

Financial Statements Key West (Holdings) Limited

For the Year Ended 31 December 2015



Registered number: 08963631

Company Information

Directors

A Nisbet
A M Nisbet (appointed 1 January 2015)
J P Nisbet (appointed 1 January 2015)
E R Nisbet (appointed 1 January 2015)

Company secretary

A Nisbet

Registered number

08963631

Registered office

22 Clifton Road
Clifton
Bristol
BS8 1AQ

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
Hartwell House
55-61 Victoria Street
Bristol
BS1 6FT

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Group Strategic Report

For the Year Ended 31 December 2015

The company is a holding company for investments in subsidiaries and commercial properties.

Within Key West (Holdings) Limited, the group had Turnover for the year of £261.1 million (2014: £226.7 million). Profit before tax was £26.4 million (2014: £29.3 million).

Nisbets is the most significant investment in Key West (Holdings) Limited. Nisbets plc is principally engaged in the sale and leasing of catering equipment. Its activities are carried out through the company's branches in the United Kingdom and the Republic of Ireland and subsidiaries in the UK, France, Spain, the Netherlands, China and Australia. Nisbets continues its record of turnover growth achieving a 13% growth in the year. Turnover for the year ended 31 December 2015 was in line with expectations at £255.4 million and profit before tax was £26.0 million, a decrease of 16% from the prior year (2014: £30.9 million).

The financial statements of Nisbets include a non-statutory presentation of the 2015 and 2014 profit and loss account to assist in understanding the impact of FRS102. The operating profit in this like for like analysis demonstrates the impact of foreign exchange losses sustained compared to the group's budget exchange rates. This like for like comparison shows that in 2015 the group experienced significant adverse foreign exchange variances against budget but that, in spite of this foreign exchange movement, the underlying trading performance remained strong. The non-statutory trading profit for 2015 was £31.2m (2014: £28.7m), an increase of 8.6%, and the operating profit after foreign exchange losses amounted to £29.1m (2014: £28.2m), an increase of 2.9%.

On 30 January 2015, Key West (Holdings) Limited acquired 51% of the shares in Jongor Limited. The principal activity of Jongor in the year 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. The gross profit percentage was 78% (2014: 76%) and the operating profit percentage was 13.4% (2014: 9.8%).

During the year Key West (Holdings) Limited also invested in a commercial property. This is currently occupied by a hotel chain and rental income is earned in relation to this. Subsequent to the year end the group has continued to invest in commercial property.

This report was approved by the board on 12 August 2016 and signed on its behalf.

A Nisbet
Director



Directors' Report

For the Year Ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group financial statements and then apply them consistently;
- make judgments 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; and
- 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.

Results and dividends

The profit for the year, after taxation, amounted to £20,483,273 (2014 - £22,440,134).

A dividend of £1,358,797 was paid during the year.

Future developments

Continued development and further investments are expected. After the year end Key West (Holdings) Limited has invested in more commercial property.

Directors

The directors who served during the year were:

A Nisbet

A M Nisbet (appointed 1 January 2015)

J P Nisbet (appointed 1 January 2015)

E R Nisbet (appointed 1 January 2015)

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

Directors' Report

For the Year Ended 31 December 2015

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 2015 was £2,897,576 (2014: £1,938,968).

Environmental policy

Management have continued to develop the group's environmental policy and control the group's environmental impact, recycling 99% of waste in 2015. 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. During the year the group installed solar panels on the roofs of its two largest warehouses.

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.

Nisbets in the community

As part of its Corporate Social Responsibility activities, the group runs its Nisbets in the Community programme. This is a dedicated long term charitable project which encourages colleagues to get involved in local community projects and make a difference by raising money and volunteering their skills and time. The group also actively recruits from the local area to tackle unemployment, particularly supporting young people seeking to develop their skills to become more employable.

Charitable donations

The company made charitable donations during the year of £204,615.

Key West (Holdings) Limited

Directors' Report

For the Year Ended 31 December 2015

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

As noted above, the group continues to invest in commercial property. There have been no other significant events affecting the group since the year end.

Auditors

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 12 August 2016 and signed on its behalf.



A Nisbet
Director



Independent Auditor's Report to the Members of Key West (Holdings) Limited

We have audited the financial statements of Key West (Holdings) Limited for the year ended 31 December 2015, which comprise the consolidated Statement of Comprehensive Income, the consolidated and Company Statements of Financial Positions, the consolidated and Company Statements of Changes in Equity, the consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2015 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.

