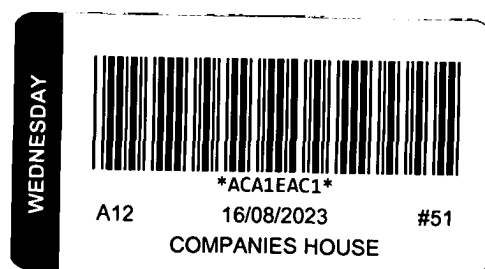


COMPANY REGISTRATION NUMBER: 00549113

A.HUGHES AND SON (SKELLINGTHORPE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022



A.HUGHES AND SON (SKELLINGTHORPE) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

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A.HUGHES AND SON (SKELLINGTHORPE) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	G Hancock J Hancock N Browne P M Walsh
Company secretary	G Hancock
Registered office	Windsor House A1 Business Park at Long Bennington Notts England NG23 5JR
Auditor	Streets Audit LLP Chartered accountants & statutory auditor Windsor House A1 Business Park at Long Bennington Notts NG23 5JR
Bankers	Barclays Bank Plc Sheffield City 2 Leicester Leicestershire LE87 2BB

A.HUGHES AND SON (SKELLINGTHORPE) LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2022

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and nature of our business and is written in the context of the risks and uncertainties we face.

PRINCIPAL ACTIVITY

A Hughes and Son (Skellingthorpe) Limited is a wholly owned subsidiary of Lincoln Protein Holdings Ltd.

The group is engaged in the rendering of material from the food processing and agricultural sectors into meat and bonemeal and tallow. Its revenue is derived from the collection of material and the sale of tallow and meat and bonemeal.

BUSINESS REVIEW

The company has reported a significant increase in revenue to £69,095,917 (2021 - £40,542,373). Operating profit amounted to £3,143,308 (2021 - £6,246,710). The results reflect increased volumes processed through the group's rendering facilities, with tightening margins. There was a significant reduction in overhead costs from £1,818,787 to £1,317,044.

After paying dividends of £12,500,000 during the period shareholder's funds reduced to £2,293,500 (2021 - £12,000,008).

The company's key performance indicators are production costs per tonne and these are principally driven by labour, energy and transport costs, relative to throughput.

The company's aim is to further build its supply base and improve performance through increased throughput and operational performance.

SECTION 172 STATEMENT

The directors are aware of their duty under Section 172 of the Companies Act 2006. Section 172 of that act requires directors of the company to act in the way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members and key stakeholders. When making key decisions for the company the directors have considered the impact of those decisions on the company's key stakeholders and also on wider society. The directors engage with key stakeholders when making decisions and formulating strategy. The directors also consider the environment and society in general in their decision-making process.

A core value is long-term thinking and building lasting relationships with suppliers, customers, government agencies and employees. In addition the directors recognise its employees are a critical success factor for the company and seek to assist employees to succeed through a positive culture of development and engagement.

RISK MANAGEMENT POLICIES

Energy risk

The conflict in Ukraine continues to evolve as military activity proceeds and sanctions imposed on Russia. The economic ramifications have led to increases in energy prices, rising inflation and interest rates and fluctuations in foreign exchange rates. The company manages energy costs through forward contracts to mitigate against sudden increases in price for electricity and gas and explores options around alternative energy sources.

Interest rate risk

The company's exposure to market risk for the changes in interest rates relates primarily to its bank and finance lease borrowings. The company seeks to manage this risk by the use of a combination of variable and fixed rates.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable

A.HUGHES AND SON (SKELLINGTHORPE) LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2022

needs and to invest cash assets safely and profitably. Short-term flexibility is achieved by overdraft facilities.

Inflation risk

The company is exposed to the impact of inflation on its costs and every effort is made to mitigate this. As for many businesses of our size, the business environment in which we operate continues to be challenging.

Nevertheless with these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control.

