Company Registration Number 08963631

KEY WEST (HOLDINGS) LIMITED

Annual report and consolidated financial statements

for the year ended 31 December 2022

KEY WEST (HOLDINGS) LIMITED

DIRECTORS AND PROFESSIONAL ADVISERS

DIRECTORS

A Nisbet
A M Nisbet
J P Nisbet
E R Nisbet

COMPANY SECRETARY

A Nisbet

REGISTERED NUMBER

08963631

REGISTERED OFFICE

22 Clifton Road
Clifton
Bristol
BS8 1AQ
United Kingdom

BANKERS

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

REGISTERED AUDITORS

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

KEY WEST (HOLDINGS) LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

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STRATEGIC REPORT

Principal Activity
The company's principal activity is to manage its investments in trading subsidiaries and commercial property.

Strategy

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

Nisbets plc
Nisbets plc is the most significant investment in Key West (Holdings) Limited. Nisbets Plc is principally engaged in the sale, leasing, design, installation and rental of catering equipment – a one-stop shop for all foodservice supplies with the widest product portfolio in its core markets. The Group provides customers with a broad range of own brand and third-party products through an omnichannel offering (website, phone, stores), along with a commitment to quality, value and service. This focus has made Nisbets the catering professionals' choice and a leader in the markets it serves. Data science and direct response marketing capabilities are in the Company's DNA and our award-winning web platform continues to be our largest route to market. Nisbets' principal trading territories are the United Kingdom, Ireland, France, the Netherlands, Belgium, Germany, Australia and New Zealand.

Financial Overview

Within Key West (Holdings) Limited, the group had Turnover for the year of £499.4m *(2021: £430.8m).* Profit before tax was £32.3m *(2021: £40.5m).*

Despite the headwinds faced in 2022, Nisbets returned record sales and record profits. Coming into 2022 the ongoing impact of the Omicron strain of Covid-19, continued supply chain disruption in East Asia and the impacts of the war in Ukraine combined to impact inflation, create labour shortages and disrupt supply chains. Nisbets have invested in inventory to ensure that our customers are not impacted by supply chain issues and maintaining our sector leading availability. During 2022 we also broadened our offer by acquiring a technology led service business, UK Engineers, the leading supplier of bar equipment in the UK, Beaumont Limited and by acquiring a majority stake in Jongor, an events catering rental business, from Key West (Holdings) Limited.

During the year Key West (Holdings) Limited invested in two further commercial properties and also disposed of two properties. Turnover for the year was £6.3m (2021: £5.5m). On 7th July 2022 Key West (Holdings) Limited sold its 51% holding of Jongor (Holdings) Limited to Nisbets plc.

The company made donations of £2.0m (2021: *£1.5m)* to the Nisbet Trust.

STRATEGIC REPORT (continued)

Group Financial performance

Financial performance for the year has been analysed as follows:

	2022	2021	Movement
	£000	£000	£000
Turnover by Entity			
KWH	6,271	5,514	757
Nisbets plc (incl Jongor from 7 July 2022)	488,980	419,808	69,172
Jongor (up to 7 July 2022)	4,131	5,491	(1,360)
Turnover	**499,382**	**430,813**	**68,569**
Gross Profit by Entity			
KWH	5,651	4,613	1,038
Nisbets plc	193,364	154,838	38,526
Jongor	3,114	4,491	(1,377)
Gross Profit	**202,129**	**163,942**	**38,187**
Gross Profit by Entity			
KWH	90.1%	83.7%	
Nisbets plc	39.5%	36.9%	
Jongor	75.4%	81.8%	
Gross Profit%	**40.5%**	**38.1%**	

Sales by KWH in 2022 totalled £6.3m an increase of £0.8m (13.7%) this was through reduced voids and improved rental rates. Gross profit as percentage was up 6.4% due to property refurbishment incurred in 2021.

Sales by Nisbets
Sales in 2022 totalled £489.0m including £9.3m from acquisitions, a total increase of £69.2m (16.5%) over 2021 and £74.8m (18.1%) over 2019 (the last pre Covid-19 year). Australia, New Zealand and some European markets continued to be hit by Covid-19 restrictions in early 2022 but all are now fully functioning.

Gross profit increased by £38.6m to £193.4m in 2022 and increased by £46.3m compared to 2019. The gross profit percentage increased to 39.6% (2021: 36.9% 2019: 35.5%). The Group manages gross profit through close monitoring and control of sales prices, controls over discounts and working to mitigate any cost increases within the supply chain.

Nisbets has continued to develop a trading focus ensuring great customer experience, competitive pricing, and relevant cost control focus.

STRATEGIC REPORT (continued)

Group Financial performance (continued)

Jongor was sold on 7th July 2022, results up to this date are included in Key West (Holdings) Limited results. Sales by Jongor for the period up to 7th July 2022 totalled £4.1m a decrease of £1.4m compared to the full year of 2021, as the business continued to return to pre-Covid levels of activity. Gross profit percentage fell by 6.4% reflecting the seasonality of business between the reported period prior to 7 July 2022 and full year results.

Donations to the Nisbet Trust and local charities increased by £0.5m to £2.0m.

Summary of key performance indicators

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

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

Capital expenditure

The Group continues to invest to support its future growth, purchasing £16.5m of tangible and intangible assets in the year (2021: £3.4m).

Environmental, Social and Governance (ESG)

The Group has always taken a conscientious approach in supporting its colleagues, local communities and caring for the environment and in 2022 moved this into a more formalised Environmental, Social and Governance (ESG) strategy.

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

STRATEGIC REPORT (continued)

Principal risks and uncertainties

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

Economic downturn

The economic climate is one of the factors that contributes to the success of the business. Economic downturn, whether driven by Covid-19, geopolitical events, high inflation or other factors, resulting in a reduction of consumer spending power, would have an impact on the income achieved by the Group.

In response to this risk, senior management closely monitor economic conditions. In the event of a severe economic downturn, marketing and pricing strategies would be modified to reflect the new market conditions and overheads would be reduced accordingly.

Future strategy and developments

The Group has been resilient and successfully traded through a period when its core hospitality sector was significantly impacted by Covid-19, geo-political issues in Eastern Europe both impacting supply chains, inflation and hospitality sector. The Group's success is founded on an extensive customer database, selling to a diverse range of customers through our omnichannel business model and an intense focus on the customer and product development.

The Group will continue to put customers at the centre of its strategy, building on its capacity and capability to ensure that it is easy to do business with, delivering excellent value, an unrivalled range, and superior customer service.

The next twelve months will see accelerated investment in distribution technology and infrastructure as the Group looks to improve its service proposition to customers, builds capacity, while at the same time reducing its cost to serve. The Group is confident it has the right strategy in place to continue to deliver sustainable growth.

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

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

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

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

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

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

Approved by the Board and signed on its behalf by:

DocuSigned by:
Andrew Nisbet
BAD862542E05479...

A Nisbet
Director

30 June 2023

DIRECTORS' REPORT

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

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £23,685,598 (2021: £32,493,000).