Opinion on other matter prescribed by the Companies Act 2006

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



Independent Auditor's Report to the Members of Key West (Holdings) Limited

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 by the parent Company, 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.

A handwritten signature in black ink, appearing to read 'Tim Lincoln', written over a horizontal line.

Tim Lincoln (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Bristol

15 August 2016

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2015

	Note	2015 £	2014 £
Turnover	3	261,135,341	226,743,019
Cost of sales		(163,821,562)	(138,730,423)
Gross profit		97,313,779	88,012,596
Administrative expenses		(68,696,983)	(58,910,009)
Other operating income	4	47,203	-
Fair value movements		328,260	1,475,640
Exceptional other operating charges	13	(2,671,618)	(1,585,000)
Operating profit	5	26,320,641	28,993,227
Interest receivable and similar income	9	289,882	399,632
Interest payable and expenses	10	(188,511)	(109,653)
Profit before taxation		26,422,012	29,283,206
Tax on profit	11	(5,938,739)	(6,843,072)
Profit for the year		20,483,273	22,440,134
Currency translation differences on foreign currency net investments		(207,060)	76,120
Change in fair value of financial instruments designated as hedging instruments		3,534,926	1,467,240
Transfer to inventories on settlement of financial instruments designated as hedging instruments		(2,294,952)	521,214
Other comprehensive income for the year		1,032,914	2,064,574
Total comprehensive income for the year		21,516,187	24,504,708
Profits for the financial year attributable to:			
Non-controlling interests		1,031,233	1,240,572
Owners of the parent Company		19,452,040	21,199,562
		20,483,273	22,440,134
Non-controlling interests		1,046,153	1,354,573
Owners of the parent Company		20,470,034	23,150,135
		21,516,187	24,504,708

Consolidated Statement of Financial Position

As at 31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Intangible assets	15	7,325,742	5,572,852
Tangible assets	16	35,651,568	29,019,043
Investment property	18	3,552,030	-
		<u>46,529,340</u>	<u>34,591,895</u>
Current assets			
Stocks	19	44,740,236	43,654,294
Debtors: amounts falling due after more than one year	20	381,400	198,075
Debtors: amounts falling due within one year	20	27,623,980	24,738,827
Cash at bank and in hand	21	46,666,215	37,741,481
		<u>119,411,831</u>	<u>106,332,677</u>
Creditors: amounts falling due within one year	22	(28,234,361)	(26,607,592)
Net current assets		<u>91,177,470</u>	<u>79,725,085</u>
Total assets less current liabilities		<u>137,706,810</u>	<u>114,316,980</u>
Creditors: amounts falling due after more than one year	23	(13,079,226)	(8,341,162)
Provisions for liabilities			
Net assets		<u>124,627,584</u>	<u>105,975,818</u>
Capital and reserves			
Called up share capital	27	35,207	35,207
Cash flow hedge reserve	28	2,897,576	1,657,602
Merger reserve	28	5,181,953	5,238,182
Profit and loss account	28	111,568,784	93,855,977
Equity attributable to owners of the parent Company		<u>119,683,520</u>	<u>100,786,968</u>
Non-controlling interests		4,944,064	5,188,850
		<u>124,627,584</u>	<u>105,975,818</u>

Key West (Holdings) Limited
Registered number:08963631

Consolidated Statement of Financial Position (continued)

As at 31 December 2015

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 August 2016.



A Nisbet
Director

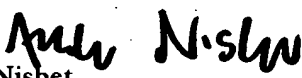
The notes on pages 16 to 45 form part of these financial statements.

Company Statement of Financial Position

As at 31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Investments	17	1,620,258	1,620,207
Investment property	18	3,552,030	-
		<u>5,172,288</u>	<u>1,620,207</u>
Current assets			
Debtors: amounts falling due within one year	20	5,194,734	50,739
Cash at bank and in hand	21	11,095,015	4,091,144
		<u>16,289,749</u>	<u>4,141,883</u>
Creditors: amounts falling due within one year	22	(987,912)	(21,927)
Net current assets		<u>15,301,837</u>	<u>4,119,956</u>
Total assets less current liabilities		<u>20,474,125</u>	<u>5,740,163</u>
Net assets		<u><u>20,474,125</u></u>	<u><u>5,740,163</u></u>
Capital and reserves			
Called up share capital	27	35,207	35,207
Profit and loss account	28	20,438,918	5,704,956
		<u>20,474,125</u>	<u>5,740,163</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 August 2016.