This report was approved by the board of directors on 1/8/23 and signed on behalf of the board by:



G Hancock
Director

Registered office:
Windsor House
A1 Business Park at
Long Bennington
Notts
England
NG23 5JR

A.HUGHES AND SON (SKELLINGTHORPE) LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements of the company for the year ended 31 December 2022.

Directors

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

G Hancock
J Hancock
N Browne
P M Walsh

Dividends

Particulars of recommended dividends are detailed in note 9 to the financial statements.

Disclosure of information in the strategic report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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.

A.HUGHES AND SON (SKELLINGTHORPE) LIMITED

DIRECTORS' REPORT *(continued)*

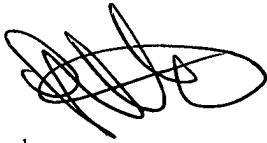
YEAR ENDED 31 DECEMBER 2022

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 on1/8/23..... and signed on behalf of the board by:



G Hancock
Director

Registered office:
Windsor House
A1 Business Park at
Long Bennington
Notts
England
NG23 5JR

A.HUGHES AND SON (SKELLINGTHORPE) LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF A.HUGHES AND
SON (SKELLINGTHORPE) LIMITED
YEAR ENDED 31 DECEMBER 2022

Opinion

We have audited the financial statements of A.Hughes and Son (Skellingthorpe) Limited (the 'company') for the year ended 31 December 2022 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 2022 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.

A.HUGHES AND SON (SKELLINGTHORPE) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF A.HUGHES AND SON (SKELLINGTHORPE) LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2022

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.

A.HUGHES AND SON (SKELLINGTHORPE) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF A.HUGHES AND SON (SKELLINGTHORPE) LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2022

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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was that we identified the material laws and regulations applicable to the company through discussions with management, and from our commercial knowledge and experience of the company and various sectors in which it operates. These were the Companies Act 2006, taxation legislation, laws specific to the rendering of animal by by products, waste and composting, transport licensing and insurance, data protection, anti-bribery, employment, environmental and health and safety legislation. We then assessed the extent of compliance with these laws and regulations through making enquiries of management.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls we tested journal entries to identify unusual transactions, we assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 3 were indicative of potential bias; and we investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to agreeing financial statement disclosures to underlying supporting documentation and reviewing correspondence with relevant regulators.

A.HUGHES AND SON (SKELLINGTHORPE) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF A.HUGHES AND SON (SKELLINGTHORPE) LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2022

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

A.HUGHES AND SON (SKELLINGTHORPE) LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF A.HUGHES AND
SON (SKELLINGTHORPE) LIMITED *(continued)***

YEAR ENDED 31 DECEMBER 2022

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 member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.



MARK BRADSHAW (Senior Statutory Auditor)

For and on behalf of
Streets Audit LLP
Chartered accountants & statutory auditor
Windsor House
A1 Business Park at
Long Bennington
Notts
NG23 5JR

03/08/2023

A.HUGHES AND SON (SKELLINGTHORPE) LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
TURNOVER	4	69,095,917	40,542,373
Cost of sales		<u>(64,637,271)</u>	<u>(32,476,953)</u>
GROSS PROFIT		4,458,646	8,065,420
Administrative expenses		<u>(1,317,044)</u>	<u>(1,818,787)</u>
Other operating income	5	<u>1,706</u>	<u>77</u>
OPERATING PROFIT	6	3,143,308	6,246,710
Other interest receivable and similar income	7	<u>7,271</u>	<u>1</u>
PROFIT BEFORE TAXATION		3,150,579	6,246,711
Tax on profit	8	<u>(357,087)</u>	<u>(1,207,383)</u>
PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		<u>2,793,492</u>	<u>5,039,328</u>
Dividends paid and payable	9	(12,500,000)	—
RETAINED EARNINGS AT THE START OF THE YEAR		<u>11,966,630</u>	<u>6,927,302</u>
RETAINED EARNINGS AT THE END OF THE YEAR		<u>2,260,122</u>	<u>11,966,630</u>

All the activities of the company are from continuing operations.

