

Consolidated Financial Statements

Key West (Holdings) Limited

For the Year Ended 31 December 2016

Registered number: 08963631

Key West (Holdings) Limited

Company Information

Directors	A Nisbet A M Nisbet J P Nisbet E R Nisbet
Company secretary	A Nisbet
Registered number	08963631
Registered office	22 Clifton Road Clifton Bristol BS8 1AQ
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Hartwell House 55-61 Victoria Street Bristol BS1 6FT

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Key West (Holdings) Limited

Group Strategic Report

For the Year Ended 31 December 2016

Principal Activity

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

Strategy

Key West (Holdings) Limited

The Key West (Holdings) Limited strategy is to continue to build a commercial property business by investing in commercial property in the UK. These properties are managed to develop a sustainable revenue and to contribute to generating funds for charitable causes.

Nisbets plc

The strategy adopted during the year has been to continually build on the market leading position established by the Nisbets plc group. This strategy is based on already well established products and service alongside development and expansion of the product range. To achieve future growth the directors are committed to maintaining a competitive pricing structure and are seeking to introduce and grow new sales channels to expand the customer base in the UK and abroad. During the year the group made four acquisitions of businesses with complimentary trading models and product ranges.

Jongor Limited

The strategy adopted during the year has been to continue to maintain and improve on the high level of service to our customers, to maintain and expand our market position and to focus on direct cost control.

Business review

Within Key West (Holdings) Limited, the group had Turnover for the year of £328.3 million (2015: £261.2 million). Profit before tax was £35.4 million (2015: £26.4 million).

Nisbets plc 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 26% growth in the year. Turnover for the year ended 31 December 2016 was in line with expectations at £321.1 million and profit before tax was £34.1 million, an increase of 31% from the prior year (2015: £26.0 million).

The principal activity of Jongor Limited, the other investment within Key West (Holdings) Limited, was that of the hire of banqueting furniture, catering equipment, cold rooms and temporary kitchens to sporting events, catering organisations, marquee contractors, companies and individuals. Turnover for the year ended 31 December 2016 was £6.1 million (2015: £5.9 million), the gross profit percentage was 79% (2015: 78%).

During the year Key West (Holdings) Limited invested in a further 5 commercial properties. Turnover for the year was £1.1 million. Donations of £0.5m were made to the Nisbet Charitable Trust. Subsequent to the year end the group has continued to develop its commercial property business in the UK.

Key West (Holdings) Limited

Group Strategic Report

For the Year Ended 31 December 2016

Financial risk management objectives and policies

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

Key West (Holdings) Limited

The key financial risk is that of its lessees to pay the terms of their lease. All lessees have strong covenants. This risk is managed closely by ensuring that all contractual payments are received in accordance with leases and a regular dialogue is maintained.

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



A Nisbet
Director

Date: 11.7.17

Key West (Holdings) Limited

Directors' Report

For the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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's 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;
- 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 and minority interests, amounted to £26,142,000 (2015: £19,450,000).

A dividend of £1,000,000 was paid during the year.

Directors

The directors who served during the year were:

A Nisbet
A M Nisbet
J P Nisbet
E R Nisbet

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

Future developments

Continued development and further investments are expected.

Directors' Report (continued)

For the Year Ended 31 December 2016

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 2016 was £6,669,907 (2015: £2,897,576).

Environmental policy

Management have continued to develop the group's environmental policy and control the group's environmental impact, recycling 99% of waste in 2016. 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 £500,000 (2015: £205,000). The group made charitable donations during the year of £575,000 (2015: £261,000).

Key West (Holdings) Limited

Directors' Report (continued)

For the Year Ended 31 December 2016

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 the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the 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.

Auditor

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 11 July 2017 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 2016, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, 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 the applicable law and the 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'.

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 on page 3, 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 the parent Company's affairs as at 31 December 2016 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.

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

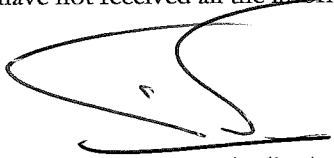
Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report and the Directors' Report.

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.



