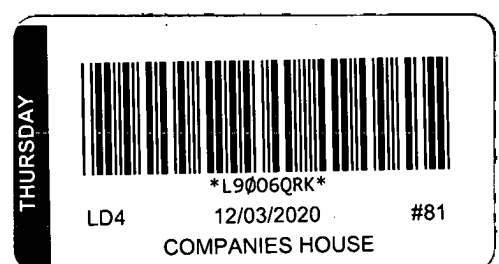

LUKE HUGHES & COMPANY LIMITED

FINANCIAL STATEMENTS
INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE YEAR ENDED 30 JUNE 2019



LUKE HUGHES & COMPANY LIMITED

COMPANY INFORMATION

Directors	<div>✦</div> L A Hughes A P Phipps N D Mather N K Shepherd J P V Thomas I P Howard H R Blackwell
Company secretary	KR Ford
Registered number	01952292
Registered office	7 Savoy Court The Strand London WC2R 0EX
Independent auditors	Nexia Smith & Williamson Chartered Accountants & Statutory Auditors 25 Moorgate London EC2R 6AY

LUKE HUGHES & COMPANY LIMITED

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LUKE HUGHES & COMPANY LIMITED
REGISTERED NUMBER:01952292

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	7	124,938	166,939
Investments	8	19,949	650
		<u>144,887</u>	<u>167,589</u>
Current assets			
Stocks	9	130,169	109,373
Debtors: amounts falling due after more than one year	10	138,713	138,713
Debtors: amounts falling due within one year	10	1,694,141	210,188
Cash at bank and in hand		328,102	742,710
		<u>2,291,125</u>	<u>1,200,984</u>
Creditors: amounts falling due within one year	11	(2,524,901)	(633,406)
Net current (liabilities)/assets		<u>(233,776)</u>	<u>567,578</u>
Total assets less current liabilities		<u>(88,889)</u>	<u>735,167</u>
Creditors: amounts falling due after more than one year	12	(168,177)	(180,938)
Net (liabilities)/assets		<u><u>(257,066)</u></u>	<u><u>554,229</u></u>
Capital and reserves			
Called up share capital	14	154,560	154,560
Share premium account	15	2,913,431	2,913,431
Capital redemption reserve	15	18,598	18,598
Profit and loss account	15	(3,343,655)	(2,532,360)
		<u><u>(257,066)</u></u>	<u><u>554,229</u></u>

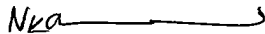
LUKE HUGHES & COMPANY LIMITED
REGISTERED NUMBER:01952292

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2019

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 have been prepared and delivered in accordance with provisions applicable to companies subject to the small companies regime, as set out within Part 15 of the Companies Act 2006, and in accordance with the provisions of FRS102 Section 1A - small entities.

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



N K Shepherd
Director

Date: 03.03.2020

The notes on pages 4 to 19 form part of these financial statements.

LUKE HUGHES & COMPANY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 April 2017	55,908	754,878	18,598	(617,047)	212,337
Comprehensive income for the period					
Loss for the period	-	-	-	(1,915,313)	(1,915,313)
Shares issued during the period	98,652	2,158,553	-	-	2,257,205
At 1 July 2018	<u>154,560</u>	<u>2,913,431</u>	<u>18,598</u>	<u>(2,532,360)</u>	<u>554,229</u>
Comprehensive income for the year					
Loss for the year	-	-	-	(811,295)	(811,295)
At 30 June 2019	<u>154,560</u>	<u>2,913,431</u>	<u>18,598</u>	<u>(3,343,655)</u>	<u>(257,066)</u>

The notes on pages 4 to 19 form part of these financial statements.

LUKE HUGHES & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. General information

The entity is a private company, limited by shares, incorporated in England and Wales with Companies House registration number 01952292. The Company's registered office is 7 Savoy Court, The Strand, London, WC2R 0EX. The principal activities of the Company are the design and supply of furniture for the institutional and corporate markets.

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 the Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The prior year financial statements cover a 15 month period from 1 April 2017 to 30 June 2018, therefore the comparative amounts in these financial statements, which cover the year to 30 June 2019, are not fully comparable.

The Company has elected to apply all amendments to FRS102, as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019. The adoption of these amendments has not resulted in any prior period adjustments for the Company.