A Nisbet
Director

Key West (Holdings) Limited
Registered number:08963631

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2015

	Share capital	Cashflow hedge reserve	Merger reserve	Retained earnings	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£	£
At 1 January 2015	35,207	1,657,602	5,238,182	93,855,977	100,786,968	5,188,850	105,975,818
Comprehensive income for the year							
Profit for the year	-	-	-	19,452,040	19,452,040	1,031,233	20,483,273
Fair value changes and foreign currency translation differences	-	1,239,974	-	(221,980)	1,017,994	14,920	1,032,914
Repurchase of minority interest shares	-	-	(56,229)	(158,456)	(214,685)	(1,603,638)	(1,818,323)
Minority interest shares purchased	-	-	-	-	-	49	49
Other comprehensive income for the year	-	1,239,974	(56,229)	(380,436)	803,309	(1,588,669)	(785,360)
Total comprehensive income for the year	-	1,239,974	(56,229)	19,071,604	20,255,349	(557,436)	19,697,913
Dividends: Equity capital	-	-	-	(1,358,797)	(1,358,797)	-	(1,358,797)
Dividends	-	-	-	-	-	(693,966)	(693,966)
Introduction of capital	-	-	-	-	-	1,006,616	1,006,616
Total transactions with owners	-	-	-	(1,358,797)	(1,358,797)	312,650	(1,046,147)
At 31 December 2015	35,207	2,897,576	5,181,953	111,568,784	119,683,520	4,944,064	124,627,584

Key West (Holdings) Limited
Registered number:08963631

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2014

	Share capital	Cashflow hedge reserve	Merger reserve	Retained earnings	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£	£
At 1 January 2014	35,207	(330,852)	5,238,182	72,694,296	77,636,833	4,169,580	81,806,413
Comprehensive income for the year							
Profit for the year	-	-	-	21,199,562	21,199,562	1,240,572	22,440,134
Fair value changes and foreign currency translation differences	-	1,988,454	-	(37,881)	1,950,573	114,001	2,064,574
Other comprehensive income for the year	-	1,988,454	-	(37,881)	1,950,573	114,001	2,064,574
Total comprehensive income for the year	-	1,988,454	-	21,161,681	23,150,135	1,354,573	24,504,708
Dividends	-	-	-	-	-	(335,303)	(335,303)
Total transactions with owners	-	-	-	-	-	(335,303)	(335,303)
At 31 December 2014	35,207	1,657,602	5,238,182	93,855,977	100,786,968	5,188,850	105,975,818

The notes on pages 16 to 45 form part of these financial statements.

Company Statement of Changes in Equity

For the Year Ended 31 December 2015

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2015	35,207	5,704,956	5,740,163
Comprehensive income for the year			
Profit for the year	-	16,092,759	16,092,759
Total comprehensive income for the year	-	16,092,759	16,092,759
Dividends: Equity capital	-	(1,358,797)	(1,358,797)
Total transactions with owners	-	(1,358,797)	(1,358,797)
At 31 December 2015	35,207	20,438,918	20,474,125

Company Statement of Changes in Equity

For the Year Ended 31 December 2014

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2014	35,207	-	35,207
Comprehensive income for the year			
Profit for the year	-	5,704,956	5,704,956
Total comprehensive income for the year	-	5,704,956	5,704,956
At 31 December 2014	35,207	5,704,956	5,740,163

The notes on pages 16 to 45 form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2015

	2015	2014
	£	£
Cash flows from operating activities		
Profit for the financial year	20,483,273	22,440,134
Adjustments for:		
Amortisation of intangible assets	917,488	-
Depreciation of tangible assets	3,359,235	3,180,075
Loss on disposal of tangible assets	39,759	175,279
Increase in stocks	(1,085,942)	(11,762,089)
Interest paid	188,511	109,653
Interest received	(289,882)	(399,632)
Taxation	5,938,739	6,843,072
Increase in debtors	(974,524)	(3,216,243)
Increase in creditors	527,045	2,470,327
Gain on financial instruments not designated as hedging instruments	(328,260)	(1,475,640)
Corporation tax	(6,792,675)	(7,486,730)
Net cash generated from operating activities	21,982,767	10,878,206
Cash flows from investing activities		
Purchase of intangible fixed assets	(353,778)	-
Acquisition of subsidiary	(4,524,283)	-
Purchase of tangible fixed assets	(8,415,410)	(4,370,532)
Sale of tangible fixed assets	99,346	70,139
Purchase of investment properties	(3,552,030)	-
Interest received	289,882	292,712
Net cash from investing activities	(16,456,273)	(4,007,681)

