
LUKE HUGHES & COMPANY LIMITED

UNAUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

LUKE HUGHES & COMPANY LIMITED
REGISTERED NUMBER:01952292

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	4	14,287	52,243
Investments	5	-	19,299
		<u>14,287</u>	<u>71,542</u>
Current assets			
Stocks	6	35,122	26,641
Debtors: amounts falling due after more than one year	7	8,880	-
Debtors: amounts falling due within one year	7	324,344	825,992
Cash at bank and in hand		144,637	138,930
		<u>512,983</u>	<u>991,563</u>
Creditors: amounts falling due within one year	8	(1,977,380)	(2,046,747)
Net current liabilities		<u>(1,464,397)</u>	<u>(1,055,184)</u>
Total assets less current liabilities		<u>(1,450,110)</u>	<u>(983,642)</u>
Creditors: amounts falling due after more than one year	9	(33,600)	(192,901)
Net liabilities		<u><u>(1,483,710)</u></u>	<u><u>(1,176,543)</u></u>
Capital and reserves			
Called up share capital	10	337,174	207,893
Share premium account	11	4,517,251	4,005,825
Capital redemption reserve	11	18,598	18,598
Profit and loss account	11	(6,356,733)	(5,408,859)
		<u><u>(1,483,710)</u></u>	<u><u>(1,176,543)</u></u>

LUKE HUGHES & COMPANY LIMITED
REGISTERED NUMBER:01952292

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2022

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

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

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

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

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

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

C La Fontaine Jackson
Director

Date: 28 March 2023

The notes on pages 4 to 14 form part of these financial statements.

LUKE HUGHES & COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 July 2020	207,893	4,005,825	18,598	(4,626,517)	(394,201)
Comprehensive income for the year					
Loss for the year	-	-	-	(782,342)	(782,342)
At 1 July 2021	207,893	4,005,825	18,598	(5,408,859)	(1,176,543)
Comprehensive income for the year					
Loss for the year	-	-	-	(947,874)	(947,874)
Shares issued during the year	129,281	511,426	-	-	640,707
At 30 June 2022	337,174	4,517,251	18,598	(6,356,733)	(1,483,710)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

1. General information

Luke Hughes & Company Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 01952292). The registered office address is First Floor, Aldwych House, 71-91 Aldwych, London, England, WC2B 4HN.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis. The Company has net current liabilities of £1,464,397 as at 30 June 2022 (2021 - £1,055,184). The directors have reviewed cashflow forecasts for a period of at least 12 months from the date of signing these financial statements and assessed the current impact of the economic conditions, to ensure the Company can maintain its day-to-day services, fulfil its statutory obligations and meet its obligations to ongoing suppliers and creditors as they fall due. Post balance sheet the company has agreed payment plans with the key creditors and is expecting to increase customer orders, which the directors believe will increase the profitability of the company. The directors have also implemented a programme of cost reduction, to further improve profitability. There continues to be uncertainty around the rate of new orders, but the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future being at least the next 12 months from signing of these financial statements.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.4 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.

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.

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.

2.5 Operating leases: the Company as lessee

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

2.6 Interest income

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

2.7 Finance costs

Finance costs are charged to profit or loss 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.8 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.

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.

The estimated useful lives range as follows:

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 profit or loss.

2.9 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 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 profit or loss.

2.11 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.12 Holiday pay accrual

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

2.13 Pensions

Defined contribution pension plan

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

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

2.14 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and 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. Assets acquired by hire purchase are depreciated over 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 profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.15 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 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.16 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting 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 profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.17 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 reporting date, except that:

3. Employees

The average monthly number of employees, including directors, during the year was 21 (2021 - 24).

LUKE HUGHES & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

4. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Office equipment £	Total £
Cost				
At 1 July 2021	154,105	36,095	133,213	323,413
Additions	-	-	1,416	1,416
Disposals	(154,105)	(36,095)	(20,776)	(210,976)
At 30 June 2022	-	-	113,853	113,853
Depreciation				
At 1 July 2021	130,738	36,095	104,337	271,170
Charge for the year on owned assets	23,367	-	16,005	39,372
Disposals	(154,105)	(36,095)	(20,776)	(210,976)
At 30 June 2022	-	-	99,566	99,566
Net book value				
At 30 June 2022	-	-	14,287	14,287
At 30 June 2021	<u>23,367</u>	<u>-</u>	<u>28,876</u>	<u>52,243</u>

5. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 July 2021	19,299
Amounts written off	(19,299)
At 30 June 2022	-

The investment in subsidiary was written off during the year, after operations where closed down.

LUKE HUGHES & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

6. Stocks

	2022 £	2021 £
Raw materials and consumables	16,984	14,043
Work in progress (goods to be sold)	18,138	12,598
	<u>35,122</u>	<u>26,641</u>

7. Debtors

	2022 £	2021 £
Due after more than one year		
Other debtors	8,880	-
	<u>8,880</u>	<u>-</u>

	2022 £	2021 £
Due within one year		
Trade debtors	224,371	511,220
Other debtors	56,805	100,652
Prepayments and accrued income	43,168	214,120
	<u>324,344</u>	<u>825,992</u>

Included within trade debtors are amounts due from group undertakings of £Nil (2021 - £12,331).

