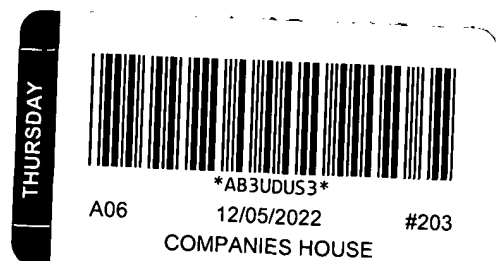


Produce Investments Limited

Report and financial statements

For the year ended 28 August 2021



PRODUCE INVESTMENTS LIMITED

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PRODUCE INVESTMENTS LIMITED

COMPANY INFORMATION

Directors

A Armstrong
A Burt
M Burt
M R Clarke
G M Ürmston

Registered office

7 The Forum
Minerva Business Park
Lynch Wood
Peterborough
PE2 6FT

Auditor

RSM UK Audit LLP
Chartered Accountants
Blenheim House
Newmarket Road
Bury St Edmunds
Suffolk
IP33 3SB

Bankers

HSBC Bank plc
60 Queen Victoria St
London
EC4N 4TR

PRODUCE INVESTMENTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 28 AUGUST 2021

The Directors present their strategic report and financial statements for the Produce Investments Limited group for the year ended 28 August 2021.

Review of the business

The Directors report that like for like revenue decreased to £151.1m compared to £163.9m in the prior period. The 7.9% reduction in revenue was primarily because of previously announced reductions under a retail contract in the Fresh packing business which were partly offset by volumes from new retail customers in the year, Covid-19 impacted all of the businesses to some extent with volumes to the foodservice sector impacted within Greendale, particularly in the Seed and Trading businesses.

The Restrain Company continued to successfully roll out its ethylene based solution for potato storage to take advantage of the non-renewal of the CIPC storage solution. Further investment was made in new Restrain generators as the business seeks to continue its expansion in 2022.

The Jersey Royal Company partially recovered from the very difficult previous year which was affected by both weather and Covid-19. However, weather still had an adverse impact on the business with early season sales impacted by cold weather on the island which affected availability at the start of the season

Like for like cost of goods sold of £95.0m, excluding exceptional items, reduced from £106.4 in the prior period, because of the lower volume of activity caused by the factors mentioned above and the increase in unit labour costs as a result of ensuring that working conditions were adjusted to take account of Covid-19 compliance .

As a result of the above factors, the group EBITDA before exceptional items was £3m, an increase of £3.7m reported in the previous period. The operating loss before exceptional items was £0.7m compared to a £4.0m operating loss in the previous period. Loss before tax in the current year includes an exceptional charge of £0.2m (2020: £0.2m) which has resulted in a loss before tax of £2.0m (2020: £5.1m). Exceptional items include the costs of restructuring the group's operations and redundancies associated with that programme. These items are regarded as exceptional by their nature and incidence.

Working capital (Inventories, Biological assets, Trade receivables, and Trade payables) increased by £1.9m to £19.6m (2020: £17.7m), which is driven mainly by the phasing of sales of bulbs in Rowe Farming and early season sales activity in Restrain.

Property, plant and equipment decreased by £1.1m to £36.7m, as a result of the typical depreciation charges, offset by the continued investment into our businesses by the group.

Net debt increased to £20.4m (2020: £17.3m) as a result of the operating loss during the year and also the increased working capital noted above.

Directors' duty to promote the success of the company

The Directors of the company have a duty to promote the success of the company under section 172 of the Companies Act 2006, such duties summarised as follows.

A Director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.

PRODUCE INVESTMENTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 28 AUGUST 2021

Directors' duty to promote the success of the company (continued)

The Directors have fulfilled their duties in this regard through the following means:

- Annual review of the company's strategy (described elsewhere in this report and financial statements), combined with regular review of delivery of this strategy via monitoring of KPIs and the incorporation of strategic objectives and actions into regular performance management meetings and reports,
- Incorporating the company's people at the centre of its strategy, combined with regular and effective employee engagement,
- Maintaining strong and effective relationships, which is critical to the business, with its customers, suppliers and other stakeholders,
- Ensuring that the company uses its position and actions to create positive change for the people and communities with which it interacts,
- Remaining committed to a reputation for high standards of business conduct, and maintaining a culture within the business that values such high standards,
- Remaining engaged, for example by regular meetings, with members of the company.

Principal risks and uncertainties

Covid – 19 impact

The impact of Covid-19 was explained in the previous consolidated statutory accounts, both the actual impacts up to June 2021 and the potential risks and uncertainties foreseen at that time.

The impact of Covid-19 in the year ended 28 August 2021, and into the new financial year ending 27 August 2022, has been mixed across the group. Most of the core operations have continued to operate due to the nature of our business falling into the 'essential business' category.

The potato packing operations witnessed a significant increase in demand at the onset of Covid-19 lockdown, then demand settled down to more normal levels. The potato planting and harvesting operations on the Island of Jersey (Jersey Royals) and the planting operations in the UK also continued as normal albeit with adherence to the social distancing guidelines stipulated by the relevant governments. The daffodil business also implemented appropriate procedures to ensure that the picking and packing operations were also performed in accordance with the guidelines.

The Restrain technology business, based in Breda, The Netherlands, continued to manufacture new generators during the year ended 28 August 2021 at a level that will see it fulfil its order book after the ban of CIPC as a potato sprout inhibitor came into force in Autumn 2020. Again, this is with the adherence to the social distancing guidelines set by the Dutch authorities.

Employee safety has remained a priority in all operations and the business will continue to do everything it can to ensure the health and wellbeing of all employees, while at the same time meeting the demands of our extensive customer base. New ways of working have been implemented, including:

- Regular Covid-19 updates are circulated to all staff, keeping them updated of any changes to working practices and requirements.
- All production sites (including fields) are operating within strict social distancing guidelines. This includes the wearing of appropriate face coverings and similar precautions.
- Colleagues defined by Government as 'vulnerable' have been encouraged to self-isolate.
- Most third party visitors to production sites have been stopped, and actively discouraged where feasible; and where a visit is necessary, pre-vetting is being undertaken.
- Robust hygiene practices are in place across all sites; staff have access to washing facilities, sanitising gel and disposable wipes.

The financial functions of the business continue to operate effectively with cash inflow and outflow continuing uninterrupted.

Looking ahead, the Board remains confident about the ongoing viability of the business and while the impact of Covid-19 may lead to operational challenges in future, the Directors do not envisage that the impact will be materially detrimental to the group. The Board will continue to monitor this situation on an ongoing basis.

**PRODUCE INVESTMENTS LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 28 AUGUST 2021**

Other risk areas

Potential risks affecting the group are continuously reviewed as part of our operational risk self-assessment process and actions to mitigate these risks are identified. The key fundamental risks are set out below.

Risk/Uncertainty

Mitigation

Brexit

The impact following the UK's decision to leave the EU continues to evolve. Whilst clearly a deal was agreed, the practical implications continue to affect many businesses with changes occurring on a regular basis

The group is closely monitoring the impact of the changes and continues to work closely with the appropriate regulatory bodies and agencies to ensure all opportunities and challenges are equally met.

The increased bureaucracy associated with cross border movements has yet to be understood fully with new regulations coming in from January 2022.

We believe our established links to our grower base, coupled with our reputation in supplying top quality traceable crop, may provide opportunities in the post-Brexit era.

How the various food safety bodies and agencies interact over the coming months and years may well have an impact on our agricultural supply base.

In relation to flow of products across the border (the group both imports and exports products from/to the EU), the group has taken all action within its control to ensure that the product flows continue with the minimum of disruption.

Food safety, food crime and bio security will become increasingly important.

Protecting and having access to a flexible and internationally diverse workforce, particularly for our seasonal businesses, remains important.

Historically the group has had no issues with employing sufficient labour resources as we have a high retention and return rate in our two seasonal businesses of The Jersey Royal Company and Rowe Farming. We have a long-standing policy of recruiting directly, offering good terms and favourable working conditions. However, recent political pronouncements indicate a very significant reduction in the number of seasonal workers accessing the UK is a threat to the group, and the group continues to lobby in an attempt to influence this position. Jersey States have sensibly distanced themselves from the UK stance and will continue to allow access to seasonal labour.

**PRODUCE INVESTMENTS LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 28 AUGUST 2021**

Risk/Uncertainty

Mitigation

Interruption or failure of IT system

Failure to maintain stable business systems in respect of both technical infrastructure platform and operating applications that serve the business requirements.

The group has invested substantially in IT systems. The group's hardware infrastructure (servers) is outsourced to an external third party. This includes disaster recovery contingencies and arrangements with the external provider that allow any possible disruption to be limited and therefore minimise any adverse operational impact.

Periodic reviews and tests are undertaken to ensure any manual operating procedures are up to date and effective to ensure the minimum amount of disruption should IT systems become unavailable for a lengthy duration.

Robust systems with necessary and appropriate back-up procedures are in place at both third-party providers and on-site.

Experienced internal and external support for hardware, and external support for operating systems, are available.

Cyber crime

Failure to adequately protect the business from cybercrime.

The group has invested, and continues to invest, in a significant IT transformation programme to improve both infrastructure and security. In addition, the core business application solution Microsoft Dynamics NAV ("NAV") has been redesigned and upgraded, which brings additional controls and procedures as standard. Further developments in NAV will follow in future. The Board expects such developments to provide further mitigation of the risks of cyber-crime.