During 2022, dividends of £8,150,016 were declared on the Ordinary shares (2021: £18,081,000), dividends of £nil were declared on the A and B ordinary shares (2021: £2,080,000) and £nil on the C ordinary shares (2021: £2,000).

Directors

The directors who served during the year were:

A Nisbet
A M Nisbet
J P Nisbet
E R Nisbet

Strategic Review

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

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

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

Financial instruments

The Group is exposed to transaction foreign exchange risk which it seeks to hedge using forward exchange rate contracts and other financial instruments. The fair value of these derivative financial instruments as at 31 December 2022 was a liability of £192,000 (2021: asset of £1,160,000).

Disabled colleagues

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

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

Post Balance Sheet Events

Since the end of the year Key West (Holdings) Limited has acquired a 100% stake in GB7202 Ltd, a dormant company in the Isle of Man.

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KEY WEST (HOLDINGS) LIMITED

DIRECTORS' REPORT (continued)

Environmental, Social and Governance (ESG)

Led by Nisbets plc, the Group has always taken a conscientious approach in supporting its colleagues, local communities and caring for the environment and in 2022 moved this into a more formalised Environmental, Social and Governance (ESG) strategy.

In March 2022 we launched our Sustainability Development Plan for 2022 and 2023, to emphasise and give focus to reducing our environmental impact. This was communicated on the Nisbets website, shared with key customers and colleagues. Our ESG strategy is now focussed on the following four pillars:

1. Environmental Sustainability.
2. Ethical Trading.
3. Nisbets in the Community.
4. Great place to Work.

These pillars were chosen through input from many Nisbets stakeholders internally and externally. We are now supplementing this framework with a further materiality exercise, consulting key stakeholders to determine the most important issues for our business under each pillar. This ESG materiality assessment was completed in April 2023.

To strengthen the focus on ESG and the four pillars, Nisbets has increased the investment and importance within the organisation with additional recruitment in expanding the team to support the plans, including a new role - Community and Engagement Partner which was filled in March 2022 to support Nisbets in the Community pillar. An ESG manager was recruited in August to support ESG across the business and all four pillars. A Non-Executive Director joined in October to accelerate progress, provide advice and oversee the Group's ESG activities. A new monthly ESG Committee was established to drive progress and increase engagement from across the business. The meeting is chaired by the Non-Executive Director and attended by the Chairman and comprises of 15 colleagues from all levels and departments who act as ESG ambassadors, discussing ideas, actions and sharing information on all ESG-related matters.

Energy and carbon emissions

Nisbets represents over 95% of Key West (Holdings) Limited's energy and carbon emissions. Nisbets' Scope 1 and 2 carbon footprint is relatively small, but we continue to focus on a number of initiatives to further reduce energy, fuel and associated carbon emissions. Our energy consumption and related carbon emissions for the Nisbets sites in Avonmouth and Mitre in Merthyr Tydfil are shown in the table below.

Emission Type	**Units**	**2022**	**2021**	**2020**
Scope 1 Emissions	MWh	2,829	3,353	2,485
	tCO2e	610	648	543
Scope 2 Emissions	MWh	3,760	3726	3,144
	tCO2e	727	782	659
Intensity Ratio (tCO2e/£m Revenue)		3.3	4.3	6.0

The intensity ratio is continuing to fall as turnover increases without a corresponding increase in tCO2e.

Environmental, Social and Governance (ESG) (continued)

The Group is obliged under the Streamlined Energy and Carbon Reporting Framework (SECR) to include a statement of carbon emissions including energy use and associated greenhouse gas emissions relating to gas, electricity and transport, intensity rations and information relating to energy efficiency actions. Scope 1 direct emissions in the table above include combustion of natural gas for heating purposes and fuel in relation to owned vehicles. Scope 2 emissions include electricity used for operations. Data provided is based on actual energy invoices for the relevant period and CO_2e conversion factors used are based on UK Government GHG Conversion Factors for 2022.

Travel has seen an increase within the business in 2022 after Covid recovery. However, the car fleet has decreased by 20% from 2021 overall and there has been an increase in the proportion of both hybrid and electric vehicles with a corresponding reduction in diesel and petrol of around 50%.

Many initiatives have been delivered in 2022 to reduce Scope 1 and 2 carbon emissions including a move in December for 95% of all Nisbets' UK energy contracts to be derived from renewable gas and renewable electricity, which, for energy use, will reduce C02 emissions by over 90% from 1,000 tonnes to approximately 50 tonnes per annum. The remaining contracts will be migrated during 2023. Continued investment in energy efficiency through further LED installations and new equipment has seen reductions in energy usage year on year, continuing the trend of the last five years which has seen overall energy use almost halve over this period at a time when the business has continued to grow. We are currently planning for ESOS Phase 3 and will have completed further energy audits and assessment of energy efficiency before the December 2023 deadline.

In 2022 Nisbets' opened three new warehouses. Our new warehousing in Cork, Ireland was opened in July and has been built to LEED (Leadership in energy and environmental design – a green building certification scheme) Silver Standard with EV chargers and LED lighting providing warehousing, office space and display space for our retail range. The purpose-built warehouse in Leppington, New South Wales, Australia opened in September and will support our continuing growth in the region. It has been built to the local 5-star green rating using sustainably sourced timber with the rainwater collected for irrigation. Finally, the move to our Chepstow warehouse is now complete and includes many improvements on the older Doncaster warehouse such as solar panel installations.

At the same time as the Chepstow opening, we implemented changes to our new large items logistics partner which provides a next day delivery service for customers across most of the UK and features a service to unbox, unpack and remove packaging as standard which increases the packaging that is returned to the depot for recycling. The new service provider has enhanced carrier management software that improves vehicle space utilisation and ongoing analysis of our shipping patterns to ensure the right size truck is used thereby increasing efficiency. They also have a newer more fuel-efficient fleet than our previous partner.

To support our colleagues with their move to more sustainable transport, and in addition to our newly built warehouses which already have EV charges, we have installed EV chargers at one of our existing warehouses with plans this year to install them at two further sites. In Avonmouth, we work with organisations providing bike hire, free bike servicing and safety checks, to encourage the move from cars. We also subscribe to the Liftshare scheme encouraging colleagues to share travel with others, with 140 colleagues joining the scheme in the first two months, helping them save money as well as decreasing the carbon impact of travel.

Environmental, Social and Governance (ESG) (continued)

Governance for climate-related matters mirror our wider ESG Governance arrangements. The Group Advisory Board has ultimate responsibility for ensuring any climate-related factors are included in the Group strategy, risk management and financial planning processes. The ESG Committee has responsibility for ensuring the Group has appropriate energy and climate-related policies, action plans and targets that are part of the wider ESG strategy. Day-to-day management of energy and climate-related matters are the responsibility of the ESG team. The Company Secretary is responsible for monitoring the effective application of the Group's processes for managing risks, including those related to climate change.

Assessment of any climate-related risk and opportunities are included in the Group's wider risk-management processes. We will undertake further work in 2023 to identify and prioritise any climate-related risks and opportunities that are material to our business.

