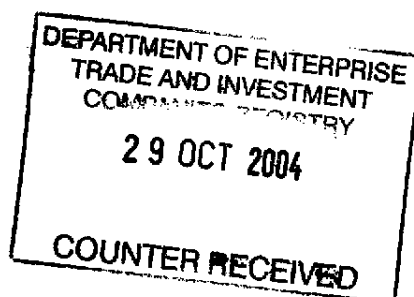




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Registered no: NI 11061

**K Hughes & Co. Limited**  
**Abbreviated financial statements**  
**for the year ended 31 December 2003**



# **K Hughes & Co. Limited**

## **Abbreviated financial statements for the year ended 31 December 2003**

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# **K Hughes & Co. Limited**

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## **Directors and advisers**

### **Directors**

Kevin Hughes  
Kieran Hughes  
Malachy Hughes  
Mrs Geraldine Hughes – Deceased 6 February 2004  
James O'Donnell

### **Secretary**

Patricia Crossey

### **Registered office**

118 Trewmount Road  
Dungannon  
Co Tyrone

### **Solicitors**

P A Duffy & Company  
Irish Street  
Dungannon  
Co Tyrone

### **Bankers**

First Trust Bank Limited  
Scotch Street  
Dungannon  
Co Tyrone

### **Registered auditors**

PricewaterhouseCoopers LLP  
18 Northland Row  
Dungannon  
Co Tyrone

## Directors' report for the year ended 31 December 2003

The directors present their report and the audited financial statements for the year ended 31 December 2003.

### Principal activities

The principal activities of the company are that of the growing, processing and marketing of mushrooms and general haulage.

### Review of business and future developments

The directors consider the results for the year and the position of the company at the year end to be satisfactory. The company will continue to seek every opportunity to increase profitable turnover.

### Results and dividends

The profit for the financial year is £214,278 (2002 – £269,865). An interim dividend of £80,000 (2002: £60,000) was paid during the year. The directors recommend no final dividend.

### Directors and their interests

The directors who served during the year are shown on page 1. The interests of the directors who held office at the end of the financial year in the shares of the company were as follows:

	Ordinary shares of £1 each	
	2003 Number	2002 Number
Kieran Hughes	8,250	8,250
Malachy Hughes	8,250	8,250
Kevin Hughes	8,250	8,250
Geraldine Hughes	8,250	8,250

### Political and charitable donations

The company made charitable donations amounting to £610 (2002: £1,043) during the year. No donations for political purposes were made during the year.

### Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies (Northern Ireland) Order 1986. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

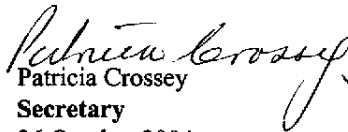
# K Hughes & Co. Limited

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## Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

  
Patricia Crossey  
Secretary  
26 October 2004

## **Auditors' report to the directors of K Hughes & Co Limited under Article 255B of the Companies (Northern Ireland) Order 1986**

We have examined the abbreviated financial statements on pages 5 to 16 together with the annual financial statements of K Hughes & Co Limited for the year ended 31 December 2003.

### **Respective responsibilities of directors and auditors**


The directors are responsible for preparing the abbreviated financial statements in accordance with Article 254A of the Companies (Northern Ireland) Order 1986. It is our responsibility to form an opinion as to the company's entitlement to deliver abbreviated financial statements prepared in accordance with Articles 254A(3) of the Companies (Northern Ireland) Order 1986 and whether the abbreviated financial statements are properly prepared in accordance with those provisions and to report our opinion to you.

### **Basis of audit opinion**

We have carried out the procedures we considered necessary to confirm, by reference to the annual financial statements, that the company is entitled to deliver abbreviated financial statements, and that the abbreviated financial statements are properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the annual financial statements.

### **Opinion**

In our opinion the company is entitled to deliver abbreviated financial statements prepared accordance with Articles 254A(3) of the Companies (Northern Ireland) Order 1986 and the abbreviated financial statements to be delivered are properly prepared in accordance with those provisions.