Consolidated Statement of cash flows (continued)

Cash flows from financing activities		
New secured loans	5,923,424	-
Repayment of loans	(1,185,360)	(1,185,361)
Dividends paid	(2,052,763)	(335,367)
Interest paid	(188,511)	(112,804)
Capital received from minority shareholders	1,006,616	-
Purchase of minority interest shares	(1,818,274)	-
Net cash used in financing activities	1,685,132	(1,633,532)
Net increase in cash and cash equivalents	7,211,626	5,236,993
Cash and cash equivalents at beginning of year	37,741,481	32,526,044
Foreign exchange translation adjustment	123,563	(21,556)
Cash acquired on acquisition of subsidiary	629,434	-
Cash and cash equivalents at the end of year	45,706,104	37,741,481
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	46,666,215	37,741,481
Bank overdrafts	(960,111)	-
	45,706,104	37,741,481

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 36.

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 judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed 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 statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

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.

1.3 Revenue

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 3.

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.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.4 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 five years.

1.5 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.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (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% reduced balance / 8% - 33.3% straight line
Computer equipment	- 20% - 33.3% straight line
Hire equipment	- 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.

1.6 Operating leases: Lessee

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

1.7 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. No depreciation is provided. Changes in fair value are recognised in the Consolidated Statement of Comprehensive Income.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.8 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.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102 section 16. The directors consider that, because these properties are not held for consumption, but for their investment potential it is necessary to adopt FRS 102 section 16 and not depreciate in order to give a true and fair view. If this departure from the Act has not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

1.9 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.

1.10 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.

1.11 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 mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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 Company's cash management.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.12 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, 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 payables or receivables, 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 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.

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

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.

Derivative financial instruments qualifying for hedge accounting are recognised at fair value using the valuation technique with any gains or losses being held in the cash flow hedge reserve until settlement. Upon settlement any gains or losses are matched with the hedged transaction in cost of sales. Derivative financial instruments not qualifying for hedge accounting are recognised at fair value using the valuation technique with any gains or losses being reported in profit or loss. These financial instruments do not match against a specific commercial contract or transaction so are detailed separately on the Statement of Comprehensive Income.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.12 Financial instruments (continued)

All derivative financial instruments are measured using the "mark to market" value of the financial instrument at the balance sheet date. This technique calculates present value of the future cash flows relating to the instrument based on foreign exchange rates and interest rates prevailing at the balance sheet date.

1.13 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.

1.14 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. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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

1.15 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.16 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. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.17 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.

1.18 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 payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

1.19 Interest income

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.20 Borrowing costs

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

1.21 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 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.

1.22 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change 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.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.23 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2. Judgments 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.

3. Analysis of turnover

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

	2015	2014
	£	£
Sale of catering equipment	255,116,267	226,581,725
Leasing and hire of catering equipment	6,019,074	161,294
	<u>261,135,341</u>	<u>226,743,019</u>

4. Other operating income

	2015	2014
	£	£
Net rents receivable	47,203	-
	<u>47,203</u>	<u>-</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

5. Operating profit

The operating profit is stated after charging:

	2015	2014
	£	£
Depreciation of tangible fixed assets	3,359,235	2,200,884
Amortisation of intangible assets, including goodwill	917,488	273,769
Fees payable to the Group's auditor and its associates for the audit of the company's annual financial statements	7,500	5,000
Foreign exchange loss	2,029,914	504,552
	<u>2,029,914</u>	<u>504,552</u>

6. Auditor's remuneration

	2015	2014
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	7,500	5,000
	<u>7,500</u>	<u>5,000</u>

Fees payable to the Group's auditor and its associates in respect of:

The auditing of accounts of associates of the Group	80,200	59,750
Non audit services	45,830	15,550
	<u>126,030</u>	<u>75,300</u>

7. Employees

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

	2015	2014
	£	£
Wages and salaries	33,971,327	27,715,983
Social security costs	2,969,680	2,469,051
Cost of defined contribution scheme	1,531,857	1,315,989
	<u>38,472,864</u>	<u>31,501,023</u>

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

	2015	2014
	No.	No.
Employees	<u>1,257</u>	<u>1,049</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

8. Directors' remuneration

	2015	2014
	£	£
Directors' emoluments	292,145	271,973
Company contributions to defined contribution pension schemes	191,178	149,091
	<u>483,323</u>	<u>421,064</u>

During the year retirement benefits were accruing to 1 director (2014 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £260,062 (2014 - £271,973).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £191,178 (2014 - £149,091).