Tim Lincoln (Senior Statutory Auditor)

for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

Bristol

Date:

17 July 2017.

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2016

	Note	2016 £000	2015 £000
Turnover	4	328,311	261,183
Cost of sales		(206,050)	(163,822)
Gross profit		122,261	97,361
Administrative expenses		(86,128)	(68,437)
Fair value movements		-	328
Exceptional other operating charges		-	(2,672)
Operating profit before charitable donations		36,133	26,580
Charitable donations		(575)	(261)
Operating profit	5	35,558	26,319
Interest receivable and similar income	9	174	290
Interest payable and expenses	10	(345)	(189)
Profit before taxation		35,387	26,420
Tax on profit	11	(7,443)	(5,939)
Profit for the year		27,944	20,481
Currency translation differences on foreign currency net investments		198	(207)
Change in fair value of financial instruments designated as hedging instruments		10,269	3,535
Transfer to inventories on settlement of financial instruments designated as hedging instruments		(7,032)	(2,295)
Other comprehensive income for the year		3,435	1,033
Total comprehensive income for the year		31,379	21,514
Profit for the year attributable to:			
Non-controlling interests		1,802	1,031
Owners of the parent Company		26,142	19,450
		27,944	20,481
Total comprehensive income for the year attributable to:			
Non-controlling interests		275	1,046
Owners of the parent Company		31,028	20,415
		31,303	21,461

The notes on pages 17 to 40 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2016

	Note	2016 £000	2015 £000
Fixed assets			
Intangible fixed assets	14	17,810	7,326
Tangible fixed assets	15	47,312	35,652
Investment property	17	28,879	3,552
		<u>94,001</u>	<u>46,530</u>
Current assets			
Stocks	18	52,226	44,740
Debtors: amounts falling due after more than one year	19	497	381
Debtors: amounts falling due within one year	19	41,181	27,623
Cash at bank and in hand	20	33,513	46,666
		<u>127,417</u>	<u>119,410</u>
Creditors: amounts falling due within one year	21	(53,317)	(28,235)
Net current assets		<u>74,100</u>	<u>91,175</u>
Total assets less current liabilities		<u>168,101</u>	<u>137,705</u>
Creditors: amounts falling due after more than one year	22	(12,911)	(13,079)
Provisions for liabilities		<u></u>	<u></u>
Net assets		<u><u>155,190</u></u>	<u><u>124,626</u></u>

Consolidated Statement of Financial Position (continued)

As at 31 December 2016

	Note	2016 £000	2015 £000
Capital and reserves			
Called up share capital	26	35	35
Foreign exchange reserve	27	6,109	2,898
Merger reserve	27	5,182	5,182
Profit and loss account	27	136,658	111,567
Equity attributable to owners of the parent Company		147,984	119,682
Non-controlling interests		7,206	4,944
		155,190	124,626

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

A Nisbet

A Nisbet

Director

11 July 2017.

Date:

The notes on pages 17 to 40 form part of these financial statements.

Company Statement of Financial Position

As at 31 December 2016

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	15	1	-
Investments	16	1,620	1,620
Investment property	17	28,879	3,552
		<u>30,500</u>	<u>5,172</u>
Current assets			
Debtors: amounts falling due within one year	19	4,991	5,195
Cash at bank and in hand	20	8,895	11,095
		<u>13,886</u>	<u>16,290</u>
Creditors: amounts falling due within one year	21	(7,211)	(988)
Net current assets		<u>6,675</u>	<u>15,302</u>
Total assets less current liabilities		<u>37,175</u>	<u>20,474</u>
Net assets		<u><u>37,175</u></u>	<u><u>20,474</u></u>
Capital and reserves			
Called up share capital	26	35	35
Profit and loss account	27	37,140	20,439
		<u>37,175</u>	<u>20,474</u>

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



A Nisbet
 Director

Date:

11 July 2017.

The notes on pages 17 to 40 form part of these financial statements.