  
**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Dungannon  
26 October 2004

**Abbreviated profit and loss account  
for the year ended 31 December 2003**

(Abbreviated in accordance with the provisions of the  
Companies (Northern Ireland) Order 1986)

	Notes	2003 £	2002 £
<b>Gross profit</b>		<b>1,171,077</b>	<b>1,271,407</b>
Net operating expenses	3	<b>(855,355)</b>	<b>(907,132)</b>
<b>Operating profit</b>	<b>4</b>	<b>315,722</b>	<b>364,275</b>
Interest payable and similar charges	7	<b>(39,470)</b>	<b>(39,695)</b>
<b>Profit on ordinary activities before taxation</b>		<b>276,252</b>	<b>324,580</b>
Taxation	8	<b>(61,974)</b>	<b>(54,715)</b>
<b>Profit for the financial year</b>		<b>214,278</b>	<b>269,865</b>
Dividends paid	9	<b>(80,000)</b>	<b>(60,000)</b>
<b>Retained profit for the year</b>	<b>19</b>	<b>134,278</b>	<b>209,865</b>

All amounts above relate to continuing operations of the company.

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

# K Hughes & Co. Limited


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## Abbreviated balance sheet at 31 December 2003

(Abbreviated in accordance with the provisions of the  
Companies (Northern Ireland) Order 1986)

	Notes	2003 £	2002 £
<b>Fixed assets</b>			
Tangible assets	10	1,527,631	1,656,657
<b>Current assets</b>			
Stocks	11	31,381	85,344
Debtors	12	1,858,871	2,536,724
Cash at bank and in hand		66,304	232,874
		1,956,556	2,854,942
<b>Creditors: amounts falling due within one year</b>	13	(1,508,166)	(2,573,754)
<b>Net current assets</b>		448,390	281,188
<b>Total assets less current liabilities</b>		1,976,021	1,937,845
<b>Creditors: amounts falling due after more than one year</b>	14	(13,156)	(87,217)
<b>Provisions for liabilities and charges</b>	15	(91,418)	(97,200)
<b>Accruals and deferred income</b>	16	(189,139)	(205,398)
<b>Net assets</b>		1,682,308	1,548,030
<b>Capital and reserves</b>			
Called up share capital	18	33,000	33,000
Profit and loss account	19	1,649,308	1,515,030
<b>Equity shareholders' funds</b>	20	1,682,308	1,548,030

The abbreviated financial statements have been prepared in accordance with the special provisions of Part VIII of the Companies (Northern Ireland) Order 1986 relating to medium-sized companies.

  
Director



**Cash flow statement  
for the year ended 31 December 2003**

	Notes	2003 £	2002 £
<b>Net cash inflow from operating activities</b>	21	<b>497,728</b>	<b>447,924</b>
<b>Returns on investments and servicing of finance</b>			
Interest paid		(31,300)	(32,638)
Interest paid on hire purchase contracts		(7,706)	(7,057)
		<b>(39,006)</b>	<b>(39,695)</b>
<b>Taxation</b>			
Corporation tax paid		(55,978)	(13,278)
<b>Capital expenditure</b>			
Purchase of tangible fixed assets		(56,772)	(102,669)
Sale of tangible fixed assets		5,900	4,450
		<b>(50,872)</b>	<b>(98,219)</b>
<b>Equity dividends paid</b>		<b>(85,000)</b>	<b>(45,000)</b>
<b>Net cash inflow before financing</b>		<b>266,872</b>	<b>251,732</b>
<b>Financing</b>			
Repayment of principal on pension fund loan		(50,000)	(75,000)
Repayment of principal under hire purchase contracts		(82,460)	(70,660)
		<b>(132,460)</b>	<b>(145,660)</b>
<b>Increase in cash in the year</b>	22-23	<b>134,412</b>	<b>106,072</b>

## Notes to the abbreviated financial statements for the year ended 31 December 2003

### 1 Accounting policies

These financial statements are prepared on the going concern basis under the historical cost convention, and in accordance with the Companies (Northern Ireland) Order 1986 and applicable accounting standards. The principal accounting policies are set out below.

