

Since the plan is unfunded, neither the Group nor the employees make any contribution. Further, there are no assets held separately in respect of this arrangement. However, an employee benefit liability is made in the Group's financial statements in relation to the end of service gratuity benefits to employees. The results of the actuarial valuation were updated at 1 January 2022 by an independent qualified actuary in accordance with IAS 19 "Employee Benefits".

(a) Major assumptions used by the scheme's actuaries at the balance sheet date (in nominal terms)

	1 January 2022
Rate of increase in pensionable salaries	**9.00%**
Discount rate	**14.25%**

The discount rate is based on the average lending rate in the fourth quarter of 2020/21 as provided by the National Bank of Ethiopia Quarterly Bulletin

Demographic assumptions
- Employees are assumed to retire at the age of 60.
- Assumptions regarding future mortality have been based on the A1949-1952 ultimate table for pre-retirement mortality.
- Terminations (voluntary or resignation) are based on average experience of other similar arrangements.
- Retirement due to ill health is based on average experience of other similar arrangements.

The assumptions represent management's best estimate of long-term expectations.

(b) The amount included in the balance sheet arising from the Group's obligations in respect of all the gratuity scheme and the movements during the period are as follows:

	For the 52 weeks ended 1 January 2022 Group £'000
At the beginning of the period	-
Balance from previous period	(428)
Current service costs	(144)
Net interest expense	(65)
Actuarial gain	122
Foreign exchange differences	90
Carried forward	(425)

29 Retirement benefit plans (continued)

Ethiopia (continued)

(c) Amounts recognised in income in respect of the gratuity scheme

	For the 52 weeks ended 1 January 2022 Group £'000
Current service costs charged to operating profit in the income statement	(144)
Net interest expense	(65)
Total gratuity charge	(209)

Gratuity costs have been charged in the Statement of Comprehensive Income within administration expenses.

Sensitivity analysis

A sensitivity analysis on the defined benefit obligation to changes in the weighted principal assumption is:

	Change in assumption	Increase	Decrease
		£'000	£'000
Discount rate	1%	(18)	20
Salary increases	1%	13	(12)

The timing of benefit payments is influenced by the age at which employees retire or leave service from the Group.

Defined contribution schemes

The Group operates multiple defined contribution schemes for all qualifying employees. The pension costs, which represents contributions payable by the Group, amounted to £2,193k (2020: £2,236k). The largest 3 schemes are detailed below:

Sher Ethiopia's pension plan is a state pension plan. The Ethiopian government is responsible for the execution and pension payments after retirement. The pension obligations are recognized in accordance with defined contribution schemes. This approach accounts for the contribution payable to the government as an expense in the Statement of Comprehensive Income. As at period-end 2021, there are no obligations for which a pension provision has been included. The pension expenses (defined contribution) charged to the Statement of Comprehensive income amount to £716k. Employer and employee contribute for a fixed part (11% and 7% respectively of basis salary) in the annual pension premium.

The UK workplace pension plan is financed through contributions to insurance companies. The pension obligations are recognized in accordance with defined contribution schemes. This approach accounts for the contribution payable to the insurance Company as an expense in the Statement of Comprehensive Income. The pension expenses (defined contribution) charged to the Statement of Comprehensive income amount to £945k. Employer and employee contribute in accordance with UK Government Workplace minimum pension contributions (to 5 April 2020 2% and 3% respectively of basis salary) in the annual pension premium.

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

29 Retirement benefit plans (continued)

Sher Holland's pension plan is financed through contributions to insurance companies. The pension obligations are recognized in accordance with defined contribution schemes. This approach accounts for the contribution payable to the insurance Company as an expense in the Statement of Comprehensive Income. As at period-end 2020, there are no obligations for which a pension provision has been included. The pension expenses (defined contribution) charged to the Statement of Comprehensive income amount to £230k. Employer and employees contribute for 75% and 25% respectively in the annual pension premiums due to the pension provider. Pension premiums vary as they depend on the employee's personal situation (i.e. age and marital status).