At present, the group's main exposure to cybercrime is the misappropriation of data and cash.

Cybercrime is an ever-evolving landscape and it is therefore necessary to have multi layers of protection and implement multi-level protection.

The security of the group's IT equipment is regularly reviewed. All equipment is installed with anti-virus/malware software designed to maximise protection. All equipment is regularly updated with leading anti-virus software. All inbound emails are subjected to multivendor scan before being allowed into our network. Our cloud-based infrastructure is protected by our Cloud provider's choice of anti-virus software.

Policies and procedures are continuously reviewed and updated to cover the evolving landscape with appropriate communication and updates installed in real time.

**PRODUCE INVESTMENTS LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 28 AUGUST 2021**

Risk/Uncertainty

Mitigation

Impact of adverse weather

The group's operations are influenced by the volume and quality of the UK potato crop.

In the event of a poor UK potato crop owing to adverse weather conditions, the group is likely to suffer from an increased price for a proportion of its potato supplies.

The group's exposure to adverse weather conditions is increased due to its own growing operations, including Rowe Farming and Jersey Royals grown in Jersey.

The geographically diverse spread of third-party procurement and the group's own growing operations, covering the main potato growing regions of the UK, reduces the risk to the group of crop failure in any specific region.

There is some exposure to price volatility albeit more potato volume is now contracted with many of these contracts being supported by key customers. Daffodils are slightly less susceptible to variances in growing conditions, but the harvest can be impacted when conditions make it difficult for manual pickers to operate.

Staff recruitment, development and retention

Our people are our biggest asset and are key to the future success of the group.

The loss or failure to attract, develop and retain key individuals and staff would have a detrimental effect on the group's ability to operate and achieve its strategic objectives.

The group has a rolling development programme in place to allow employees to improve learning and skills and to facilitate career progression. Individual performance reviews and assessments are routinely undertaken with all managers across the group which focuses on individual development plans. Succession plans are in place and regularly reviewed for key management.

The group also has several incentive schemes in place linked to performance criteria for both business unit and the group which are designed to be competitive and help retention of key individuals.

Regular reviews are undertaken to benchmark "total benefits" against external market environment to ensure these remain competitive.

Debt funding availability and liquidity

The group's strategic objective is to grow and develop the group, which might require increased debt funding and, in any event, relies on the continued availability of sufficient liquidity. This could be affected by prolonged periods of market volatility or lack of liquidity in credit markets.

Due to the inherent volatility in the results of the group mainly from its growing operations, compliance with banking covenants can be a risk.

Regular and on-going dialogue is maintained with existing and potential funders to ensure that appropriate levels of funding are available based on the current market conditions. The group seeks to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets. The group also manages liquidity risk via revolving credit facilities and long-term debt. For significant, sustained debts the group will consider fixing interest rate payments using interest rate swaps and caps, pending commercial terms available in the market.

**PRODUCE INVESTMENTS LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 28 AUGUST 2021**

Risk/Uncertainty

Mitigation

Competition

The group operates in a highly competitive market.

The group continually monitors and reviews market prices and undertakes regular customer reviews to ensure required service levels are being achieved. There is a constant pipeline of innovation within the product range as well as new product development meetings with all key customers. We continue to focus and review operational efficiencies to ensure that the group remains competitive in challenging market conditions.

Going concern

The financial statements have been prepared on a going concern basis. The directors have not identified any material uncertainties which would affect the ability of the group to continue to trade for a period of at least 12 months from the date of these financial statements. Further details of the going concern assessment are included in note 1.

**PRODUCE INVESTMENTS LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 28 AUGUST 2021**

Key performance indicators

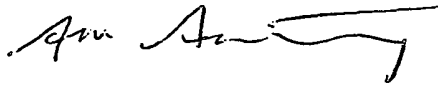
The Board assesses performance using several financial and non-financial key performance indicators (KPIs). These are regularly reviewed as to their appropriateness and measured continuously to monitor performance and comparative efficiencies across the group.

The principal financial KPIs monitored by the Board are the group EBITDA (operating profit before interest and similar charges, tax, depreciation and amortisation, and before exceptional items) and operating profit. This enables the Board to monitor overall segment profitability. Profitability of the business is considered further in the review of the business at the start of the strategic report.

Non-financial KPIs are principally related to volume measures of sales. Overall total volumes of potatoes sold in the year decreased by 4% to 414,000 tonnes (2020: 431,000 tonnes) due to the changes in retail volumes described earlier in the report and reduced foodservice demand due to Covid-19. Overall total volume of bunches of daffodils sold in the Rowe business remained static at 39,600 bunches (2020: 39,600 bunches).

Approved on behalf of the Board

A Armstrong
Director
31 March 2022



PRODUCE INVESTMENTS LIMITED
DIRECTORS REPORT
FOR THE YEAR ENDED 28 AUGUST 2021

The directors present their report and financial statements for the group for the year ended 28 August 2021.

Principal activities

The principal activities of the group are the growing, sourcing, packing and marketing of fresh potatoes including Jersey Royals, daffodil bulbs and flowers, and the supply of Restrain storage and ripening technology to growers and processors. The principal activity of the company is that of a holding company.

Future developments

The 2021 potato harvest is now successfully completed and the UK potato crop has yielded an estimated 5.3m tonnes which sees supply and demand reasonably well matched. The group's UK growing business has had a successful season with decent yields and good quality overall, and with the majority of the crop on fixed price contracts the group remains confident about the performance of this business.

The Restrain business, with its potato storage technology, continues to take advantage of changes in EU and UK legislation whereby the Annex 1 approval for its main competitor technology, CIPC, has been withdrawn. Restrain is expanding on a global basis as its low-cost and environmentally friendly technology gains approval in new territories. The group has continued to develop its new software platform Crop4sight, a technology which is proven to provide accurate crop development predictions and yield data. The system has continued to be rolled out commercially during the 2021 growing season with an irrigation module added for this season. The product has assisted growers maximise the marketable yield of their crops and provide supply chain companies with cumulative yield and size fraction data from a large variety of crops. Further enhancements to the Crop4sight technology are now in development utilising artificial intelligence and satellite technology and these will improve the user insights and experience during the 2022 growing season.

Post balance sheet events

There were no significant events after the date of the balance sheet and up to the date of signing these financial statements.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Directors:

A Armstrong
A Burt
M Burt
J Clegg (resigned March 2021)
M R Clarke
G M Urmston

Results and dividends

The loss after tax for the year was £1,268,000 (2020: £4,652,000 (restated)).

The Directors declared and paid a dividend of £nil during the year (2020: £1,896,000).

Research and development

Research continues in three major areas: developing new and improved potato varieties with increased resistance to diseases in conjunction with the James Hutton Institute; treatments and products to assist in the storage of potatoes and the development of crop prediction technology which will provide accurate crop data for growers and processors alike.

PRODUCE INVESTMENTS LIMITED
DIRECTORS REPORT
FOR THE YEAR ENDED 28 AUGUST 2021

Employee involvement and engagement

The Directors recognise the benefits which arise from keeping employees informed of the group's progress and through their participation in the group's performance. The group is therefore committed to provide its employees with information on a regular basis and, to consult them so that their views may be taken into account in making decisions which may affect their interests and to encourage their participation in schemes through which they will benefit from the group's progress and performance improvement.

One means of engaging with employees is a regular business update, open to all employees, to enable employees to engage directly with the business, its directors and senior management, understand business performance and strategy and to ask questions of, and make comments to, senior personnel. The group also conducts regular staff surveys and employs similar feedback and consultation processes to ensure that employee interests are considered in decision-making. This resulted in employee welfare and feedback responses influencing the group's efforts to redesign working practices during the Covid-19 pandemic.

The company places people at the heart of its strategy, such that the contribution of its people, and its impact on employees, is critical to forming strategy.

Directors and Officers insurance

The group has purchased insurance against Directors and Officers liability for the benefit of the Directors and Officers of the group (including its subsidiaries).

Disabled persons

It is the group's policy to ensure that disabled persons are treated fairly and consistently in terms of recruitment, training, career development and promotion and that their employment opportunities are based on a realistic assessment of their aptitudes and abilities. Wherever possible, the group will continue the employment of persons who become disabled during their employment with the group through retraining, acquisition of special aids/equipment or the provision of alternative employment.

Streamlined Energy and Carbon Reporting (SECR)

The Directors of the company consider their energy and climate change obligations, in relation to reducing energy use and carbon emissions, as critical to the company's values and strategy. The group's energy and carbon use are driven by the Greenvale businesses, which accounts for the substantial majority of the group's revenue, activities and operations. Therefore, the energy and carbon use key metrics are driven by the Greenvale businesses, and are as follows:

	Year ending 28 August 2021	Year ending 31 August 2020	% change
Energy consumption (kWh)			
Electricity	9,072,672	8,055,561	12.6%
Natural gas and LPG	2,565,206	3,401,716	(24.6)%
Renewable energy produced / consumed	2,312,235	2,948,733	(21.6)%
Other including vehicles	6,829,550	7,995,135	(14.6)%
Total gross emissions (tCO ₂ e)	4,599	5,212	(11.8)%
Intensity ratio (tCO ₂ e/t)	0.022	0.029	(24.1)%

The methodology used to record this data is from invoices from energy suppliers and comparing data across periods using historical profiles. Energy and fuel consumption has been converted to carbon (TCO₂e) using the DEFRA published conversion factors. Fuel for Transportation has been converted using statistical data sets published by Department of Transport.