The notes on pages 13 to 19 form part of these financial statements.

A.HUGHES AND SON (SKELLINGTHORPE) LIMITED

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2022

	Note	2022 £	2021 £
FIXED ASSETS			
Tangible assets	10	500,572	527,709
CURRENT ASSETS			
Stocks	11	701,683	687,853
Debtors	12	8,041,689	18,338,121
Cash at bank and in hand		6,085,485	1,641,274
		<u>14,828,857</u>	<u>20,667,248</u>
CREDITORS: amounts falling due within one year	13	<u>(12,970,730)</u>	<u>(9,132,033)</u>
NET CURRENT ASSETS		<u>1,858,127</u>	<u>11,535,215</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,358,699</u>	<u>12,062,924</u>
PROVISIONS			
Taxation including deferred tax	14	<u>(65,199)</u>	<u>(62,916)</u>
NET ASSETS		<u>2,293,500</u>	<u>12,000,008</u>
CAPITAL AND RESERVES			
Called up share capital	16	30,600	30,600
Capital redemption reserve	17	2,778	2,778
Profit and loss account	17	<u>2,260,122</u>	<u>11,966,630</u>
SHAREHOLDER FUNDS		<u>2,293,500</u>	<u>12,000,008</u>

These financial statements were approved by the board of directors and authorised for issue on 1/8/23,
and are signed on behalf of the board by:



G Hancock
Director

Company registration number: 00549113

The notes on pages 13 to 19 form part of these financial statements.

A.HUGHES AND SON (SKELLINGTHORPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Windsor House, A1 Business Park at, Long Bennington, Notts, NG23 5JR, England.

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 and 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 Lincoln Protein Holdings Ltd which can be obtained from Companies House. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) No disclosure has been given for the aggregate remuneration of key management personnel.

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. The actual outcome may diverge from these estimates if other assumptions are made, or other conditions arise.

Significant judgements

We do not consider there to be any significant judgements in the financial statements for disclosure.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- **Stocks**

Stocks are required to be stated at the lower of cost and net realisable value. Due to the difficulty in arriving at the production cost of meat and bonemeal and tallow, estimated cost is arrived at by reducing the estimated sales value by the production margins. This method involves judgement in determining appropriate sales price and margin.

A.HUGHES AND SON (SKELLINGTHORPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2022

3. Accounting policies *(continued)*

Revenue recognition

The turnover shown in the profit and loss account represents the value of all work done during the period, exclusive of Value Added Tax. Turnover is recognised at the point at which the company has fulfilled its contractual obligations and the risks and rewards attaching to the sale have been transferred to the customer.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

Income 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 material 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

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

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 stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

A.HUGHES AND SON (SKELLINGTHORPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2022

3. Accounting policies *(continued)*

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:

Buildings on rented land - over the period of the lease

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Stocks of Tallow and Bone Meal (MBM) are valued using the retail method to approximate cost.

Financial instruments

The company only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the company and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

4. Turnover

Turnover arises from:

	2022	2021
	£	£
Sale of goods	64,427,758	36,779,382
Rendering of services	4,668,159	3,762,991
	<u>69,095,917</u>	<u>40,542,373</u>

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

5. Other operating income

	2022	2021
	£	£
Other operating income	<u>1,706</u>	<u>77</u>

A.HUGHES AND SON (SKELLINGTHORPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2022

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2022	2021
	£	£
Depreciation of tangible assets	27,137	25,383
Impairment of trade debtors	—	1,116
Foreign exchange differences	(317,682)	268,383
Fees payable for the audit of the financial statements	<u>10,000</u>	<u>10,000</u>