2.2 Going concern

The Company has made a loss for the year of £811,295 and as at 30 June 2019 had net current liabilities of £233,776. In August 2019 the Company raised £1,200,004 through the issue of 533,335 ordinary shares of 10p each at a price of £2.25 per share. In assessing the Company's going concern status, the Directors have considered the net funding position of the Company as it currently stands following the issue of shares and the trading results since 30 June 2019. The Directors have then considered forecast trading revenues and expected cash arising and cash requirements. These forecasts indicate that the Company is reliant on cash inflows from new business in the short term, the securing, timing and terms of which are yet to be finalised. Therefore a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The Directors are however confident that this new business will be secured in line with the timescales required to provide the cashflows required for the Company to continue as a going concern. For this reason, the Directors are confident that the Company will continue to be able to meet its financial obligations as they fall due for the foreseeable future, being at least 12 months from the date of signing of these financial statements and have prepared the financial statements on a going concern basis. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

LUKE HUGHES & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. Accounting policies (continued)

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover from the sale of goods is recognised upon the earlier of confirmation of acceptance of the goods or confirmation of authorisation of payment by a duly authorised representative of the buyer. Under the terms and conditions this is when delivery is deemed to have been made and the point at which the risks and rewards of ownership have transferred to the buyer.

Rendering of services

Turnover 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 turnover 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.

2.4 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.

LUKE HUGHES & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. Accounting policies (continued)

2.4 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:

Long-term leasehold property	- 5 years
Fixtures and fittings	- 4 years
Office equipment	- 4 years

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 the Statement of Comprehensive Income.

2.5 Investments

Investments in subsidiaries and associates are measured at cost less accumulated impairment.

Where an investment purchase is denominated in a foreign currency, it is translated at a foreign exchange rate prevailing on the date of purchase.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.8 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.

2.9 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 from related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans

LUKE HUGHES & COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

2. Accounting policies (continued)

2.9 Financial instruments (continued)

and other accounts receivable and payable, are measured at present value of the future cash flows. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently at the undiscounted amount of the cash or other consideration expected to be paid or received.

Loans from a person who is a director or who is within a director's group of close family members (when that group contains at least one shareholder of the entity) are measured initially at transaction price.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

2.10 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 the Statement of Comprehensive Income.

2.11 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

LUKE HUGHES & COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

2. Accounting policies (continued)

2.12 Share based payments

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

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

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

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

No charge has been recognised in relation to share options issued during the year on the basis that it is immaterial.

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.14 Leased assets: the Company as lessee

Assets obtained under finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.15 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.16 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

LUKE HUGHES & COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

2. Accounting policies (continued)

2.17 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.18 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 the Statement of Comprehensive Income 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.

2.19 Taxation

Tax is recognised in the Statement of Comprehensive Income, 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 Statement of Financial Position 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.

LUKE HUGHES & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are evaluated at each reporting date and are based on historical experience as adjusted for current market conditions and other factors. Management makes estimates and assumptions concerning the future in preparing the financial statements and the actual results will not always reflect the accounting estimates made.

In the Directors' view the following are key estimates:

Bad debt provisions

The trade debtors balance of £1,597,044 recorded in the Company's Statement of Financial Position comprises a relatively small number of balances. A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

Estimation of stage of completion

Turnover from the provision of design services is recognised by reference to the stage of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, turnover is recognised only to the extent of the expenses recognised that are recoverable.

Recognition of sales

Revenue from the sale of goods is recognised upon the earlier of confirmation of acceptance of the goods or confirmation of authorisation of payment by a duly authorised representative of the buyer. Under the terms and conditions this is when delivery is deemed to have been made and the point at which the risks and rewards of ownership have transferred to the buyer.

4. Auditors' remuneration

	2019 £	15 month period to 30 June 2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	15,590	17,990

LUKE HUGHES & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

5. Staff costs

Staff costs were as follows:

	2019 £	15 month period to 30 June 2018 £
Wages and salaries	1,229,839	1,281,860
Social security costs	130,588	133,994
Other pension costs	36,273	18,187
	<u>1,396,700</u>	<u>1,434,041</u>

The average monthly number of employees, including the directors, during the year was 23 (2018: 21).

6. Directors' remuneration

	2019 £	15 month period to 30 June 2018 £
Directors' emoluments	360,130	439,031
Company contributions to defined contribution pension schemes	12,813	5,531
	<u>372,943</u>	<u>444,562</u>

During the year retirement benefits were accruing to 4 directors (2018: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £145,485 (2018: £174,034).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,029 (2018: £2,004).