Key West (Holdings) Limited

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2016

	Called up share capital	Cashflow hedge reserve	Merger reserve	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 January 2016	35	2,898	5,182	111,567	119,682	4,944	124,626
Comprehensive income for the year							
Profit for the year	-	-	-	26,142	26,142	1,802	27,944
Fair value changes and foreign currency translation differences	-	3,211	-	(51)	3,160	275	3,435
Business combination in Nisbets PLC	-	-	-	-	-	917	917
Other comprehensive income for the year	-	3,211	-	(51)	3,160	1,192	4,352
Total comprehensive income for the year	-	3,211	-	26,091	29,302	2,994	32,296
Dividends: Equity capital	-	-	-	(1,000)	(1,000)	-	(1,000)
Dividend	-	-	-	-	-	(732)	(732)
Total transactions with owners	-	-	-	(1,000)	(1,000)	(732)	(1,732)
At 31 December 2016	35	6,109	5,182	136,658	147,984	7,206	155,190

Key West (Holdings) Limited

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2015

	Called up share capital £000	Cashflow hedge reserve £000	Merger reserve £000	Profit and loss account £000	Equity attributable to owners of parent Company £000	Non- controlling interests £000	Total equity £000
At 1 January 2015	35	1,658	5,238	93,856	100,787	5,189	105,976
Comprehensive income for the year							
Profit for the year	-	-	-	19,450	19,450	1,031	20,481
Fair value changes and foreign currency transaction differences	-	1,240	-	(222)	1,018	15	1,033
Repurchase of minority interests shares	-	-	(56)	(158)	(214)	(1,604)	(1,818)
Other comprehensive income for the year	-	1,240	(56)	(380)	804	(1,589)	(785)
Total comprehensive income for the year	-	1,240	(56)	19,070	20,254	(558)	19,696
Dividends: Equity capital	-	-	-	(1,359)	(1,359)	-	(1,359)
Dividend	-	-	-	-	-	(694)	(694)
Introduction of capital	-	-	-	-	-	1,007	1,007
Total transactions with owners	-	-	-	(1,359)	(1,359)	313	(1,046)
At 31 December 2015	35	2,898	5,182	111,567	119,682	4,944	124,626

The notes on pages 17 to 40 form part of these financial statements.

Company Statement of Changes in Equity

For the Year Ended 31 December 2016

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2016	35	20,439	20,474
Comprehensive income for the year			
Profit for the year	-	17,701	17,701
Total comprehensive income for the year	-	17,701	17,701
Dividends: Equity capital	-	(1,000)	(1,000)
Total transactions with owners	-	(1,000)	(1,000)
At 31 December 2016	35	37,140	37,175

Company Statement of Changes in Equity

For the Year Ended 31 December 2015

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2015	35	5,705	5,740
Comprehensive income for the year			
Profit for the year	-	16,093	16,093
Total comprehensive income for the year	-	16,093	16,093
Contributions by and distributions to owners			
Dividends: Equity capital	-	(1,359)	(1,359)
At 31 December 2015	35	20,439	20,474

The notes on pages 17 to 40 form part of these financial statements.

Key West (Holdings) Limited**Consolidated Statement of Cash Flows**
For the Year Ended 31 December 2016

	2016	2015
	£000	£000
Cash flows from operating activities		
Profit for the financial year	27,944	20,481
Adjustments for:		
Amortisation of intangible assets	1,642	917
Depreciation of tangible assets	4,369	3,359
Loss on disposal of tangible assets	35	40
Interest paid	345	189
Interest received	(174)	(290)
Taxation charge	7,443	5,939
(Increase) in stocks	(5,563)	(1,086)
(Increase) in debtors	(10,792)	(974)
Increase in creditors	15,081	529
Corporation tax (paid)	(5,003)	(6,793)
Gain on financial instruments not designated as hedging instruments	-	(328)
Net cash generated from operating activities	<u>35,327</u>	<u>21,983</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(2,799)	(354)
Purchase of tangible fixed assets	(14,149)	(8,415)
Sale of tangible fixed assets	76	99
Purchase of investment properties	(25,327)	(3,552)
Interest received	147	290
Purchase of subsidiary undertaking	(10,327)	(4,524)
Net cash from investing activities	<u>(52,379)</u>	<u>(16,456)</u>

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2016

	2016 £000	2015 £000
Cash flows from financing activities		
New secured loans	-	5,923
Repayment of loans	(1,185)	(1,185)
Dividends paid	(1,733)	(2,053)
Capital received from minority shareholders	-	1,007
Interest paid	(302)	(189)
Purchase of minority interest shares	-	(1,818)
Repayment of loan from minority shareholders	156	-
	<u>(3,064)</u>	<u>1,685</u>
Net cash used in financing activities	(3,064)	1,685
Net (decrease)/increase in cash and cash equivalents	(20,116)	7,212
Cash and cash equivalents at beginning of year	45,706	37,741
Foreign exchange transaction adjustment	421	124
Cash acquired on acquisition of subsidiary	891	629
	<u>26,902</u>	<u>45,706</u>
Cash and cash equivalents at the end of year	26,902	45,706
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	33,513	46,666
Bank overdrafts	(6,611)	(960)
	<u>26,902</u>	<u>45,706</u>

The notes on pages 17 to 40 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2016

1. General information

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.3 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 4.