#### Basis of consolidation

The financial statements contain information about K Hughes & Co Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under Article 256 of the Companies (Northern Ireland) Order 1986 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a medium-sized group.

#### Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, over the expected useful economic lives of the assets concerned. The principal annual rates and bases used for this purpose are as follows:

Freehold buildings	-	4% straight line
Plant, machinery and fixtures	-	15% reducing balance
Office equipment	-	15% reducing balance
Motor vehicles	-	25% reducing balance

#### Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs; in the case of manufactured products cost includes all direct expenditure and production overheads based on the normal level of activity. Where necessary, provision is made for obsolete, slow moving and defective stocks.

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profit and its results as stated in the financial statements. Deferred tax assets and liabilities recognised have not been discounted.

#### Government grants

Grants that relate to specific capital expenditure are treated as deferred income, which is then credited to the profit and loss account over the related asset's useful life. Other grants are credited to the profit and loss account when received.

#### Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. All assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or the exchange rate of a related foreign exchange contract where appropriate. The resulting gain or loss is dealt with in the profit and loss account.

## 1 Accounting policies (continued)

### Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases') the assets are treated as if they had been purchased outright. The corresponding leasing commitments are shown as obligations to the lessor. Depreciation is charged to the profit and loss account on a straight line basis over the shorter of the lease terms and the useful lives of equivalent owned assets. Lease payments are treated as consisting of capital and interest elements and the interest is charged to revenue in proportion to the reducing capital element outstanding.

Rentals under operating leases are charged to revenue as incurred.

### Pension costs

The company operates a defined contribution scheme for specific directors and employees. Contributions are charged to the profit and loss account in the period to which they relate.

## 2 Analysis of turnover and results

Turnover and results relate to the company's main activities which are carried out in the United Kingdom.

## 3 Net operating expenses

	2003 £	2002 £
Distribution costs	95,302	128,672
Administration expenses	780,325	778,460
	875,627	907,132
Less other operating income:		
Revenue grants and other income	(20,272)	-
	855,355	907,132

## 4 Operating profit

	2003 £	2002 £
<b>This is stated after charging/(crediting)</b>		
Depreciation:		
- owned assets	153,003	148,088
- under finance leases and hire purchase contracts	51,667	53,783
Profit on disposal of fixed assets	(3,272)	(1,304)
Auditors' remuneration – audit services	9,000	9,000
Amortisation of government grants	(16,259)	(17,174)

## 5 Employee information

	2003	2002
	£	£
<b>Staff costs</b>		
Wages and salaries	1,055,917	1,453,170
Social security costs	93,360	85,245
Other pension costs	59,079	88,662
	<b>1,208,356</b>	<b>1,627,077</b>

	Number	Number
<b>Average monthly number of persons (including directors) employed by the company during the year was:</b>		
Production	59	69
Selling and distribution	1	1
Administration	11	11
	<b>71</b>	<b>81</b>

## 6 Directors' emoluments

	2003	2002
	£	£
Aggregate emoluments	187,703	199,271
Company pension contributions to money purchase schemes	45,390	76,043

Retirement benefits are accruing to four of the directors under the defined contribution schemes.

## 7 Interest payable and similar charges

	2003	2002
	£	£
On bank overdraft	27,454	23,894
On other loans	4,310	8,744
On hire purchase and finance leases	7,706	7,057
	<b>39,470</b>	<b>39,695</b>

## 8 Taxation

	2003 £	2002 £
<b>Current tax:</b>		
UK corporation tax at 17.4% (2002: 17.4%)	67,677	56,401
Adjustment in respect of previous periods	79	(186)
<b>Total current tax</b>	<b>67,756</b>	<b>56,215</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences (accelerated capital allowances and other)	(6,973)	4,700
Adjustment in respect of previous period	1,191	(6,200)
	(5,782)	(1,500)
<b>Tax on profit on ordinary activities</b>	<b>61,974</b>	<b>54,715</b>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for small companies of 19%.  
The differences are explained below:

