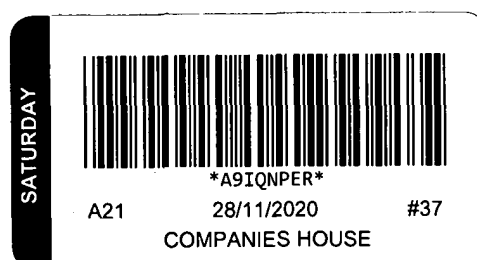


**Company Registration Number 08963631**

**KEY WEST (HOLDINGS) LIMITED**

**Annual report and consolidated financial statements  
for the year ended 31 December 2019**



**KEY WEST (HOLDINGS) LIMITED**

**DIRECTORS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

A Nisbet  
A M Nisbet  
J P Nisbet  
E R Nisbet

**COMPANY SECRETARY**

A Nisbet

**REGISTERED NUMBER**

08963631

**REGISTERED OFFICE**

22 Clifton Road  
Clifton  
Bristol  
BS8 1AQ  
United Kingdom

**BANKERS**

Allied Irish Bank plc  
Arbuthnot Latham  
Banco Santander  
Banco Santander Totta  
Bank of Scotland  
Barclays Bank Plc  
BNP Paribas  
Commonwealth Bank of Australia  
HSBC Bank  
Lloyds Bank Plc  
Rabobank Eindhoven UA  
Royal Bank of Scotland  
Santander UK Plc  
WGZ Bank  
China Merchants Bank

**REGISTERED AUDITORS**

Ernst & Young LLP  
The Paragon  
32 Counterslip  
Redcliffe  
Bristol  
BS1 6BX

## **KEY WEST (HOLDINGS) LIMITED**

### **ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

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## **KEY WEST (HOLDINGS) LIMITED**

### **STRATEGIC REPORT**

#### **Principal Activity**

The company is a holding company for investments in subsidiaries and to develop a commercial property business.

#### **Strategy**

##### *Key West (Holdings) Limited*

The Key West (Holdings) Limited strategy is to continue to manage our investments and to continue building a diversified commercial property business by investing in commercial property in the UK. These properties are managed to develop a sustainable revenue and to contribute to generating funds for charitable causes. Our success in managing properties is reflected in the ability to support our tenants to continue trading sustainably through the current economic volatility.

##### *Nisbets plc*

The company's success is founded on an extensive customer database, selling to a diverse range of customers through its multichannel business model. Although Covid-19 has significantly impacted the core hospitality sector as outlined below, customer diversification, rapid new product introduction, international coverage and market-leading range will allow the business to trade successfully through this period of volatility. The resilience, commitment and capability that our colleagues have demonstrated throughout the crisis will contribute greatly to this.

##### *Jongor Limited*

The strategy adopted during the year has been to continue to maintain and improve on the high level of service to all customers, to maintain and expand market position and to focus on direct cost control. Covid-19 has had a significant impact on the Events market and the impact is still uncertain.

#### **Financial Overview**

Within Key West (Holdings) Limited, the group had Turnover for the year of £426.1m (2018: £408.2m). Profit before tax was £12.6m (2018: £27.5 m).

Nisbets plc is the most significant investment in Key West (Holdings) Limited. Nisbets plc is principally engaged in the sale, leasing and design and installation of catering equipment. The Group's principal trading territories are the United Kingdom, Ireland, France, Spain, the Netherlands, China, Australia and New Zealand. Nisbets continues its record of turnover growth achieving a 4% growth in the year. Turnover for the year ended 31 December 2019 was in line with expectations at £414.2 m (2018: £398.1m) and profit before tax was £12.9m, a decrease of 53% from the prior year (2018: £27.7m). The decrease is mainly due to an increase in administrative costs of £13.8m, a 11.5% increase on last year as the business continued to upgrade capability and infrastructure across the business, particularly in operations and digital, to establish a platform for further global growth.

The principal activity of Jongor Limited, the other investment within Key West (Holdings) Limited, was that of the hire of banqueting furniture, catering equipment, cold rooms and temporary kitchens to sporting events, catering organisations, marquee contractors, companies and individuals. Turnover for the year ended 31 December 2019 was £7.4 m (2018: £7.3 m), the gross profit percentage was 76% (2018: 79%).

During the year Key West (Holdings) Limited invested in a further four commercial properties. Turnover for the year was £4.4m (2018: £3.2m). Subsequent to the year end the group has continued to develop its commercial property business in the UK.

The group made donations of £2.5 m (2018: £2.0m) to the Nisbet Trust.

## KEY WEST (HOLDINGS) LIMITED

### STRATEGIC REPORT (continued)

#### Financial performance

Financial performance for the year has been analysed as follows:

	2019	2018	Movement	
	£000	£000	£000	%
Turnover	426,069	408,201	17,868	+ 4.4%
Gross Profit	156,898	156,383	515	+ 0.3%
Gross Profit%	36.8%	38.3%		

Gross margin declined by 1.5% to 36.8% as the Group absorbed the foreign exchange impact of weaker sterling, the mark to market of USD hedges no longer accounted for under hedge accounting and the impact of product mix and a more competitive pricing landscape.

Administrative costs increased by £14.9m, an 11.8% increase on last year as the business continued to upgrade capability and infrastructure across the business, particularly in operations and digital, to establish a platform for further global growth.

Donations to the Nisbet Trust and local charities increased by £0.4m on last year to £2.5m.

The impact of infrastructure and capability investments made in Nisbets plc during the course of 2018 and 2019 to increase capability and drive future growth diluted profit, with PBT falling from £27.5m to £12.6m.

#### Capital Expenditure

The Group continues to make significant investment to support its future growth, purchasing £9.3m of tangible and intangible assets in the year (2018: £8.7m).

#### Summary of key performance indicators

Each of the businesses have their own Board of Directors. Please refer to individual Financial Reports for specific key performance indicators. The Directors of Key West (Holdings) Ltd have monitored the progress of Group strategy and the individual strategic elements by reference to certain financial and non-financial key performance indicators. The directors monitor key performance indicators in the following areas:

- Performance of group subsidiaries
- Lease payments
- Property yield
- Voids
- Portfolio Weighted Average Unexpired Lease Term (WAULT)
- Portfolio mix (sector, covenant strength, geography)
- Cash generation
- Overhead

#### Financial risk management objectives and policies

Each of the subsidiary companies have their own Boards and Management Teams, they have responsibility for running their respective companies and manage the financial risk separately to Key West (Holdings) Limited, details can be found in the individual annual strategic reports.

## **KEY WEST (HOLDINGS) LIMITED**

### **STRATEGIC REPORT (continued)**

#### **Financial risk management objectives and policies (continued)**

##### **Key West (Holdings) Limited**

The key financial risk is that of its lessees to meet payment in accordance with the terms of their lease. This risk is managed closely by ensuring that all contractual payments are received in accordance with leases and a regular dialogue is maintained. As the business continues to grow the strategy is to diversify the sectors that the company operates in to spread any risk associated with specific sectors.

##### **Principal risks and uncertainties**

Each of the subsidiary companies have their own Boards and Management Teams, they have responsibility for running their respective companies and manage their principal risks separately to Key West (Holdings) Limited, details can be found in the individual annual strategic reports.

##### **Coronavirus (Covid-19)**

The Commercial Property business traded in line with expectations for the first two months of 2020 until the outbreak of Covid-19. The commencement of lockdowns worldwide during March 2020 had a significant impact on our tenants, particularly in the retail sector. We have worked with our tenants offering a combination of payment holidays and cash flow deferrals allowing them to focus on securing their businesses.

Key West (Holdings) Limited (the Company) have not used any Government job support schemes or Coronavirus related government credit facilities, refer to individual reports for subsidiary utilisation.

The Board is encouraged by recent trading performance and will continue to work with tenants to provide assistance where required.