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

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

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

2.4 Intangible assets

Goodwill

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

Other intangible assets

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

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

2.5 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Freehold property	- 2% - 5% straight line
Short-term leasehold property	- life of lease
Plant and machinery	- 25% straight line
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 25% 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.

2.6 Operating leases: the Group as lessee

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

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

2.7 Investment property

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. 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 2016

2. Accounting policies (continued)

2.8 Valuation of investments

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

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income 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.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

2.10 Debtors

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

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that 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 Group's cash management.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.12 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 debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

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

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

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.

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.

2.13 Creditors

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate. 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 Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

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

2.15 Finance costs

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

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.17 Finance lease contracts and income - Lessor accounting

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

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

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

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

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

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

2.18 Pensions

Defined contribution pension plan

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

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

2.19 Interest income

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

2.20 Borrowing costs

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.21 Provisions for liabilities

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

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

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

2.22 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.23 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.

Notes to the Financial Statements

For the Year Ended 31 December 2016

3. 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.

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

4. Turnover

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

	2016 £000	2015 £000
Sale of catering equipment	321,111	255,116
Leasing and hire of catering equipment	6,089	6,019
Net rent receivable	1,111	47
	<u>328,311</u>	<u>261,182</u>

5. Operating profit

The operating profit is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets	4,370	3,359
Amortisation of intangible assets, including goodwill	1,642	917
Foreign exchange (gain)/loss	(3,561)	2,030
Other operating lease rentals	4,525	3,051
Charitable donations	575	261
	<u>575</u>	<u>261</u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

6. Auditor's remuneration

	2016 £000	2015 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	10	8
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of accounts of associates of the Group pursuant to legislation	142	80
Non audit services	107	46
	<u>149</u>	<u>134</u>

7. Employees

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

	2016 £000	2015 £000
Wages and salaries	42,756	33,971
Social security costs	3,782	2,970
Cost of defined contribution scheme	1,873	1,532
	<u>48,411</u>	<u>38,473</u>

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

	2016 No.	2015 No.
Employees	1,643	1,257
	<u>1,643</u>	<u>1,257</u>

8. Directors' remuneration

	2016 £000	2015 £000
Directors' emoluments	146	292
Company contributions to defined contribution pension schemes	1	191
	<u>147</u>	<u>483</u>

During the year retirement benefits were accruing to 1 director (2015 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £94,000 (2015 - £260,000).

Key West (Holdings) Limited

Notes to the Financial Statements
For the Year Ended 31 December 2016

9. Interest receivable

	2016 £000	2015 £000
Other interest receivable	174	290
	<u>174</u>	<u>290</u>
	<u><u>174</u></u>	<u><u>290</u></u>

10. Interest payable and similar charges

	2016 £000	2015 £000
Bank interest payable	345	189
	<u>345</u>	<u>189</u>
	<u><u>345</u></u>	<u><u>189</u></u>