The Group actively supports its customers in their efforts to care for the environment. In 2022, we launched a campaign to help our customers save energy, time and money with labour and energy saving products such as induction cooking, LED fly killers and products to help our customers save on food waste such as dehydrators and vacuum pack machines. In addition to this we have launched several Own Brand products which are environmentally preferable such as Jantex green chemicals which are plant based, non-toxic, non-flammable and are not harmful to marine and aquatic life, Fiesta compostable and recyclable food to go consumables and Buffalo induction cooking that is 70% more efficient than gas.

During the second half of 2022, our own brand teams commenced working with suppliers to decrease the amount of plastic packaging used and to make the switch to more sustainable packaging whilst ensuring that products are delivered to the customer intact. Over 400 products have been reviewed contributing to annual savings of plastic of over 2 tonnes per annum. Further reductions will continue to be a key focus in 2023.

Resource saving initiatives have also been introduced to our Fourth Way warehouse. At the end of 2022, we installed a new pallet wrapping machine which uses thinner stronger material which we anticipate will reduce plastic used by over 35 tonnes a year. To support more efficient recycling, a new cardboard compactor has also been installed in our Fourth Way warehouse which will reduce emissions from transporting waste materials. Many of our customers prefer to receiving marketing communications via post and we have already moved to using paper rather than plastic packaging for these communications. In the second half of 2022, we also moved to sending our catalogues without paper wrapping via a mailing service which off-sets the carbon associated with postal deliveries.

Our ESG strategy is underpinned by a strong foundation of responsible business principles and practices to make sure we operate our business in the right way. In terms of ethical trade, we have a robust set of policies, processes and supplier audits in place to ensure that any of the products we buy come from suppliers with similar labour standards to our own. We use the SEDEX platform to check for non-compliance with internationally recognised human rights and environmental standards and have an active programme to monitor any non-compliances to ensure they are rectified by our suppliers.

The Group has, since 2011, supported the efforts of The Nisbet Trust, an independent charitable trust primarily funded by the Group's holding company Key West Holdings Limited. The Trust supports charitable causes in the Greater Bristol area through both single and multi-year grants. The Group is also now supporting the Trust by providing part-time resource to manage the Trust through the newly appointed Community and Engagement Partner. The Trust donated £1.6m in 2022 to charitable causes.

Environmental, Social and Governance (ESG) (continued)

Our companies are supporting our wider communities by providing volunteers and donations for various charities and organisations. Each colleague can use a paid day to take part in a volunteering event and in 2022 we encouraged more colleagues to take part. Our Community and Engagement Partner helped to organise 15 volunteering events in the 2nd half of the year with over 60 colleagues participating. These events were supplemented by donations and fundraising events to raise money for local charities.

Going concern

In assessing the going concern position of the Group for the purposes of preparing the consolidated financial statements for the year ended 31 December 2022, the Directors of each subsidiary have considered future cash flows, liquidity and business activities. Separate Going Concern reports can be found in each entity's respective Directors' reports.

At 31 December 2022, Key West Holdings Group had cash balances of £62.2m and undrawn financing facilities of £12.0 million which are available for general corporate purposes, including but not limited to funding working capital and capital expenditure.

Based on the subsidiary companies' forecasts, the Directors have adopted the going concern basis in preparing the Financial Statements. The Directors have made this assessment after consideration of the Company's and Group's cash flows and related assumptions for a period of up to 30 June 2024.

The Directors have prepared sensitivity analysis to consider the impact of additional downside scenarios with a more severe impact on the Group's cashflows and liquidity than is currently thought likely. The Directors are confident that the resulting EBITDA, when combined with the mitigating actions that are within the Group's control, including reductions in capital and other expenditure, will allow the Group to maintain sufficient liquidity within its debt financing facilities relating to EBITDA and liquidity.

The Directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period up to 30 June 2024 and for these reasons, they continue to adopt a going concern basis for the preparation of the Financial Statements.

Key West (Holdings) Limited has unsecured loan of £14.6m at December 2022 which is repayable on demand (see Note 33). The Company has received a letter from the debt holder confirming that they do not intend to fully draw on this loan for a period up to 30 June 2024. Therefore it is assumed that this loan will not be fully repaid before 30 June 2024 in the going concern assessment cashflow forecasts.

The Directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence up to 30 June 2024 and for these reasons, they continue to adopt a going concern basis for the preparation of the Financial Statements.

DIRECTORS' REPORT (continued)

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Charitable donations

The group made charitable donations during the year of £2.0m (2021: £1.5m).

Disclosure of information to auditor

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

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

Approved by the Board and signed on its behalf by:

DocuSigned by:
Andrew Nisbet
BAD862542E05479...

A Nisbet
Director

30 June 2023

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

Opinion

We have audited the financial statements of Key West (Holdings) Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise of the consolidated Statement of comprehensive income, the consolidated and the parent company Statement of financial position, the consolidated and the parent company Statement of changes in equity, the consolidated Statement of cashflows and the related notes 1 to 37, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period to 30 June 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and compliance with the relevant direct and indirect tax regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety and GDPR.
- We understood how Key West (Holdings) Limited is complying with those frameworks by enquiries of management and those charged with governance to understand how the company maintains and communicates its policies and procedures in these areas. We understood any controls put in place by management to reduce the opportunities for fraudulent transactions.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur through internal team conversations and inquiry of management and those charged with governance. Through these procedures we determined there to be risk of management override associated with revenue and a fraud risk around revenue recognition, in particular the revenue recognition on transactions at or near the year end. We selected a sample of transactions at the year end to perform detailed testing. In relation to management override we used data analytics to sample from the entire population of journals, identifying specific transactions which did not meet our expectations based on specific criteria, to investigate to gain an understanding and agree to source documentation.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved verifying that material transactions are recorded in compliance with FRS 102 and where appropriate Companies Act 2006. Compliance with other operational laws and regulations was covered through our inquiry with no indication of non-compliance identified.

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

Use of our report

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

DocuSigned by:
Ernst & Young LLP
EA1A7276DFBB468...

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

30 June 2023

KEY WEST (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Note	Total 2022 £'000	Total 2021 £'000
Turnover	4	499,382	430,813
Cost of sales		(297,252)	(266,871)
Gross profit		202,130	163,942
Administrative expenses before charitable donations		(156,911)	(124,527)
Charitable donations		(2,000)	(1,500)
		43,219	37,915
Other operating income	5	284	1,273
Operating profit	6	43,503	39,188
Change in fair value of investment properties	17	(5,004)	2,923
Interest receivable and similar income	10	172	76
Interest payable and similar expenses	11	(6,373)	(1,694)
Profit before tax		32,298	40,493
Tax on profit	12	(8,613)	(8,000)
Profit for the financial year		23,685	32,493

All results are from continuing operations.