30 Share capital

The total allotted share capital is:

Authorised, allotted, issued and fully paid

Classed as equity:	**1 January 2022 Number**	**£'000**	2 January 2021 Number	£'000
Ordinary shares of £0.01 each	20,941	209	20,941	209
Total equity	20,941	209	20,941	209

The share premium reserve includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium

31 Related party transactions

Group

During the period the Group purchased £132k (2020: £190k) in consulting fees from Sun Capital Partners Management VI, LLC a related party. Sun Capital Partners Management VI, LLC is an affiliate of Sun Capital Partners, Inc. As at the period end the total amount outstanding was £32k (2020: £43k) £17k of which was paid 31 January 2022 and £7k on 3 March 2022.

During 2021 Simba BV, a company owned by one of Flamingo Group International Limited directors, undertook consultancy work for Flamingo Group International Limited. In the accounting period ending 1 January 2022 the transaction amounted to £140k (2020: £133k).

During 2021 one of Flamingo Group International Limited's subsidiaries, Sher Holland BV rented cold room facilities from Simba BV, a company owned by one of the Flamingo Group International Limited directors. In the accounting period ending 1 January 2022 the transaction amounted to £42k (2020: £36k)

Notes to the Consolidated Financial Statements
For the 52 week Period Ended 1 January 2022

31 Related party transactions (continued)

Key management personnel are identified as the senior executives of the Group, and their remuneration is disclosed as follows:

	For the 52 weeks ended 1 January 2022 £'000	For the 53 weeks ended 2 January 2021 £'000
Remuneration of key management personnel		
Short-term employee benefits	3,735	5,647
Post-employment benefits	98	104
Share-based payment	2,367	3,425
	6,200	9,176

Included within remuneration is a Director who invoiced the company for his services as a director of the Group from 2 January 2022 to 31 March 2022 (£66k).

Company

During 2021 Simba BV, a company owned by one of Flamingo Group International Limited directors, undertook consultancy work for Flamingo Group International Limited. In the accounting period ending 1 January 2022 the transaction amounted to £140k (2020: £133k).

Key management personnel are identified as the directors of the Company, and their remuneration is disclosed as follows:

	For the 52 weeks ended 1 January 2022 £'000	For the 53 weeks ended 2 January 2021 £'000
Remuneration of key management personnel		
Short-term employee benefits	2,008	2,986
Post-employment benefits	-	19
	2,008	3,005

Included within remuneration is a Director who invoiced the company for his services as a director of the Group from 2 January 2022 to 31 March 2022 (£66k).

32 Share-based payments

The Group has a Long-Term Incentive Plan (LTIP) for purchasing shares in its parent company, Zara UK Topco Limited, which is open to certain directors and employees of the Group. Shares are issued at a value equal to the fair market value of such shares on the date of issuance. The shares vest over a five year period. Shares may be purchased if the director/employee leaves the employment of the Group.

Certain Directors and employees have been granted one of six subclasses of the B Shares Zara UK Topco Limited; B1 and B2 Shares ("B1&B2 Shares"), which have equivalent rights; B3 Shares ("B3 Shares"), B4 Shares ("B4 Shares"), B5 Shares ("B5 Shares") and B6 Shares ("B6 Shares). The B Shareholders are entitled to distributions, whether upon a change in control or liquidation event occurring ("Exit Event") or otherwise subject to meeting certain other shareholder distribution requirements.
Certain employees have been issued options on one of 2 subclasses of the Class D shares of Zara UK Topco Limited; D1 shares ("D1 Shares" and D2 Shares ("D2 Shares"). The D Shareholders are entitled to distributions upon a change in control or liquidation event occurring ("Exit Event").

