
HECTARE AGRITECH LIMITED

UNAUDITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2022



HECTARE AGRITECH LIMITED

COMPANY INFORMATION

Directors	M C Dobbs J I M Hayward J A I McInnes
Company secretary	S L Hayward
Registered number	08285271
Registered office	Sustainable Workspaces County Hall 5th Floor Belvedere Road London SE1 7PB
Accountants	Grant Thornton UK LLP Chartered Accountants Royal Liver Building Liverpool L3 1PS

HECTARE AGRITECH LIMITED

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Report to the directors on the preparation of the unaudited statutory financial statements of Hectare Agritech Limited for the year ended 31 December 2022

We have compiled the accompanying financial statements of Hectare Agritech Limited (the 'company') based on the information you have provided. These financial statements comprise the Statement of Financial Position of Hectare Agritech Limited as at 31 December 2022, the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), 'Compilation Engagements'.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). As a member firm of the Institute of Chartered Accountants in England and Wales, we are subject to its ethical and other professional requirements which are detailed at www.icaew.com

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

This report is made solely to the company's directors, as a body, in accordance with the terms of our engagement letter dated 20 April 2023. Our work has been undertaken solely to prepare for your approval the financial statements of the company and state those matters that we have agreed to state to the company's directors, as a body, in this report in accordance with our engagement letter dated 20 April 2023. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its directors, as a body, for our work or for this report.

Grant Thornton UK LLP

Grant Thornton UK LLP

Chartered Accountants

Liverpool

Date: 26/9/2023

HECTARE AGRITECH LIMITED
REGISTERED NUMBER: 08285271

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	4	-	-
Tangible assets	5	2,967	8,533
		<u>2,967</u>	<u>8,533</u>
Current assets			
Debtors: amounts falling due after more than one year	6	4,348	2,678
Debtors: amounts falling due within one year	6	102,986	76,036
Cash at bank and in hand		12,165,442	10,936,771
		<u>12,272,776</u>	<u>11,015,485</u>
Creditors: amounts falling due within one year	7	(252,577)	(149,396)
Net current assets		12,020,199	10,866,089
Net assets		<u>12,023,166</u>	<u>10,874,622</u>
Capital and reserves			
Called up share capital	8	592	528
Share premium account	9	22,360,698	17,426,227
Share-based payment reserve	9	226,743	165,103
Profit and loss account	9	(10,564,867)	(6,717,236)
		<u>12,023,166</u>	<u>10,874,622</u>

HECTARE AGRITECH LIMITED
REGISTERED NUMBER: 08285271

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

The directors consider that the company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Jamie McInnes

J A I McInnes
Director

Date: 22/9/2023

The notes on pages 5 to 15 form part of these financial statements.

HECTARE AGRITECH LIMITED

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

	Called up share capital	Share premium account	Share-based payment reserve	Profit and loss account	Shareholders' funds
	£	£	£	£	£
At 1 December 2020	375	6,214,519	106,848	(4,323,351)	1,998,391
Comprehensive expense for the year					
Loss for the period	-	-	-	(2,438,486)	(2,438,486)
Share-based payment expense	-	-	102,856	-	102,856
Contributions by and distributions to owners					
Shares issued during the period	153	11,211,708	-	-	11,211,861
Shares exercised in the period	-	-	-	44,601	44,601
Shares exercised in the period	-	-	(44,601)	-	(44,601)
At 31 December 2021	528	17,426,227	165,103	(6,717,236)	10,874,622
Comprehensive expense for the period					
Loss for the year	-	-	-	(3,865,847)	(3,865,847)
Share-based payment expense	-	-	79,856	-	79,856
Contributions by and distributions to owners					
Shares issued during the year	64	4,934,471	-	-	4,934,535
Shares exercised in the year	-	-	-	18,216	18,216
Shares exercised in the year	-	-	(18,216)	-	(18,216)
At 31 December 2022	592	22,360,698	226,743	(10,564,867)	12,023,166

The notes on pages 5 to 15 form part of these financial statements.