9. Interest receivable

	2015	2014
	£	£
Other interest receivable	289,882	399,632
	<u>289,882</u>	<u>399,632</u>

10. Interest payable and similar charges

	2015	2014
	£	£
Bank interest payable	188,511	109,653
	<u>188,511</u>	<u>109,653</u>

Notes to the Financial Statements
For the Year Ended 31 December 2015

11. Taxation

	2015	2014
	£	£
Corporation tax		
Current tax on profits for the year	5,707,381	6,725,086
Adjustments in respect of previous periods	9,770	(11,747)
	<u>5,717,151</u>	<u>6,713,339</u>
Foreign tax		
Foreign tax on income for the year	99,385	19,992
	<u>99,385</u>	<u>19,992</u>
Total current tax	<u>5,816,536</u>	<u>6,733,331</u>
Deferred tax		
Origination and reversal of timing differences	122,203	109,741
Total deferred tax	<u>122,203</u>	<u>109,741</u>
Taxation on profit on ordinary activities	<u>5,938,739</u>	<u>6,843,072</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

11. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	26,422,012	29,283,206
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%)	5,354,507	6,295,889
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	(24,256)	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	198,228	620,613
Capital allowances for year less than of depreciation	79,735	25,754
Consolidation adjustment	75,141	(60,961)
Adjustments to tax charge in respect of prior periods	9,770	(8,150)
Other short timing differences	(38,925)	(18,356)
FV movement on derivatives	200,143	(36,540)
Non-taxable income	(5,145)	-
Land remediation	-	(4,650)
Changes in provisions due to change in tax rate	(21,676)	-
Unrelieved tax losses carried forward and other deductions in period	152,919	271,963
Difference in foreign exchange on foreign subsidiaries	1,505	-
Adjustment to deferred tax charge in respect of previous period	(14,163)	-
Differences between actual and standard rate	(29,044)	(242,490)
Total tax charge for the year	5,938,739	6,843,072

12. Dividends

	2015 £	2014 £
Ordinary shares	1,358,797	-
	1,358,797	-

Notes to the Financial Statements

For the Year Ended 31 December 2015

13. Exceptional items

	2015	2014
	£	£
Restructuring expenses	-	1,585,000
Contract termination costs	2,671,618	-
	<u>2,671,618</u>	<u>1,585,000</u>

14. Parent Company Profit for the year

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. The profit after tax of the parent Company for the year was £16,092,759 (2014 - £5,704,956).

Notes to the Financial Statements

For the Year Ended 31 December 2015

15. Intangible assets

Group

	Goodwill on consolidation £	Purchased goodwill £	Other intangibles £	Total £
Cost				
At 1 January 2015	5,904,804	243,179	4,696,506	10,844,489
Additions	2,316,612	-	353,778	2,670,390
On disposal of subsidiaries	-	-	(6,444)	(6,444)
Foreign exchange movement	-	-	(3,569)	(3,569)
At 31 December 2015	<u>8,221,416</u>	<u>243,179</u>	<u>5,040,271</u>	<u>13,504,866</u>
Amortisation				
At 1 January 2015	2,005,434	243,179	3,023,024	5,271,637
Charge for the year	659,409	-	258,079	917,488
On disposals	-	-	(6,444)	(6,444)
Foreign exchange movement	-	-	(3,557)	(3,557)
At 31 December 2015	<u>2,664,843</u>	<u>243,179</u>	<u>3,271,102</u>	<u>6,179,124</u>
Net book value				
At 31 December 2015	<u>5,556,573</u>	<u>-</u>	<u>1,769,169</u>	<u>7,325,742</u>
At 31 December 2014	<u>3,899,370</u>	<u>-</u>	<u>1,673,482</u>	<u>5,572,852</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

16. Tangible fixed assets

Group

	Freehold property £	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £
Cost or valuation					
At 1 January 2015	27,680,572	-	-	281,715	15,502,547
Additions	2,280,753	-	42,121	102,414	4,319,335
Acquisition of subsidiary	-	234,794	95,789	33,251	-
Disposals	-	-	-	(178,656)	(14,327)
Exchange adjustments	(309,180)	-	-	(2,187)	(99,225)
At 31 December 2015	<u>29,652,145</u>	<u>234,794</u>	<u>137,910</u>	<u>236,537</u>	<u>19,708,330</u>
Depreciation					
At 1 January 2015	3,543,383	-	-	169,185	11,025,605
Charge owned for the period	629,318	30,716	57,471	62,767	1,367,197
Disposals	-	-	-	(133,241)	(1,056)
Exchange adjustments	(13,700)	-	-	(1,522)	(65,246)
At 31 December 2015	<u>4,159,001</u>	<u>30,716</u>	<u>57,471</u>	<u>97,189</u>	<u>12,326,500</u>
Net book value					
At 31 December 2015	<u>25,493,144</u>	<u>204,078</u>	<u>80,439</u>	<u>139,348</u>	<u>7,381,830</u>
At 31 December 2014	<u>24,137,189</u>	-	-	112,530	4,476,942