Nisbets group traded in line with expectations for the first two months of 2020 until the outbreak of Covid-19. The commencement of lockdowns worldwide during March 2020 had a significant impact on the Group's customer base, particularly in the hospitality sector. In response to reducing revenue, the Group focused on careful cash management, collaborating with suppliers to put in place appropriate payment terms and working with customers to understand and address the impact on cash receipts. The Group accepted support from the UK's Coronavirus Job Retention Scheme and other national support schemes to help offset the significant impact of reduced revenue whilst it quickly aligned its cost base with anticipated future demand. The Group also put in place an additional £35m credit facility under the Coronavirus Large Business Interruption Loan Scheme (CLBILS) to contend with any significant deterioration of the trading environment. The Board is encouraged by recent trading performance (particularly through its web channel), which in conjunction with the action outlined above, leaves the business cash generative and undrawn on its new CLBILS facility.

The management team of Jongor Limited reacted quickly to the impact of Covid-19 through managing the business to reduce costs, closely manage working capital, and extend the facilities available through the CLBILS scheme. Jongor Limited have secured an additional £1.3m CLBILS in October 2020 with no financial covenants attached) to contend with any significant deterioration of the trading environment.

##### **Economic downturn**

The success of the business is related to the economic climate. Economic downturn, whether driven by COVID-19 or other factors, resulting in the failure of tenants' ability to meet lease obligations, would have an impact on the income achieved by the Group.

In response to this risk, the business has a diversified portfolio (sector, geography, covenant strength). In the event of a severe economic downturn, it is likely that there would be a mix of tenants that would continue trade.

## **KEY WEST (HOLDINGS) LIMITED**

### **STRATEGIC REPORT (continued)**

#### **Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006**

The Board is responsible for the overall strategy and management of the Group, setting strategy and ensuring that the Company is acting in accordance with its legal and regulatory obligations. In discharging its responsibilities, the board has regard (amongst other matters) to factors (a) to (f) of s172(1) of the Companies Act 2006, as follows:

- The likely consequences of any decision in the long term;
- The interests of the Group's employees;
- The need to foster the Group's business relationships with suppliers, customers and others;
- The impact of the Group's operations on the community and the environment;
- The desirability of the Group maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the Group.

The Board takes into account the Group's purpose, value and culture and acts in good faith in a way that is most likely to promote the success of the Company and to maintain high standards of business conduct.

The Directors of the Group promote the success of the Group for the benefit of all of its stakeholders. The Directors treat the Group's owners, debt providers, employees, customers, suppliers and the local community as stakeholders of the business. The Board considers the implications of its decisions to balance the benefits or impacts on those stakeholders whilst creating a sustainable and environmentally friendly business.

The Directors take careful consideration of the stakeholders of the Group when making decisions and promoting the success of the Group.

Approved by the Board and signed on its behalf by:



**A Nisbet**  
Director

26 November 2020

## **KEY WEST (HOLDINGS) LIMITED**

### **DIRECTORS' REPORT**

The directors present their report and the financial statements for the year ended 31 December 2019.

#### **Results and dividends**

The profit for the year, after taxation and minority interests, amounted to £9,661,000 (2018: £21,126,000). Dividends of £70,000 were paid on the A and B ordinary shares in May 2019 (2018: £84,015).

#### **Directors**

The directors who served during the year were:

A Nisbet  
A M Nisbet  
J P Nisbet  
E R Nisbet

#### **Strategic Review**

The directors have chosen to present the following information, required under Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008', within the Strategic Report:

- Financial risk management objectives and policies.
- Future developments for the business.
- Principal activities and locations.

As Nisbets plc is the most significant investment in Key West (Holdings) Limited, the statements below relate predominately to Nisbets plc.

#### **Financial instruments**

The Group is exposed to transaction foreign exchange risk which it seeks to hedge using forward exchange rate contracts and other financial instruments. The fair value of these derivative financial instruments as at 31 December 2019 was a liability of £1,645,000 (2018: an asset of £618,000).

#### **Disabled colleagues**

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of colleagues becoming disabled, every effort is made to retrain them in order that their employment with the Group may continue.

It is the policy of the Group that training, career development and promotion opportunities should be available to all colleagues.



## **KEY WEST (HOLDINGS) LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **Post balance sheet events**

During March 2020, various Governments implemented lockdowns in response to the onset of the Covid-19 pandemic.

In response we implemented various measures to allow the Group to continue to trade through this uncertain time. The impact of Covid-19 on the Group's ability to continue as a going concern is set out in note 2 to the Consolidated Financial Statements.

The main accounting implications considered material to the financial statements are detailed below:

- The Group has accounted for the receipt of Job Retention Scheme funding from the Government in the period it was claimed;
- The pandemic is having an impact on cash collection as customers emerge from the lockdown but it is not possible to quantify the impact at this time;
- As part of the Group's continuity planning and to align currency hedges with likely future purchases, the Group exited a number of forward exchange contracts generating a realised gain of £3.1m;
- A restructuring programme has been completed by the Group with £5.9m of restructuring costs incurred; and
- At the year end a balance of £3.3m was due to Key West (Holdings) from Jongor, the continued uncertainty over the Events industry suggests that this may require impairment in 2020.

Despite the potential impact on results, the Directors do not currently envisage an impairment of tangible or intangible assets or investment in subsidiaries as there was significant headroom when an impairment test was undertaken at the year end.

No other significant issues have been noted at this time.

#### **Going concern**

In assessing the going concern position of the Group for the purposes of preparing the consolidated financial statements for the year ended 31 December 2019, the Directors of each subsidiary have considered future cash flows, liquidity and business activities. Separate Going Concern reports can be found in each entity's respective Directors' reports.

At 31 December 2019, Key West Company had net cash borrowings of £3.7m and undrawn financing facilities of £4.3m. The Company has re-agreed its overdraft facility in August 2020 to a £5m Revolving Credit Facility (RCF) which overrides the RCF that was in place as at 31 December 2019 of £10m. The RCF has no financial covenants attached and is available until 31 August 2021. While this facility is expected to roll-over on expiry, the directors have considered the impact on the cashflow forecasts used in the going concern assessment of the Key West Group, including the financing available at its 98% owned subsidiary – Nisbets Plc.

The Group had cash balances of £19.3m and undrawn financing facilities of £18.9 million which are available for general corporate purposes, including but not limited to funding working capital and capital expenditure.

Based on the Company's forecasts, the Directors have adopted the going concern basis in preparing the Financial Statements. The Directors have made this assessment after consideration of the Company's cash flows and related assumptions.

## **KEY WEST (HOLDINGS) LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **Going concern (continued)**

In making this assessment the Directors have taken a view (based on the latest insight from government and industry) on the potential impact of the Covid-19 pandemic on the cashflows and liquidity of the Group over the next 12 month period. Modelling includes a Base case and Downside Case taking into account the current measures being put in place by the Group to preserve cash and reduce discretionary expenditure through restructuring the business and potential reductions in revenues resulting from changes in the behaviour of customers once the hospitality sector resumes trading under social distancing.

The Directors have prepared sensitivity analysis to consider the impact of additional Downside scenarios with a more severe impact on the Group's cashflows and liquidity than is currently thought likely. The Directors are confident that the resulting EBITDA, when combined with the mitigating actions that are within the Group's control, including reductions in capital and other expenditure, will allow the Group to maintain sufficient liquidity within its £71.3m debt financing facilities (reflecting the Nisbets facility in existence at year end and the new facilities agreed in March (Key West), August (Nisbets) and October (Jongor) 2020) and satisfy Nisbets' bank covenant levels over the next 12 months. The Directors have also performed reverse cash and reverse covenant stress tests which demonstrate headroom against the Base and Downside cases.

Key West Company has received an unsecured loan of £7.8m in March 2020 which is repayable on demand (see Note 33). The Company has received a letter from the debt holder confirming that they deny intending calling on this loan in within 12 months following the date of signing of these financial statements. Therefore it is assumed that this loan will not be repaid in the next 12 months in the going concern assessment cashflow forecasts.

The Directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months and for these reasons, they continue to adopt a going concern basis for the preparation of the Financial Statements.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **KEY WEST (HOLDINGS) LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **Future developments**

2019 marked a period of significant change for Nisbets plc as it welcomed a number of new additions to its executive team and embarked on an extensive review of its operating model and strategic opportunities. Nisbets plc will continue to put the customer at the centre of its strategy, focusing on delivering excellent value for customers with competitive pricing, an unrivalled range and superior customer service. It will step up its investment in systems and supply chain to continuously improve the customer experience and to lay the foundations from which it can scale its UK and international businesses.

The next 18 months will see continued investment for Nisbets plc as it upgrades its systems and infrastructure. Now Nisbets plc's focus in 2020 will be on upgrading capability to provide the platform from which the business can continue to delight customers and enable them to do great things. As a result Nisbets plc will prioritise investment over short term profit growth.

#### **Financial instruments**

The principal subsidiary, Nisbets plc is exposed to transaction foreign exchange risk which it seeks to hedge using forward exchange rate contracts and other financial instruments. The fair value of these derivative financial instruments as at 31 December 2019 was an liability of £1,645,000 (2018: an asset of £618,000).

#### **Environmental policy**

The group's objective is to consistently develop and improve performance in this area by investment into improved waste stream segregation along with promoting staff awareness and training. In addition, the group works with suppliers to ensure that a minimalistic packaging approach and appropriate environmental policies and controls are adopted within their organisations.

Although not currently required to register as a large energy user under the CRC Energy Efficiency Scheme, the group monitors the energy use of its buildings and processes with the aim of continuing to reduce its carbon footprint. It is continuing to work to achieve this through a number of measures including the introduction of additional low energy lighting equipment and specialised motion control sensors in both warehouse and office areas.

#### **Colleague involvement**

The group's policy is to keep colleagues informed about activities and developments across the business. Local managers are charged with communication and explaining matters affecting them as employees and the financial and economic factors affecting the performance of the group. Other communications and methods used for consulting colleagues and their representatives vary locally according to the country and the nature of colleague representation.

#### **Disabled colleagues**

Applications for employment by disabled persons are given full consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of colleagues becoming disabled, every effort is made to retrain them in order that their employment with the group may continue.

It is the policy of the group that training, career development and promotion opportunities should be available to all colleagues.

## **KEY WEST (HOLDINGS) LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **Charitable donations**

The group made charitable donations during the year of £2.5m (2018: £2.1m).

#### **Disclosure of information to auditor**

The directors confirm that:

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

#### **Auditor**

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



**A Nisbet**  
Director

26 November 2020

## **KEY WEST (HOLDINGS) LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEY WEST (HOLDINGS) LIMITED**

#### **Opinion**

We have audited the financial statements of Key West Holdings Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the group Statement of comprehensive income, the group and parent company Statement of financial position, group Statement of cash flows, the group and parent Statement of changes in equity and the related notes 1 to 36, 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 group's and of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 below. We are independent of the group and parent 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.

#### **Emphasis of Matter**

We draw attention to Notes 2.1 and 36 of the financial statements, which describe the financial and operational consequences the Group is facing as a result of COVID-19. Our opinion is not modified in respect of this matter.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEY WEST (HOLDINGS) LIMITED (CONTINUED)**

### **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 this 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 the 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 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement [set out on page...], 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEY WEST (HOLDINGS) LIMITED  
(CONTINUED)**

**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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

John Howarth (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Bristol

17 November 2020

# **KEY WEST (HOLDINGS) LIMITED**

## **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** **For the year ended 31 December 2019**

	<b>Note</b>	<b>Total 2019 £'000</b>	<b>Total 2018 £'000</b>
<b>Turnover</b>	<b>4</b>	<b>426,298</b>	<b>408,201</b>
<b>Cost of sales</b>		<b>(269,171)</b>	<b>(251,818)</b>
<b>Gross profit</b>		<b>157,127</b>	<b>156,383</b>
<b>Administrative expenses</b>		<b>(140,855)</b>	<b>(125,840)</b>
<b>Other operating income</b>	<b>5</b>	<b>-</b>	<b>594</b>
<b>Operating profit</b>	<b>6</b>	<b>16,272</b>	<b>31,137</b>
<b>Charitable donations</b>		<b>(2,500)</b>	<b>(2,100)</b>
<b>Total operating profit</b>	<b>6</b>	<b>13,772</b>	<b>29,037</b>
<b>Change in fair value of investment properties</b>		<b>(885)</b>	<b>(1,174)</b>
<b>Interest receivable and similar income</b>	<b>10</b>	<b>180</b>	<b>93</b>
<b>Interest payable and similar expenses</b>	<b>11</b>	<b>(466)</b>	<b>(418)</b>
<b>Profit before tax</b>		<b>12,601</b>	<b>27,538</b>
<b>Tax on loss</b>	<b>12</b>	<b>(2,940)</b>	<b>(5,412)</b>
<b>Profit for the financial year</b>		<b>9,661</b>	<b>22,126</b>

All results are from continuing operations.



**KEY WEST (HOLDINGS) LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)**  
**For the year ended 31 December 2019**

	Note	Total 2019 £'000	Total 2018 £'000
Currency translation difference on foreign currency net investments		(1,938)	(125)
Change in fair value of financial instruments		-	1,816
Transfer to inventories on settlement of financial instruments designated as hedging instruments		-	3,457
Deferred tax on cash flow hedges		527	-
Total comprehensive income for the year		<u>8,250</u>	<u>27,274</u>
Profit for the year attributable to:			
Non-controlling interest		641	904
Owners of the parent company		9,020	21,222
		<u>9,661</u>	<u>22,126</u>
Total comprehensive income attributable to:			
Non-controlling interest		606	940
Owners of the parent company		7,644	26,334
		<u>8,250</u>	<u>27,274</u>


The notes on pages 24 to 53 form part of these financial statements.

# KEY WEST (HOLDINGS) LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Intangible assets	14	11,723	17,796
Tangible assets	15	57,367	56,191
Interest in associated undertaking	16	100	-
Investment property	17	71,050	56,511
		<u>140,240</u>	<u>130,498</u>
<b>Current assets</b>			
Stock	18	71,773	64,087
Debtors: amounts falling due after more than one year	19	1,499	1,896
Debtors: amounts falling due within one year	19	53,295	47,495
Cash at bank and in hand	20	19,253	23,410
		<u>145,820</u>	<u>136,888</u>
<b>Creditors: Amounts falling due within one year</b>	21	<u>(82,255)</u>	<u>(72,078)</u>
<b>Net current assets</b>		<u>63,565</u>	<u>64,810</u>
<b>Total assets less current liabilities</b>		<u>203,805</u>	<u>195,308</u>
<b>Creditors: Amounts falling due after more than one year</b>	22	<u>(2,424)</u>	<u>(3,600)</u>
<b>Provisions for liabilities</b>	23	<u>(1,603)</u>	<u>-</u>
<b>Net assets</b>		<u>199,778</u>	<u>191,708</u>
<b>Capital and reserves</b>			
Called-up share capital	27	35	35
Merger reserve	28	5,182	5,182
Profit and loss account	28	190,866	183,292
<b>Equity attributable to owners of the parent company</b>		<u>196,083</u>	<u>188,509</u>
<b>Non-controlling interests</b>		<u>3,695</u>	<u>3,199</u>
<b>Total shareholders' funds</b>		<u>199,778</u>	<u>191,708</u>

The financial statements of Key West (Holdings) Limited (registered number 08963631) were approved by the board of directors and authorised for issue on 26 November 2020. They were signed on its behalf by:

  
A Nisbet  
Director

The notes on pages 24 to 53 form part of these financial statements.