HECTARE AGRITECH LIMITED

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

1. General information

Hectare Agritech Limited (the 'company') is a private company, limited by shares, incorporated and domiciled in England and Wales, registered number 08285271. The registered office and principal place of business is Sustainable Workspaces, County Hall, 5th Floor, Belvedere Road, London, SE1 7PB.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The directors, after reviewing and analysing the forecasts of the company, have an expectation that the company has sufficient resources to continue in operational existence for at least the next 12 months from the date of approving the accounts. Therefore, the company continues to adopt the going concern basis in its financial statements.

2.3 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

HECTARE AGRITECH LIMITED

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

2. Accounting policies (continued)**2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Subscription revenue

Subscriptions sold are for periods of a month or for longer periods (mainly annual subscriptions). Revenue from monthly subscriptions is recognised in the month the subscription is provided. For annual subscriptions the revenue is spread over the period of the subscription.

2.5 Operating leases: the company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

HECTARE AGRITECH LIMITED

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

2. Accounting policies (continued)**2.7 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in profit or loss in the same period as the related expenditure.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Pensions**Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.10 Share-based payments**Share-based employee remuneration**

The company has granted share options to certain employees under an Enterprise Management Incentive (EMI) scheme and to certain non-employees under a separate scheme, which allows those persons to acquire shares in the company at an agreed exercise price.

The EMI share options can be exercised upon a change of control, the sale or takeover of the company or flotation, the period to which is the vesting period. The non-employee options are deemed to vest immediately on the date of grant. The share options lapse after 10 years from the date of grant. When a member of staff ceases to be employed by the company it is up to the discretion of the directors as to whether that employee's share options lapse.

The share options are measured at fair value and expensed as equity-settled share-based payments over the vesting period in profit or loss, with a corresponding increase in equity. The fair value of equity-settled share-based payments are measured at the grant date using the black-scholes option-pricing model, taking into account the terms and conditions upon which the awards are granted.

In the event of a cancellation, whether by the company or by a participating employee, the compensation expense that would have been recognised over the remainder of the vesting period is recognised immediately in profit or loss.

HECTARE AGRITECH LIMITED

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

2. Accounting policies (continued)**2.11 Current and deferred taxation**

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Website development costs - 50% straight-line

Research expenditure is written off as incurred. Development expenditure is also written off, except where the Directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the company is expected to benefit. The period is two years. Provision is made for any impairment.

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

HECTARE AGRITECH LIMITED

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

2. Accounting policies (continued)**2.13 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	-	50% straight-line
Office equipment	-	50% straight-line
Computer equipment	-	50% straight-line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.16 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

HECTARE AGRITECH LIMITED

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

3. Employees

The average monthly number of employees, including directors, during the year was 40 (2021: 30).

4. Intangible assets

	Website development costs £
Cost	
At 1 January 2022	10,174
Disposals	(10,174)
At 31 December 2022	-
Amortisation	
At 1 January 2022	10,174
On disposals	(10,174)
At 31 December 2022	-
Net book value	
At 31 December 2022	-
At 31 December 2021	-

HECTARE AGRITECH LIMITED

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

5. Tangible fixed assets

	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 January 2022	2,174	6,779	14,105	23,058
Additions	-	910	1,495	2,405
At 31 December 2022	<u>2,174</u>	<u>7,689</u>	<u>15,600</u>	<u>25,463</u>
Depreciation				
At 1 January 2022	2,174	4,746	7,605	14,525
Charge for the year on owned assets	-	1,669	6,302	7,971
At 31 December 2022	<u>2,174</u>	<u>6,415</u>	<u>13,907</u>	<u>22,496</u>
Net book value				
At 31 December 2022	<u>-</u>	<u>1,274</u>	<u>1,693</u>	<u>2,967</u>
At 31 December 2021	<u>-</u>	<u>2,033</u>	<u>6,500</u>	<u>8,533</u>