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

32 Share-based payments (continued)

	B1 & B2 shares		B3 Shares		B4 shares		B5 shares	
	Number of shares	Weighted average exercise price per share £	Number of shares	Weighted average exercise price per share £	Number of shares	Weighted average exercise price per share £	Number of shares	Weighted average exercise price per share £
Outstanding at 29/12/2019	89,000	23.75	12,000	9.94	21,000	6.16		-
Granted	-						173,895	0.17
Forfeited					-			-
Exercised	(27,000)	46.44	(12,000)	0.001	-			
Outstanding at 2/1/2021	**62,000**	**23.75**	**-**	**-**	**21,000**	**6.16**	**173,895**	**0.17**
Granted								
Forfeited								
Exercised								
Outstanding at 1/1/2022	**62,000**	**23.75**	**-**	**-**	**21,000**	**6.16**	**173,895**	**0.17**
Exercisable at 2 January 2021								
Exercisable at 1 January 2022								

	B6 shares		D1 shares		D2 shares	
	Number of shares	Weighted average exercise price per share £	Number of shares	Weighted average exercise price per share £	Number of shares	Weighted average exercise price per share £
Outstanding at 29/12/2019						
Granted	50,000	0.12				
Forfeited						
Exercised						
Outstanding at 2/1/2021	**50,000**	**0.12**	**-**	**-**	**-**	**-**
Granted			24,000	59.51	50,000	61.71
Forfeited	-					
Exercised						
Outstanding at 1/1/2022	**50,000**	**0.12**	**24,000**	**59.51**	**50,000**	**61.71**
Exercisable at 2 January 2021						
Exercisable at 1 January 2022						

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

32 Share-based payments (continued)

	B1 & B2 shares	B4 shares	B5 shares*	B6 shares*	D1 shares*	D2 shares*
Option grant dates	29 Nov 2016	18 Apr 2018	2 Dec 2020	2 Dec 2020	30 Mar 2021	30 Mar 2021
Vesting commencement dates	29 Nov 2016	18 Apr 2018	20 Jun 2019	2 Jan 2020	2 Feb 2018	1 Sep 2018
Weighted average exercise share price at the date of the exercise of the share options exercised during the period						
Weighted average exercise price of options outstanding at 1 January 2022	£23.75	£6.16	£0.17	£0.12	£59.51	£61.71
Weighted average remaining contractual life		1.5 years	3 years	5 years	2 years	2 years

*These awards were communicated to participants prior to being granted. On the basis that service was provided from the vesting commencement date the expense is being recognised from that date.

The aggregate of the estimated fair values of the shares issued to certain directors and employees of the Group is £6,217k (2020: £7,523k). The fair values as at the financial period end have been calculated using the Monte Carlo simulation model.

During the period £2,367k (2020: £3,424k) was recognised as an expense for share-based payments and £57k (2020: £376k) for national insurance on share based payments.

The key assumptions used by the Monte Carlo model were:

	B1 & B2 shares	B4 shares	B5 shares	B6 shares	D1 shares	D2 shares
WACC			12%	12%	12%	12%
Long term growth rate			2%	2%	2%	2%
Volatility (sigma)	29.0%	30.0%	41.5%	41.5%	41.5%	41.5%
Risk free rate	0.36%	0.89%	(0.02%)	(0.02%)	0.06%	0.06%
Employee exit rate (per annum)	0%	0%	0%	0%	0%	0%
Dividend yield (per annum)	0%	0%	0%	0%	0%	0%

Volatility was based on a weighted volatility calculation with reference to the historic daily share price movements of identified comparable companies, from the respective issuance dates.

Risk free rates were, for B1 & B2 shares and for B3 shares respectively, the yield on a 3.5% nominal zero coupon government security and a 2.5 year nominal zero coupon government security at the Grant Dates, in line with the expected periods through to the Exit Date. The risk free rate on B4 shares is the yield on 3 year nominal zero government security at the Grant Date. The risk free rate on B5, B6, D1 and D2 shares is the yield on a nominal zero coupon government security at the Grant Date, in line with the number of years until the Exit Date in each scenario.