	2003 £	2002 £
<b>Profit on ordinary activities before tax</b>	<b>276,252</b>	<b>324,580</b>
Profit on ordinary activities multiplied by the small companies rate in the UK (19%) (2002: 19%)	52,488	61,670
<b>Effects of:</b>		
Accelerated capital allowances and other timing differences	6,973	(4,700)
Deferred credits	(3,089)	(3,263)
Depreciation on non-qualifying assets	4,444	4,854
Disallowable items	2,379	643
Adjustment in respect of previous periods	79	(186)
Marginal rate relief	(32,103)	722
Profits taxed at 30%	36,585	-
Research and development tax credit	-	(3,525)
<b>Current tax charge for the year</b>	<b>67,756</b>	<b>56,215</b>

## 9 Dividends

	2003 £	2002 £
Interim paid	80,000	60,000

**10 Tangible fixed assets**

	Freehold land and buildings £	Plant, machinery and fixtures £	Motor lorries £	Motor cars £	Office equipment £	Total £
<b>Cost</b>						
At 1 January 2003	1,410,720	1,093,623	691,268	120,094	205,004	3,520,709
Additions	10,300	33,539	3,100	26,001	5,332	78,272
Disposals	-	-	-	(26,250)	-	(26,250)
<b>At 31 December 2003</b>	<b>1,421,020</b>	<b>1,127,162</b>	<b>694,368</b>	<b>119,845</b>	<b>210,336</b>	<b>3,572,731</b>
<b>Accumulated depreciation</b>						
At 1 January 2003	506,367	706,581	434,279	82,904	133,921	1,864,052
Charge	53,007	61,655	64,247	14,380	11,381	204,670
Disposals	-	-	-	(23,622)	-	(23,622)
<b>At 31 December 2003</b>	<b>559,374</b>	<b>768,236</b>	<b>498,526</b>	<b>73,662</b>	<b>145,302</b>	<b>2,045,100</b>
<b>Net book value</b>						
<b>At 31 December 2003</b>	<b>861,646</b>	<b>358,926</b>	<b>195,842</b>	<b>46,183</b>	<b>65,034</b>	<b>1,527,631</b>
At 31 December 2002	904,353	387,042	256,989	37,190	71,083	1,656,657

The net book value of tangible fixed assets includes an amount of £157,167 (2002: £182,834) in respect of assets held under hire purchase and finance lease agreements.

**11 Stocks**

	2003 £	2002 £
Goods for resale	31,381	85,344

**12 Debtors**

	2003 £	2002 £
Trade debtors	1,270,821	1,916,199
Amounts owed by group undertakings	400,111	400,111
Other debtors	100,000	-
Prepayments and accrued income	87,939	220,414
	<b>1,858,871</b>	<b>2,536,724</b>

## 13 Creditors: amounts falling due within one year

	2003 £	2002 £
Bank overdraft	610,491	911,473
Obligations under hire purchase agreements and finance leases (note 14)	38,597	75,496
Trade creditors	545,066	1,249,482
Corporation tax	67,756	55,978
Other tax and social security	44,457	46,089
Other creditors	77,138	38,357
Accruals and deferred income	124,661	181,879
Proposed dividend	-	15,000
	<b>1,508,166</b>	<b>2,573,754</b>

### Security

The bank overdraft is secured by a mortgage debenture over the company assets.

## 14 Creditors: amounts falling due after more than one year

	2003 £	2002 £
Pension fund loan	-	50,000
Obligations under hire purchase and finance lease agreements	13,156	37,217
	<b>13,156</b>	<b>87,217</b>

(a)

	2003 £	2002 £
<b>Pension fund loan</b>		
Repayable otherwise than by instalments in less than 5 years	-	50,000

(b) The finance lease and hire purchase obligations fall due as follows:

	2003 £	2002 £
In one year or less	38,597	75,496
Between one and two years	13,156	31,014
Between two and five years	-	6,203
	<b>51,753</b>	<b>112,713</b>

## 15 Provisions for liabilities and charges

	Deferred tax £	
At 1 January 2003	97,200	
Charged to the profit and loss account	(5,782)	
At 31 December 2003	91,418	
	Provided for 2003 £	Provided for 2002 £
<b>Deferred taxation</b>		
Accelerated capital allowances	91,418	97,200

## 16 Accruals and deferred income

### Government grants

	2003 £
At 1 January 2003	205,398
Amortisation in the year	(16,259)
At 31 December 2003	189,139

## 17 Pension obligations

The pension cost charge represents contributions payable by the company to the scheme and amounts to £59,079 (2002: £88,662).