HECTARE AGRITECH LIMITED

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

6. Debtors

	2022	2021
	£	£
Due after more than one year		
Other debtors	4,348	2,678
	<u>4,348</u>	<u>2,678</u>
	2022	2021
	£	£
Due within one year		
Trade debtors	42,329	38,948
Other debtors	44,410	21,498
Prepayments and accrued income	16,247	15,590
	<u>102,986</u>	<u>76,036</u>

7. Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	48,281	48,674
Other taxation and social security	96,789	61,595
Other creditors	11,498	2,051
Accruals and deferred income	96,009	37,076
	<u>252,577</u>	<u>149,396</u>

HECTARE AGRITECH LIMITED

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

8. Called up share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
4,035,567 (2021: 4,031,247) Ordinary shares of £0.0001 each	404	403
1,875,000 (2021: 1,250,000) Preference shares of £0.0001 each	188	125
	592	528
	592	528

Ordinary shares are entitled to one vote in any circumstance. Each share has equal rights to dividends and are entitled to participate in a distribution arising from a winding up of the company.

Preference shares have an equal ranking alongside Ordinary shares with the addition of a liquidation preference as defined in the articles of association.

On 15 March 2022, 4,320 Ordinary shares were issued and allotted with a nominal value of £0.0001 per share. Total consideration of £8,208 was paid resulting in £8,207 being allocated to the share premium account.

On 31 March 2022, 625,000 Preference shares were issued and allotted with a nominal value of £0.0001 per share. Total consideration of £5,000,000 was paid resulting in £4,999,938 being allocated to the share premium account.

9. Capital and reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of shares issued.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any transaction costs.

Share-based payment reserve

The share-based payment reserve represents cumulative share-based payment expenses, less those which are transferred to the profit and loss account on exercise.

Profit and loss account

The profit and loss amount represents cumulative profits, losses and total other comprehensive income made by the company, including distributions to, and contributions from, the owners.

HECTARE AGRITECH LIMITED

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

10. Share-based payments

The company has granted share options to certain employees under an Enterprise Management Incentive (EMI) scheme and to certain non-employees under a separate scheme, which allows those persons to acquire shares in the company at an agreed exercise price.

The EMI share options can be exercised upon a change of control, the sale or takeover of the company or flotation, the period to which is the vesting period. The non-employee options are deemed to vest immediately on the date of grant. The share options lapse after 10 years from the date of grant. When a member of staff ceases to be employed by the company it is up to the discretion of the directors as to whether that employee's share options lapse.

	2022 WAEP (£)	2022 Number	2021 WAEP (£)	2021 Number
Outstanding at the beginning of the year/period	1.25	149,074	1.25	83,659
Granted during the year/period	3.20	82,557	1.25	91,622
Exercised during the year/period	1.90	(4,320)	1.25	(11,870)
Expired during the year/period	1.80	(46,856)	1.25	(14,337)
Outstanding at the end of the year	1.98	180,455	1.25	149,074

	2022 £	2021 £
Equity-settled schemes		
Share-based payment expense (Administrative expense)	79,856	102,856

11. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £77,309 (2021: £49,826). Contributions totalling £1,756 (2021: £Nil) were payable to the fund at the reporting date and are included in other creditors.

HECTARE AGRITECH LIMITED

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

12. Commitments under operating leases

At 31 December, the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022	2021
	£	£
Not later than 1 year	30,606	29,025
Later than 1 year and not later than 5 years	15,149	101,150
	<u>45,755</u>	<u>130,175</u>

13. Subsequent events

On 10 March 2023, 15,000 Ordinary shares were issued and allotted with a nominal value of £0.0001 per share. Total consideration of £18,750 was paid resulting in £18,749 being allocated to the share premium account.