KEY WEST (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
For the year ended 31 December 2022

	Note	Total 2022 £'000	Total 2021 £'000
Profit for the financial year		23,685	32,493
Currency translation difference on foreign currency net investments		1,095	(981)
Total comprehensive income for the year		24,780	31,512
Profit for the year attributable to:			
Non-controlling interest		950	452
Owners of the parent company		22,735	32,041
		23,685	32,493
Total comprehensive income attributable to:			
Non-controlling interest		953	463
Owners of the parent company		23,827	31,049
		24,780	31,512

The notes on pages 27 to 58 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	14	8,387	7,154
Tangible assets	15	60,025	51,138
Investments	16	500	-
Investment property	17	79,185	83,640
		148,097	141,932
Current assets			
Stock	18	126,040	88,460
Debtors: amounts falling due after more than one year	19	66,112	467
Debtors: amounts falling due within one year	19	608	56,679
Cash at bank and in hand	20	62,242	33,533
		255,002	179,139
Creditors: Amounts falling due within one year	21	(163,347)	(94,746)
Net current assets		91,655	84,393
Total assets less current liabilities		239,752	226,325
Creditors: Amounts falling due after more than one year	22	(9)	(5,580)
Provisions for liabilities	23	(4,654)	(3,752)
Net assets		235,089	216,993
Capital and reserves			
Called-up share capital	27	26	26
Merger reserve	28	5,182	5,182
Profit and loss account	28	225,357	208,016
Equity attributable to owners of the parent company		230,565	213,224
Non-controlling interests		4,524	3,769
Total shareholders' funds		235,089	216,993

The financial statements of Key West (Holdings) Limited (registered number 08963631) were approved by the board of directors and authorised for issue on 30 June 2023. They were signed on its behalf by:

DocuSigned by:
Andrew Nisbet

A Nisbet
Director

The notes on pages 27 to 58 form part of these financial statements.

KEY WEST (HOLDINGS) LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Investments	16	6,956	6,456
Investment property	17	79,185	83,640
		86,141	90,096
Current assets			
Debtors: amounts falling due within one year	19	6,816	4,814
Cash at bank and in hand	20	19,737	7,461
		26,553	12,275
Creditors: Amounts falling due within one year	21	(29,882)	(13,069)
Net current liabilities		(3,329)	(794)
Total assets less current liabilities		82,812	89,302
Creditors: Amounts falling due after more than one year	22	(9)	(9)
Provisions for liabilities	23	(143)	(135)
Total assets less current liabilities, being net assets		82,660	89,158
Capital and reserves			
Called-up share capital	27	26	26
Profit and loss account	28	82,634	89,132
Total shareholders' funds		82,660	89,158

The profit for the financial year dealt with in the financial statements of the parent Company was £1,652,000 (2021: profit of £29,058,000).

The financial statements of Key West (Holdings) Limited (registered number 08963631) were approved by the board of directors and authorised for issue on 30 June 2023. They were signed on its behalf by:

DocuSigned by:
Andrew Nisbet
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A Nisbet
Director

The notes on pages 27 to 58 form part of these financial statements.

KEY WEST (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Called-up share capital £'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 2022	26	5,182	208,016	213,224	3,769	216,993
Comprehensive income for the year						
Profit for the year	-	-	22,735	22,735	950	23,685
Other comprehensive income for the year	-	-	1,092	1,092	3	1,095
Total comprehensive income for the year	-	-	23,827	23,827	953	24,780
Minority on acquisition	-	-	-	-	76	76
Share based payments	-	-	1,664	1,664	-	1,664
Dividends: equity capital	-	-	(8,150)	(8,150)	(274)	(8,424)
At 31 December 2022	26	5,182	225,357	230,565	4,524	235,089

The notes on pages 27 to 58 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	Called-up share capital £'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 2021	35	5,182	196,591	201,808	4,040	205,848
Comprehensive income for the year						
Profit for the year	-	-	32,041	32,041	452	32,493
Other comprehensive income for the year	-	-	(992)	(992)	11	(981)
Total comprehensive income for the year	-	-	31,049	31,049	463	31,512
Conversion of ordinary shares to preference shares	(9)	-	-	(9)	-	(9)
Share based payments	-	-	539	539	-	539
Dividends: equity capital	-	-	(20,163)	(20,163)	(745)	(20,908)
Issue of shares	-	-	-	-	11	11
At 31 December 2021	26	5,182	208,016	213,224	3,769	216,993

The notes on pages 27 to 58 form part of these financial statements.

KEY WEST (HOLDINGS) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Called-up share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2021	35	80,237	80,272
Loss for the year, being total comprehensive expense for the year	-	29,058	29,058
Conversion of ordinary shares to preference shares	(9)	-	(9)
Dividends: equity capital	-	(20,163)	(20,163)
At 31 December 2021	26	89,132	89,158
Profit for the year, being total comprehensive expense for the year	-	1,652	1,652
Dividends: equity capital	-	(8,150)	(8,150)
At 31 December 2022	26	82,634	82,660

The notes on pages 27 to 58 form part of these financial statements.

KEY WEST (HOLDINGS) LIMITED

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities			
Profit for the financial year		23,685	32,493
Adjustments for:			
Amortisation of intangible assets	14	2,001	2,306
Depreciation of tangible assets	15	5,272	5,540
Share based payments	8	1,664	539
Loss on disposal of intangible assets		7	-
Loss on disposal of tangible assets		96	496
Interest payable	11	6,372	1,694
Interest receivable	10	(172)	(76)
Taxation charge	12	8,613	8,000
(Increase) in stocks	18	(37,580)	(18,762)
(Increase) in debtors	19	(10,348)	(20,156)
Increase in creditors	21, 22	27,069	27,218
Foreign exchange movements		(336)	(341)
Net fair value losses recognised in P&L	17	5,004	(2,923)
Corporation tax paid		(8,273)	(9,611)
Net cash generated from operating activities		23,074	26,417
Cash flows from investing activities			
Purchase of intangible fixed assets	14	(3,239)	(350)
Purchase of tangible fixed assets	15	(13,921)	(4,048)
Purchase of investment properties	17	(9,299)	(4,500)
Proceeds from disposal of investment properties	17	8,750	-
Purchase of subsidiaries, net of cash acquired	16	(3,255)	-
Purchase of investments	16	(500)	-
Interest received		172	76
Net cash from investing activities		(21,292)	(8,822)
Cash flows from financing activities			
New secured loans		37,751	-
Repayment of loans		-	(14,992)
Dividends paid	13	(8,150)	(20,163)
Interest paid		(3,117)	(1,694)
Net cash used in financing activities		26,484	(36,849)
Net increase/(decrease) in cash and cash equivalents		28,266	(19,254)
Cash and cash equivalents at beginning of year	20	33,533	52,850
Foreign exchange gains and losses		443	(63)
Cash and cash equivalents at the end of year	20	62,242	33,533
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand		62,242	33,533
Bank overdrafts		-	-
		62,242	33,533

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

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

The following principal accounting policies have been applied:

2.1 Basis of preparation of financial statements

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

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

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

Going concern

In assessing the going concern position of the Group for the purposes of preparing the consolidated financial statements for the year ended 31 December 2022, the Directors of each subsidiary have considered future cash flows, liquidity and business activities. Separate Going Concern reports can be found in each entity's respective Directors' reports.