## 18 Called up share capital

	2003 £	2002 £
<b>Authorised</b>		
50,000 ordinary shares of £1 each	50,000	50,000
<b>Allotted, called up and fully paid</b>		
33,000 (2002: 33,000) ordinary shares of £1 each	33,000	33,000

## 19 Profit and loss account

	2003 £
At 1 January 2003	1,515,030
Retained profit for the year	134,278
At 31 December 2003	1,649,308



**20 Reconciliation of movements in shareholders' funds**

	2003 £	2002 £
Profit for the financial year	134,278	209,865
Opening shareholders' funds	1,548,030	1,338,165
Closing shareholders' funds	1,682,308	1,548,030

**21 Net cash inflow from operating activities**

	2003 £	2002 £
Operating profit	315,722	364,275
Depreciation charge	204,670	201,871
Profit on disposal of fixed assets	(3,272)	(1,304)
Amortisation of government grants	(16,259)	(17,174)
Decrease/(increase) in stocks	53,963	(12,519)
Decrease/(increase) in debtors	677,853	(440,017)
(Decrease)increase in creditors	(734,949)	352,792
Net cash inflow from operating activities	497,728	447,924

**22 Analysis of net debt**

	1 January 2003 £	Cash flow £	Non-cash Changes £	31 December 2003 £
Cash at bank and in hand	232,874	(166,570)	-	66,304
Bank overdraft	(911,473)	300,982	-	(610,491)
	(678,599)	134,412	-	(544,187)
Debt due after one year	(50,000)	50,000	-	-
Finance lease	(112,713)	82,460	(21,500)	(51,753)
	(162,713)	132,460	(21,500)	(51,753)
Net debt	(841,312)	266,872	(21,500)	(595,940)

**23 Reconciliation of net cash flow to movement in net debt**

	2003 £	2002 £
Increase in cash in financial year	134,412	106,072
Cash outflows from decrease in debt	132,460	145,660
Change in net debt resulting from cash flows	266,872	251,732
Non-cash changes		
New hire purchase obligations	(21,500)	(29,608)
Movement in net funds in the year	245,372	222,124
Net debt at 1 January	(841,312)	(1,063,436)
Net debt at 31 December	(595,940)	(841,312)

**24 Capital commitments**

	2003	2002
	£	£
<b>Capital expenditure</b>		
Contracted for but not provided in the financial statements	-	-

**25 Contingent liabilities**

There is a contingent liability to repay certain government grants received under the terms of a letter of offer from LEDU if the company fails to achieve and maintain the specified conditions. In the opinion of the directors the terms of the letter of offer have been complied with, and no loss is expected.

**26 Related party transactions**

The company has identified the following transactions, which fall to be disclosed under the terms of FRS 8:

**Pension fund**

K Hughes & Co. Limited is the sole employer in KMK Pension Fund.

The company has a loan of £Nil (2002: £50,000) from the KMK Pension Fund. This amount is unsecured and was due to be repaid by April 2004. During the year interest was paid of £4,310.

**Transactions with subsidiary company**

K Hughes Compost (Moy) Limited, is a wholly owned subsidiary of K Hughes & Co. Limited.

At 31 December 2003, the parent company was owed £400,111 (2002: £400,111) by its subsidiary, being the result of inter-company trading management income and other amounts paid for on its behalf less payments made by the subsidiary on the parent company's behalf.

**27 Ultimate controlling party**

The ultimate controlling parties are Kieran, Malachy, Kevin and Geraldine Hughes whose shareholdings in the company are disclosed in the directors report.