

Keys Commercial Finance Limited

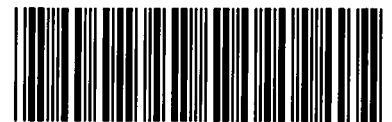
Directors' report and financial statements

Year ended 31 May 2014

Company registration number: NI 607293

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Keys Commercial Finance Limited

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Keys Commercial Finance Limited

Directors and other information

Directors

Owen Graham
Judith Totten
Diane Woodside
Colin Dundas
Kelley Toner

Secretary

Owen Graham

Registered office

Unit 2 Balmoral Business Park
Boucher Crescent
Belfast
BT12 6HU

Bankers

Danske Bank
Lisburn Road
Benmore House
353 Lisburn Road
Belfast.BT9 7EP

ABN Amro
5th Floor
Anchorage 2
Anchorage Quay
Salford Quays
M50 3GP

Auditors

KPMG
Chartered Accountants
Stokes House
17/25 College Square East
Belfast
BT1 6DH

Companies registration number

NI 607293

Keys Commercial Finance Limited

Directors' report

The directors present their report and the financial statements for the year ended 31 May 2014.

Principal activity

The principal activity of the company is that of debt factoring and invoice discounting facilities.

The directors do not plan any significant change to the principal activities in the foreseeable future.

Results and dividends

Details of the results for the year are set out in the profit and loss account on page 7 and the related notes. No dividends were paid or proposed for either the year ended 31 May 2014 or the prior year ended 31 May 2013.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company, as identified by the directors, and considered to relate to: the continual support of lenders; fluctuations in interest rates; and the risk of customer default.

Key performance indicators

The directors of the company are involved in the management of the business and monitor performance against budget on a regular basis. Given the relatively straight forward nature of the business, the directors are of the opinion that detailed analysis using KPIs is not necessary for an understanding of the performance or position of the business.

Directors

The directors who served during the year are as stated below:

Owen Graham
Brian Sumner (Resigned 1 December 2013)
Judith Totten
Diane Woodside
Kelley Toner
Colin Dundas (Appointed 1 December 2013)

The secretary of the company during the year was Owen Graham.

Political contributions

The company made no political contributions in either the year ended 31 May 2014 or the year ended 31 May 2013.

Future developments

The company aims to increase sales and grow its presence within the Northern Ireland market.

Small company exemption

In preparing the Directors' report, the directors have taken the small companies exemption under Section 414B of the Companies Act 2006 not to prepare a Strategic Report.

Keys Commercial Finance Limited

Directors' report (*continued*)

Disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

KPMG were appointed as auditors during the period. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG will therefore continue in office.

This report was approved by the Board on 24 February 2015 and signed on its behalf by:



Judith Totten
Director

24 February 2015

Keys Commercial Finance Limited

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

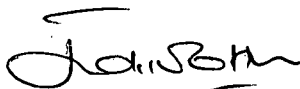
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Under applicable law the directors are also responsible for preparing a directors' report that complies with that law.

On behalf of the board



Judith Totten
Director

24 February 2015



KPMG
Audit
Stokes House
17-25 College Square East
Belfast BT1 6DH
Northern Ireland

Independent auditor's report to the members of Keys Commercial Finance Limited

We have audited the financial statements of Keys Commercial Finance Limited for the year ended 31 May 2014 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 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.

Respective responsibilities of director and auditors

As explained more fully in the Director's Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2014 and of the company's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.



KPMG
Audit
Stokes House
17-25 College Square East
Belfast BT1 6DH
Northern Ireland

Independent auditors' report to the members of Keys Commercial Finance Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the exemption from the requirement to prepare a strategic report.

John Poole (Senior Statutory Auditor)
for and on behalf of KPMG, Statutory Auditor
Chartered Accountants
17-25 College Square East
Belfast
BT1 6DH

24 February 2015

Keys Commercial Finance Limited

Profit and loss account

Year ended 31 May 2014

| | <i>Note</i> | 2014 £ | 2013 £ |
|--|-------------|------------------|-----------|
| Turnover | 2 | 1,103,836 | 695,446 |
| Cost of sales | | (307,842) | (192,584) |
| Gross profit | | 795,994 | 502,862 |
| Administrative expenses | | (689,535) | (468,605) |
| Operating profit | 3 | 106,459 | 34,257 |
| Other interest receivable and similar income | | 69 | 42 |
| Interest payable and similar charges | 4 | (4,811) | (4,180) |
| Profit on ordinary activities before taxation | | 101,717 | 30,119 |
| Tax on profit on ordinary activities | 7 | (24,385) | 10,702 |
| Profit for the year | 14 | 77,332 | 40,821 |

All reported profits arise from continuing operations.