At 31 December 2022, Key West Holdings Group had cash balances of £62.2m and undrawn financing facilities of £12.0 million which are available for general corporate purposes, including but not limited to funding working capital and capital expenditure.

Based on the subsidiary companies' forecasts, the Directors have adopted the going concern basis in preparing the Financial Statements. The Directors have made this assessment after consideration of the Company's and Group's cash flows and related assumptions for a period of up to 30 June 2024.

The Directors have prepared sensitivity analysis to consider the impact of additional downside scenarios with a more severe impact on the Group's cashflows and liquidity than is currently thought likely. The Directors are confident that the resulting EBITDA, when combined with the mitigating actions that are within the Group's control, including reductions in capital and other expenditure, will allow the Group to maintain sufficient liquidity within its debt financing facilities relating to EBITDA and liquidity.

Key West (Holdings) Limited has unsecured loan of £14.6m at December 2022 which is repayable on demand (see Note 33). The Company has received a letter from the debt holder confirming that they do not intend to fully draw on this loan for a period up to 30 June 2024. Therefore it is assumed that this loan will not be fully repaid before 30 June 2024 in the going concern assessment cashflow forecasts.

The Directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence up to 30 June 2024 and for these reasons, they continue to adopt a going concern basis for the preparation of the Financial Statements.

2. Accounting policies (continued)

2.2 Basis of consolidation

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

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

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

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

2.3 Turnover

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

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

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

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

2. Accounting policies (continued)

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.

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

Depreciation is provided on the following basis:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the Consolidated Statement of Comprehensive Income.

2. Accounting policies (continued)

2.6 Operating leases: the Group as lessee

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

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

2.7 Investment property

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

2.8 Valuation of investments

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

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

2.9 Stocks

Inventories are stated at the lower of cost, using the first in first out method, and selling price less costs to complete and sell. Provision is made for slow moving and obsolete inventories.

Inventories are classed as obsolete if no sale has been made in the previous 12 months. Provisions on obsolete and slow moving inventories are made at varying rates based on the Group's historical trends.

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.

Provisions are made for significantly overdue items on the debtors’ ledger with specific provision for debtors in financial difficulty.

Customer overpayments that are more than 3 years old are released back to the statement of comprehensive income.

2. Accounting policies (continued)

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that require 100 day notice period to withdraw.

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

2.12 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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

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

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

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

2.13 Creditors

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

2. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate. Nonmonetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

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

2.15 Finance costs

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

2.16 Dividends

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

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 lessees are classified as financial leases.

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

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

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

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

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

2.18 Pensions

Defined contribution pension plan

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

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

2.19 Interest income

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

2.20 Borrowing costs

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

2. Accounting policies (continued)

2.21 Provisions for liabilities

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

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

2.22 Current and deferred taxation

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

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

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

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

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

2. Accounting policies (continued)

2.23 Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised in income in the period in which it becomes receivable. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

2.24 Derivative financial instruments

Derivative financial instruments not qualifying for hedge accounting are recognised at fair value with any gains or losses being reported in profit or loss. These financial instruments do not match against a specific commercial contact or transaction so are detailed separately on the statement of comprehensive income.

2.25 Share based payment transactions

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group. The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

2.26 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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

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

Future cash flows – Cash flows that are used in impairment reviews and going concern assessments are driven by the Group's forecasts combined with the Group's financing arrangements, working capital management and capital expenditure policies.

Provision for obsolete and slow-moving inventories - Inventories are classed as obsolete if no sale has been made in the previous 12 months. Provisions on obsolete and slow-moving inventories are made at varying rates based on the Group's historical trends. The group has reviewed its rates of provision for all categories of inventory and this has had an impact of increasing profit by £2.4m in the current year.

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

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

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

Share based payments - assessment and provision is made annually on the likelihood a future liability will result from current performance. For the year ended 31 December 2022 this is currently assessed at a credit of £1,664,000 (2021: charge of £539,000).

4. Turnover

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

	2022 £'000	2021 £'000
Sale, design, installation and rental of catering equipment	492,667	424,806
Leasing of catering equipment	444	493
Net rent receivable	6,271	5,514
	499,382	430,813

An analysis of turnover by geographical areas is as follows:

	2022 £'000	2021 £'000
United Kingdom	384,931	318,019
Europe	58,865	62,246
Australia/New Zealand	55,586	50,548
	499,382	430,813

5. Other operating income

	2022 £'000	2021 £'000
Government grants	284	1,273

During the year Nisbets Plc Group and Jongor Limited received £nil (2021: £1.3m) under the government's Coronavirus Job Retention Scheme.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

6. Operating profit

Operating profit is stated after charging/(crediting):

	2022 £'000	2021 £'000
Depreciation of tangible fixed assets	5,272	5,540
Amortisation of intangible assets, including goodwill	2,001	2,306
Operating lease rentals -plant and machinery	83	156
Operating lease rentals - other	9,991	5,856
Foreign exchange (gain)/loss	(418)	(1,089)
Government grant income – Coronavirus Job Retention Scheme	-	(1,273)
Charitable donations	2,000	1,500

7. Auditor's remuneration

	2022 £'000	2021 £'000
Fees payable to the Group's auditor and its associates for the audit of the Company's annual accounts	40	30
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of accounts of subsidiaries of the Group pursuant to legislation	572	380
Non audit services	13	12

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

8. Employees

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

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Wages and salaries	70,589	57,320	-	-
Social security costs	6,356	4,843	-	-
Cost of defined contribution scheme	2,013	2,027	-	-
	78,958	64,190	-	-

Included in wages and salaries is a charge of £1,664,000 (2021: charge of £539,000) related to share-based payments, of which £1,664,000 (2021: £539,000) arises from equity settled share-based payment transactions (Note 34).

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

	2022 number	2021 number
Employees	1,891	1,845

9. Directors' remuneration

	2022 £'000	2021 £'000
Company contributions to defined contribution pension schemes	-	-

During the year retirement benefits were accruing to no directors (2021 - none*)* in respect of defined contribution pension schemes.

10. Interest receivable and similar income

	2022 £'000	2021 £'000
Other interest receivable	172	76

11. Interest payable and similar expenses

	2022 £'000	2021 £'000
Bank interest payable	1,218	761
Preference dividends	5,155	933
	6,373	1,694

12. Taxation

	2022 £'000	2021 £'000
Corporation tax		
Current tax on profits for the year	7,436	7,032
Adjustments in respect of previous periods	(420)	204
	7,016	7,236
Foreign tax		
Foreign tax on income for the year	1,690	1,245
Foreign tax in respect of prior periods	(44)	2
	1,646	1,247
Total current tax	8,662	8,483
Deferred tax		
Origination and reversal of timing differences	(436)	(226)
Changes to tax rates	39	(171)
Adjustments in respect of prior periods	348	(86)
Total deferred tax	(49)	(483)
Tax on profit	8,613	8,000

12. Taxation (continued)

Factors affecting tax charge for the year
The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £'000	2021 £'000
Profit on ordinary activities before tax	32,298	40,493
Profit on ordinary activities multiplied by group effective standard rate of corporation tax of 20.1% (2021: 19.6%)	6,495	7,956
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,217	962
Adjustments to tax charge in respect of prior periods	(36)	125
Non taxable income	(186)	(266)
Differences between standard and actual rate	219	51
Effect of changes in tax rates	24	(170)
Effects of other reliefs	36	(157)
Foreign exchange difference on opening gross timing differences	-	9
Fair value changes on which deferred tax is not provided	844	(510)
Total tax charge for the year	8,613	8,000

At the balance sheet date, the deferred tax asset not recognised relating to fair value losses on investment properties amounted to £nil (2021: £nil).