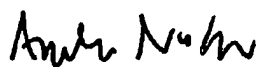
# KEY WEST (HOLDINGS) LIMITED

## COMPANY STATEMENT OF FINANCIAL POSITION For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Tangible assets	15	-	1
Investments	16	6,456	6,456
Investment property	17	71,050	53,761
		<u>77,506</u>	<u>60,218</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	19	8,764	4,882
Cash at bank and in hand	20	2,857	10,892
		<u>11,621</u>	<u>15,774</u>
<b>Creditors: Amounts falling due within one year</b>	21	<u>(8,290)</u>	<u>(1,206)</u>
<b>Net current assets</b>		<u>3,331</u>	<u>14,568</u>
<b>Total assets less current liabilities, being net assets</b>		<u>80,837</u>	<u>74,786</u>
<b>Capital and reserves</b>			
Called-up share capital	27	35	35
Profit and loss account	28	80,802	74,751
<b>Total shareholders' funds</b>		<u>80,837</u>	<u>74,786</u>

The profit for the financial year dealt with in the financial statements of the parent Company was £6,121,000 (2018: £19,474,000).

The financial statements of Key West (Holdings) Limited (registered number 08963631) were approved by the board of directors and authorised for issue on 26 November 2020. They were signed on its behalf by:



**A Nisbet**  
Director

The notes on pages 24 to 53 form part of these financial statements.

**KEY WEST (HOLDINGS) LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 December 2019

	Called-up share capital £'000	Cash flow Hedge reserve £'000	Merger reserve £'000	Profit and loss account £'000	Equity attributable to owners of parent company £'000	Non- controlling interests £'000	Total equity £'000
<b>At 1 January 2019</b>	35	-	5,182	183,292	188,509	3,199	191,708
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	9,020	9,020	641	9,661
Other comprehensive income for the year	-	-	-	(1,376)	(1,376)	(35)	(1,411)
<b>Total comprehensive income for the year</b>	-	-	-	7,644	7,644	606	8,250
Dividends: equity capital	-	-	-	(70)	(70)	-	(70)
Dividends	-	-	-	-	-	(110)	(110)
<b>At 31 December 2019</b>	35	-	5,182	190,866	196,083	3,695	199,778

The notes on pages 24 to 53 form part of these financial statements.

**KEY WEST (HOLDINGS) LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 December 2018

	Called-up share capital £'000	Cash flow Hedge reserve £'000	Merger reserve £'000	Profit and loss account £'000	Equity attributable to owners of parent company £'000	Non- controlling interests £'000	Total equity £'000
<b>At 1 January 2018</b>	35	(5,273)	5,182	163,912	163,856	4,741	168,597
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	21,222	21,222	904	22,126
Company restructure	-	-	-	(1,597)	(1,597)	(1,345)	(2,942)
OCI	-	5,273	-	(161)	5,112	36	5,148
Other comprehensive income for the year	-	5,273	-	(1,758)	3,515	(1,309)	2,206
<b>Total comprehensive income for the year</b>	-	5,273	-	19,464	24,737	(405)	24,332
Dividends: equity capital	-	-	-	(84)	(84)	-	(84)
Dividends	-	-	-	-	-	(1,147)	(1,147)
Issue of shares to minority interests	-	-	-	-	-	10	10
<b>At 31 December 2018</b>	35	-	5,182	183,292	188,509	3,199	191,708

The notes on pages 24 to 53 form part of these financial statements.

**KEY WEST (HOLDINGS) LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 December 2019

	<b>Called-up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total equity £'000</b>
<b>At 1 January 2018</b>	35	55,361	55,396
Profit for the year, being total comprehensive income for the year	-	19,474	19,474
Dividends: equity capital	-	(84)	(84)
<b>At 31 December 2018</b>	35	74,751	74,786
Profit for the year, being total comprehensive income for the year	-	6,121	6,121
Dividends: equity capital	-	(70)	(70)
<b>At 31 December 2019</b>	35	80,802	80,837

The notes on pages 24 to 53 form part of these financial statements.

# KEY WEST (HOLDINGS) LIMITED

## CONSOLIDATED CASH FLOW STATEMENT For the year ended 31 December 2019

	2019 £'000	2018 £'000
Cash flows from operating activities		
Profit for the financial year	9,661	22,126
<b>Adjustments for:</b>		
Amortisation of intangible assets	4,451	3,722
Depreciation of tangible assets	6,219	6,278
Loss on disposal of intangible assets	2,199	200
Loss on disposal of tangible assets	887	63
Interest payable	466	418
Interest receivable	(180)	(93)
Taxation charge	2,940	5,412
(Increase) in stocks	(7,686)	(3,007)
(Increase) in debtors	(5,742)	(7,282)
Increase in creditors	3,568	5,919
Foreign exchange movements	(446)	(103)
Net fair value losses recognised in P&L	885	1,174
Corporation tax paid	(4,849)	(8,439)
Net cash generated from operating activities	12,373	26,388
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(704)	(2,030)
Purchase of tangible fixed assets	(8,613)	(6,669)
Sale of tangible fixed assets	-	214
Purchase of fixed asset investment	(100)	-
Purchase of investment properties	(15,424)	(14,489)
Interest received	180	98
Net cash from investing activities	(24,661)	(22,876)
<b>Cash flows from financing activities</b>		
New secured loans	9,174	5,076
Repayment of loans	(1,186)	(1,685)
Dividends paid	(180)	(1,231)
Interest paid	(466)	(423)
Purchase of subsidiary undertaking	-	(3,049)
Capital received from minority shareholders	-	105
Issue of shares	-	10
Net cash used in financing activities	7,342	(1,197)
<b>Net increase/(decrease) in cash and cash equivalents</b>	(4,946)	2,315
Cash and cash equivalents at beginning of year	23,409	21,412
Foreign exchange gains and losses	790	(318)
Cash and cash equivalents at the end of year	19,253	23,409
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	19,253	23,410
Bank overdrafts	-	(1)
	19,253	23,409

## **KEY WEST (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2019**

#### **1. General information**

Key West (Holdings) Limited is a private company limited by shares and registered in England and Wales. Its registered head office is located at 22 Clifton Road, Clifton, Bristol, BS8 1AQ.

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

##### **Going concern**

In assessing the going concern position of the Group for the purposes of preparing the consolidated financial statements for the year ended 31 December 2019, the Directors of each subsidiary have considered future cash flows, liquidity and business activities. Separate Going Concern reports can be found in each entity's respective Directors' reports.

At 31 December 2019, Key West Company had net cash borrowings of £3.7m and undrawn financing facilities of £6.3m. The Company has re-agreed its overdraft facility in August 2020 to a £5m Revolving Credit Facility (RCF) which overrides the RCF that was in place as at 31 December 2019 of £10m. The RCF has no financial covenants attached and is available until 31 August 2021. While this facility is expected to roll-over on expiry, the directors have considered the impact on the cashflow forecasts used in the going concern assessment of the Key West Group, including the financing available at its 98% owned subsidiary – Nisbets Plc.

The Group had cash balances of £19.3m and undrawn financing facilities of £18.9 million which are available for general corporate purposes, including but not limited to funding working capital and capital expenditure.

Based on the Company's forecasts, the Directors have adopted the going concern basis in preparing the Financial Statements. The Directors have made this assessment after consideration of the Company's cash flows and related assumptions.

In making this assessment the Directors have taken a view (based on the latest insight from government and industry) on the potential impact of the Covid-19 pandemic on the cashflows and liquidity of the Group over the next 12 month period. Modelling includes a Base case and Downside Case taking into account the current measures being put in place by the Group to preserve cash and reduce discretionary expenditure through restructuring the business and potential reductions in revenues resulting from changes in the behaviour of customers once the hospitality sector resumes trading under social distancing.