There is no difference between the profits and losses as reported under a historical cost basis for the year. Accordingly no note of historical cost profit and losses has been prepared.

The company had no recognised gains or losses in the financial year other than those dealt with in the profit and loss account and accordingly a statement of total recognised gains and losses has not been presented.

The notes on pages 9 to 16 form part of these financial statements.

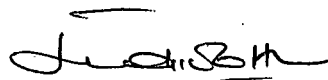
Keys Commercial Finance Limited

Balance sheet

At 31 May 2014

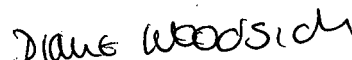
| | Note | 2014 £ | 2014 £ | 2013 £ | 2013 £ |
|---|------|--------------------|-----------------|--------------------|------------------|
| Fixed assets | | | | | |
| Tangible assets | 8 | | 31,804 | | 16,393 |
| Current assets | | | | | |
| Debtors | 9 | 8,731,192 | | 5,279,953 | |
| Cash at bank and in hand | | 349,885 | | 181,955 | |
| | | <u>9,081,077</u> | | <u>5,461,908</u> | |
| Creditors: amounts falling due within one year | 10 | <u>(8,871,458)</u> | | <u>(5,117,960)</u> | |
| Net current assets | | | <u>209,619</u> | | <u>343,948</u> |
| Total assets less current liabilities | | | <u>241,423</u> | | <u>360,341</u> |
| Creditors: amounts falling due in more than one year | 11 | | <u>(68,750)</u> | | <u>(265,000)</u> |
| Total assets less liabilities | | | <u>172,673</u> | | <u>95,341</u> |
| Capital and reserves | | | | | |
| Called up share capital | 13 | | 63,493 | | 63,493 |
| Share premium account | 14 | | 71,507 | | 71,507 |
| Profit and loss account | 14 | | 37,673 | | (39,659) |
| Shareholders' funds | 15 | | <u>172,673</u> | | <u>95,341</u> |

These financial statements were approved by the board of directors on 24 February 2015 and were signed on its behalf by:



Judith Totten
Director

Diane Woodside
Director



Company registration number: NI 607293

The notes on pages 9 to 16 form part of these financial statements.

Keys Commercial Finance Limited

Notes

(forming part of the financial statements)

1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

These financial statements have been prepared in accordance with the requirements of the Companies Act 2006 under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland.

The company has taken advantage of the exemption in FRS 1 from the requirement to produce a cashflow statement because it is a small company.

Going concern

The company's business activities, together with the factors likely to affect its future development, are set out in the directors' report. On the basis of their assessment of the company's financial position and resources, the directors believe that the company is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Turnover

Turnover derives from the provision of invoice discounting services falling within the company's ordinary activities.

Interest is charged based on an individual client's debtor book at a point in time and is calculated daily. Fee income is recognised in line with the delivery of the related services.

Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

| | | |
|----------------------------------|---|----------------------|
| Fixtures, fittings and equipment | - | 15% Reducing Balance |
| Motor vehicles | - | 15% Reducing Balance |

Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Keys Commercial Finance Limited

Notes

(continued)

1 Principal accounting policies (continued)

Deferred taxation

The charge for taxation is based on the profit/loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

2 Turnover

The company has one class of business and all material operations are in the United Kingdom (11% of turnover derived from Republic of Ireland debtors). Accordingly, no further analysis of turnover is presented.

3 Operating profit

| | 2014 £ | 2013 £ |
|--|-----------|-----------|
| Operating profit is stated after charging/(crediting): | | |
| Depreciation and other amounts written off tangible assets | 5,612 | 984 |
| Operating lease rentals | | |
| - Motor vehicles | - | 11,709 |
| - Equipment | 1,138 | - |
| Net foreign exchange gain | 12,477 | (28,427) |
| Amounts receivable by auditors in respect of: | | |
| -Audit of financial statements | 6,500 | 6,600 |
| Other services – tax compliance | 2,475 | - |
| – other audit services | 800 | - |
| | <hr/> | <hr/> |

4 Interest payable and similar charges

| | 2014 £ | 2013 £ |
|--|-----------|-----------|
| Included in this category is the following: | | |
| Interest payable on loans less than one year | 4,811 | 4,180 |
| | <hr/> | <hr/> |

Keys Commercial Finance Limited

Notes

(continued)

5 Staff numbers and costs

The average number of persons employed by the company during the year was as follows:

| | 2014 No | 2013 No |
|-------------|------------|------------|
| Directors | 3 | 2 |
| Other staff | 4 | 4 |
| | <hr/> | <hr/> |
| | 7 | 6 |
| | <hr/> | <hr/> |