PRODUCE INVESTMENTS LIMITED
DIRECTORS REPORT
FOR THE YEAR ENDED 28 AUGUST 2021

The amount of bought in electricity increased in 2021 with a corresponding reduction in renewable energy being generated and consumed as a result of a breakdown in the wind turbine situated at one of the main pack houses. This meant the turbine was out of use for 2 months of the year. Natural gas usage reduced due to the cessation of potato processing activities during the 2020 financial year.

Financial risk management, objectives and policies

The group operates treasury policies to ensure no unnecessary risks are taken with the group's assets. The Board considers the primary risks relate to credit risk and liquidity risk.

Credit risk

The group had long established policies and procedures for controlling customer credit risk. Credit limits are established for all customers based on internal rating criteria, and by reference to an external credit rating agency, and are regularly reviewed and updated in accordance with the customer's latest financial position.

Liquidity risk

Liquidity risk refers to the risk that the group may not be able to fund its day to day payment obligations as they fall due. The group manages liquidity risk by monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. The group also monitors the drawdown of debt against the available banking facilities and reviews the level of reserves.

Statement as to disclosure of information to the auditor

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor was unaware. Each of the Directors have confirmed that they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

RSM UK Audit LLP, Statutory Auditor, has indicated its willingness to continue to act as auditor.

Approved on behalf of the Board



G Urmston
Director
31 March 2022

**PRODUCE INVESTMENTS LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 28 AUGUST 2021**

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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 and the company'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 the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**PRODUCE INVESTMENTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRODUCE
INVESTMENTS LIMITED (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021**

Opinion

We have audited the financial statements of Produce Investments Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 28 August 2021 which comprise the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 28 August 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- understanding how the group cash flow forecasts for the going concern period have been prepared and the assumptions adopted;
- considering the reasonableness of the group projections against group current year results;
- considering the outcome current year group results against prior year budgets;
- considering covenant calculations and headroom against agreed banking facilities within the forecast period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**PRODUCE INVESTMENTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRODUCE
INVESTMENTS LIMITED (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021**

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

**PRODUCE INVESTMENTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRODUCE
INVESTMENTS LIMITED (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021**

The extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to food safety. We performed audit procedures to inquire of management whether the group is in compliance with these law and regulations and inspected supporting documentation.

The group audit engagement team identified the risk of management override of controls, revenue recognition applied in leasing of technology, and valuation of biological assets as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments applied in the recognition with revenue, coupled with substantive procedures to confirm the services / goods have been delivered, and challenging judgments and estimates applied in the valuation of biological assets.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

ANDREW MASON (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Blenheim House
Newmarket Road
Bury St Edmunds
Suffolk
IP33 3SB

8 April 2022

PRODUCE INVESTMENTS LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 28 AUGUST 2021

	<i>Notes</i>	28 August 2021 £'000	<i>restated</i> 31 August 2020 £'000
Turnover	3	151,024	163,905
Cost of sales		(95,025)	(106,389)
Gross profit		55,999	57,516
Administrative expenses		(56,747)	(61,535)
Exceptional items	11	(245)	(208)
Operating loss		(993)	(4,227)
Interest payable and other similar expenses	8	(1,237)	(920)
Interest receivable and other similar income	9	19	73
Fair value adjustment in respect of trade investment	18	-	30
Share of result of associate	18	227	(12)
Loss before tax	10	(1,984)	(5,056)
Taxation	13	715	404
Loss after tax		(1,269)	(4,652)
Attributable to:			
Owners of the parent		(1,785)	(4,770)
Non-controlling interests		516	118
		(1,269)	(4,652)


PRODUCE INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 AUGUST 2021

	<i>Notes</i>	Year ended 28 August 2021 £'000	Year ended 31 August 2020 £'000
Loss for the period		<u>(1,269)</u>	<u>(4,652)</u>
Other comprehensive income:			
Actuarial gain / (loss) in respect of pension scheme	7	1,106	(1,727)
Deferred tax movement on actuarial gain	13	<u>(277)</u>	<u>328</u>
Other comprehensive income for the period		<u>829</u>	<u>(1,399)</u>
Total comprehensive loss for the period		<u>(440)</u>	<u>(6,051)</u>
Attributable to:			
Owners of the parent		(956)	(6,169)
Non-controlling interests		<u>516</u>	<u>118</u>
		<u>(440)</u>	<u>(6,051)</u>

PRODUCE INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 28 AUGUST 2021

	<i>Notes</i>	28 August 2021 £'000	<i>restated</i> 31 August 2020 £'000
FIXED ASSETS			
Goodwill	15	3,961	4,548
Other intangible assets	16	31	25
Total intangible assets		<u>3,992</u>	<u>4,573</u>
Tangible fixed assets	17	36,698	37,831
Investments	18	332	201
		<u>41,022</u>	<u>42,605</u>
CURRENT ASSETS			
Stocks	21	4,825	5,960
Biological assets	22	8,856	8,754
Debtors due within one year	23	22,402	19,393
Cash at bank and in hand		6,774	3,946
		<u>42,857</u>	<u>38,053</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	24	(27,562)	(21,986)
NET CURRENT ASSETS		<u>15,295</u>	<u>16,067</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>56,317</u>	<u>58,672</u>
Creditors: amounts falling due after more than one year	25	(17,758)	(18,185)
Defined benefit pension scheme liability	7	(9,635)	(11,123)
NET ASSETS		<u>28,924</u>	<u>29,364</u>
CAPITAL AND RESERVES			
Called up share capital	29	-	-
Share premium account	30	-	-
Merger reserve	30	4,001	4,001
Profit and loss reserves	30	23,699	24,655
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>27,700</u>	<u>28,656</u>
NON-CONTROLLING INTERESTS		1,224	708
TOTAL EQUITY		<u>28,924</u>	<u>29,364</u>

The financial statements on pages 16 to 50 were approved by the board of directors and authorised on 31 March 2022 and signed on its behalf by:



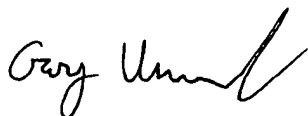
G Urmston
Director

PRODUCE INVESTMENTS LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 28 AUGUST 2021

	<i>Notes</i>	28 August 2021 £'000	<i>restated</i> 31 August 2020 £'000
FIXED ASSETS			
Investments	19	33,615	33,615
		<u>33,615</u>	<u>33,615</u>
CURRENT ASSETS			
Debtors due within one year	23	19,937	34,392
Cash at bank and in hand		5	469
		<u>19,942</u>	<u>34,861</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	24	(16,889)	(29,544)
		<u>3,053</u>	<u>5,317</u>
NET CURRENT ASSETS			
		<u>36,668</u>	<u>38,932</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
Creditors: amounts falling due after more than one year	25	(16,000)	(17,500)
		<u>20,668</u>	<u>21,432</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	29	-	-
Share premium account	30	-	-
Profit and loss reserves	30	16,667	17,431
Merger reserve	30	4,001	4,001
Other reserve	30	-	-
		<u>20,668</u>	<u>21,432</u>
TOTAL EQUITY			

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income and related notes as it prepares group accounts. The company's loss for the period and total comprehensive expense was £764,000 (2020: profit of £841,000).

The financial statements on pages 16 to 50 were approved by the board of directors and authorised on 31 March 2022 and signed on its behalf by:



G Urmston
Director

PRODUCE INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 AUGUST 2021

	Called up share capital	Share premium account	Merger reserve	Profit and loss reserves	Total controlling interests	Non- controlling interest	Total Equity
Notes	(Note 29) £'000	(Note 30) £'000	(Note 30) £'000	(Note 30) £'000	£'000	£'000	£'000
At 1 September 2019	293	24,224	4,001	8,273	36,791	1,532	38,323
Loss for the year (restated)	-	-	-	(4,770)	(4,770)	118	(4,652)
Other comprehensive income:							
Actuarial loss in respect of pension scheme	7	-	-	(1,727)	(1,727)	-	(1,727)
Deferred tax on actuarial loss	13	-	-	328	328	-	328
Total comprehensive income for the year	-	-	-	(6,169)	(6,169)	118	(6,051)
Transactions with owners:							
Share re-organisation during year	29	(293)	(24,224)	-	24,517	-	-
Disposal of interests during the year	-	-	-	(70)	(70)	(942)	(1,012)
Equity dividends paid	14	-	-	(1,896)	(1,896)	-	(1,896)
Total transactions with owners	(293)	(24,224)	-	22,551	(1,966)	(942)	(2,908)
At 1 September 2020 (restated)	-	-	4,001	24,655	28,656	708	29,364
Prior period adjustment (note 1)	-	-	-	674	674	168	842
At 1 September 2020 (as previously reported)	-	-	4,001	25,329	29,330	876	30,206
(Loss)/profit for the year	-	-	-	(1,785)	(1,785)	516	(1,269)
Other comprehensive income:							
Actuarial loss in respect of pension scheme	7	-	-	1,106	1,106	-	1,106
Deferred tax on actuarial loss	13	-	-	(277)	(277)	-	(277)
Total comprehensive income for the year	-	-	-	(956)	(956)	516	(440)
At 28 August 2021	-	-	4,001	23,699	27,700	1,224	28,924