11. Taxation

	2016 £000	2015 £000
Corporation tax		
Current tax on profits for the year	7,272	5,707
Adjustments in respect of previous periods	127	10
	<u>7,399</u>	<u>5,717</u>
	<u><u>7,399</u></u>	<u><u>5,717</u></u>
Foreign tax		
Foreign tax on income for the year	279	99
	<u>279</u>	<u>99</u>
	<u><u>279</u></u>	<u><u>99</u></u>
Total current tax	<u><u>7,678</u></u>	<u><u>5,816</u></u>
Deferred tax		
Origination and reversal of timing differences	(235)	123
	<u>(235)</u>	<u>123</u>
Total deferred tax	<u><u>(235)</u></u>	<u><u>123</u></u>
Taxation on profit on ordinary activities	<u><u>7,443</u></u>	<u><u>5,939</u></u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	<u>35,387</u>	<u>26,420</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	7,085	5,355
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	1	(24)
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	470	197
Capital allowances for year in excess of depreciation	-	80
Consolidation adjustment	-	75
Adjustments to tax charge in respect of prior periods	22	10
Other short term timing differences	-	(39)
Fair value movement on derivatives	-	200
Non taxable income	(2)	(5)
Changes in provisions due to tax charge	-	(22)
Share options	(75)	-
Unrelieved tax losses carried forward and other deductions in the period	(359)	153
Difference in foreign exchange on foreign subsidiaries	17	2
Adjustments to deferred tax charge in respect of previous period	(24)	(14)
Differences between standard and actual rate	213	(29)
Corporation tax rate change	122	-
Group relief	(1)	-
Transfer pricing adjustments	(26)	-
Total tax charge for the year	<u><u>7,443</u></u>	<u><u>5,939</u></u>

Key West (Holdings) Limited

Notes to the Financial Statements
For the Year Ended 31 December 2016

12. Dividends

	2016 £000	2015 £000
Ordinary shares	<u>1,000</u>	<u>1,359</u>

13. Exceptional items

	2016 £000	2015 £000
Contract termination costs	<u>-</u>	<u>2,672</u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

14. Intangible assets

Group and Company

	Goodwill on consolidation £000	Purchased goodwill £000	Other intangibles £000	Total £000
Cost				
At 1 January 2016	8,221	243	5,040	13,504
Additions	-	-	2,799	2,799
On acquisition of subsidiaries	9,236	99	-	9,335
On disposal of subsidiaries	(1,217)	-	(104)	(1,321)
Foreign exchange movement	-	-	31	31
At 31 December 2016	<u>16,240</u>	<u>342</u>	<u>7,766</u>	<u>24,348</u>
Amortisation				
At 1 January 2016	2,664	243	3,271	6,178
Charge for the year	1,133	-	509	1,642
On disposals	(1,217)	-	(95)	(1,312)
Foreign exchange movement	-	-	30	30
At 31 December 2016	<u>2,580</u>	<u>243</u>	<u>3,715</u>	<u>6,538</u>
Net book value				
At 31 December 2016	<u>13,660</u>	<u>99</u>	<u>4,051</u>	<u>17,810</u>
At 31 December 2015	<u>5,557</u>	<u>-</u>	<u>1,769</u>	<u>7,326</u>

Key West (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

15. Tangible fixed assets

Group

	Freehold property £000	Short-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Other fixed assets £000	Total £000
Cost or valuation								
At 1 January 2016	29,653	235	137	237	19,709	5,597	1,934	57,502
Additions	9,065	9	31	90	3,420	869	665	14,149
Acquisition of subsidiary	877	-	-	9	201	27	-	1,114
Disposals	(114)	-	-	(87)	(189)	(30)	(254)	(674)
Exchange adjustments	827	-	-	4	367	33	-	1,231
At 31 December 2016	40,308	244	168	253	23,508	6,496	2,345	73,322
Depreciation								
At 1 January 2016	4,159	31	57	98	12,327	4,637	541	21,850
Charge for the period on owned assets	748	33	46	52	2,056	696	738	4,369
Disposals	(114)	-	-	(73)	(181)	(30)	(169)	(567)
Exchange adjustments	94	-	-	4	228	32	-	358
At 31 December 2016	4,887	64	103	81	14,430	5,335	1,110	26,010
Net book value								
At 31 December 2016	35,421	180	65	172	9,078	1,161	1,235	47,312
At 31 December 2015	25,494	204	80	139	7,382	960	1,393	35,652

Key West (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

15. Tangible fixed assets (continued)

Company

	Fixtures and fittings £'000
Cost or valuation	
Additions	2
At 31 December 2016	<u>2</u>
Depreciation	
Charge for the period on owned assets	1
At 31 December 2016	<u>1</u>
Net book value	
At 31 December 2016	<u>1</u>
At 31 December 2015	<u>-</u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

16. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

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

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2016	1,620
At 31 December 2016	<u>1,620</u>
Net book value	
At 31 December 2016	<u>1,620</u>
At 31 December 2015	<u>1,620</u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

17. Investment property

Group

	Freehold investment property £000
Valuation	
At 1 January 2016	3,552
Additions at cost	25,327
At 31 December 2016	28,879

The properties are included at purchase price as this is considered a fair reflection of open market value.