LUKE HUGHES & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

8. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank loans	12,002	9,506
Trade creditors	508,003	761,590
Other taxation and social security	437,041	606,509
Other creditors	37,105	94,442
Accruals and deferred income	983,229	574,700
	<u>1,977,380</u>	<u>2,046,747</u>

Included within other creditors are directors loan accounts of £22,456 (2021 - £71,943).

During the year the company received a loan of £10,000 (2021 - £24,000) from a director. As at the year end £8,400 (2021 - £Nil) remains outstanding. This loan is repayable on demand and is interest free.

The remaining directors loans owed by the company are interest bearing and accrue interest at 2.24% above the Bank of England base rate.

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

	2022 £	2021 £
Bank loans	33,600	40,494
Other loans	-	138,710
Other creditors	-	13,697
	<u>33,600</u>	<u>192,901</u>

On 16 June 2020 the Company obtained a £50,000 NatWest Bounce-Back loan facility. From 16 June 2021 the loan attracts interest at 2.5% per annum, and was repayable from this date in monthly instalments until 16 June 2026.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

10. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
3,371,742 (2021 - 2,078,934) Ordinary shares of £0.10 each	<u>337,174</u>	<u>207,893</u>

During the year, the company issued 1,292,808 Ordinary shares at a nominal value of £0.10 per share , for consideration, net of issue costs, of £0.50 per share.

11. 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.

12. Share-based payments

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

On 19 February 1996, the Company granted an option to one director 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 the director with all terms as for the previous share option deed that had expired in February 2016. On 17 July 2019 the terms were updated so that the option could not be exercised until 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 holder can exercise their option at any time in their lifetime. The fair value at grant date of the option was assessed as not material and therefore it was not recognised in profit or loss..

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 date of the option. On 27 September 2018, after ceasing to be a Director of the company, new terms were updated to allow the option holder to exercise the option at any time in their lifetime. The option is non transferable. .

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

Share-based payments (continued)

On 18 January 2017 one director was granted an option over 15,000 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 fair value at grant date of the option was assessed as not material therefore it was not recognised in profit or loss. The option holder was provided with updated terms on 27 September 2018 after ceasing to be a Director of the company whereby the option holder can exercise the option at any time in their lifetime. The option is non transferable.

On 16 February 2017 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 fair value at grant date of the option was assessed as not material therefore it was not recognised in profit or loss. After ceasing to be a Director of the company the option has now lapsed.

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. On 5 May 2022, this share option was forfeited and replaced with a new option to the recipient of the original option allowing the option over 84,000 Ordinary shares at 10p each at a price of £0.10 per share. The option may be exercised in whole or part, with a vesting date of the start of the new agreement. The option shall lapse on the tenth anniversary of this deed.

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 or loss.

On 5 May 2022, one director was granted options of 187,750 Ordinary shares of 10p each at a price of £0.50 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 36 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 or loss.

On 5 May 2022, one director was granted options of 65,000 Ordinary Shares of 10p each at a price of £2.25 per share, under the Enterprise Management Incentive Scheme under the provision of schedule 5 Income Tax (Earnings and Pension Act 2003). Of the total share options, 40,000 share options have now vested with the remaining 25,000 options vesting on 12 September 2022. The options 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 or after 18 months' service, whichever is the later. 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 or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

13. Share based payments

	Weighted average exercise price (pence) 2022	Number 2022	Weighted average exercise price (pence) 2021	Number 2021
Outstanding at the beginning of the year	84.00	135,432	84.00	135,432
Granted during the year	73.80	336,750	-	-
Forfeited during the year	(25.03)	(91,216)	-	-
Outstanding at the end of the year	89.10	380,966	84.00	135,432

14. Contingent liabilities

Under a companies agreement with the landlord of the property, the company has surrendered the lease of the building paying a maximum liability of £340,000 (inclusive of VAT), dependent upon the future profits on ordinary activities of the Company.

15. Related party transactions

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

The Company received loans of £10,000 (2021 - £24,000) and repaid loans of £73,184 (2021 - £7,870)

During the year, interest charges of £454 (2021 - £666) were incurred in relation to directors' loans, and £Nil (2021 - £8,323) in relation to loans from close family members of directors.

At the year end, £22,456 (2021 - £85,639) was due to directors in respect of loans. £22,456 (2021 - £71,943) has been included within creditors due within one year, and £Nil (2021 - £13,697) in creditors due after more than one year.

During the year end the Company repaid £138,710 it owed in relation to a loan from a close family member of a director. At the year end £Nil (2021 - £138,710) was outstanding.

Key management personnel comprised the directors. Their remuneration is disclosed in note 4.

16. Controlling party

The directors do not consider there to be an ultimate controlling party.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.