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

13. Dividends

	2022 £'000	2021 £'000
On ordinary shares	8,150	20,163

During the year, dividends of £nil were declared on the A and B ordinary shares (2021: £2,080,000) and dividends of £8,150,000 were declared on the Ordinary shares (2021: £18,081,000) and £nil on the C ordinary shares (2021: £2,000).

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

14. Intangible assets

Group

	Goodwill on consolidation £'000	Purchased goodwill £'000	Other intangibles £'000	Total £'000
Cost				
At 1 January 2022	18,131	990	9,716	28,837
Foreign exchange adjustments	-	-	(2)	(2)
Additions	2,946	-	293	3,239
Disposals	-	-	(2,572)	(2,572)
At 31 December 2022	21,077	990	7,435	29,502
Amortisation				
At 1 January 2022	11,796	990	8,897	21,683
Foreign exchange adjustments	-	-	(4)	(4)
Charge for the year	1,575	-	426	2,001
Disposals	-	-	(2,565)	(2,565)
At 31 December 2022	13,371	990	6,754	21,115
Net book value				
At 31 December 2022	7,706	-	681	8,387
At 31 December 2021	6,335	-	819	7,154

Other intangibles comprise trademarks, customer lists and computer software.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

15. Tangible fixed assets

Group

	Freehold property £'000	Short-term leasehold property £'000	Plant and machinery £'000	Motor vehicles £'000
Cost				
At 1 January 2022	52,534	615	1,615	299
Foreign exchange adjustments	103	190	-	1
Additions	597	6,334	-	206
Disposals	-	(7)	-	(73)
At 31 December 2022	53,234	7,132	1,615	433
Amortisation				
At 1 January 2022	11,214	304	754	224
Foreign exchange adjustments	1	92	-	4
Charge for the year	763	993	-	89
Disposals	-	(4)	-	(61)
At 31 December 2022	11,978	1,385	754	256
Net book value				
At 31 December 2022	41,256	5,747	861	177
At 31 December 2021	41,320	311	861	75

15. Tangible fixed assets (continued)

Group (continued)

	Fixtures and fittings £'000	Computer equipment £'000	Hire equipment £'000	Total £'000
Cost				
At 1 January 2022	27,838	10,447	3,900	97,248
Foreign exchange adjustments	197	89	-	580
Additions	4,551	1,374	859	13,921
Disposals	(1,361)	(2,880)	(679)	(5,000)
At 31 December 2022	31,225	9,030	4,080	106,749
Amortisation				
At 1 January 2022	22,009	8,612	2,993	46,110
Foreign exchange adjustments	143	77	(71)	246
Charge for the year	1,861	929	637	5,272
Disposals	(1,338)	(2,824)	(677)	(4,904)
At 31 December 2022	22,675	6,794	2,882	46,724
Net book value				
At 31 December 2022	8,550	2,236	1,198	60,025
At 31 December 2021	5,829	1,835	907	51,138

Tangible fixed assets with a carrying value of £33,495,000 (2021: £34,066,000) are pledged as security for the Group's bank loans.

Company

	Fixtures and fittings £'000
Cost and net book value	
At 1 January 2022 and 31 December 2022	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

16. Fixed asset investments

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

Name	Class of shares	Holding	Country of incorporation	Principal activity	
Nisbets plc	Ordinary	98%	United Kingdom	Sale and lease of catering equipment	5
PNFT5 (Unicorn) Limited	Ordinary	100%	United Kingdom	Dormant	12

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

Name	Class of shares	Holding	Country of incorporation	Principal activity	
Jongor (Holdings) Limited	Ordinary	51%	United Kingdom	Hire of catering equipment	13
Jongor Trading Limited	Ordinary	51%	United Kingdom	Holding company	13
Jongor Limited	Ordinary	51%	United Kingdom	Leasing of catering equipment	13
Nisbets Europe BV (formerly KCC Nisbets BV)	Ordinary	100%	Netherlands	Sale of catering equipment	1
Nisbets France SARL	Ordinary	100%	France	Sale of catering equipment	2
Nisbets Iberica SL	Ordinary	100%	Spain	Sale of catering equipment	3
Chef Leasing Limited	Ordinary	100%	United Kingdom	Leasing of catering equipment	5
Nisbets Asia Limited	Ordinary	100%	China	Holding company	6
Nisbets Australia Pty Limited	Ordinary	75%	Australia	Sale of catering equipment	7
Nisbets New Zealand Limited	Ordinary	75%	New Zealand	Sale of catering equipment	8

16. Fixed asset investments (continued)

Indirect Subsidiary undertakings (continued)

Name	Class of shares	Holding	Country of incorporation	Principal activity	
Red Ribbon Trading Limited	Ordinary	100%	United Kingdom	Provision of services to other group companies	5
Red Ribbon Trading (Shenzhen) Co. Ltd	Ordinary	100%	China	Provision of services to other group companies	10
Space Catering (UK) Limited	Ordinary	95%	United Kingdom	Design and installation of catering equipment	5
Rowlett Rutland Limited	Ordinary	100%	United Kingdom	Manufacturing and sale of catering equipment	5
Nisbets Deutschland Gmbh	Ordinary	100%	Germany	Dormant company	4
Nisbets Inc.	Ordinary	100%	USA	Dormant company	9
Home Chef Limited	Ordinary.	100%	United Kingdom	Dormant company	5
Space Catering Equipment Limited	Ordinary	95%	United Kingdom	In liquidation	11
Space Catering UK Limited	Ordinary	95%	United Kingdom	In liquidation	11
Holmes Catering Equipment Solutions Limited	Ordinary	95%	United Kingdom	In liquidation	11
Plyanemca Limited	Ordinary	100%	United Kingdom	Dormant company	5
Nisbets India Private Limited	Ordinary	100%	India	Dissolved in 2023	14
UK Catering and Refrigeration Engineers Ltd	Ordinary	80%	United Kingdom	Sale of catering equipment	5
UK Engineers Limited	Ordinary	100%	United Kingdom	Dissolved in 2023	5
UK Catering Engineers Limited	Ordinary	100%	United Kingdom	Dissolved in 2023	5
UK Catering Spares Limited	Ordinary	100%	United Kingdom	Dissolved in 2023	5
Smart Monitoring Limited	Ordinary	100%	United Kingdom	Dissolved in 2023	5
Smart Monitoring Systems Limited	Ordinary	100%	United Kingdom	Dissolved in 2023	5
Smart Monitoring Services Limited	Ordinary	100%	United Kingdom	Dissolved in 2023	5
Smart Temp IOT Limited	Ordinary	100%	United Kingdom	Dissolved in 2023	5
Smart Kitchen IOT Limited	Ordinary	100%	United Kingdom	Dissolved in 2023	5
Smart Hub IOT Limited	Ordinary	100%	United Kingdom	Dissolved in 2023	5
Raynicot Limited	Ordinary	100%	United Kingdom	Sale of catering equipment	16