Notes to the Financial Statements

For the Year Ended 31 December 2015

16. Tangible fixed assets (continued)

	Computer equipment £	Hire equipment £	Total £
Cost or valuation			
At 1 January 2015	4,401,814	-	47,866,648
Additions	1,209,020	461,767	8,415,410
Acquisition of subsidiary	2,647	1,679,585	2,046,066
Disposals	(5,803)	(207,517)	(406,303)
Exchange adjustments	(11,491)	-	(422,083)
At 31 December 2015	<u>5,596,187</u>	<u>1,933,835</u>	<u>57,499,738</u>
Depreciation			
At 1 January 2015	4,109,432	-	18,847,605
Charge owned for the period	538,318	673,448	3,359,235
Disposals	-	(132,901)	(267,198)
Exchange adjustments	(11,004)	-	(91,472)
At 31 December 2015	<u>4,636,746</u>	<u>540,547</u>	<u>21,848,170</u>
Net book value			
At 31 December 2015	<u>959,441</u>	<u>1,393,288</u>	<u>35,651,568</u>
At 31 December 2014	<u>292,382</u>	<u>-</u>	<u>29,019,043</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

17. Fixed asset investments

Subsidiary undertakings

The following were the principal subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Nisbets plc	United Kingdom	Ordinary	96 %	Sale and lease of catering equipment
Jongor (Holdings) Limited	United Kingdom	Ordinary	51 %	Hire of catering equipment

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2015	1,620,207
Additions	51
At 31 December 2015	<u>1,620,258</u>
Net book value	
At 31 December 2015	<u>1,620,258</u>
At 31 December 2014	<u>1,620,207</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

18. Investment property

Group

	Freehold investment property £
Valuation	
Additions at cost	3,552,030
At 31 December 2015	<u><u>3,552,030</u></u>

Company

	Freehold investment property £
Valuation	
Additions at cost	3,552,030
At 31 December 2015	<u><u>3,552,030</u></u>

19. Stocks

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Finished goods and goods for resale	44,740,236	43,654,294	-	-
	<u><u>44,740,236</u></u>	<u><u>43,654,294</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

20. Debtors

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Amounts falling due after more than one year:				
Net investment in finance leases	381,400	198,075	-	-
	<u>381,400</u>	<u>198,075</u>	<u>-</u>	<u>-</u>

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Amounts falling due in less than one year:				
Trade debtors	20,253,535	16,764,515	-	-
Amounts owed by group undertakings	-	-	4,932,000	-
Other debtors	1,893,814	3,405,303	13,035	-
Prepayments and accrued income	1,489,342	1,733,125	249,699	50,739
Deferred taxation	565,544	613,728	-	-
Net investment in finance leases	524,169	283,188	-	-
Derivatives	2,897,576	1,938,968	-	-
	<u>27,623,980</u>	<u>24,738,827</u>	<u>5,194,734</u>	<u>50,739</u>

21. Cash and cash equivalents

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Cash at bank and in hand	46,666,215	37,741,481	11,095,015	4,091,144
Less: bank overdrafts	(960,111)	-	(960,111)	-
	<u>45,706,104</u>	<u>37,741,481</u>	<u>10,134,904</u>	<u>4,091,144</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

22. Creditors: Amounts falling due within one year

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Bank overdrafts	960,111	-	960,111	-
Bank loans	1,185,360	1,185,360	-	-
Trade creditors	10,446,484	10,444,329	-	-
Corporation tax	2,179,012	3,081,132	15,928	15,928
Taxation and social security	4,186,447	2,975,572	-	-
Other creditors	5,930,431	7,069,878	650	-
Accruals and deferred income	3,346,516	1,851,321	11,223	5,999
	<u>28,234,361</u>	<u>26,607,592</u>	<u>987,912</u>	<u>21,927</u>

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

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Bank loans	13,079,226	8,341,162	-	-
	<u>13,079,226</u>	<u>8,341,162</u>	<u>-</u>	<u>-</u>

24. Loans

The group has 2 bank loans:

One bank loan of £8.3 million (2014: £9.5 million). The loan was taken out on 4 March 2008. Repayments of £1.2 million 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.