PRODUCE INVESTMENTS LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 AUGUST 2021

		Called up share capital (Note 29)	Share premium account (Note 30)	Merger reserve (Note 30)	Profit and loss reserves (Note 30)	Other reserve (Note 30)	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
At 1 September 2019		293	24,224	4,001	(6,030)	-	22,488
Profit and total comprehensive income for the year		-	-	-	841	-	841
Transactions with owners:							
Share re-organisation during year	29	(293)	(24,224)	-	24,517	-	-
Equity dividends paid	14	-	-	-	(1,896)	-	(1,896)
At 1 September 2020		-	-	4,001	17,431	-	21,432
Loss and total comprehensive loss for the year		-	-	-	(764)	-	(764)
At 28 August 2021		-	-	4,001	16,667	-	20,668

PRODUCE INVESTMENTS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 28 AUGUST 2021

	Year ended 28 August 2021 £'000	<i>restated</i> Year ended 31 August 2020 £'000
OPERATING ACTIVITIES		
Loss after tax for the period	(1,269)	(4,652)
Adjustments to reconcile loss after tax for the period to net cash flow from operating activities:		
Depreciation of tangible fixed assets	6,265	5,608
Amortisation of intangible assets	604	615
Other exceptional items	95	(27)
Loss on disposal of tangible fixed assets	26	350
(Gain) on disposal of investments	-	(690)
Difference between pension contributions paid and amounts recognised in profit and loss	(560)	(602)
Interest payable and other similar expenses	1,237	920
Interest receivable and other similar income	(19)	(73)
Share of result of associates	(227)	12
Taxation	(716)	(404)
	<u>5,436</u>	<u>1,057</u>
Movements in working capital:		
(Increase) / decrease in trade and other debtors	(3,150)	644
Decrease / (increase) in stock and biological assets	(362)	(899)
(Decrease) in trade and other creditors	(726)	(3,083)
Cash flows generated from operating activities	1,198	(2,281)
Income taxes repaid/(paid)	825	(50)
Net cashflow from operating activities	<u>2,023</u>	<u>(2,331)</u>
INVESTING ACTIVITIES		
Proceeds on disposal of tangible fixed assets	105	946
Purchase of tangible fixed assets	(2,147)	(4,666)
Proceeds on disposal of businesses (net of cash disposed)	-	3,789
Net cash used in investing activities	<u>(2,042)</u>	<u>69</u>
FINANCING ACTIVITIES		
Bank loans repaid during the period	(2,016)	(2,250)
Invoice finance movement during the period	6,309	(4,409)
New bank loans during period	-	8,250
Hire purchase financing	(406)	44
Net interest paid	(1,040)	(744)
Net cash used in financing activities	<u>2,847</u>	<u>891</u>
Net decrease in cash and cash equivalents	2,828	(1,371)
Cash and cash equivalents at beginning of period	<u>3,946</u>	<u>5,317</u>
Cash and cash equivalents at end of period	<u>6,774</u>	<u>3,946</u>

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

1 Accounting policies

General information

The Company is a private company limited by shares and is registered and incorporated in the UK. Its registered office is Unit 7 The Forum, Minerva Business Park, Lynch Wood, Peterborough, Cambridgeshire, PE2 6FT.

The Company and its subsidiaries is a leading operator in the fresh potato and daffodil sectors. The group has vertically integrated activities covering seed and bulb development, seed and bulb production, farming, processing/packing, and supply of produce to the major retailers. The company's subsidiaries are listed in note 20.

Rounding

The financial statements and notes to the financial statements are rounded to the nearest £000. As a result, tables in these financial statements may not cast due to rounding.

Basis of preparation

These company and group financial statements have been prepared in accordance with FRS 102 'The Financing Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and the requirements of the Companies Act 2006, including the provisions of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008. The financial statements have been prepared under the historical cost convention modified to include certain financial instruments at fair value. The financial statements are prepared in sterling (£) and all values are rounded to the nearest thousand (£'000) except when otherwise indicated.

Prior period adjustments

The prior period accounts have been restated following a review of the revenue accounting policy within the subsidiary undertaking Restrain Company Limited. Previously revenue was recognised on the despatch of a machine to a customer as this represented the point where the Restrain technology was made available irrevocably. However, it is now felt that revenue should be recognised over the period that the customer is expected to use the machine as this is when the technology is used.

The impact of the restatement is to reduce turnover by £864k, reduce cost of sales by £22k, increase deferred revenue by £864k, and increase inventory by £22k. The adjustment reduced profit in the prior period by £842k and had no impact on the opening reserves as at 1 September 2019. No adjustment to taxation has been made due to the availability of trading losses and group tax plan which has been agreed and implemented in the year.

The directors also identified inconsistencies between certain statutory information and the recognition within the parent company financial statements in relation to the shares held in a subsidiary undertaking. Following a group reorganisation in November 2018, the parent company transferred ownership of The Jersey Royal Company to a fellow subsidiary Greenvale AP Limited at cost of £14,894,000 which was not reflected in the accounts in error. The amount is material in the context of the parent company financial statements and therefore has been corrected by means of a prior period adjustment.

The impact of the restatement is to decrease investments in subsidiary undertakings by £14,894,000 with a corresponding increase in debtor amounts due to other group companies. The adjustment has no impact on the parent company income statement or opening net assets at 1 September 2019.

Reduced disclosures

In accordance with FRS 102, the company has taken advantage of exemptions from following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts for financial instruments measured at amortised cost or cost less impairment; interest income/expense and net gains/losses for financial instruments measured at amortised cost, loan defaults or breaches, and descriptions of hedging relationships.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

1 Accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate those of the company and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 28 August.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated on consolidation unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Any non-controlling interest in the acquiree is recognised at the non-controlling interest's share of the acquiree's net identifiable assets, liabilities and provisions for contingent liabilities recognised at the acquisition date.

Provisional fair values

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Loss of control

A subsidiary is no longer consolidated when control is lost. The difference between any disposal proceeds and the carrying amount of the subsidiary's net assets (including related goodwill) is recognised in profit or loss as a gain or loss on disposal.

Change in interest where control is not obtained or lost

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

Company statement of comprehensive income

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income as it prepares group accounts and the company's individual statement of financial position shows the company's profit or loss for the financial period.

Going Concern

The directors consider the going concern basis to be appropriate following their assessment of the group's financial position and its ability to meet its obligations as and when they fall due. In making their assessment they have taken into account the following:

- The capital structure and liquidity of the group;
- The financial performance of the group since the balance sheet date;
- The current base case trading projections and cash flow forecasts for the group;
- Sensitivities to the base case, particularly regarding underperformance from one of the seasonal businesses.

This review, including the sensitivity analysis, led the directors to conclude that the group could still meet its obligations as they fall due and that the going concern basis was appropriate.

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

1 Accounting policies (continued)

Foreign currency

The company and group consolidated financial statements are presented in sterling (£), which is also the company's functional currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the group entities in their respective functional currency at the rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange ruling at the reporting date. All differences are taken to profit and loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the initial transactions and not subsequently re-translated. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated using the exchange rate at the date when the fair value is determined.

Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates and sales taxes (e.g. Value Added Tax) or duty. The group assesses its turnover arrangements against specific criteria to determine if it is acting as principal or agent. The group has concluded that it is acting as a principal in all of its turnover arrangements.

The following specific recognition criteria must also be met before turnover is recognised:

- Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Usually the risks and rewards of ownership transfer on despatch of the goods, however, for some customers, the risks and rewards of ownership pass to the buyer when the goods arrive with the buyer. Turnover from the sale of potatoes, daffodil flowers and bulbs to retailers and processors, is recognised on despatch. Turnover from the sale of seed potatoes is recognised on confirmed delivery. Given that goods are principally fresh food products that arrive with the buyer within hours of despatch, the date of despatch and the date of arrival are typically the same. Sales of services comprising the rental of machines and access to the Restrain technology under hire agreements are recognised on a straight line basis over the expected period of usage of the machine, commencing at the start of the storage season. Invoices raised in advance are deferred within accruals and deferred income and released to the income statement over the expected term of the agreement.
- Where the hire agreements include additional amounts due on confirmation of storage quantities, income is recognised when the calculation and collection of the amount is considered probable, which is typically on customer confirmation.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense as incurred.

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

1 Accounting policies (continued)

Pensions and other post-employment benefits

The group operates a defined benefit pension plan, which requires contributions to be made to a separately administered fund. From 31 October 2007 the defined benefit plan ceased to accrue benefits going forward and accordingly there are no current service costs. The group will continue to fund the scheme to ensure that it can meet its obligations. The cost of providing benefits under the defined benefit plan is determined using the Projected Unit Credit method, calculated by an independent actuary every three years, and updated on an annual basis. Actuarial gains and losses are recognised directly in equity and included as part of other comprehensive income.

The past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognised.