33 Net debt

Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Long-term borrowings	Short-term borrowings	Total
	£'000	£'000	£'000
At 2 January 2021	259,993	37,422	297,415
Cash flows:			
Repayments of bank loans	-	(22,643)	(22,643)
Interest paid on bank loans and other facilities	(14,769)	-	(14,769)
New loan	-	11,102	11,102
Bank overdraft	-	730	730
Acquired on acquisition	3,646	4,004	7,650
Payments for right of use assets	-	(4,935)	(4,935)
Non-cash:			
Amortisation	1,484		1,484
Lease liability movement	5,114	5,507	10,621
Accrued interest	(487)	-	(487)
Finance costs	14,769		14,769
Foreign exchange movement	(15,578)	-	(15,578)
At 1 January 2022	254,172	31,187	285,359

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

34 Discontinued operations

On 23 February 2021 the Group sold F.V. SeleQt BV to Best Fresh Trade BV.
On 3 March 2021, the Group sold Flamingo Horticulture South Africa (Pty) Limited to Selemo Valley Farms (Pty) Limited, Nhvest Holdings (Pty) Limited, Nevzospace (Pty) Limited, the trustees for the time being of the Lallchand Family Trust and Floral Sense CC.
On 14th April 2021, the Group sold Dudutech Integrated Pest Management Limited and assets of a pest management trade stream of Flamingo Horticulture Kenya. The assets and trade were sold to the Bioline Group.

These business are reported in the current period as discontinued operations. Financial information relating to the discontinued operations for the period to the dates of disposal is set out below.

The financial performance and cash flow information presented are for the 53 weeks ending 2 January 2021 and the 52 week period ending 1 January 2022.

Reconciliation of loss from discontinued operations

	52 weeks ended 1 January 2022 £'000	53 weeks ended 2 January 2021 £'000
Loss from discontinued operations in the income statement	(5,053)	(6,768)
Write back of income from group undertaking	-	5,197
Write back of intercompany interest	-	(114)
Loss from discontinued operations	**(5,053)**	**(1,685)**

	52 weeks ended 1 January 2022 £'000	53 weeks ended 2 January 2021 £'000
Internal revenue	1,484	12,179
External revenue	2,330	7,263
Total revenue	**3,814**	**19,442**
Cost of sales	(2,414)	(19,336)
Gross profit	**1,400**	**106**
Admin expenses	(6,475)	(6,418)
Other operating income	22	4,713
Operating loss	**(5,053)**	**(1,599)**
Finance costs	-	(85)
Loss before income tax	**(5,053)**	**(1,684)**
Income tax credit	-	206
Loss from discontinued operation	**(5,053)**	**(1,478)**
Exchange differences on translation of discontinued operations	(874)	(2)
Other comprehensive loss from discontinued operations	**(5,927)**	**(1,480)**
Net cash inflow/(outflow) from operating activities	2,076	(1,357)
Net cash outflow from investing activities	(2,176)	(275)
Net cash inflow from financing activities	-	1,064
Net decrease in cash generated by subsidiary	(100)	(568)

Notes to the Consolidated Financial Statements

For the 52 week Period Ended 1 January 2022

34 Discontinued operations (continued)

Details of the sale of the subsidiaries

	1 January 2022 £'000
Consideration received – cash	25,154
Deferred consideration	514
Carrying amount of net assets sold	(6,508)
Gain on sale before tax and reclassification of foreign exchange reserve	**19,160**
Reclassification of foreign exchange reserve	(874)
Tax	(3,574)
Foreign exchange on translation	27
Gain on sale after tax	**14,739**
The carrying amount of assets and liabilities as at the of sale were:	
Property plant and equipment	4,853
ROU assets	59
Inventories	1,508
Trade and other receivable	1,454
Total assets	**7,874**
Lease liabilities	(11)
Provisions	(60)
Cash at bank and in hand	(10)
Trade and other payable	(1,285)
Total liabilities	**(1,366)**
Net assets	**6,508**

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operations as at 2 January 2021:

	1 January 2022 £'000	2 January 2021 £'000
Assets classified as held for sale		
Property, plant and equipment	-	5,500
Right of use assets		22
Biological assets	-	148
Inventories	-	1,237
Trade and other receivables	-	1,664
Cash at bank and in hand		5
Total assets held for sale	**-**	**8,576**