The aggregate payroll costs of these persons were as follows:

| | 2014 £ | 2013 £ |
|-----------------------|-----------|-----------|
| Wages and salaries | 325,732 | 238,520 |
| Social security costs | 43,338 | 27,242 |
| Other pension costs | - | - |
| | <hr/> | <hr/> |
| | 369,070 | 265,762 |
| | <hr/> | <hr/> |

6 Directors' emoluments

| | 2014 £ | 2013 £ |
|-----------------------|-----------|-----------|
| Wages and salaries | 196,933 | 143,326 |
| Social security costs | 23,574 | 18,444 |
| Other pension costs | - | - |
| | <hr/> | <hr/> |
| | 220,507 | 161,770 |
| | <hr/> | <hr/> |

The emoluments of the highest paid director during the year were £94,965.

Keys Commercial Finance Limited

Notes

(continued)

7 Tax on profit on ordinary activities

| (a) Analysis of charge in period | 2014 £ | 2013 £ |
|---|-----------|-----------|
| <i>UK corporation tax</i> | | |
| Current tax | 24,626 | 8 |
| Adjustments in respect of prior periods | (8) | |
| | <hr/> | <hr/> |
| Total current tax charge | 24,618 | 8 |
| <i>Deferred tax</i> | | |
| Timing difference, origination and reversal | (2,325) | (10,710) |
| Adjustment in respect of previous years | 2,092 | - |
| | <hr/> | <hr/> |
| | (233) | (10,710) |
| | <hr/> | <hr/> |
| Tax on profit on ordinary activities | 24,385 | (10,702) |
| | <hr/> | <hr/> |

b) Factors affecting the current tax charge for the year

The current tax charge of £24,385 (2013: £8) is higher (2013: lower) than the standard companies rate of corporation tax in the UK of 20% (2013: 20%).

| | 2014 £ | 2013 £ |
|--|-----------|-----------|
| Profit on ordinary activities before tax | 101,717 | 30,119 |
| | <hr/> | <hr/> |
| Profit on ordinary activities multiplied by standard rate in the UK | 20,343 | 6,023 |
| <i>Effects of:</i> | | |
| Expenses not deductible for tax purposes | 1,958 | 4,695 |
| Capital allowances for period in excess of depreciation | (254) | - |
| Other timing difference | 14,475 | (10,710) |
| Tax gains/(losses) | (11,896) | - |
| Non-taxable income | - | - |
| Research and development allowances | - | - |
| Adjustments in respect of previous periods | (8) | - |
| | <hr/> | <hr/> |
| Total current tax charge (see above) | 24,618 | 8 |
| | <hr/> | <hr/> |

c) Factors that may affect future tax charges:

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Keys Commercial Finance Limited

Notes

(continued)

8 Tangible fixed assets

| | <i>Fixtures & fittings</i> £ | <i>Motor vehicles</i> £ | <i>Total</i> £ |
|-----------------------|-------------------------------------|----------------------------|-------------------|
| <i>Cost</i> | | | |
| At 1 June 2013 | 19,134 | - | 19,134 |
| Additions | 13,823 | 7,200 | 21,023 |
| | <hr/> | <hr/> | <hr/> |
| At 31 May 2014 | 32,957 | 7,200 | 40,157 |
| | <hr/> | <hr/> | <hr/> |
| <i>Depreciation</i> | | | |
| At 1 June 2013 | 2,741 | - | 2,741 |
| Charged during year | 4,532 | 1,080 | 5,612 |
| | <hr/> | <hr/> | <hr/> |
| At 31 May 2014 | 7,273 | 1,080 | 8,353 |
| | <hr/> | <hr/> | <hr/> |
| <i>Net book value</i> | | | |
| At 31 May 2014 | 25,684 | 6,120 | 31,804 |
| | <hr/> | <hr/> | <hr/> |
| At 31 May 2013 | 16,393 | - | 16,393 |
| | <hr/> | <hr/> | <hr/> |

9 Debtors

| | 2014 £ | 2013 £ |
|--------------------------------|------------------|------------------|
| Trade debtors | 8,710,494 | 5,255,185 |
| Prepayments and accrued income | - | 14,058 |
| Other debtors | 9,756 | - |
| Deferred tax asset (note 12) | 10,942 | 10,710 |
| | <hr/> | <hr/> |
| | 8,731,192 | 5,279,953 |
| | <hr/> | <hr/> |

Trade debtors represents the debts assigned under factoring agreements, net of the bad debt provision. The full value of the assigned debt is recognised on the balance sheet as it represents rights or other access to future economic benefits. The corresponding client creditor represents the difference between the assigned debt and cash advance to clients net of appropriate factoring fees.

