COMPANY REGISTRATION NUMBER: NI011061

K. Hughes & Co. Limited

Financial Statements

31 December 2021

K. Hughes & Co. Limited

Financial Statements

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Officers and Professional Advisers

The board of directors	Mr E Hughes Mr K Hughes Mr CO Hughes
Company secretary	Mr B Hughes
Registered office	118 Trewmount Road Dungannon Co. Tyrone BT71 7EF
Auditor	Maneely Mc Cann Chartered Accountants Chartered Accountants & Statutory Auditors Aisling House 50 Stranmillis Embankment Belfast BT9 5FL
Bankers	Danske Bank Donegall Square West Belfast BT1 6JS
Solicitors	Shoosmiths (Northern Ireland) LLP 2-14 East Bridge Street Belfast BT1 3NQ

K. Hughes & Co. Limited

Strategic Report

Year ended 31 December 2021

The directors present their report and audited financial statements of the company for the year ended 31 December 2021. Principal activities The principal activity of the company during the year was that of growing, processing and marketing of mushrooms, general haulage and rental income from investment properties. The company operates throughout the United Kingdom. Review of business and future developments Performance The directors consider the results for the current year and position of the company at year end to be satisfactory. The directors are committed to long term creation of shareholder value by increasing the company's market share through organic growth. The directors have plans in place to ensure the company is strongly placed to retain its market position. The company's result for the year is an operating profit of £2,663,126 (2020: £3,114,418) and a profit on ordinary activities before taxation of £2,610,431 (2020: £2,936,418). At the year end net assets of the company were £14,648,391 (2020: £12,162,588). Principal risks and uncertainties The company's performance is sensitive to any changes in interest rates, inflation, foreign exchange, stability of suppliers, competition from other suppliers, employee retention and consumer spending habits. With these risks and uncertainties in mind, the directors are aware that any plans for future development of the business may be subject to unforeseen future events outside of their control. The directors, however, focus on managing and mitigating these risks as part of the overall business strategy via strong customer service, not being overly reliant on one supplier and investment in people and facilities. Key performance indicators The key performance indicators that management monitored on a monthly basis during the period were: - Sales growth compared to prior year - Gross profit margins Environment The company recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible. Health and safety The company is committed to achieving the highest practical standards in health and safety management and strives to make all sites and offices safe environments for employees and customers alike. Human resources Management of the company recognises that its most important resource is its people; their knowledge and experience is crucial to meeting customer requirements. Retention of key staff is critical and the company has invested increasingly in employment training and development and has introduced appropriate incentive and career progression arrangements.

This report was approved by the board of directors on 3 February 2023 and signed on behalf of the board by:

Mr K Hughes

Director

Registered office:

118 Trewmount Road

Dungannon

Co. Tyrone

BT71 7EF

K. Hughes & Co. Limited

Directors' Report

Year ended 31 December 2021

The directors present their report and the financial statements of the company for the year ended 31 December 2021 .

Directors

The directors who served the company during the year were as follows:

Mr E Hughes

Mr K Hughes

Mr CO Hughes

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Financial instruments

The company's operations expose it to a variety of financial risks in respect to its use of financial instruments that include the effects of change in price risk, interest rate risk, credit risk, liquidity risk and foreign exchange risk.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub committee of the board. The policies set by the board of directors are implemented by the company's finance department. The main risks are summarised below:

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Interest rate risk

The company has interest bearing liabilities, namely bank and other loans, which earn interest at a variable rate. The company has a policy of maintaing debt at competitive rate to ensure a reasonable degree of certainity over future interest cash flows. The directors will revisit the appropriateness of this policy should the company's operations change in nature or size.

Credit risk

The company monitors credit risk closely and considers that its current policies of credit checks meet its objectives of managing exposure to credit risk. The company has no significant concentrations of credit risk.

Liquidity risk

The company actively maintains a mixture of short and long term debt finance to ensure the company has sufficient funds for operations and planned expansions.