Notes to the Consolidated Financial Statements
For the 52 week Period Ended 1 January 2022

34 Discontinued operations (continued)

	1 January 2022 £'000	2 January 2021 £'000
Liabilities directly associated with assets classified as held for sale		
Lease liabilities	-	62
Provisions	-	102
Pension obligations	-	62
Trade and other payables		1,483
Total liabilities held for sale	**-**	**1,709**

The foreign exchange losses recognised in other comprehensive income in relation to the discontinued operation as at 1 January 2022 were £2k.

The cumulative foreign exchange losses recognised in other comprehensive income in relation to the discontinued operation as at 1 January 2022 were £874k.

35 Acquisition of Bigot France Holdings

On 13 December 2021, the Group acquired 100% of the shares of Bigot France Holdings and therefore all the business assets of Bigot France Holdings and its wholly owned subsidiary companies. The consolidated identifiable net assets at the acquisition date amounted to £7,808k.

	Book value	Fair value adjustments	Fair value
	£'000	£'000	£'000
Recognised amounts of identifiable net assets			
Property, plant and equipment	5,153	6,491	11,644
Financial assets	89	-	89
Intangible assets	100	(71)	29
Total non-current assets	**5,342**	**6,420**	**11,762**
Inventories	2,210	-	2,210
Trade and other receivables	10,343	-	10,343
Cash and cash equivalents	824	-	824
Total current assets	**13,377**	**-**	**13,377**
Trade and other payables	(2,895)	-	(2,895)
Lease liabilities	(366)	-	(366)
Bank and other borrowings	(7,650)	-	(7,650)
Deferred tax	-	(2,371)	(2,371)
Total current liabilities	**(10,911)**	**(2,371)**	**(13,282)**
Identifiable net assets	**7,808**	**4,049**	**11,857**
Goodwill on acquisition			3,776
Fair value of consideration transferred			**15,633**
Consideration transferred in cash			(9,008)
Cash and cash equivalents acquired			824
Net cash outflow on acquisition			**(8,184)**
Debt acquired			(7,650)
Total cash outflow on acquisition			**(15,834)**
Acquisition costs charged to expenses			1,302

Consideration transferred

The acquisition of Bigot France Holdings was settled in cash amounting to £9,008k.

There were no contingent consideration arrangements based on future performance within the Sale and Purchase Agreement nor any contingent liabilities or indemnification of assets.

Notes to the Consolidated Financial Statements
For the 52 week Period Ended 1 January 2022

35 Acquisition of Bigot France Holdings (continued)

Identifiable net assets

The provisional fair value of the identifiable net assets acquired as part of the business combination amounted to £11,857k. As of the acquisition date, the Group's best estimate of the contractual cash flow not expected to be collected amounted to £Nil.

Goodwill

Goodwill of £3,776k is primarily related to growth expectations and future profitability, and future possible synergies. The Group does not organise its business by segment and therefore goodwill has not been allocated to a particular segment. Goodwill is not expected to be deductible for tax purposes.

Bigot France Holdings contribution to the Group's results

Bigot France Holdings incurred a loss after tax of £15k for the period from acquisition date of 13 December 2021 to the reporting date. Revenue for the period from acquisition date to 1 January 2022 was £0k.

If Bigot France Holdings had been acquired on 3 January 2021, revenue of the Group for 2021 would have increased by £21,725k, and profit for the period to 1 January 2022 would have increased by £435k.

36 Ultimate controlling party

As at the 1 January 2022 Flamingo Group International Limited was a subsidiary undertaking of Zara UK Holdco Limited, the smallest and largest group to consolidate, a company incorporated in the UK.
Copies of the financial statements of the Group and Parent company can be obtained by a request in writing to the Group's registered office.

The ultimate parent undertaking and controlling party is a private equity investment fund advised by an affiliate of Sun Capital Partners, Inc. a company incorporated in the USA.