16. Fixed asset investments (continued)

Indirect Subsidiary undertakings (continued)

Name	Class of shares	Holding	Country of incorporation	Principal activity	
Beaumont TM Limited (Indirect shareholding via Raynicot Limited)	Ordinary	100%	United Kingdom	Sale of catering equipment	16
XOF Capital Ltd	Ordinary	100%	United Kingdom	Sale of catering equipment	15
Host Online Ltd (Indirect shareholding via XOF Capital Ltd)	Ordinary	100%	United Kingdom	Sale of catering equipment	15

The registered addresses of the companies are:

1 - Hurksestraat 2 B, 5652 AJ, Eindhoven, Netherlands
2 - 2 rue de la Borne Blanche, 77380 Combs-la-Ville, France
3 - Ronda Narciso Monturiol, 4, 46980 Paterna, Valencia, Spain
4 - c/o Osborne Clarke, Innere Kanalstraße 15, 50823 Köln, Germany
5 - Fourth Way Avonmouth, Bristol, Avon, BS11 8TB, United Kingdom
6 - Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
7 - 15 Badgally Rd, Campbelltown, 2560 Australia
8 - 23 Business Parade North, Highbrook, Auckland, New Zealand
9 - 151 Bata Blvd Ste D, Belcamp, MD 21017-1447, USA
10 - Room 304, Building 5, Nanhai Yiku, No. 6 Xinghua Road, Shekou, Nanshan District, Shenzhen, China
11 - The Conifers, Filton Road, Hambrook, Bristol, BS16 1QG, United Kingdom
12 – 22 Clifton Road, Clifton, Bristol BS8 1AQ, United Kingdom
13 – Unit G Kingsland Trading Estate, St Philips Road, Bristol BS2 0JZ, United Kingdom
14 – C-150, Second Floor, Okhla Industrial Estate, Phase-1, New Delhi, South East Delhi, Delhi 110020
15 – Host House Newhouse Farm Industrial Estate, Mathern, Chepstow, Wales, NP16 6UD
16 – 2-4 Lyall Park, Flitwick Industrial Estate, Flitwick, Bedfordshire MK45 1UQ

Group

	Group £'000	Company £'000
Cost and net book value		
At 1 January 2022	-	6,456
Additions	500	500
At 31 December 2022	500	6,956

The group owns a 30% holding in ChefRadius Limited, a company incorporated in the United Kingdom.

During the year, the Company acquired a 1% holding in Mous Products Limited, a company incorporated in the United Kingdom, during the year, for consideration of £500,000. The Company sold its holding in Jongor (Holdings) Limited to its subsidiary undertaking, Nisbets Plc. There is no overall change in ownership by the Group.

16. Fixed asset investments (continued)

Also during the year, the Group acquired UK Catering and Refrigeration Engineers Limited, and Raynicot Ltd, along with associated subsidiaries. The total investment in these acquisitions has been included in the Group's balance sheet at fair value. Goodwill related to these acquisitions is being amortised over 10 years.

Net assets at dates of acquisitions	**Book value**	**Fair value adjustments**	**Fair value**
	£'000	**£'000**	**£'000**
Tangible assets	120	-	120
Inventories	1,671	(77)	1,594
Debtors	1,827	(10)	1,817
Cash at bank and in hand	247	-	247
Total assets	**3,865**	**(87)**	**3,778**
Creditors	(3,297)	322	(2,976)
Net assets acquired	**568**	**235**	**803**
Goodwill arising on acquisition	2,946	-	2,946
Total purchase consideration	**3,514**	**235**	**3,749**
Discharged by:			
Purchase consideration settled in cash			3,481
Purchase consideration settled in shares			79
Costs associated with the acquisitions			21
			3,581
Deferred consideration in Other Creditors			470
			4,051
Purchase consideration settled in cash			3,502
Cash acquired with subsidiaries			(247)
Cash outflow on acquisition			**3,255**

During the year ended 31 December 2022 the Group has included £4.5m revenue and £0.3m profit relating to the acquired companies post acquisition.

17. Investment property

Group and company

	£'000
Cost or valuation	
At 1 January 2022	83,640
Additions at cost	9,299
Disposals	(8,750)
Loss on revaluation	(5,004)
At 31 December 2022	79,185

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

18. Inventories

	Group 2022 £'000	Group 2021 £'000
Cost		
Finished goods and goods for resale	126,040	88,460

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

19. Debtors

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Due within one year				
Trade debtors	39,065	35,365	819	247
Amounts owed by group undertakings	-	-	-	3,364
Other debtors	18,589	5,636	5,994	1,084
Prepayments and accrued income	4,290	9,789	3	119
Deferred taxation (note 26)	2,020	1,918	-	-
Financial instruments	-	1,159	-	-
Corporation tax recoverable	1,122	1,895	-	-
Net investment in finance leases	1,026	917	-	-
	66,112	56,679	6,816	4,814

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

19. Debtors (continued)

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Due after more than one year				
Net investments in finance leases	608	467	-	-

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

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Total amounts receivable	1,957	1,613	-	-
Less: interest allocated to future periods	(324)	(229)	-	-
Net investment in contracts accounted for as finance leases	1,633	1,384	-	-
Rentals receivable during the year from contracts accounted for as finance leases	2,212	2,045	-	-
Cost of assets acquired for the purpose of letting under contracts accounted for as finance leases during the year	2,056	1,295	-	-

The net investment in finance leases falls due as follows:

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Amounts due:				
Within one year	1,026	917	-	-
After one year and within two years	536	358	-	-
After two years and withing five years	72	109	-	-
	1,633	1,384	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

20. Cash and cash equivalents

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Cash at bank and in hand	62,242	33,533	19,737	7,461

21. Creditors: Amounts falling due within one year

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Bank loans	44,495	1,173	-	-
Other loans	20,840	5,000	14,642	5,000
Trade creditors	36,683	35,821	174	96
Corporation tax	-	-	120	76
Other taxation and social security	9,606	8,163	490	-
Other creditors	23,958	18,066	182	-
Accruals and deferred income	21,462	19,513	1,938	768
Financial instruments	192	-	-	-
Dividends payable	6,111	7,010	12,217	7,010
Amounts due to group undertakings	-	-	119	119
	163,347	94,746	29,882	13,069

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

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

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Bank loans	-	5,571	-	-
Preference shares	9	9	9	9
	9	5,580	9	9

On 26 October 2021, 8,537 Ordinary shares, 88 A Ordinary shares, 88 B Ordinary shares and 88 C Ordinary shares were converted to 8,537 Preferences shares, 88 A Preferences shares, 88 B Preferences shares and 88 C Preferences shares of £1 each respectively. All preference shares carry a fixed annual dividend of £585.69 per share. The Preference Shares do not confer any voting rights, and non-redeemable. In the event of a liquidation or sale the holder is entitled to a fixed sum and has no further rights to the residual assets of the company.