7. Other interest receivable and similar income

	2022	2021
	£	£
Interest on cash and cash equivalents	<u>7,271</u>	<u>1</u>

8. Tax on profit

Major components of tax expense

	2022	2021
	£	£
Current tax:		
UK current tax expense	465,661	1,189,201
Adjustments in respect of prior periods	(260,637)	—
Double taxation relief	<u>149,780</u>	<u>—</u>
Total current tax	<u>354,804</u>	<u>1,189,201</u>
Deferred tax:		
Origination and reversal of timing differences	<u>2,283</u>	<u>18,182</u>
Tax on profit	<u>357,087</u>	<u>1,207,383</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022	2021
	£	£
Profit on ordinary activities before taxation	<u>3,150,579</u>	<u>6,246,711</u>
Profit on ordinary activities by rate of tax	598,610	1,186,875
Adjustment to tax charge in respect of prior periods	(260,637)	—
Effect of expenses not deductible for tax purposes	5,822	3,642
Effect of capital allowances and depreciation	188	10,963
Effect of different UK tax rates on some earnings	548	4,364
Utilisation of tax losses	—	1,539
Unused tax losses	<u>12,556</u>	<u>—</u>
Tax on profit	<u>357,087</u>	<u>1,207,383</u>

A.HUGHES AND SON (SKELLINGTHORPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2022

9. Dividends

	2022 £	2021 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>12,500,000</u>	<u>—</u>

10. Tangible assets

	Buildings £
Cost	
At 1 January 2022 and 31 December 2022	<u>1,775,323</u>
Depreciation	
At 1 January 2022	1,247,614
Charge for the year	27,137
At 31 December 2022	<u>1,274,751</u>
Carrying amount	
At 31 December 2022	<u>500,572</u>
At 31 December 2021	<u>527,709</u>

11. Stocks

	2022 £	2021 £
Finished goods and goods for resale	<u>701,683</u>	<u>687,853</u>

12. Debtors

	2022 £	2021 £
Trade debtors	4,724,516	7,387,183
Amounts owed by group undertakings	2,280,300	10,372,577
Prepayments and accrued income	345,795	320,881
Corporation tax repayable	252,974	—
Other debtors	438,104	257,480
	<u>8,041,689</u>	<u>18,338,121</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

13. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	4,559,368	4,837,232
Amounts owed to group undertakings	7,987,103	3,867,958
Accruals and deferred income	424,259	356,525
Corporation tax	—	70,318
	<u>12,970,730</u>	<u>9,132,033</u>

A.HUGHES AND SON (SKELLINGTHORPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2022

13. Creditors: amounts falling due within one year *(continued)*

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

14. Provisions

	Deferred tax (note 15) £
At 1 January 2022	62,916
Additions	2,283
At 31 December 2022	<u>65,199</u>

15. Deferred tax

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

	2022 £	2021 £
Included in provisions (note 14)	<u>65,199</u>	<u>62,916</u>

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

	2022 £	2021 £
Accelerated capital allowances	<u>65,199</u>	<u>62,916</u>

16. Called up share capital

Issued, called up and fully paid

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>30,600</u>	<u>30,600</u>	<u>30,600</u>	<u>30,600</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

17. 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.

A.HUGHES AND SON (SKELLINGTHORPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2022

18. Operating leases

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

	2022	2021
	£	£
Not later than 1 year	110,000	110,000
Later than 1 year and not later than 5 years	440,000	440,000
Later than 5 years	1,457,500	1,567,500
	<u>2,007,500</u>	<u>2,117,500</u>

19. Related party transactions

The directors have taken advantage of the exemption in FRS 102 from disclosing related party transactions with its parent company on the grounds that the company is a subsidiary undertaking where 100% of the voting rights are controlled within the group, and the consolidated financial statements in which the subsidiary undertaking is included are publicly available.

20. Controlling party

The ultimate parent company is Lincoln Protein Holdings Ltd, a joint venture between Dawn Holdings and Mr and Mrs Hancock. There is no ultimate controlling party.

The consolidated financial statements of Lincoln Protein Holdings Ltd are available from Lincoln Protein Holdings Ltd, Windsor House, A1 Business Park, Long Bennington, Nottinghamshire, NG23 5JR.