Foreign exchange risk

While the greater part of the company's revenues and expenses are denominated in sterling, the company is exposed to some foreign exchange risk in the normal course of business. Although the company has not used financial instruments to hedge foreign exchange exposure, this position is under constant review.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and - they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 3 February 2023 and signed on behalf of the board by:

Mr K Hughes

Director

Registered office:

118 Trewmount Road

Dungannon

Co. Tyrone

BT71 7EF

K. Hughes & Co. Limited

Independent Auditor's Report to the Members of K. Hughes & Co. Limited

Year ended 31 December 2021

Opinion

We have audited the financial statements of K. Hughes & Co. Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of income and retained earnings, statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 company's affairs as at 31 December 2021 and of its profit 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below: Identifying and assessing potential risks related to irregularities In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following: - the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets; - results of our enquiries of management about their own identification and assessment of the risks of irregularities; - any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to: - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; - the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies Act 2006 and Taxation Legislation. Audit response to risks identified Our procedures to respond to risks identified included the following: - reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements; - enquiring of management and external legal counsel concerning actual and potential litigation and claims; - performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; - reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and - in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in new making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business. We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also: - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors. - Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern. - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. 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.

Cathal Maneely

(Senior Statutory Auditor)

For and on behalf of

Maneely Mc Cann Chartered Accountants

Chartered Accountants & Statutory Auditors

Aisling House

50 Stranmillis Embankment

Belfast

BT9 5FL

3 February 2023

K. Hughes & Co. Limited

Statement of Income and Retained Earnings

Year ended 31 December 2021

	Note	2021	2020
		£	£
Turnover	4	51,424,256	49,528,638
Cost of sales		45,810,730	43,952,564
Gross profit		5,613,526	5,576,074
Distribution costs		97,894	135,090
Administrative expenses		2,852,506	2,326,566
Operating profit	5	2,663,126	3,114,418
Other interest receivable and similar income	9	256	320
Interest payable and similar expenses	10	52,951	178,320
Profit before taxation		2,610,431	2,936,418
Tax on profit	11	12,712	16,376
Profit for the financial year and total comprehensive income		2,597,719	2,920,042
Dividends paid and payable	12	(111,916)	(100,380)
Retained earnings at the start of the year		12,129,588	9,309,926
Retained earnings at the end of the year		14,615,391	12,129,588

All the activities of the company are from continuing operations.

K. Hughes & Co. Limited

Statement of Financial Position

31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	**13**	7,319,904	6,826,102
Investments	**14**	2	2
		7,319,906	6,826,104
Current assets			
Stocks	**15**	2,702,317	1,440,075
Debtors	**16**	18,124,653	16,463,875
Cash at bank and in hand		351,633	64,436
		21,178,603	17,968,386
Creditors: amounts falling due within one year	**17**	12,470,726	9,950,826
Net current assets		8,707,877	8,017,560
Total assets less current liabilities		16,027,783	14,843,664
Creditors: amounts falling due after more than one year	**18**	938,226	2,252,622
Provisions	**20**	441,166	428,454
Net assets		14,648,391	12,162,588
Capital and reserves			
Called up share capital	**25**	11,000	11,000
Capital redemption reserve	**26**	22,000	22,000
Profit and loss account	**26**	14,615,391	12,129,588
Shareholders funds		14,648,391	12,162,588

These financial statements were approved by the board of directors and authorised for issue on 3 February 2023 , and are signed on behalf of the board by:

Mr K Hughes

Director

Company registration number: NI011061

1. General information

The company is a private company limited by shares, registered in Northern Ireland. The address of the registered office is 118 Trewmount Road, Dungannon, Co. Tyrone, BT71 7EF.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Hughes Family Holdings Limited which can be obtained from 118 Trewmount Road, Dungannon, Co. Tyrone, BT71 7EF. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102: No cash flow statement has been presented for the company.

Consolidation

The entity has taken advantage of the exemption from preparing consolidated financial statements contained in Section 400 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA State.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Corporation tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively. Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss. Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure. Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss. If a reliable measure of fair value is no longer available without undue cost or effort for an item of investment property, it shall be transferred to land and buildings and treated as such until it is expected that fair value will be reliably measurable on an on-going basis.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	-	2% straight line
Plant and machinery	-	15% reducing balance
Motor vehicles	-	25% reducing balance
Equipment	-	20% straight line

No depreciation is calculated on land or investment properties.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Investments in associates

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses. Investments in associates accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted. Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset. Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. Government grants are recognised using the accrual model and the performance model. Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable. Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset. Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument. Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Debt instruments are subsequently measured at amortised cost. Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment. Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately. For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics. Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund. When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2021	2020
	£	£
Sale of goods	51,012,719	49,078,369
Government grants received	116,322	150,567
Rental income	295,215	299,702
	51,424,256	49,528,638