## **KEY WEST (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)** **For the year ended 31 December 2019**

#### **2. Accounting policies (continued)**

##### **Going concern (continued)**

The Directors have prepared sensitivity analysis to consider the impact of additional Downside scenarios with a more severe impact on the Group's cashflows and liquidity than is currently thought likely. The Directors are confident that the resulting EBITDA, when combined with the mitigating actions that are within the Group's control, including reductions in capital and other expenditure, will allow the Group to maintain sufficient liquidity within its £71.3m debt financing facilities (reflecting the Nisbets facility in existence at year end and the new facilities agreed in March (Key West), August (Nisbets) and October (Jongor) 2020) and satisfy Nisbets' bank covenant levels over the next 12 months. The Directors have also performed reverse cash and reverse covenant stress tests which demonstrate headroom against the Base and Downside cases.

Key West Company has received an unsecured loan of £7.8m in March 2020 which is repayable on demand (see Note 33). The Company has received a letter from the debt holder confirming that they deny intending calling on this loan in within 12 months following the date of signing of these financial statements. Therefore it is assumed that this loan will not be repaid in the next 12 months in the going concern assessment cashflow forecasts.

The Directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months and for these reasons, they continue to adopt a going concern basis for the preparation of the Financial Statements.

The following principal accounting policies have been applied:

##### **2.2 Basis of consolidation**

The consolidated financial statements present the results of the company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Income Statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014.

On 9 April 2014 Key West (Holdings) Limited acquired 94.4% of share capital of Nisbets PLC by way of a share for share exchange. The transaction qualified as a group reconstruction within the meaning of Financial Reporting Standard 102.19.29, and has been accounted for using the merger accounting method. Accordingly, the financial information in the year of acquisition and comparatives were presented as if Nisbets PLC had been owned by Key West (Holdings) Limited throughout the periods.

## **KEY WEST (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 December 2019**

#### **3. Accounting policies (continued)**

##### **2.3 Turnover**

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from sale of goods and from the rendering of services. Further details on the sale of goods and rendering of services are included in note 4.

Turnover from sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point that the customer has signed for the delivery of the goods.

Turnover from services rendered are recognised once the service has taken place. Services include the repair and maintenance of products sold and the financing of goods sold from leasing. Turnover from equipment hire is recognised over the rental period.

Rental income is derived from collection of rental income after deduction for value added tax. Turnover is recognised on a straight line basis over the lease term.

##### **2.4 Intangible assets**

###### **Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

###### **Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

##### **2.5 Tangible fixed assets**

Tangible fixed assets under the cost model, other than investment properties, 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.

## KEY WEST (HOLDINGS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2019

#### 2. Accounting policies (continued)

##### 2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, see method used below.

Depreciation is provided on the following basis:

Freehold property	-	2% - 5% straight line
Short-term leasehold property	-	life of lease
Plant and machinery	-	25% straight line
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	25% reducing balance/8% - 33.3% straight line
Computer equipment	-	20% - 33.3% straight line
Other fixed assets	-	20% - 33.3% straight line

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 within the Consolidated Statement of Comprehensive Income.

##### 2.6 Operating leases: the Group as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

##### 2.7 Investment property

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Valuations assume that Tenants will not break the terms of their lease. No depreciation is provided. Changes in fair value are recognised in the Consolidated Statement of Comprehensive Income. The fair value adjustment includes the write-off of previously capitalised acquisition costs.

## **KEY WEST (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 December 2019**

#### **2. Accounting policies (continued)**

##### **2.8 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Income Statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

##### **2.9 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 Consolidated Statement of Comprehensive Income.

##### **2.10 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### **2.11 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 require 100 day notice period to withdraw.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

## **KEY WEST (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)** **For the year ended 31 December 2019**

#### **2. Accounting policies (continued)**

##### **2.12 Financial Instruments**

The Group 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 to 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 initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. 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. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **2.13 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

## **KEY WEST (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 December 2019**

#### **2. Accounting policies (continued)**

##### **2.14 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. Nonmonetary 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 Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

##### **2.15 Finance costs**

Finance costs are charged 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.

##### **2.16 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

## **KEY WEST (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)** **For the year ended 31 December 2019**

#### **2. Accounting policies (continued)**

##### **2.17 Finance lease contracts and income - Lessor accounting**

Assets leased to customers under arrangements that transfer substantially all the risk and rewards of ownership of the assets, other than legal title, to the leasees are classified as financial leases.

The gross earnings from finance leases (including any items of income incidental to the leases) are allocated to accounting periods using a constant periodic rate of return on the group's net cash investment in the lease and are included in turnover. Initial direct costs, incremental to the group and directly associated with negotiating and consummating the lease transactions, are recognised in the profit and loss account when incurred.

Net investment in finance leases at the balance sheet date represents the minimum lease rentals accruing to the group less the gross earnings allocated to the future periods. There are no guaranteed residual values available to the group at the end of any leases. Unguaranteed residual values are not considered to be material to the group and are not, therefore, reflected in the net investment in finance leases.

Any gains or loss on disposal of assets arising at the end of the lease is included in turnover when all the risks and rewards have been transferred by the group.

Any gains or loss on early terminations of leases, calculated as the difference between the total net sums recovered and the book value of net investment in finance leases, is included in the profit and loss account on the date the lease terminates.

Secondary rentals are recognised in the profit and loss account as they accrue.

##### **2.18 Pensions**

###### **Defined contribution pension plan**

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

The contributions are recognised as an expense in the Consolidated 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 Group in independently administered funds.

##### **2.19 Interest income**

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

##### **2.20 Borrowing costs**

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

## **KEY WEST (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)** **For the year ended 31 December 2019**

#### **2. Accounting policies (continued)**

##### **2.21 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

##### **2.22 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated 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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.



## KEY WEST (HOLDINGS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2019

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Provision for obsolete and slow moving inventories - Inventories are classed as obsolete if no sale has been made in the previous 12 months and 100% provision is made on obsolete inventories. Provision on slow moving inventories is made on a range of percentages based on the group's historical trends.

Provision for bad and doubtful debts - Provisions are made on long overdue items on the debtors ledger with specific provision for debtors in financial difficulty.

Provision for customer returns and replacements - Provision is made for pending and expected customer returns based on the group historical trends.

Depreciation of fixed assets - Assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as level of usage, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Valuation of investment property - The value of properties owned by the group are considered in relation to current market considerations and recent actual transactions.

Share based payments - assessment and provision is made annually on the likelihood a future liability will result from current performance. For the year ended 31 December 2019 this is currently assessed at £nil (2018: £nil).

#### 4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £'000	2018 £'000
Sale of catering equipment	414,216	399,952
Leasing and hire of catering equipment	7,363	5,075
Net rent receivable	4,719	3,174
	<u>426,298</u>	<u>408,201</u>

# **KEY WEST (HOLDINGS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)** **For the year ended 31 December 2019**

### **5. Other operating income**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Gain on financial instruments not designated as hedging instruments	-	594

### **6. Operating profit**

Operating profit is stated after charging:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation of tangible fixed assets	6,219	6,278
Amortisation of intangible assets, including goodwill	4,451	3,722
Operating lease rentals -plant and machinery	156	437
Operating lease rentals - other	7,082	6,765
Foreign exchange (gain)/loss	(1,173)	(205)
Charitable donations	2,500	2,100

### **7. Auditor's remuneration**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Fees payable to the Group's auditor and its associates for the audit of the Company's annual accounts	21	15
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
The auditing of accounts of associates of the Group pursuant to legislation	244	101
Tax compliance	-	10
Tax advisory	-	52
Other non audit services	-	20

## KEY WEST (HOLDINGS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2019

#### 8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Wages and salaries	66,888	60,148	17	27
Social security costs	7,196	6,406	-	-
Cost of defined contribution scheme	3,291	2,391	40	40
	<u>77,375</u>	<u>68,945</u>	<u>57</u>	<u>67</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 number	2018 number
Employees	<u>2,270</u>	<u>2,215</u>

#### 9. Directors' remuneration

	2019 £'000	2018 £'000
Company contributions to defined contribution pension schemes	<u>40</u>	<u>40</u>

During the year retirement benefits were accruing to no directors (2018 - none) in respect of defined contribution pension schemes.