The defined benefit asset or liability comprises the present value of the defined benefit obligation, less past service costs and actuarial gains and losses not yet recognised, less the fair value of plan assets out of which the obligations are to be settled. Plan assets are not available to the creditors of the group, nor can they be paid directly to the group. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Asset fair values are based on market price information and in the case of quoted securities it is the published bid price. The value of any defined benefit asset recognised is restricted to the sum of any past service costs and actuarial gains and losses not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

In addition to the defined benefit plan, the group operates a stakeholder scheme and a personal pension plan. These are both defined contribution schemes. Contributions payable into these schemes during the period are charged to profit and loss as they fall due. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the group intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries and associates, that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

1 Accounting policies (continued)

Exceptional items

The group presents as exceptional items on the face of the income statement those material items of income and expense which, because of their nature and incidence of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in that year, so as to facilitate comparison with prior periods and to better assess trends in financial performance.

Intangible assets – goodwill

Goodwill is initially measured at cost being the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity in the acquiree, over the fair value of the Group's share of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Goodwill, is capitalised and written off evenly over 10 years as in the opinion of the directors, this represents the period over which the goodwill is expected to give rise to economic benefits.

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. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit and loss in the period in which the expenditure is incurred. All intangible assets of the group are assessed as having finite lives.

Intangible assets are amortised over their useful economic life. The amortisation period and method is reviewed at least at each period end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

Amortisation of the asset begins when development is complete and the asset is available for use. Such assets are amortised straight line over 5 years, being the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Patents and licences

Patents are the accumulated costs of applying for patents in the UK. An amortisation period of 5 years (straight line) is used as a conservative estimate of the length of effectiveness of the patent.

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

1 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of accumulated depreciation and/or accumulated impairment losses, if any. Cost includes the cost of replacing part of the asset and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of assets are required to be replaced in intervals, the group recognises such parts as individual assets with specific useful lives and depreciation rates. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the asset as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit and loss as incurred.

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

- Buildings	4 to 50 years
- Plant and equipment	5 to 15 years
- Fixtures and fittings	2 to 10 years
- Land	Not depreciated

Assets are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss when the asset is derecognised. The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting date and adjusted prospectively, if appropriate.

Impairment of fixed assets including goodwill

At each reporting date, the group reviews the carrying amounts of its fixed 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 group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss 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 years. A reversal of an impairment loss is recognised immediately in profit or loss. Impairment losses on goodwill are never reversed.

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

1 Accounting policies (continued)

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Group as a lessee

Finance leases, which transfer to the group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in profit and loss. Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating lease payments are recognised as an expense in profit and loss on a straight line basis over the lease term.

Group as a lessor

Leases where the group does not transfer substantially all the risks and benefits incidental to ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

Investments in subsidiaries and associates - company

In the separate accounts of the company, interests in subsidiaries and associates are initially measured at cost and subsequently measured at cost less accumulated impairment losses. Interests in subsidiaries and associates are assessed for impairment at each reporting date. Any impairment loss or reversals of impairment losses are recognised immediately in profit or loss.

Investments in associates

An associate is an entity over which the group exerts significant influence. In the group accounts, associates are accounted for using the equity method. Under the equity method, the investment in the associate is carried in the statement of financial position at cost, plus post-acquisition changes in the group's share of net assets of the associate. The amount recognised in profit and loss reflects the group's share of the results of the associate. Losses in an associate in excess of the carrying amount of the investment in that associate are not recognised unless the group has incurred obligations or has made payments on behalf of the associate, in which case a provision is recognised. Unrealised gains and losses resulting from transactions between the group and the associate are eliminated to the extent of the interest in the associate. Where necessary, adjustments are made to bring the accounting policies of the associate into line with these used by the group. Dividends received from the associate reduce the carrying amount of the investment.

The share of result of associates is shown on the face of the statement of comprehensive income.

Other investments

Trade investments are equity investments over which the group has no significant influence, joint control or control and are initially measured at transaction price.

Stocks

Stocks are carried at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials - purchase cost on a first in, first out basis.
- Finished goods - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

1 Accounting policies (continued)

Biological assets and agricultural produce

The group's operations include activities which are agricultural in nature and are subject to the recognition, measurement and disclosure requirements of FRS 102 Section 34 – 'Specialised Activities'. The group has identified its potato and daffodil bulb crops in the ground as biological assets and applies the cost model. Under the cost model, biological assets are recognised at cost less any accumulated impairment losses. Agricultural produce harvested from the group's biological assets is measured at the point of harvest at the lower of cost and estimated selling price less costs to complete and included in stock.

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Financial Instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 in full, to all its financial instruments.

Recognition and measurement of financial instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

Trade debtors and other debtors (including accrued income) are initially measured at the transaction price including transaction costs and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Financial liabilities

Trade creditors and other creditors (including accruals) are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

1 Accounting policies (continued)

Financial Instruments (continued)

Borrowings

Borrowings which include bank loans are initially recognised at transaction price, including transaction costs and subsequently measured at amortised cost using the effective interest method. Under the effective interest method, the interest expense is recognised at the effective interest rate which is the rate that exactly discounts future discounted payments through the expected life of a loan and is included in interest payable and other similar expenses.

Derivatives

Derivatives, including foreign currency forward contracts and options to acquire property, are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in profit or loss.

Derecognition

A financial asset (or part thereof) is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some (but not substantially all) risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

2 Judgements and key sources of estimation uncertainty

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.

Critical accounting estimates and assumptions

The company and group make estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Biological assets are carried on the balance sheet at cost and are analysed in note 22 between potato crops and daffodil bulb crops. The cost of daffodil bulbs relates to bulbs planted and farmed over multiple periods. The cost of planting and farming the related daffodil bulb is therefore the subject of estimation. The Directors believe that the life cycle of a bulb's daffodil production varies depending on variety. Accordingly, costs incurred on daffodil production are spread for up to 10 years, in line with the expected economic benefit of those costs. Potato crops are also stated at cost. They only relate to the current season with the exception of seed stock farmed in Jersey for subsequent periods of production. Determining the cost of the Jersey seed stock is also subject to estimation as the Directors have to allocate costs of farming in Jersey between the current year harvest and the maintenance of seed stock for future periods.

The company has recognised a deferred tax asset in relation to timing differences in relation to pension scheme liabilities and tax losses. The directors are of the opinion that sufficient taxable profits will be generated in the future to enable this asset to be realised.

The measurement of defined benefit pension obligations requires estimation of future changes in salaries and inflation, as well as mortality rates, the expected return on assets and the selection of a suitable discount rate. Defined benefit pension obligations at the reporting date were valued at £9.6m (2020: £11.1m) - see note 7 for further details.

Critical areas of judgement

The group reviews whether intangible assets are impaired on an annual basis, this requires an estimation of the value in use of the cash generating units to which the intangible assets are allocated. This involves estimation of future cash flows and choosing a suitable discount rate. No impairment charge or impairment reversal was recognised in the current year, nor in the previous period. Intangible assets at the reporting date had a carrying value of £4.0m (2020: £4.6m) - see notes 15 and 16 for further details.

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

3 Turnover

An analysis of the group's turnover by class of business is as follows:

	Year ended 28 August 2021 £'000	Year ended 31 August 2020 £'000
Fresh	111,858	124,657
Agri-Tech	7,081	3,823
Other	32,085	35,425
	<u>151,024</u>	<u>163,905</u>

An analysis of the geographical location of the group's turnover is as follows:

	Year ended 28 August 2021 £'000	Year ended 31 August 2020 £'000
United Kingdom	140,364	148,432
EU countries	6,388	9,488
Rest of the world	4,272	5,985
	<u>151,024</u>	<u>163,905</u>

4 Employees

The average number of persons (including Directors) employed by the group during the period was:

	2021 Number	2020 Number
Production and warehouse	722	784
Management and administration	156	145
	<u>878</u>	<u>929</u>

The aggregate payroll costs of the above were:

	2021 £'000	2020 £'000
Wages and salaries	30,845	30,538
Social security costs	2,372	2,431
Pension costs	971	1,102
Share based payment expense	-	-
	<u>34,188</u>	<u>34,071</u>

Wages and salaries costs include agency labour amounting to £2,481,000 (2020: £2,414,000).

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

5 Directors' remuneration

The aggregate amount of remuneration paid to directors, who are considered to be the only key management personnel, by the group during the period was:

	Year ended 28 August 2021 £'000	Year ended 31 August 2020 £'000
Emoluments for qualifying services	524	727
Social security	63	70
Non-executive directors' fees	-	-
	<u>587</u>	<u>797</u>

There was one director (2020: one) in the current year that was accruing retirement benefits.

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

	Year ended 28 August 2021 £'000	Year ended 31 August 2020 £'000
Emoluments for qualifying services	281	347
Social security	35	43
Pension costs	-	-
	<u>316</u>	<u>390</u>

The Directors did not receive any remuneration from the company for their services to the company in the current year or prior period. The company is unable to separately identify the proportion of the remuneration the Directors receive from other group companies that is attributable to their services performed in the company.

7 Retirement benefits

Group

The group operates a defined contribution stakeholder scheme and personal pension plan for various employees, the assets of which are held separately from those of the group in independently administered funds. Contributions to these defined contribution pension plans for the period amounted to £854,000 (2020: £1,102,000).