LUKE HUGHES & COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

7. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation				
At 1 July 2018	151,581	36,095	70,609	258,285
Additions	2,524	-	12,291	14,815
At 30 June 2019	154,105	36,095	82,900	273,100
Depreciation				
At 1 July 2018	37,894	18,169	35,283	91,346
Charge for the year	30,947	7,310	18,559	56,816
At 30 June 2019	68,841	25,479	53,842	148,162
Net book value				
At 30 June 2019	85,264	10,616	29,058	124,938
At 30 June 2018	113,687	17,926	35,326	166,939

8. Fixed asset investments

	Investments in subsidiary companies £	Investments in associates £	Total £
Cost or valuation			
At 1 July 2018	-	650	650
Additions	19,299	-	19,299
At 30 June 2019	19,299	650	19,949

LUKE HUGHES & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

8. Fixed asset investments (continued)

Associated and subsidiary undertakings

The following were associated and subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Aegistra Limited	7 Savoy Court, The Strand, London, WC2R 0EX	Business support services	Ordinary	43%
Luke Hughes Design Consultancy (Beijing) Co. Ltd	Room 1605, 1st Block, No.28 Xiaoyon Road, Chaoyang District, Beijing City, China	Furniture commerce	Ordinary	100%

9. Stocks

	2019 £	2018 £
Work in progress (goods to be sold)	130,169	109,373
	<u>130,169</u>	<u>109,373</u>

LUKE HUGHES & COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

10. Debtors

	2019 £	2018 £
Due after more than one year		
Other debtors	138,713	138,713
	<u>138,713</u>	<u>138,713</u>
	2019 £	2018 £
Due within one year		
Trade debtors	1,597,044	119,883
Other debtors	896	1,873
Prepayments and accrued income	96,201	88,432
	<u>1,694,141</u>	<u>210,188</u>

Included within Trade debtors are amounts due from group undertakings of £394,460 (2018: £Nil).

11. Creditors: Amounts falling due within one year

	2019 £	2018 £
Third party loans	2,483	3,516
Trade creditors	354,505	62,991
Other taxation and social security	45,354	41,857
Obligations under finance lease	2,568	3,515
Other creditors	524,838	16,937
Accruals and deferred income	1,595,153	504,590
	<u>2,524,901</u>	<u>633,406</u>

Included within Other creditors are directors loan accounts of £200,000 (2018: £Nil) and £7,574 (2018: £7,357), accruing interest at 4.00% above the Royal Bank of Scotland base rate and 2.24% above the Bank of England base rate respectively.

The Company's bankers have a mortgage debenture over all the assets of the Company.

LUKE HUGHES & COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

12. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Other loans	138,710	138,710
Third party loans	-	2,483
Obligations under finance leases and hire purchase contracts	-	2,689
Other creditors	29,467	37,056
	<u>168,177</u>	<u>180,938</u>

Other loans due after more than one year represent loans from close family members of directors. Interest is charged at 6%.

Other creditors due after more than one year represent loans from directors. Interest is charged on these amounts at 2.24% above the Bank of England base rate.

13. Finance leases

Minimum lease payments under finance leases fall due as follows:

	2019 £	2018 £
Within one year	2,568	3,515
Between 1-5 years	-	2,689
	<u>2,568</u>	<u>6,204</u>

14. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1,545,600 (2018 - 1,545,600) Ordinary shares of £0.10 each	<u>154,560</u>	<u>154,560</u>

LUKE HUGHES & COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

15. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve

This reserve records the nominal value of preference shares repurchased by the Company.

Profit and loss account

This reserve relates to the cumulative profits and losses less amounts distributed to shareholders.

LUKE HUGHES & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

16. Share based payments

The Company operates an equity-settled, share-based compensation scheme.

On 19 February 1996, the Company granted an option to A P Phipps to purchase 17,000 'A' Ordinary Shares of 10p each at a price of £2 per share. The option was exercisable over a like number of Ordinary Shares of 10p each on the same terms and may be exercised in whole or in part at any time before 19 February 2013. Subsequently, this period was extended to February 2016. On 26 July 2016, the board agreed to issue a new Share Option Agreement to A P Phipps with all terms as for the previous share option deed that had expired in February 2016. The fair value at grant date of the option was assessed as not material therefore it was not recognised in profit and loss.

During the year ended 31 March 2014, a new scheme was set up and was registered with H M Revenue and Customs as an Enterprise Management Incentive Scheme under the provision of schedule 5, Income Tax (Earnings and Pension Act 2003). On 24 September 2013, 3 directors and 10 employees were granted a total of 124,850 share options under this scheme with an exercise price of 10p per share. On the 19 May 2017 45,000 of these options were exercised at £0.10 per share. On 30 June 2018 76,850 of these shares were exercised at a price of £0.10 per share. 3,000 shares lapsed during the year.

On 16 April 2014, one director was granted an option over 7,216 ordinary shares of 10p each at a price of £2 per share. The option may be exercised in whole or in part but may not be exercised until either the Company becomes 'controlled' by a person who takes a 'controlling interest' in the Company or until 12 months after the grant of the option. The option may be exercised only while the option holder is a director of the Company. Since these options were granted before the date of transition to FRS 102, the Company elected not to recognise the related expense.