#### 10. Interest receivable and similar income

	2019 £'000	2018 £'000
Other interest receivable	<u>180</u>	<u>93</u>

#### 11. Interest payable and similar expenses

	2019 £'000	2018 £'000
Bank interest payable	<u>466</u>	<u>418</u>

**KEY WEST (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**12. Taxation**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Corporation tax</b>		
Current tax on profits for the year	2,174	5,255
Adjustments in respect of previous periods	(79)	(77)
	<u>2,095</u>	<u>5,178</u>
<b>Foreign tax</b>		
Foreign tax on income for the year	1,758	1,300
Foreign tax in respect of prior periods	(460)	162
	<u>1,298</u>	<u>1,462</u>
<b>Total current tax</b>	<u>3,393</u>	<u>6,640</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(391)	(1,063)
Changes to tax rates	32	100
Adjustments in respect of prior periods	(94)	(265)
<b>Total deferred tax</b>	<u>(453)</u>	<u>(1,228)</u>
<b>Tax on profit</b>	<u>2,940</u>	<u>5,412</u>

## KEY WEST (HOLDINGS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

#### 12. Taxation (continued)

##### Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £'000	2018 £'000
Profit on ordinary activities before tax	12,601	27,538
Profit on ordinary activities multiplied by group effective standard rate of corporation tax of 24% (2018: 20.5%)	3,038	5,639
<i>Effects of:</i>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	485	83
Adjustments to tax charge in respect of prior periods	(633)	(180)
Chargeable gains/(losses)	-	(82)
Non taxable income	(291)	-
Unrelieved tax losses carried forward and other deductions in the period	-	-
Differences between standard and actual rate	152	160
Effect of changes in tax rates	32	-
Effects of other reliefs	16	(31)
Foreign exchange difference on opening gross timing differences	2	(177)
Fair value changes on which deferred tax is not provided	139	-
Total tax charge for the year	<u>2,940</u>	<u>5,412</u>

At the balance sheet date, the deferred tax asset not recognised relating to fair value losses on investment properties amounted to £635,000 (2018: £496,000).

No material reversal of the deferred tax asset is expected within the next year, as the group is not considering disposal of any investment property.

#### 13. Dividends

	2019 £'000	2018 £'000
On ordinary shares	<u>70</u>	<u>84</u>

# **KEY WEST (HOLDINGS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)** **For the year ended 31 December 2019**

### **14. Intangible assets**

#### **Group**

	<b>Goodwill on consolidation £'000</b>	<b>Purchased goodwill £'000</b>	<b>Other intangibles £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 January 2019	18,257	885	12,106	31,248
Foreign exchange adjustments	-	(25)	(95)	(120)
Additions	-	130	574	704
Transfers	-	-	(1,173)	(1,173)
Disposals	(126)	-	(2,654)	(2,780)
At 31 December 2019	18,131	990	8,758	27,879
<b>Amortisation</b>				
At 1 January 2019	5,884	462	7,106	13,452
Foreign exchange adjustments	-	-	5	5
Charge for the year	2,714	528	1,209	4,451
Transfers	-	-	853	853
Disposals	-	-	(2,605)	(2,605)
At 31 December 2019	8,598	990	6,568	16,156
<b>Net book value</b>				
At 31 December 2019	9,533	-	2,190	11,723
At 31 December 2018	12,373	423	5,000	17,796

# **KEY WEST (HOLDINGS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)** **For the year ended 31 December 2019**

### **15. Tangible fixed assets**

#### **Group**

	<b>Freehold property £'000</b>	<b>Short-term leasehold property £'000</b>	<b>Plant and machinery £'000</b>	<b>Motor vehicles £'000</b>
<b>Cost</b>				
At 1 January 2019	48,207	350	521	314
Foreign exchange adjustments	(243)	-	-	(3)
Additions	2,001	56	110	102
Disposals	-	-	-	(25)
At 31 December 2019	<u>49,965</u>	<u>406</u>	<u>631</u>	<u>388</u>
<b>Amortisation</b>				
At 1 January 2019	6,930	149	226	196
Foreign exchange adjustments	(43)	-	-	(2)
Charge for the year	1,424	44	127	54
Disposals	-	-	-	(42)
At 31 December 2019	<u>8,311</u>	<u>193</u>	<u>353</u>	<u>206</u>
<b>Net book value</b>				
At 31 December 2019	<u>41,654</u>	<u>213</u>	<u>278</u>	<u>182</u>
At 31 December 2018	<u>41,277</u>	<u>201</u>	<u>295</u>	<u>118</u>

**KEY WEST (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**15. Tangible fixed assets (continued)**

**Group (continued)**

	<b>Fixtures and fittings £'000</b>	<b>Computer equipment £'000</b>	<b>Other fixed assets £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 January 2019	30,756	8,678	4,097	92,923
Foreign exchange adjustments	(192)	(94)	-	(532)
Additions	1,612	3,586	1,146	8,613
Disposals	(4,234)	(2,523)	(169)	(6,951)
At 31 December 2019	27,942	9,647	5,074	94,053
<b>Amortisation</b>				
At 1 January 2019	19,603	7,576	2,052	36,732
Foreign exchange adjustments	(93)	(63)	-	(201)
Charge for the year	2,421	1,372	777	6,219
Disposals	(3,470)	(2,466)	(86)	(6,064)
At 31 December 2019	18,461	6,419	2,743	36,686
<b>Net book value</b>				
At 31 December 2019	9,481	3,228	2,331	57,367
At 31 December 2018	11,153	1,102	2,045	56,191



# **KEY WEST (HOLDINGS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)** **For the year ended 31 December 2019**

### **15. Tangible fixed assets (continued)**

#### **Company**

	<b>Fixtures and fittings £'000</b>
<b>Cost</b>	
At 1 January 2019	3
Additions	-
Disposals	(3)
	<hr/>
At 31 December 2019	-
	<hr/>
<b>Amortisation</b>	
At 1 January 2019	2
Charge for the year	1
Disposals	(3)
	<hr/>
At 31 December 2019	-
	<hr/>
<b>Net book value</b>	
At 31 December 2019	-
	<hr/>
At 31 December 2018	1
	<hr/>

### **16. Fixed asset investments**

#### **Direct subsidiary undertakings**

The following were directly-owned subsidiary undertakings of the company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Country of incorporation</b>	<b>Principal activity</b>	
Nisbets plc	Ordinary	98%	United Kingdom	Sale and lease of catering equipment	5
Jongor (Holdings) Limited	Ordinary	51%	United Kingdom	Hire of catering equipment	13
PNFT5 (Unicom) Limited	Ordinary	100%	United Kingdom	Dormant	12

## KEY WEST (HOLDINGS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2019

#### 16. Fixed asset investments (continued)

##### Indirect Subsidiary undertakings

The following were indirectly-owned subsidiary undertakings of the company:

Name	Class of shares	Holding	Country of incorporation	Principal activity	
Jongor Trading Limited	Ordinary	100%	United Kingdom	Holding company	13
Jongor Limited	Ordinary	100%	United Kingdom	Leasing of catering equipment	13
KCC Nisbets BV	Ordinary	100%	Netherlands	Sale of catering equipment	1
Nisbets France EURL	Ordinary	100%	France	Sale of catering equipment	2
Nisbets Iberica SL	Ordinary	100%	Spain	Sale of catering equipment	3
Chef Leasing Limited	Ordinary	100%	United Kingdom	Leasing of catering equipment	5
Nisbets Asia Limited	Ordinary	100%	China	Holding company	6
Nisbets Australia Pty Limited	Ordinary	75%	Australia	Sale of catering equipment	7
Nisbets New Zealand Limited	Ordinary	75%	New Zealand	Sale of catering equipment	8
Red Ribbon Trading Limited	Ordinary	100%	United Kingdom	Provision of services to other group companies	5
Red Ribbon Trading (Shenzhen) Co. Ltd	Ordinary	100%	China	Provision of services to other group companies	10
Space Catering (UK) Limited	Ordinary	95%	United Kingdom	Design and installation of catering equipment	5
Rowlett Rutland Limited	Ordinary	100%	United Kingdom	Manufacturing and sale of catering equipment	5
Nisbets Deutscheland GmbH	Ordinary	100%	Germany	Dormant company	4
Nisbets Inc.	Ordinary	100%	USA	Dormant company	9
Home Chef Limited	Ordinary	100%	United Kingdom	Dormant company	5
Space Catering Equipment Limited	Ordinary	95%	United Kingdom	In liquidation	11
Space Catering Contracts Limited	Ordinary	95%	United Kingdom	In liquidation	11
Holmes Catering Equipment Solutions Limited	Ordinary	95%	United Kingdom	In liquidation	11
Plyanemca Limited	Ordinary	100%	United Kingdom	Dormant company	5
Mitre Linen Limited	Ordinary	100%	United Kingdom	Dormant company	11