The group also operates a Defined Benefit Scheme, the Greenvale Produce Pension Plan. The benefits provided by the plan are final salary defined benefits with the contributions paid by the group on a balance of cost basis. The plan is run by the Trustees of the plan who ensure that the plan is run in accordance with the Trust Deed & Rules of the plan and complies with legislation. The Trustees are required by law to fund the plan on prudent funding assumptions under the Trust Deed & Rules of the plan. The contributions payable by the group to fund the plan are set by Trustees after consulting the group. The assets of the plan are invested in managed funds with Legal & General Investment Management. The Plan closed for future accrual on 31 October 2007.

The Trustees use the defined accrued benefits method for determining funding. This method is suitable for funding a scheme that is closed for future accrual. During the year ended 28 August 2021, the group paid contributions of £619,000 (2020: £602,000). In addition, the group pays the costs of administering the plan and any levies required by the Pensions Protection Fund and the Pensions Regulator.

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

7 Retirement benefits (continued)

The following list is not exhaustive but covers the main risks for the plan. Some of the risks can be reduced by adjusting the funding strategy with the help of the Trustees, for example: investment matching risk. Other risks cannot easily be removed, for example: longevity risk, and the group must be aware of these risks and ask the Trustees to monitor them closely.

Investment Return Risk: If the assets under perform returns assumed in setting funding targets, then additional contributions may be required as subsequent Valuations

Investment Matching Risk: The Plan invests significantly in equity type assets, whereas the solvency target is closely related to the return on bonds. If the equity type assets have fallen in value relative to the matching assets of bonds additional contributions may be required.

Longevity Risk: If future improvements in mortality exceed the assumptions made then additional contributions may be required

Legislative Risk: Government may introduce overriding legislation which leads to an increase in the value of Plan benefits

Solvency Risk: As the funding target is not a solvency target, the assets of the Plan may not be sufficient to provide all members with the full value of their benefits on a Plan wind up.

The group's defined benefit scheme obligations are as follows:

	2021	2020
	£'000	£'000
Present value of defined benefit obligations	(46,123)	(42,785)
Fair value of plan assets	36,488	31,662
Plan deficit per statement of financial position	<u>(9,635)</u>	<u>(11,123)</u>

Changes in the present value of the defined benefit obligation are as follows:

	2021	2020
	£'000	£'000
Defined benefit obligation at start of period	(42,785)	(42,332)
Interest expense	(700)	(771)
Past service cost	(59)	-
Remeasurements of obligation		
- Financials	-	-
- Demographics	(3,291)	(964)
- Experience	-	-
Benefits paid	712	1,282
Defined benefit obligation at the end of the period	<u>(46,123)</u>	<u>(42,785)</u>

Changes in the fair value of plan assets are as follows:

	2021	2020
	£'000	£'000
Fair value of plan assets at start of period	31,662	32,510
Interest on plan assets	522	595
Contribution by employer	619	602
Benefits paid	(712)	(1,282)
Actual return on plan assets less interest	4,397	(763)
Fair value of plan assets at the end of period	<u>36,488</u>	<u>31,662</u>

The actual return on plan assets was £4,919,000 (2020: £168,000 loss).

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

7 Retirement benefits (continued)

Amounts recognised in profit and loss are as follows:

	2021	2020
	£'000	£'000
Interest cost on obligations	(700)	(771)
Interest on plan assets	522	595
Net finance costs	<u>(178)</u>	<u>(176)</u>
Past service cost recognised within exceptional	(59)	-
	<u>(237)</u>	<u>(176)</u>

All plan costs are met directly by the group and form part of staff costs.

The group expects to contribute at least £644,000 to the defined benefit pension plan in the year ended August 2022, assuming no changes to current agreed funding plans.

The analysis of scheme assets at the reporting date were as follows:

	2021	2020
	£'000	£'000
Fair Value of plan assets:		
Equities	18,925	14,881
Corporate Bonds	17,457	16,781
Cash	106	-
	<u>36,488</u>	<u>31,662</u>

The plan assets are held exclusively within instruments with quoted market prices in an active market with the exception of cash. The plan does not invest directly in property owned by the group, or in shares issued by the group.

The principal assumptions used in determining pension obligations for the plan are shown below:

	2021	2020
	%	%
Discount rate	1.55	1.65
Expected rate of return on assets	1.65	1.65
Future salary increase	n/a	n/a
Future pension increase	3.10	2.85
Inflation (RPI) assumption	3.30	2.95
Inflation (CPI) assumption	<u>2.50</u>	<u>2.85</u>

The underlying mortality assumption is based upon the standard table known as S3NXA with scaling factors of 103% for males and 105% for females and with CMI_2018 projection model with a long term improvement rate of 1.25% p.a. (2020: same). This results in the following life expectancies:

	2021	2020
	Years	Years
For a male aged 65 now	87	87
For a female aged 65 now	<u>89</u>	<u>89</u>

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

8 Interest payable and other similar expenses

	2021	2020
	£'000	£'000
Interest on bank loans and other finance costs	1,059	744
Net interest on pension obligations	178	176
	<u>1,237</u>	<u>920</u>

9 Interest receivable and other similar income

	2021	2020
	£'000	£'000
Interest receivable	19	73
	<u>19</u>	<u>73</u>

10 Loss before taxation

	2021	2020
	£'000	£'000
Loss before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets – owned	6,090	5,879
Depreciation of tangible fixed assets - leased	129	129
Research and development expenditure	166	25
Amortisation of intangible fixed assets	17	28
Amortisation of goodwill	587	587
Exchange losses	82	7
Operating lease rentals	3,261	4,940
	<u>3,261</u>	<u>4,940</u>

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

11 Exceptional items

The group has identified a number of transactions in both the current year and prior period which the Directors consider exceptional. The Directors identify exceptional items as being non-recurring and at a value considered significant enough to warrant separate presentation. The exceptional items are analysed below:

	2021	2020
	£'000	£'000
Restructuring and redundancy costs	186	898
Profit on disposal of Linwood	-	(690)
Guaranteed Minimum Pension (GMP) equalisation	59	-
	<u>245</u>	<u>208</u>

Following the closure of Swancote in 2019, the group has continued to rationalise and restructure its operations. During the year, the group incurred various restructuring costs in the course of this programme, the majority of which were redundancy costs.

Following the GMP legislation ruling in 2019 and an adjustment to recognise an expense in 2019, the Group estimated a further obligation of £59,000 required to equalise the members' benefits. The additional obligation is a past service cost and is recognised as exceptional in the income statement.

On 30 January 2020, the group disposed of its interest in Linwood Crops Limited. The group realised a profit of £690,000 on this disposal. During the year Linwood contributed profits of £288,000. The Group received cash consideration of £3,000,000. The net assets at the date of disposal were £3,248,000, and £2,310,000 after the exclusion of minority interests.

12 Auditor's remuneration

Remuneration paid to RSM UK Audit LLP and its associates by all group companies during the period was as follows:

	2021	2020
	£'000	£'000
Audit services:		
Audit of these financial statements	85	90
Audit of financial statements of subsidiaries	34	47
Tax services:		
Compliance services	-	58
Advisory services	11	7
Corporate finance transactions	-	21
	<u>-</u>	<u>21</u>

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

13 Taxation

	2021	2020
	£'000	£'000
Current tax		
Corporation tax on profit for the current period	(268)	-
Adjustments in respect of prior periods	83	(11)
Total current tax credit / (charge)	<u>(185)</u>	<u>(11)</u>
Deferred tax		
Adjustment in respect of prior years	205	-
Effects of changes in tax rates	(65)	-
Origination and reversal of temporary differences	760	415
Total deferred tax credit / (charge)	<u>900</u>	<u>415</u>
Total tax credit / (charge) recognised in profit and loss	<u>715</u>	<u>404</u>

In addition to the amount charged to the profit and loss, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2021	2020
	£'000	£'000
Deferred tax movement on actuarial gain	277	328
Total tax credit recognised in other comprehensive income	<u>277</u>	<u>328</u>

The total tax credit for the period included in the profit and loss can be reconciled to the result before tax multiplied by the standard rate of tax as follows:

	2021	<i>restated</i> 2020
	£'000	£'000
Loss before tax	<u>(1,984)</u>	<u>(5,056)</u>
Expected tax credit / (charge) based on the standard rate of corporation tax in the UK of 19% (2020: 19%)	377	961
Effect of:		
Adjustments in respect of prior periods	19	(11)
Expenses not deductible in determining taxable profit	(91)	16
Income not taxable for tax purposes	-	(456)
Other movements	(488)	(2)
Deferred tax not recognised	102	(213)
Change in tax rate	796	109
Tax credit for the period	<u>715</u>	<u>404</u>

At Budget 2021, the government announced that the Corporation Tax main rate would remain at 19% and will increase to 25% on 1 April 2023. The deferred tax assets and liabilities reflect these rates.

14 Dividends

	2021	2020
	£000	£000
Ordinary		
Dividend declared and settled	-	1,896
	<u>-</u>	<u>1,896</u>

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

15 Intangible assets – goodwill

Group

	Goodwill £'000
Cost	
At 1 September 2020 and 28 August 2021	<u>12,907</u>
Amortisation	
At 1 September 2020	8,359
Amortisation	<u>587</u>
At 28 August 2021	<u>8,946</u>
Net book value	
At 28 August 2021	<u>3,961</u>
At 1 September 2020	<u>4,548</u>

The carrying amount of goodwill at 28 August 2021 includes amounts attributable to the following:

- Customer access and processing synergies (“Synergies”) arising in the fresh segment resulting from the Swancote Foods acquisition (fresh segment), £3.3m (2020: £3.9m)
- The acquisition of The Jersey Royal Company, which was completed in May 2014 (fresh segment), £0.6m (2020: £0.6m).