On 18 January 2017 and on 17 February 2017, respectively, two directors were granted an option over 15,000 ordinary shares and 7,216 ordinary shares respectively, of 10p each at a price of £2 per share. The options may be exercised in whole or in part but may not be exercised until either the Company becomes 'controlled' by a person who takes a 'controlling interest' in the Company or until 12 months after the grant of the options. The fair value at grant date of the options was assessed as not material therefore it was not recognised in profit and loss.

On 13 December 2018 one director was granted an option over 84,000 ordinary shares of 10p each at a price of £0.10 per share. The option may be exercised in whole or in part in two tranches. The first tranche of 42,000 will vest in 4 equal amounts of 10,500 on 13 December 2018 and then on 1 October annually until 2021. The second tranche of 42,000 will also vest in 4 equal amounts of 10,500 conditional on the Company raising at least £750,000, and then a further £250,000, of equity share capital from new or existing shareholders within 12 months of the grant date.

The first vesting will take place on the date on which the payment of funds for the final portion of the new equity crossing the £750,000 threshold is received, and a following tranche of 10,500 to vest on the subsequent 1 October date. The second vesting will take place on the date on which the payment of funds for the final portion of the new equity crossing the £1,000,000 threshold is received, and a following tranche of 10,500 to vest on the subsequent 1 October date. The option may be exercised only while the holder is a director of the Company. The fair value at grant date of the options was assessed as not material therefore it was not recognised in profit and loss.

On 31 January 2019 one director was granted an option over 5,000 ordinary shares of 10p each at a price of £2.50 per share under the Enterprise Management Incentive Scheme under the provision of schedule 5 Income Tax (Earnings and Pension Act 2003). The option may be exercised in whole or in part but may not be exercised until either the Company becomes 'controlled' by a person who takes a 'controlling interest' in the Company or until 12 months after the grant of the option. The option may be exercised only while the option holder is an employee of the Company. The fair value at grant date of the options was assessed as not material therefore it was not recognised in profit and loss.

LUKE HUGHES & COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Share based payments (continued)

On 16 May 2019 two employees were granted options over 500 ordinary shares of 10p each at a price of £2.50 per share, under the Enterprise Management Incentive Scheme under the provision of schedule 5 Income Tax (Earnings and Pension Act 2003). The option may be exercised in whole or in part but may not be exercised until either the Company becomes 'controlled' by a person who takes a 'controlling interest' in the Company or until 12 months after the grant of the option. The option may be exercised only while the option holder is an employee of the Company. The fair value at grant date of the options was assessed as not material therefore it was not recognised in profit and loss.

17. Pension commitments

The Company operates a defined contributions pension scheme. The pension cost charge represents contributions payable by the Company to the fund and amounted to £36,273 (2018: £18,187). Contributions totalling £Nil (2018: £3,052) were payable to the fund at the reporting date and are included in creditors.

18. Commitments under operating leases

At 30 June 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	281,639	271,326
Later than 1 year and not later than 5 years	400,369	676,796
	<u>682,008</u>	<u>948,122</u>

19. Related party transactions

The Company has taken advantage of the exemption in FRS102 Section 33 from disclosing transactions with group companies, on the grounds that they are wholly owned within the Group.

During the year the Company was loaned amounts from directors of £235,040 (2018: £Nil).

In addition to this, at the year end the Company owed £37,041 (2018: £44,413) in relation to previously extended loans from directors, and £138,710 (2018: £138,710) in relation to a loan from a close family member of a director.

During the year interest charges of £1,137 (2018: £1,633) were incurred in relation to directors loans and £8,887 (2018: £8,877) in relation to loans from close family members of directors.

At the year end £272,081 (2018: £44,413) was due to directors in this regard. £242,614 (2018: £7,357) has been included within creditors due within one year, and £29,467 (2018: £37,056) in creditors due after more than one year.

At the year end £138,710 (2018: £138,710) was due to close family members of a director and is included within creditors due after more than one year..

Key management personnel comprised the directors. Their remuneration is disclosed in Note 8.

LUKE HUGHES & COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

20. Post balance sheet events

Post year end the Company raised £1,200,004 through the issue of 533,335 ordinary shares of 10p each at a price of £2.25 per share, creating a share premium of £1,092,396.

21. Controlling party

In the opinion of the directors, there was no controlling party during the year.

22. Auditor's information

The Auditor's report on the financial statements for the year ended 30 June 2019 was unqualified.

In their report, the auditors drew attention by way of emphasis to a material uncertainty relating to going concern and drew attention to Note 2.2 in the financial statements.

The audit report was signed on 6 March 2020 by Timothy Adams (Senior Statutory Auditor) on behalf of Nexia Smith & Williamson.