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2021	2020
	£	£
Depreciation of tangible assets	395,011	357,212
Gains on disposal of tangible assets	(493,069)	(1,470)
Research and development expenditure written off	30,468	89,561
Operating lease rentals	42,607	27,901
Foreign exchange differences	(36,479)	(13,910)

6. Auditor's remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	26,205	22,443

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2021	2020
	No.	No.
Production staff	213	201
Distribution staff	5	5
Administrative staff	6	8
	224	214

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021	2020
	£	£
Wages and salaries	6,878,653	5,858,421
Social security costs	424,685	340,899
Other pension costs	67,050	50,763
	7,370,388	6,250,083

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2021	2020
	£	£
Remuneration	26,994	25,500

9. Other interest receivable and similar income

	2021	2020
	£	£
Interest on bank deposits	256	320

10. Interest payable and similar expenses

	2021	2020
	£	£
Interest on banks loans and overdrafts	43,844	157,313
Interest on obligations under finance leases and hire purchase contracts	3,858	14,081
Finance charges	5,249	4,900
Other interest payable and similar charges	–	2,026
	52,951	178,320

11. Tax on profit

Major components of tax expense

	2021	2020
	£	£
Deferred tax:		
Origination and reversal of timing differences	12,712	16,376
Tax on profit	12,712	16,376

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19 % (2020: 19 %).

	2021	2020
	£	£
Profit on ordinary activities before taxation	2,610,431	2,936,418
Profit on ordinary activities by rate of tax	462,642	557,919
Effect of expenses not deductible for tax purposes	(226)	(4,927)
Effect of capital allowances and depreciation	(46,691)	(65,296)
Effect of income not taxable	–	(2,603)
Effect of group relief claimed	(415,725)	(485,093)
Deferred tax adjustment	12,712	16,376
Tax on profit	12,712	16,376

12. Dividends

	2021	2020
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	111,916	100,380

13. Tangible assets

	Freehold property	Plant and machinery	Motor vehicles	Equipment	Investment Property	**Total**
	£	£	£	£	£	**£**
Cost						
At 1 Jan 2021	2,981,433	3,966,289	504,677	213,175	2,739,302	10,404,876
Additions	1,085,929	350,536	23,000	179,348	–	1,638,813
Disposals	(750,000)	–	–	–	–	(750,000)
At 31 Dec 2021	3,317,362	4,316,825	527,677	392,523	2,739,302	11,293,689
Depreciation						
At 1 Jan 2021	892,295	2,100,988	403,911	181,580	–	3,578,774
Charge for the year	41,812	316,900	23,358	12,941	–	395,011
At 31 Dec 2021	934,107	2,417,888	427,269	194,521	–	3,973,785
Carrying amount						
At 31 Dec 2021	2,383,255	1,898,937	100,408	198,002	2,739,302	7,319,904
At 31 Dec 2020	2,089,138	1,865,301	100,766	31,595	2,739,302	6,826,102

There is no material difference between the open market value of the Investment property at 31 December 2021 and the value at which it is being carried in the balance sheet at that date.

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery
	£
At 31 December 2021	231,396
At 31 December 2020	316,013

14. Investments

	Shares in participating interests
	£
Cost	
At 1 January 2021 and 31 December 2021	2
Impairment	
At 1 January 2021 and 31 December 2021	–
Carrying amount	
At 31 December 2021	2
At 31 December 2020	2

Subsidiaries, associates and other investments

	Class of share	Percentage of shares held
Subsidiary undertakings		
Howden Enterprises Ltd	Ordinary	100
K Hughes Compost (Moy) Limited	Ordinary	100
Hughes Global Limited	Ordinary	100

All subsidiary undertakings were incorporated in Northern Ireland. Howden Enterprises Ltd is a trading company. Hughes Global Limited is dormant and was dissolved post year end on 15 February 2022. K Hughes Compost (Moy) Limited is dormant and was dissolved post year end on 22 February 2022.