16 Intangible assets – other than goodwill

Group

	Customer relationships £'000	Development costs £'000	Patent costs £'000	Total £'000
Cost				
At 1 September 2020	7,868	806	12	8,686
Additions	-	23	-	23
At 28 August 2021	<u>7,868</u>	<u>829</u>	<u>12</u>	<u>8,709</u>
Amortisation				
At 1 September 2020	7,868	781	12	8,661
Amortisation	-	17	-	17
At 28 August 2021	<u>7,868</u>	<u>798</u>	<u>12</u>	<u>8,678</u>
Net book value				
At 28 August 2021	<u>-</u>	<u>31</u>	<u>-</u>	<u>31</u>
At 31 August 2020	<u>-</u>	<u>25</u>	<u>-</u>	<u>25</u>

The group tests goodwill and the value of customer relationships for impairment at each reporting date where impairment indicators exist, by comparing the carrying value of the cash generating unit (CGU) with its value in use. Value in use is estimated based on future cash flow discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money. An impairment charge arises where the carrying value exceeds the value in use.

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

17 Tangible fixed assets

Group

	Freehold land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 31 August 2020	30,208	37,474	10,374	78,056
Additions	283	4,556	423	5,262
Disposals	-	(1,273)	-	(1,273)
Transfers	239	(10)	(274)	(45)
At 28 August 2021	<u>30,730</u>	<u>40,747</u>	<u>10,523</u>	<u>82,000</u>
Depreciation and impairment				
At 31 August 2020	13,210	19,885	7,130	40,225
Depreciation charge	1,079	4,231	909	6,219
Disposals	-	(1,142)	-	(1,142)
Transfers	-	-	-	-
At 28 August 2021	<u>14,289</u>	<u>22,974</u>	<u>8,039</u>	<u>45,302</u>
Net book value				
At 28 August 2021	<u>16,441</u>	<u>17,773</u>	<u>2,484</u>	<u>36,698</u>
At 31 August 2020	<u>16,998</u>	<u>17,589</u>	<u>3,244</u>	<u>37,831</u>

Assets used as security

Land and buildings with a carrying amount of £16.4m (2020: £17.0m) are subject to a first charge security against the group's bank loans (note 26).

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

18 Investments

Group

	Associates £'000
Cost or valuation	
At 1 September 2020	201
Share of results of associates	227
At 28 August 2021	<u>428</u>
Provision for impairment	
At 1 September 2020	-
Impairment losses	(96)
At 28 August 2021	<u>(96)</u>
Carrying amount	
At 28 August 2021	<u>332</u>
At 1 September 2020	<u>201</u>

During the year the Group completed a joint venture, UK Daffodils Limited, with JZ Flowers International Limited, which is owned 50/50 by Rowe Farming Limited, a wholly owned subsidiary of the Group, and the joint venture partner.

As a result, the group has non-controlling investments in two companies (2020: one) which are classified as associates or other investments as follows:

Name of undertaking	Country of incorporation	Nature of business	Class of shares held	% Equity interest
Organic Potato Growers (Scotland) Limited	UK	Growing potatoes	Ordinary	33.3
UK Daffodils Limited	UK	Export daffodil sales	Ordinary	50

The registered office address is Organic Potato Growers (Scotland) Limited- Johnstone House, 52-54 Rose Street, Aberdeen, AB10 1HA.

The registered office address is UK Daffodils Limited, Dianthus House, Dianthus Business Park, Common Lane, Newport, East Yorkshire, England, HU15 2FT.

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

18 Investments (continued)

Organic Potato Growers (Scotland) Limited - Associate

The group has a 33.3% interest in Organic Potato Growers (Scotland) Limited, a company incorporated in Scotland which is involved in the growing of potatoes.

Organic Potato Growers (Scotland) Limited is a private entity that is not listed on any public exchange. Organic Potato Growers (Scotland) Limited reports its financial performance with a year end of 31 May. The following table illustrates summarised unaudited financial information of the group's investment in Organic Potato Growers (Scotland) Limited:

	2021	2020
	£'000	£'000
Share of the associate's statement of financial position:		
Fixed assets	772	746
Current assets	396	259
Current liabilities	(513)	(554)
Creditors: amounts falling due after more than one year	(550)	(250)
Equity	<u>105</u>	<u>201</u>
Share of the associate's profit and loss:		
Turnover	<u>603</u>	<u>551</u>
Profits	<u>12</u>	<u>13</u>
Carrying amount of the investment	<u>105</u>	<u>201</u>

UK Daffodils Limited – Joint venture

The group has a 50% interest in UK Daffodils Limited, a company incorporated in England and Wales, which sells export daffodils.

UK Daffodils Limited is a private entity that is not listed on any public exchange. UK Daffodils Limited reports its financial performance with a year end of 31 August. The following table illustrates summarised unaudited financial information of the group's investment in UK Daffodils Limited:

	2021
	£'000
Share of the associate's statement of financial position:	
Fixed assets	-
Current assets	333
Current liabilities	(106)
Creditors: amounts falling due after more than one year	-
Equity	<u>227</u>
Share of the associate's profit and loss:	
Turnover	<u>5,457</u>
Profits	<u>227</u>
Carrying amount of the investment	<u>227</u>

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

19 Investments in subsidiaries

Company	Shares in subsidiary undertakings £'000
Cost	
At 1 September 2020 (restated)	46,389
Disposals in the year	-
At 28 August 2021	<u>46,389</u>
Impairment	
At 1 September 2020	12,774
Impairments in the year	-
At 28 August 2021	<u>12,774</u>
Carrying value	
At 31 August 2021	<u>33,615</u>
At 1 September 2020	<u>33,615</u>

The group's subsidiary undertakings are:

Name of undertaking	Country of incorporation	Nature of business	Class of shares held	% Equity interest
Greenvale Holdings Limited *	UK	Holding company	Ordinary	100.0
Greenvale AP Limited *	UK	Buying, packing and selling of potatoes	Ordinary 'B' Preference	100.0
Greenvale Growing Limited *	UK	Growing potatoes	Ordinary	100.0
Crop4sight Limited*	UK	Agricultural software	Ordinary	100.0
Restrain Company Limited *	UK	Potato and onion atmosphere regulation	Ordinary	80.0
Rowe Farming Limited *	UK	Growing daffodils	Ordinary	100.0
The Jersey Royal Company Limited	JE	Growing, packing and selling potatoes	Ordinary	100.0
Restrain BV	Netherlands	Potato and onion atmosphere regulation	Ordinary	80.0
Restrain Inc. *	US	Potato and onion atmosphere regulation	Ordinary	80.0

*The registered office of these companies is 7 The Forum, Minerva Business Park, Lynch Wood, Peterborough, Cambridgeshire PE2 6FT.

The registered offices of The Jersey Royal Company Limited is PO Box 437, 1st Floor, Kensington Chambers, 46/50 Kensington Place, JE4 0ZE.

The registered office of Restrain BV is Minervum 7030, 4817 ZL Breda, The Netherlands.

Greenvale Growing Limited is applying s479a of The Companies Act 2006 for the purpose of audit exemption.

Crop4sight Limited is applying s479a of The Companies Act 2006 for the purpose of audit exemption.

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

21 Stocks

Group

	2021	2020
	£'000	£'000
Raw materials	4,714	5,803
Finished goods	111	157
	<u>4,825</u>	<u>5,960</u>

22 Biological assets

Group

	2021	2020
	£'000	£'000
Potato crops	5,058	5,136
Daffodil bulb crops	3,798	3,618
	<u>8,856</u>	<u>8,754</u>

	Potato crops	Daffodil	Total
	£'000	bulb crops	£'000
		£'000	£'000
At 1 September 2020	5,136	3,618	8,754
Harvested crops transferred to stocks	(5,136)	(3,697)	(8,833)
Growing costs invested in the crop	5,058	3,877	8,935
At 28 August 2021	<u>5,058</u>	<u>3,798</u>	<u>8,856</u>

	Potato crops	Daffodil	Total
	£'000	bulb crops	£'000
		£'000	£'000
At 1 September 2019	4,987	3,758	8,745
Harvested crops transferred to stocks	(4,987)	(2,423)	(7,410)
Growing costs invested in the crop	5,136	2,283	7,419
At 31 August 2020	<u>5,136</u>	<u>3,618</u>	<u>8,754</u>

23 Debtors

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade debtors	16,049	13,298	-	<i>restated</i> -
Amounts owed by group undertakings	-	-	19,171	33,885
Other debtors	1,383	944	28	8
Prepayments and accrued income	2,431	2,423	312	499
Corporation tax	-	812	-	-
	<u>19,863</u>	<u>17,477</u>	<u>19,511</u>	<u>34,392</u>
Deferred tax (note 27)	2,539	1,916	426	-
	<u>22,402</u>	<u>19,393</u>	<u>19,937</u>	<u>34,392</u>

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

24 Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade creditors	10,150	10,305	8	-
Corporation tax	199	-	180	-
Other taxation and social security	613	697	-	-
Accruals and deferred income	6,861	7,275	50	50
Bank loans (note 26)	2,014	2,515	2,000	2,500
Bank invoice financing	7,286	977	-	-
Other creditors	41	114	-	-
Obligations under finance leases	398	103	-	-
Amounts owed to group undertakings	-	-	14,603	26,994
Amounts owed to parent undertakings	-	-	48	-
	27,562	21,986	16,889	29,544

Pension commitments at year end relate to the defined contribution scheme. The balance outstanding, representing unpaid contributions, at the period end, and included in other taxation and social security above, was £70,000 (2020: £60,000).