## KEY WEST (HOLDINGS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2019

#### 16. Fixed asset investments (continued)

The registered addresses of the companies are:

- 1 - Hurksestraat 2 B, 5652 AJ, Eindhoven, Netherlands
- 2 - 2 rue de la Borne Blanche, 77380 Combs-la-Ville, France
- 3 - Ronda Narciso Monturiol, 4, 46980 Paterna, Valencia, Spain
- 4 - c/o Osborne Clarke, Innere Kanalstraße 15, 50823 Köln, Germany
- 5 - Fourth Way Avonmouth, Bristol, Avon, BS11 8TB, United Kingdom
- 6 - Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
- 7 - 15 Badgally Rd, Campbelltown, 2560 Australia
- 8 - 23 Business Parade North, Highbrook, Auckland, New Zealand
- 9 - 151 Bata Blvd Ste D, Belcamp, MD 21017-1447, USA
- 10 - Room 304, Building 5, Nanhai Yiku, No. 6 Xinghua Road, Shekou, Nanshan District, Shenzhen, China
- 11 - The Conifers, Filton Road, Hambrook, Bristol, BS16 1QG, United Kingdom
- 12 - 22 Clifton Road, Clifton, Bristol BS8 1AQ, United Kingdom
- 13 - Unit G Kingsland Trading Estate, St Philips Road, Bristol BS2 0JZ, United Kingdom

#### Group

	£'000
<b>Cost and net book value</b>	
At 1 January 2019	-
Additions	100
At 31 December 2019	<u>100</u>

During the year, the group acquired a 30% holding in ChefRadius Limited, a company incorporated in the United Kingdom, for £100,000. The associated undertaking is held at cost less provision for impairment as fair value cannot be reliably determined.

#### Company

	£'000
<b>Cost and net book value</b>	
At 1 January 2019 and 31 December 2019	<u>6,456</u>

During the year, the company acquired a subsidiary undertaking, PNFT5 (Unicorn) Limited. The trade and assets of that company were hived up to Key West (Holdings) Limited in the year and at the balance sheet date PNFT5 (Unicorn) Limited was dormant.

# **KEY WEST (HOLDINGS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)** **For the year ended 31 December 2019**

### **17. Investment property**

#### **Group**

	<b>£'000</b>
<b>Cost or valuation</b>	
At 1 January 2019	56,511
Additions at cost	15,424
Loss on revaluation	(885)
	<hr/>
At 31 December 2019	71,050 <hr/>

#### **Company**

	<b>£'000</b>
<b>Cost or valuation</b>	
At 1 January 2019	53,761
Additions at cost	18,022
Loss on revaluation	(733)
	<hr/>
At 31 December 2019	71,050 <hr/>

Investment property is held at fair value. The investment properties were valued by DJ Foley Property Consultants, on an open market value for existing use basis.

### **18. Inventories**

	<b>Group 2019 £'000</b>	<b>Group 2018 £'000</b>
<b>Cost</b>		
Finished goods and goods for resale	71,773	64,087
	<hr/>	<hr/>

The difference between purchase price or production cost of inventories and their replacement cost is not material.

# KEY WEST (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2019

### 19. Debtors

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
<b>Due within one year</b>				
Trade debtors	34,736	33,383	1,275	966
Amounts owed by group undertakings	-	-	7,452	3,432
Other debtors	3,390	5,246	87	54
Prepayments and accrued income	8,980	3,091	13	9
Deferred taxation (note 26)	3,610	2,636	(63)	421
Net investment in finance leases	2,579	2,521	-	-
Derivatives	-	618	-	-
	<u>53,295</u>	<u>47,495</u>	<u>8,764</u>	<u>4,882</u>

Amounts due from group undertakings are repayable on demand. Interest is due on non-trading intercompany balances with the exception of balances with dormant subsidiaries. No interest is charged on trade debtors or creditors.

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
<b>Due after more than one year</b>				
Net investments in finance leases	1,499	1,896	-	-

Further details on assets included in the net investment in finance leases are given below:

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Total amounts receivable	4,983	5,466	-	-
Less: interest allocated to future periods	(906)	(1,049)	-	-
<b>Net investment in contracts accounted for as finance leases</b>	<u>4,077</u>	<u>4,417</u>	<u>-</u>	<u>-</u>
<b>Rentals receivable during the year from contracts accounted for as finance leases</b>	<u>4,255</u>	<u>3,929</u>	<u>-</u>	<u>-</u>
<b>Cost of assets acquired for the purpose of letting under contracts accounted for as finance leases during the year</b>	<u>3,328</u>	<u>3,788</u>	<u>-</u>	<u>-</u>

# **KEY WEST (HOLDINGS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)** **For the year ended 31 December 2019**

### **19. Debtors (continued)**

The net investment in finance leases falls due as follows:

	<b>Group 2019 £'000</b>	<b>Group 2018 £'000</b>	<b>Company 2019 £'000</b>	<b>Company 2018 £'000</b>
Amounts due:				
Within one year	2,578	2,521	-	-
After one year and within two years	1,125	1,358	-	-
After two years and withing five years	374	538	-	-
	<b>4,077</b>	<b>4,417</b>	<b>-</b>	<b>-</b>

### **20. Cash and cash equivalents**

	<b>Group 2019 £'000</b>	<b>Group 2018 £'000</b>	<b>Company 2019 £'000</b>	<b>Company 2018 £'000</b>
Cash at bank and in hand	19,253	23,410	2,857	10,892
Less: bank overdrafts	-	(1)	-	(1)
	<b>19,253</b>	<b>23,409</b>	<b>2,857</b>	<b>10,891</b>

### **21. Creditors: Amounts falling due within one year**

	<b>Group 2019 £'000</b>	<b>Group 2018 £'000</b>	<b>Company 2019 £'000</b>	<b>Company 2018 £'000</b>
Bank overdrafts	-	1	-	1
Bank loans	28,082	18,569	6,556	-
Trade creditors	23,679	21,129	36	154
Corporation tax	576	1,857	64	-
Other taxation and social security	7,069	6,395	389	227
Other creditors	10,996	15,088	81	81
Accruals and deferred income	10,208	9,039	1,028	743
Financial instruments	1,645	-	-	-
Amounts due to group undertakings	-	-	136	-
	<b>82,255</b>	<b>72,078</b>	<b>8,290</b>	<b>1,206</b>

Amounts due to group undertakings are repayable on demand. Interest is due on non-trading intercompany balances with the exception of balances with dormant subsidiaries. No interest is charged on trade debtors or creditors.

# **KEY WEST (HOLDINGS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)** **For the year ended 31 December 2019**

### **22. Creditors: Amounts falling due after more than one year**

	<b>Group 2019 £'000</b>	<b>Group 2018 £'000</b>	<b>Company 2019 £'000</b>	<b>Company 2018 £'000</b>
Bank loans	2,414	3,600	-	-
Other creditors	10	-	-	-
	<u>2,424</u>	<u>3,600</u>	<u>-</u>	<u>-</u>

### **23. Provisions for liabilities**

<b>Group</b>	<b>Warranty £'000</b>	<b>Dilapidations £'000</b>	<b>Total £'000</b>
At beginning of year	1,209	229	1,438
Exchange adjustment	(20)	-	(20)
Additions during the year	50	135	185
	<u>1,239</u>	<u>364</u>	<u>1,603</u>

The warranty provision is held to cover the cost of resolving customer returns for products within their warranty period.