15. Stocks

	2021	2020
	£	£
Finished goods and goods for resale	2,702,317	1,440,075

16. Debtors

	2021	2020
	£	£
Trade debtors	7,623,203	6,844,498
Amounts owed by group undertakings	9,788,329	9,143,704
Amounts owed by related parties	242,248	18,378
Prepayments and accrued income	67,157	181,069
Other debtors	403,716	276,226
	18,124,653	16,463,875

17. Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans and overdrafts	7,586,000	4,235,593
Other loans	585,350	648,975
Trade creditors	2,739,793	3,922,521
Amounts owed to group undertakings	1	1
Amounts owed to related parties	447,673	508,601
Accruals and deferred income	689,991	470,468
Social security and other taxes	361,636	80,659
Obligations under finance leases and hire purchase contracts	60,282	81,835
Other creditors	–	2,173
	12,470,726	9,950,826

Bank overdrafts and loans are secured by a mortgage debenture incorporating a fixed and floating charge over the company's assets and a cross company guarantee with Howden Enterprises Limited; and a legal charge over the factory premises at Trewmount Road, Dungannon.

18. Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Bank loans and overdrafts	–	1,148,545
Accruals and deferred income	810,744	919,065
Obligations under finance leases and hire purchase contracts	127,482	185,012
	938,226	2,252,622

Included within creditors: amounts falling due after more than one year is an amount of £Nil (2020: £616,028) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

The bank loan is repayable over 6 years by quarterly capital and interest repayments. Interest is charged every 3 months at the bank's base rate plus 2.25%.

19. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2021	2020
	£	£
Not later than 1 year	60,282	81,835
Later than 1 year and not later than 5 years	127,482	185,012
	187,764	266,847

20. Provisions

	Deferred tax (note 21)
	£
At 1 January 2021	428,454
Additions	12,712
At 31 December 2021	441,166

21. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2021	2020
	£	£
Included in provisions (note 20)	441,166	428,454

The deferred tax account consists of the tax effect of timing differences in respect of:

	2021	2020
	£	£
Accelerated capital allowances	441,166	428,454

22. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £ 67,050 (2020: £ 50,763).

The assets of the scheme are held separately from those of the Company in an independently administered fund.

23. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2021	2020
	£	£
Recognised in creditors:		
Deferred government grants due within one year	128,207	145,671
Deferred government grants due after more than one year	810,744	919,065
	938,951	1,064,736

24. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2021	2020
	£	£
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	21,093,078	17,787,317
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	11,957,528	10,813,915

25. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No.	**£**	No.	£
Ordinary shares of £ 1 each	11,000	11,000	11,000	11,000

26. Reserves

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company. Profit and loss account - This reserve records retained earnings and accumulated losses.

27. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2021	2020
	£	£
Not later than 1 year	–	562

28. Contingencies

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

29. Related party transactions

Control The company is a wholly owned subsidiary of Hughes Family Holdings Limited, a company incorporated in Northern Ireland. Mr K Hughes is deemed the ultimate controlling party by virtue of his shareholding in Hughes Family Holdings Limited. Group party transactions The company has taken advantage of the exemption from disclosing related party transactions with group companies, in accordance with Financial Reporting Standard No 102 Section 33, Related Party Disclosures. Related party transactions The company is the sole employer in KMK Pension Fund. The company has loans from the scheme. The balance on these loans at 31 December 2021 was £585,350 (2020: £648,976). These are disclosed within 'Other loans' per notes 16 and 17 of the financial statements. The company has a related party in Speciality Mushrooms Limited as a director in Speciality Mushrooms Limited has significant influence within K. Hughes & Co. Limited . At the year end the company was owed £40,000 (2020: £18,378) by Speciality Mushrooms Limited. Mr Ciaran-Og and Emmet Hughes, directors, are also directors and shareholders in Bremcoda Limited. At the year end a balance of £202,248 (2020: Nil) is owed from Bremcoda Limited to K Hughes & Co. Limited. Amounts due to and from related and group companies are interest free, unsecured and repayable on demand. Transactions with directors The directors of the company are deemed to be related parties due to their position within the company. At 31 December 2021 the following balances were due from the company in respect of loans from the directors: i) Balance owed to Mr K Hughes of £428,180 (2020: £469,234); ii) Balance owed to Mr E Hughes of £16,695 (2020: £21,527); iii) Balance owed to Mr CO Hughes of £2,798 (2020: £17,745). The above balances are included within amounts owed to related parties in note 16 of the financial statements.

30. Ultimate parent company

Hughes Family Holdings Limited is the ultimate parent company. Copies of consolidated financial statements may be obtained from 118 Trewmount Road, Dungannon, BT71 7EF .