25 Creditors: amounts falling due after more than one year

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bank loans (note 26)	16,670	18,183	16,000	17,500
Obligations under finance leases	1,088	2	-	-
	17,758	18,185	16,000	17,500

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

26 Borrowings

Bank loans – Group and Company

The group has the following interest-bearing loans and borrowings at the reporting date:

Interest-bearing loans and borrowings 2021

	Interest rate %	Maturity	Due within one year £'000	Due after more than one year £'000
Facility A	LIBOR+3.10 %	May 2023	1,000	8,000
Facility B	LIBOR+3.10 %	May 2023	1,000	8,000
Company			2,000	16,000
RBSI Sandhurst Loan	Base rate+0.75%	May 2049	14	670
Invoice Finance Agreements	Base rate+2.30%	May 2023	7,286	-
Total interest-bearing loans and borrowings			9,300	16,670
Loan arrangement fees and charges			-	(312)
Net interest-bearing loans and borrowings			9,300	16,358

Interest-bearing loans and borrowings 2020

	Interest rate %	Maturity	Due within one year £'000	Due after more than one year £'000
Facility A	LIBOR+3.10 %	May 2023	1,250	8,750
Facility B	LIBOR+3.10 %	May 2023	1,250	8,750
Revolving Credit Facility (Facility C)	LIBOR+3.10 %	May 2023	-	-
Company			2,500	17,500
RBSI Sandhurst Loan	Base rate+0.75%	May 2049	15	683
Invoice Finance Agreements	Base rate+2.30%	May 2023	977	-
Total interest-bearing loans and borrowings			3,492	18,183
Loan arrangement fees and charges			-	(499)
Total interest-bearing loans and borrowings			3,492	17,684

Except for the RBSI Sandhurst loan, all bank loans are secured by a composite cross-guarantee given by all group companies. The borrowings are also secured by first legal charges over land and buildings and debentures over all present and future assets of the group.

The RBSI Sandhurst loan is secured by a first charge over the Sandhurst property, Jersey.

A new bank facility was signed by the group in May 2020. The bank loans outstanding on 28 August 2021, with the exception of the RBSI Sandhurst Loan, are represented by the following:

Facility A: three years to May 2023; £9.0m total facility, with £10.0m outstanding at the reporting date. Interest at 3.10% above LIBOR, depending on a margin ratchet based on leverage (as defined in the facilities agreement). Repayments are £250,000 per quarter starting on 1 September 2020.

Facility B: identical commercial terms to those described in Facility A above.

Invoice Finance: three years to May 2023. Secured on the trade debtors of Greenvale AP, Rowe Farming and The Jersey Royal Company. £25m maximum drawing. Interest is charged at 2.3% over Base Rate.

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

27 Provisions for liabilities

Group

The deferred tax included (within “Debtors due within one year”) in the statement of financial position is as follows:

	2021	2020
	£'000	£'000
Group		
Deferred tax liabilities		
Accelerated capital allowances	1,044	1,366
Deferred tax assets		
Pensions and post-employment obligations	(2,390)	(2,113)
Unused losses – trade	(1,155)	(1,132)
Other	(38)	(37)
Net deferred tax asset	(2,539)	(1,916)
	2021	2020
	£'000	£'000
Company		
Deferred tax assets		
Unused losses – trade	(426)	-
Net deferred tax asset	(426)	-

The deferred tax liability relating to the excess of tax allowances over depreciation of £1,044,000 (2020: £1,366,000) is expected to reverse within 10 years. The retirement benefit obligations relate to defined benefit pension schemes of £2,390,000 (2020: £2,113,000) and are expected to reverse over the duration of that scheme. Other deferred tax assets of £38,000 (2020: £37,000) are expected to reverse within 12 months.

28 Net debt

	At 1 September 2020 £'000	Cash flows £'000	Other non- cash changes £'000	At 28 August 2021 £'000
Cash and cash equivalents:				
Cash	3,946	(2,828)	-	6,774
	<u>3,946</u>	<u>(2,828)</u>	<u>-</u>	<u>6,774</u>
Borrowings:				
Debt due within one year	3,492	5,808	-	9,300
Debt due after one year	18,183	(1,513)	-	16,670
	<u>21,675</u>	<u>4,295</u>	<u>-</u>	<u>25,970</u>
Finance leases	105	(406)	1,787	1,486
Total Net Debt	<u>17,834</u>	<u>1,061</u>	<u>1,787</u>	<u>20,682</u>

Other non-cash movements relate to the inception of new finance leases.

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

29 Share capital

Group and Company

Ordinary share capital issued and fully paid

	Group and Company	
	2021	2020
	£'000	£'000
1 (one) (2020: 1) ordinary 1p shares	-	-
	<u>-</u>	<u>-</u>

During the year ended 31 August 2020 the ordinary share capital of the company was reorganised such that share capital and the share premium accounts were reduced, converted into distributable reserves and replaced with a single share of nominal value of one penny.

The company's ordinary shares carry no fixed right to income and carry equal voting rights.

30 Reserves

Group and Company

Called up share capital

Represents the nominal value of shares that have been issued.

Share premium account

Consideration received for shares issued above their nominal value net of transaction costs.

Profit and loss reserves

Cumulative profits and losses, actuarial gains and losses on the defined benefit pension scheme, and dividend payments.

Merger reserve

This is a non-distributable reserve that arose by applying merger relief s612 CA2006 (previously s131 CA85) to shares issued in 2008 in connection with the acquisition of Swancote Foods Limited and Rowe Farming Limited. It was subsequently increased by shares issued to the vendors of Rowe Farming Limited and The Jersey Royal Potato Company, and partially released to the profit and loss reserve in the prior period.

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

31 Financial commitments, guarantees and contingencies

Group

Operating lease commitments – as lessee

The group has entered into commercial leases on land, plant and equipment, fixtures and fittings and business accommodation. These leases have a life of between one and ten years. There are no restrictions placed upon the group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	2021	2020
	£'000	£'000
Amounts due:		
Within one year	2,392	4,713
Between one and five years	1,777	5,646
After five years	187	737
	<u>4,356</u>	<u>11,096</u>

Group

Operating lease commitments – as lessor

The group has entered commercial leases on certain items of plant and equipment which are leased to customers. These non-cancellable leases have a lease term of between one and five years. Where leases are signed for multiple years, revenue is paid in advance and recognised in the period to which it relates, with balances deferred as required.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	2021	2020
	£'000	£'000
Amounts due:		
Within one year	25	22
Between one and five years	24	26
	<u>49</u>	<u>48</u>

Group

Capital commitments

At the reporting date, the group had capital commitments of £692,000 (2020: £nil).

Company

Guarantees

The company has provided a composite cross-guarantee to its bankers in respect of bank borrowings with group companies. At the end of the period the total bank borrowings of the group companies amounted to £25,286,000 (2020: £21,676,000).

PRODUCE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 AUGUST 2021

32 Related party disclosures

Group

During the period the group entered into the following transactions with the related parties.

Organic Potato Growers (Scotland) Limited (OPG) is a potato grower in which the group owns a 33.3% interest. During the period the group made purchases from OPG of £374,000 (2020: £301,000) and sales to OPG of £14,000 (2020: £31,000). At the reporting date the group was owed £16,000 by OPG (2020: £31,000) and owed OPG £40,000 (2020: £40,000).

Restrain Company Limited is a company in which the group owns an 80% interest. During the period, the group made recharges to Restrain Company Limited of £237,000 (2020: £299,000) and purchased goods and services from Restrain Company Limited totalling £104,000 (2020: £194,000). At the reporting date the group owed Restrain Company Limited £1,910,000 (2020: £100,000). This is an intercompany loan on which interest is charged. The rate for the period was 2.1% (2020: 2.0%).

April 1983 Bidco Limited is the immediate parent company of Produce Investments Limited. During the period, the group purchased goods and services from April 1983 Bidco Limited totalling £550,000 (2020: £552,000). At the reporting date there was an outstanding balance of £40,000 (2020: £98,000) due to the group from April 1983 Bidco Limited.

The Directors are considered to be the key management of the group and disclosure in relation to their remuneration has been included within note 5.

33 Controlling party

The immediate parent undertaking is April 1983 Bidco Limited, a company registered in Jersey. The company's ultimate controlling party at the balance sheet date was Promethean 2018 L.P., registered in Jersey.

The largest and smallest group for which consolidated financial statements are prepared, for the period ended 28 August 2021, is headed by Produce Investments Limited, registered in England and Wales, whose address is Produce Investments Limited, 7 The Forum, Minerva Business Park, Lynch Wood, Peterborough, Cambridgeshire, PE2 6FT.

34 Post balance sheet events

There have been no events of significance to merit disclosure after the balance sheet reporting date.