Keys Commercial Finance Limited

Notes

(continued)

10 Creditors: amounts falling due within one year

| | 2014 £ | 2013 £ |
|---------------------------------------|------------------|------------------|
| Loan factoring facility – ABN | 4,946,285 | 2,937,058 |
| Client accounts | 3,570,178 | 2,150,143 |
| Amounts due to related undertaking | - | 5,694 |
| Investor loans | 257,500 | - |
| Corporation tax | 24,626 | 8 |
| Other taxes and social security costs | 42,782 | 22,097 |
| Accruals and deferred income | 15,261 | 2,960 |
| Other creditors | 14,826 | - |
| | <u>8,871,458</u> | <u>5,117,960</u> |

The ABN AMRO loans are secured by a fixed and floating charge over all assets. The investor loans are secured by a charge over the company's trade debtors.

11 Creditors: amounts falling due in more than one year

| | 2014 £ | 2013 £ |
|----------------|---------------|----------------|
| Investor loans | 68,750 | 265,000 |
| | <u>68,750</u> | <u>265,000</u> |

An analysis of the investor loans is given below:

| | 2014 £ | 2013 £ |
|------------------------------|----------------|----------------|
| Within one year | 257,500 | - |
| In the second to fifth years | 68,750 | 265,000 |
| Over five years | - | - |
| | <u>326,250</u> | <u>265,000</u> |

The investor loans are secured by a charge over the company's trade debtors.

Keys Commercial Finance Limited

Notes

(continued)

12 Deferred taxation

| | 2014 £ | 2013 £ |
|-----------------------------|-----------|-----------|
| Deferred tax asset (note 9) | 10,942 | 10,710 |
| | <hr/> | <hr/> |
| | 2014 £ | 2013 £ |
| Opening balance | 10,710 | - |
| Movement in the year | 232 | 10,710 |
| | <hr/> | <hr/> |
| At 31 May 2014 (note 9) | 10,942 | 10,710 |
| | <hr/> | <hr/> |

13 Share capital

| | 2014 £ | 2013 £ |
|--|-----------|-----------|
| <i>Allotted, called up and fully paid</i> 63,493 ordinary shares of £1 each | 63,493 | 63,493 |
| | <hr/> | <hr/> |

14 Equity reserves

| | Share premium account £ | Profit and loss account £ | Total £ |
|---------------------|----------------------------------|------------------------------------|------------|
| At 1 June 2013 | 71,507 | (39,659) | 31,848 |
| Profit for the year | - | 77,332 | 77,332 |
| | <hr/> | <hr/> | <hr/> |
| At 31 May 2014 | 71,507 | 37,673 | 109,180 |
| | <hr/> | <hr/> | <hr/> |

Keys Commercial Finance Limited

Notes

(continued)

15 Reconciliation of movement in shareholders' funds

| | 2014 £ | 2013 £ |
|-----------------------------|-----------|-----------|
| Opening shareholders' funds | 95,341 | 54,520 |
| Profit for the year | 77,332 | 40,821 |
| | <hr/> | <hr/> |
| Closing shareholders' funds | 172,673 | 95,341 |
| | <hr/> | <hr/> |

16 Post balance sheet events

The directors confirm no obligation exists at the balance sheet date for dividends declared after that date.

17 Financial commitments

At the year end, the company had no commitments under non-cancellable leases.

18 Related party transactions

Owen Graham: Mr Graham is also a director in Keys Financial Services Limited, Keys Premium Finance Limited, Keys Premium Finance (2001) Limited and Keys Premium Finance (2006) Limited. During the year Keys Commercial Finance Limited sold services amounting to £2,500 (2013:£14,167) to Keys Premium Finance Limited and sold services of £14,000 (2013:£26,667) to Keys Premium Finance (2006) Limited. Keys Commercial Finance Limited purchased services of £8,524 from Keys Premium Finance Limited (2013: £5,694). At the year end Keys Commercial Finance Limited does not have a debtor or creditor balance with any of these companies (2013: creditor of £5,694 to Keys Premium Finance Limited).

Judith Totten: Ms Totten is also a director in Keys Premium Finance (2006) Limited. Transactions with this company are listed above.

Brian Sumner: Mr Sumner was paid consultancy fees of £10,500 during the period he was a director (2013: £18,000). There were no amounts outstanding to Mr Sumner at the year end (2013: £nil).

Colin Dundas: Mr Dundas was paid consultancy fees of £18,000 (2013: £nil). There were no amounts outstanding to Mr Dundas at the year end (2013: £nil).

Kelley Toner and Diane Woodside are not directors in any other company.

19 Ultimate controlling party

The company is under the control of Judith Totten and Keys Premium Finance Limited. Transactions with these parties are disclosed in note 18 above.