The dilapidations provision is held for making good properties that are leased by the group.

## KEY WEST (HOLDINGS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2019

#### 24. Loans

Key West (Holdings) Limited has a £10m rolling credit facility. The value drawn on the facility was £6,556,000 at 31 December 2019 (2018: £nil). The facility is secured by a charge over certain of Key West' properties and carries interest at Bank of England base rate plus 5.15%.

Nisbets plc has 2 bank loans:

One bank loan of £3.6m (2018: £4.8m). The loan was taken out on 4 March 2008. Repayments of £1.2m (2018: £1.2m) were made during the year. The loan is secured by a charge over certain of Nisbets' properties and carries interest at 0.6% above base rate.

A second bank loan of £5.8m (2018: £6.1m). The loan is a three-year Australian Dollar term loan drawn down on 6 July 2015. The term was extended by an additional 12 months in 2018 and an additional 12 months in 2019. It is secured by a charge over certain of Nisbets' properties and carries interest at 1.15% above Australian Bank Bill Swap Rate.

In addition, Nisbets plc has a £30 million, three-year multicurrency revolving credit facility. The value drawn on this facility was £14.5m at 31 December 2019 (2018: £11.3m). It is secured by a charge over certain of Nisbets properties.

	Group 2019 £'000	Group 2018 £'000
Amounts falling due within one year	28,082	18,569
Amounts falling due 1-2 years	1,185	1,185
Amounts falling due 2-5 years	1,229	2,371
Amounts falling due after more than 5 years	-	44
	<hr/> 30,496	<hr/> 22,169



# **KEY WEST (HOLDINGS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)** **For the year ended 31 December 2019**

### **25. Financial instruments**

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
<b>Financial assets</b>				
Financial assets measured at amortised cost	70,437	61,983	11,684	15,305
<b>Financial liabilities</b>				
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	(1,645)	-	-	-
Financial liabilities measured at amortised cost	(75,389)	(63,826)	(7,837)	(979)
	<u>(6,597)</u>	<u>(1,843)</u>	<u>3,847</u>	<u>(979)</u>

Financial assets measured at amortised cost comprise cash balances, loans receivable and trade and other debtors.

Financial liabilities measured at fair value through profit and loss comprise derivative forward foreign exchange contracts.

Financial liabilities measured at amortised cost comprise loans and overdrafts and trade and other payables.

## KEY WEST (HOLDINGS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2019

#### 26. Deferred taxation

##### Group

The deferred tax asset is made up as follows:

	2019 £'000	2018 £'000
Accelerated capital allowances	1,716	1,408
Other short term timing differences	1,894	897
Unutilised tax losses	-	331
At end of year	3,610	2,636

#### 27. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
34,151 Ordinary shares of £1.00 each	34,151	34,151
352 A Ordinary shares of £1.00 each	352	352
352 B Ordinary shares of £1.00 each	352	352
352 C Ordinary shares of £1.00 each	352	352
	35,207	35,207

The Ordinary shares, the A ordinary shares, the B ordinary shares and the C ordinary shares have attached to them full voting and capital distribution (including on winding up) rights, they do not confer any rights of redemption. Rights to receive such dividends as the Board resolves to be distributed amongst the holders of the shares.

#### 28. Reserves

##### Other reserves

Cash flow hedge reserve - This represents the gains and losses on derivative financial instruments that have not yet matured and that qualify for hedge accounting under FRS 102.

##### Merger Reserve

This is the value of assets transferred at merger of Nisbets plc.

##### Profit and loss account

This includes all current and prior period retained profits and losses.

## KEY WEST (HOLDINGS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2019

#### 29. Contingent liabilities

Nisbets plc has given the bank a £600,000 indemnity covering a guarantee in favour of the third party (2018: £600,000). The company and group have no other contingent liabilities.

#### 30. Capital commitments

At 31 December 2019 the Group had capital commitments as follows:

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Contracted for but not provided	395	380	-	3,200

#### 31. Pension commitments

The group operates defined contribution schemes for the benefit of the directors and employees. The assets of the schemes are administered by trustees in funds independent from those of the group.

#### 32. Commitments under operating leases

At 31 December 2019 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 Land & buildings £'000	2019 Other £'000	2019 Land & buildings £'000	2019 Other £'000
In one year or less	5,923	795	6,320	1,100
Between one and two years	5,533	532	5,928	634
Between two and five years	15,072	231	15,260	306
After five years	11,197	78	16,466	74
	37,724	1,636	43,974	2,114

## KEY WEST (HOLDINGS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2019

#### 33. Related party transactions

Key West (Holdings) Limited has issued a loan to Jongor (Holdings) Limited. The balance due at 31 December 2019 is £3,282,000 (2018: £3,432,000).

The group made contributions of £2.5m to The Nisbet Trust in the year (2018: £2.0m). Members of the Key West (Holdings) Ltd and Nisbets plc board also sit as Trustees of The Nisbet Trust.

Loans to the value of £nil (2018: £20,000) each were made to J Nisbet and E Nisbet during the year, which were repaid during the year.

At the balance sheet date, the company owed £0.1m to its subsidiary undertaking, PNFT5 (Unicorn) Limited (2018: £nil).

Nisbets Plc has provided a guarantee of £5.7 million (2018: £6.1 million) in respect of the bank loan of a subsidiary.

The interests of the directors in the shares of the Company at both 31 December 2019 and 31 December 2018 were as follows:

	Ordinary shares	Ordinary A shares	Ordinary B shares	Ordinary C shares
A Nisbet	34,151	-	-	-
A M Nisbet	-	-	-	352
J P Nisbet	-	352	-	-
E R Nisbet	-	-	352	-
	<u>34,151</u>	<u>352</u>	<u>352</u>	<u>352</u>

#### 34. Subsidiary company audit exemptions

For the period ended 31 December 2019 certain subsidiaries of Key West (Holdings) Limited were entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies. Key West (Holdings) Limited has provided a guarantee to these subsidiaries in accordance with that section.

The companies covered by the guarantee and taking exemption from the audit are as follows:

Subsidiary undertaking	Company Number
Jongor Limited	01131172
Jongor (Holdings) Limited	09402338
Jongor Trading Limited	01301483
PNFT 5 (Unicorn) Limited	11495348

## **KEY WEST (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)** **For the year ended 31 December 2019**

#### **35. Controlling party**

The controlling related party is A Nisbet by virtue of his shareholding in Key West (Holdings) Limited.

#### **36. Post balance sheet events**

During March 2020, various Governments implemented lockdowns in response to the onset of the Covid-19 pandemic.

In response we implemented various measures to allow the Group to continue to trade through this uncertain time. The impact of Covid-19 on the Group's ability to continue as a going concern is set out in note 2 to the Consolidated Financial Statements.

The main accounting implications considered material to the financial statements are detailed below:

- The Group has accounted for the receipt of Job Retention Scheme funding from the Government in the period it was claimed;
- The pandemic is having an impact on cash collection as customers emerge from the lockdown but it is not possible to quantify the impact at this time;
- As part of the Group's continuity planning and to align currency hedges with likely future purchases, the Group exited a number of forward exchange contracts generating a realised gain of £3.1m;
- A restructuring programme has been completed by the Group with £5.9m of restructuring costs incurred; and
- At the year end a balance of £3.2m was due to Key West (Holdings) from Jongor, the continued uncertainty over the Events industry suggests that this may require impairment in 2020.

Despite the potential impact on results, the Directors do not currently envisage an impairment of tangible or intangible assets or investment in subsidiaries as there was significant headroom when an impairment test was undertaken at the year end.