Company

	Freehold investment property £000
Valuation	
At 1 January 2016	3,552
Additions at cost	25,327
At 31 December 2016	28,879

18. Stocks

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Finished goods and goods for resale	52,226	44,740	-	-

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 2016

19. Debtors

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Due after more than one year				
Net investment in finance leases	497	381	-	-

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Due within one year				
Trade debtors	29,435	20,254	556	-
Amounts owed by group undertakings	-	-	4,432	4,932
Other debtors	1,853	1,893	-	13
Prepayments and accrued income	1,786	1,488	3	250
Deferred taxation	440	566	-	-
Net investment in finance leases	997	524	-	-
Derivatives	6,670	2,898	-	-
	41,181	27,623	4,991	5,195

20. Cash and cash equivalents

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Cash at bank and in hand	33,513	46,666	8,895	11,095
Less: bank overdrafts	(6,610)	(960)	(6,610)	(960)
	26,903	45,706	2,285	10,135

Notes to the Financial Statements

For the Year Ended 31 December 2016

21. Creditors: Amounts falling due within one year

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Bank overdrafts	6,610	960	6,610	960
Bank loans	1,185	1,185	-	-
Trade creditors	18,016	10,446	-	-
Corporation tax	3,887	2,179	126	16
Other taxation and social security	5,352	4,186	101	-
Other creditors	10,176	5,931	3	1
Accruals and deferred income	8,091	3,348	371	11
	<u>53,317</u>	<u>28,235</u>	<u>7,211</u>	<u>988</u>

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

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Bank loans	12,911	13,079	-	-

Notes to the Financial Statements

For the Year Ended 31 December 2016

23. Loans

The group has 2 bank loans:

One bank loan of £7.2 million (2015: £8.3 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 £6.9 million (2015: £5.9 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 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Amounts falling due within one year				
Bank loans	1,185	1,185	-	-
Amounts falling due 1-2 years				
Bank loans	1,185	1,185	-	-
Amounts falling due 2-5 years				
Bank loans	10,496	9,480	-	-
Amounts falling due after more than 5 years				
Bank loans	1,229	2,414	-	-
	14,095	14,264	-	-

Notes to the Financial Statements

For the Year Ended 31 December 2016

24. Financial instruments

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Financial assets				
Financial assets measured at fair value through profit or loss	6,670	2,898	-	-
Financial assets that are debt instruments measured at amortised cost	64,801	69,195	13,883	16,040
	<u>71,471</u>	<u>72,093</u>	<u>13,883</u>	<u>16,040</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(56,989)	(34,949)	(6,985)	(972)

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

Financial assets that are debt instruments 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.

25. Deferred taxation

Group

	2016 £000	2015 £000
At beginning of year	566	614
Charged to profit or loss	(252)	(179)
Arising on business combinations	126	131
At end of year	<u>440</u>	<u>566</u>
	Group 2016 £000	Group 2015 £000
Accelerated capital allowances	392	237
Other short term timing differences	(60)	(24)
Unutilised tax losses	108	353
	<u>440</u>	<u>566</u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

26. Share capital

	2016	2015
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
34,151 Ordinary shares of £1 each	34,151	34,151
352 A Ordinary shares of £1 each	352	352
352 B Ordinary shares of £1 each	352	352
352 C Ordinary shares of £1 each	352	352
	<hr/>	<hr/>
	35,207	35,207
	<hr/> <hr/>	<hr/> <hr/>

27. 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.

28. Contingent liabilities

Nisbets plc has given the bank a £600,000 indemnity covering a guarantee in favour of the third party (2015: £600,000). The company and group have no other contingent liabilities.

Notes to the Financial Statements

For the Year Ended 31 December 2016

29. Capital commitments

At 31 December 2016 the Group had capital commitments as follows:

	Group 2016 £000	Group 2015 £000
Contracted for but not provided in these financial statements	(6,612)	(2,017)

30. 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.

31. Commitments under operating leases

At 31 December 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £000	Group 2015 £000
In one year or less	4,837	3,712
Between one year and two years	3,893	3,259
Between two and five years	9,202	6,486
After five years	10,830	8,418
	28,762	21,875

32. Controlling party

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