One bank loan of £5.9 million (2014: £0 million). The loan is a three year Australian Dollar term loan drawn down on 6 July 2015. It is secured by a charge over certain of Nisbets' properties and carries interest at 1.15% above Australian Bank Bill Swap Rate.

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Amounts due:				
Within one year	1,185,360	1,185,360	-	-
After one year and within two years	1,185,360	1,185,360	-	-
After two years and within five years	9,479,504	3,556,080	-	-
After five years	2,414,362	3,599,722	-	-
	<u>14,264,586</u>	<u>9,526,522</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

25. Financial instruments

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Financial assets				
Financial assets measured at fair value through profit or loss	2,897,576	1,938,968	-	-
Financial assets that are debt instruments measured at amortised cost	69,194,963	58,109,374	16,040,050	4,091,144
	<u>72,092,539</u>	<u>60,048,342</u>	<u>16,040,050</u>	<u>4,091,144</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(34,948,127)	(28,892,050)	(971,985)	(5,999)
	<u>(34,948,127)</u>	<u>(28,892,050)</u>	<u>(971,985)</u>	<u>(5,999)</u>

Financial assets measured at fair value through profit or loss comprise derivative forward foreign exchange contracts.

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

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

26. Deferred taxation

Group	Deferred tax £
At 1 January 2015	613,728
Charged to the profit or loss	(178,692)
Arising on business combinations	130,508
At 31 December 2015	<u>565,544</u>

	Group 2015 £	Group 2014 £
Accelerated capital allowances	237,201	42,426
Other short term timing differences	(24,216)	(237,352)
Unutilised tax losses	352,559	808,654
	<u>565,544</u>	<u>613,728</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

27. Share capital

	2015	2014
	£	£
Allotted, called up and fully paid		
34,151 (2014 - 35,207) Ordinary shares of £1 each	34,151	35,207
352 A Ordinary shares of £1 each	352	-
352 B Ordinary shares of £1 each	352	-
352 C Ordinary shares of £1 each	352	-
	<hr/>	<hr/>
	35,207	35,207
	<hr/> <hr/>	<hr/> <hr/>

During the year 1,056 of the ordinary shares were redesignated as A, B and C shares. All shares within Key West (Holdings) Limited hold the same voting, dividend and return on capital rights.

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.

Notes to the Financial Statements

For the Year Ended 31 December 2015

29. Business combinations

Acquisition of Jongor (Holdings) Limited

On 22 January 2015, Jongor Holdings Limited was incorporated. On 30 January 2015, Jongor Trading Limited was acquired through Jongor Holdings Limited for £4,524,283.

	Book value £	Fair value adjustment £	Fair value £
Tangible	2,046,066	-	2,046,066
	<u>2,046,066</u>	<u>-</u>	<u>2,046,066</u>
Stocks	573,904	-	573,904
Cash at bank and in hand	427,493	-	427,493
Total assets	3,047,463	-	3,047,463
Due within one year	(839,792)	-	(839,792)
Fair value of net assets	2,207,671	-	2,207,671
Goodwill	2,316,612	-	2,316,612
Total purchase consideration	4,524,283	-	4,524,283
Purchase consideration settled in cash, as above	4,524,283	-	4,524,283
Cash outflow on acquisition	4,524,283	-	4,524,283

The results of Jongor (Holdings) Limited since its acquisition are as follows:

	Current period since acquisition 2015 £
Turnover	- 5,777,428
Profit for the year	- 899,665

30. Contingent liabilities

Nisbets plc has given the bank a £600,000 indemnity covering a guarantee in favour of the third party (2014: £600,000). The company and group have no other contingent liabilities.

Notes to the Financial Statements

For the Year Ended 31 December 2015

31. Capital commitments

At 31 December 2015 the Group had capital commitments as follows:

	Group 2015 £	Group 2014 £
Contracted for but not provided in these financial statements	(2,016,779)	(234,649)
	<u>(2,016,779)</u>	<u>(234,649)</u>

32. 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.

33. Commitments under operating leases

At 31 December 2015 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2015 £	Group 2014 £
In one year or less	3,712,215	1,943,076
Between one and two years	3,258,780	1,849,627
Between two and five years	6,485,825	3,317,830
After five years	8,417,597	4,701,917
Total	<u>21,874,417</u>	<u>11,812,450</u>

34. Post balance sheet events

After the year end Key West (Holdings) Limited has invested in more commercial property.

35. Controlling party

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

Key West (Holdings) Limited

Notes to the Financial Statements
For the Year Ended 31 December 2015

36. First time adoption of FRS 102

Group

	As previously stated 1 January 2014 £	Effect of transition 1 January 2014 £	FRS 102 (as restated) 1 January 2014 £	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Fixed assets	33,709,570	-	33,709,570	34,591,895	-	34,591,895
Current assets	85,153,632	-	85,153,632	104,826,329	1,506,348	106,332,677
Creditors: amounts falling due within one year	(25,132,772)	-	(25,132,772)	(26,607,592)	-	(26,607,592)
Net current assets	60,020,860	-	60,020,860	78,218,737	1,506,348	79,725,085
Total assets less current liabilities	93,730,430	-	93,730,430	112,810,632	1,506,348	114,316,980
Creditors: amounts falling due after more than one year	(9,526,522)	-	(9,526,522)	(8,341,162)	-	(8,341,162)
Net assets	84,203,908	-	84,203,908	104,469,470	1,506,348	105,975,818
Capital and reserves	84,203,908	-	84,203,908	104,469,470	1,506,348	105,975,818

Key West (Holdings) Limited

Notes to the Financial Statements
For the Year Ended 31 December 2015

36. First time adoption of FRS 102 (continued)

	As previously stated 31 December 2014	Effect of transition 31 December 2014	FRS 102 (as restated) 31 December 2014
Note	£	£	£
Turnover	226,743,019	-	226,743,019
Cost of sales	(139,886,023)	1,155,600	(138,730,423)
Administrative expenses	86,856,996 (58,683,470)	1,155,600 (226,539)	88,012,596 (58,910,009)
Operating profit	28,173,526	929,061	29,102,587
Exceptional item	(1,585,000)	-	(1,585,000)
Gain on financial instruments not designed as hedging instruments	-	1,475,640	1,475,640
Interest receivable and similar income	399,632	-	399,632
Interest payable and similar charges	(109,653)	-	(109,653)
Taxation	(6,353,167)	(489,905)	(6,843,072)
Profit on ordinary activities after taxation and for the financial year	20,525,338	1,914,796	22,440,134

Explanation of changes to previously reported profit and equity:

- 1 Stock valuation of goods purchased in US dollars has changed as a result of introducing the FRS 102 hedge accounting principles because this changes the US dollar to sterling exchange rates that are required to be used in the company's stock valuation.

Notes to the Financial Statements

For the Year Ended 31 December 2015

36. First time adoption of FRS 102 (continued)

- 2 Derivative financial instruments qualifying for hedge accounting are recognised at fair value using a valuation technique with any gains or losses being held in the cashflow hedge reserve until settlement. Upon settlement any gains or losses are matched with the hedged transaction. Derivative financial instruments not qualifying for hedge accounting are recognised at fair valuation technique with any gains or losses being reported in profit or loss.
- 3 Reclassification of computer software from tangible fixed assets to intangible fixed assets.

Key West (Holdings) Limited

Notes to the Financial Statements

For the Year Ended 31 December 2015

36. First time adoption of FRS 102 (continued)

Company

	As previously stated 1 January 2014 £	Effect of transition 1 January 2014 £	FRS 102 (as restated) 1 January 2014 £	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Fixed assets	-	-	-	1,620,207	-	1,620,207
Current assets	-	-	-	4,141,883	-	4,141,883
Creditors: amounts falling due within one year	-	-	-	(21,927)	-	(21,927)
Net current assets	-	-	-	4,119,956	-	4,119,956
Total assets less current liabilities	-	-	-	5,740,163	-	5,740,163
Net assets	-	-	-	5,740,163	-	5,740,163
Capital and reserves	-	-	-	5,740,163	-	5,740,163

Key West (Holdings) Limited

Notes to the Financial Statements

For the Year Ended 31 December 2015

36. First time adoption of FRS 102 (continued)

Note	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
	-	-	-
Administrative expenses	(70,285)	-	(70,285)
Other operating income	5,705,607	-	5,705,607
Operating profit	5,635,322	-	5,635,322
Interest receivable and similar income	85,563	-	85,563
Taxation	(15,928)	-	(15,928)
Profit on ordinary activities after taxation and for the financial year	5,704,957	-	5,704,957