23. Provisions for liabilities

Group

	Warranty £'000	**Dilapidations £'000**	**Onerous leases £'000**	**Total £'000**
At beginning of year	2,426	1,251	75	3,752
Exchange adjustment	(3)	-	-	(3)
Additions during the year	565	342	73	980
Released during the year	-	-	(75)	(75)
	2,988	1,593	73	4,654

Company

	Deferred Tax (note 26) £'000
At beginning of year	135
Reclassification from creditors	-
Additions during the year	9
	143

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

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

The onerous lease provision represent the total future obligation of lease payments where the Group has decided to cease to trade from existing retail stores and other provisions relating to potential obligations.

24. Bank Loans

	Group 2022 £'000	Group 2021 £'000
Amounts falling due within one year	44,495	1,173
Amounts falling due 1-2 years	-	5,571
Amounts falling due 2-5 years	-	-
	44,495	6,744

Key West (Holdings) Limited has a £1m (2021: £5m) rolling credit facility. The value drawn on the facility was £nil at 31 December 2022 (2021: £nil). The facility is secured by a charge over certain of Key West' properties and carries interest at Bank of England base rate plus 5.15%.

Nisbets plc has bank loans of £5,495,000 (2021: £5,778,000) relating to a 24 month Australian Dollar term loan renewed July 2021. It is secured by a charge over certain of Nisbets properties and carries interest at 2.05% above Australian Bank Bill Swap Rate.

In addition, Nisbets has a £50,000,000, 3-year multicurrency revolving credit facility. The value drawn on this facility at 31 December 2022 was £39,000,000 (2021: £nil). It is secured by a charge over certain of the Group's properties.

25. Financial instruments

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Financial assets				
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	-	1,160	-	-
Financial assets measured at amortised cost	125,819	85,707	26,554	12,275
Financial liabilities				
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	(192)	-	-	-
Financial liabilities measured at amortised cost	(153,512)	(92,155)	(27,788)	(12,225)
	(27,884)	(5,288)	(1,235)	50

Financial assets measured at amortised cost comprise cash balances, loans receivable and trade and other debtors. Financial assets/(liabilities) measured at fair value through profit and loss comprise derivative forward foreign exchange contracts. Financial liabilities measured at amortised cost comprise loans and overdrafts and trade and other payables.

26. Deferred taxation

Group

The deferred tax asset is made up as follows:

	2022 £'000	2021 £'000
Accelerated capital allowances	1,246	1,399
Other short term timing differences	774	519
At end of year	2,020	1,918

Company

The company's deferred tax liability of £143,000 (2021: £135,000) relates to differences between capital allowances and depreciation.

26. Deferred taxation (continued)

The Finance Act 2022 enacted on 10 June 2021 increased the main rate of UK corporation tax from 19% to 25%, effective from 1 April 2023. Deferred taxes on the balance sheet have been measured at 25% which represents the future corporation tax rate that was enacted at the balance sheet date. It is not anticipated that these changes will have a material impact on the company's/group's deferred tax balances.

27. Share capital

Allotted, called up and fully paid	2022 £	2021 £
Ordinary shares		
25,614 Ordinary shares of £1.00 each	25,614	25,614
264 A Ordinary shares of £1.00 each	264	264
264 B Ordinary shares of £1.00 each	264	264
264 C Ordinary shares of £1.00 each	264	264
	26,406	26,406

	2022 £	2021 £
Preference shares		
8,537 Ordinary shares of £1.00 each	8,537	8,537
88 A Preference shares of £1.00 each	88	88
88 B Preference shares of £1.00 each	88	88
88 C Preference shares of £1.00 each	88	88
	8,801	8,801

On 26 October 2021, 8,537 Ordinary shares, 88 A Ordinary shares, 88 B Ordinary shares and 88 C Ordinary shares were converted to 88,537 Preferences shares, 88 A Preferences shares, 88 B Preferences shares and 88 C Preferences shares of £1 each respectively. The preference shares carry a fixed annual dividend of £585.69 per share, and are classified as a financial liability. These are presented in note 22.

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

28. Reserves

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

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

Profit and loss account
This includes all current and prior period retained profits and losses.

29. Contingent liabilities

The company and group have no contingent liabilities at 31 December 2022.

30. Capital commitments

At 31 December 2022 the Group had capital commitments as follows:

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Contracted for but not provided	14,423	1,134	-	-

31. Commitments under operating leases

At 31 December 2022 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	2022 Land & buildings £'000	2022 Other £'000	2021 Land & buildings £'000	2021 Other £'000
In one year or less	10,203	490	6,002	507
Between one and two years	9,931	349	4,426	243
Between two and five years	22,717	528	9,246	82
After five years	32,023	7	5,387	-
	74,874	1,374	25,061	832

32. Related party transactions

Nisbets plc acquired the 51% shareholding in Jongor (Holdings) Limited for £614,000, As part of the transaction the loan was fully repaid. The balance due at 31 December 2022 is £nil (2021: £3,364,000).

The group made contributions of £2.0m to The Nisbet Trust in the year (2021: £1.5m). Members of the Key West (Holdings) Ltd and Nisbets plc board also sit as Trustees of The Nisbet Trust.

During the year the company borrowed an additional £7,000,000 from Andrew Nisbet at an interest rate of 2% + Bank of England Base Rate. The total amount due at 31 December is £12,142,000 (2021:£5,000,000).

During the year Rose Nisbet lent the company £2,500,000 at an interest rate of 2% + Bank of England Base Rate. The total amount due at 31 December is £2,500,000 (2021:£nil).

During the year Joe Nisbet borrowed £4,959,000 from the company at an interest rate of 2%. The amount due at 31 December 2022 is £4,959,000 (2021: £nil).

During the year the company paid ordinary dividends of £8,150,000 to Key West (Holdings) Business Settlement these funds were lent to the Company. The total amount due at 31 December 2022 is £6,197,000 (2021 £6,078,000).

At the balance sheet date, the company owed £0.1m to its subsidiary undertaking, PNFT5 (Unicorn) Limited (2021: £0.1m).

The interests of the directors in the shares of the Company at 31 December 2022 were as follows:

	Ordinary shares	A Ordinary shares	B Ordinary shares	C Ordinary shares	Preference shares	A Preference shares	B Preference shares	C Preference shares
Key West (Holdings) Business Settlement	25,614	-	-	-	-	-	-	-
A Nisbet	-	-	-	-	8,537	-	-	-
J P Nisbet	-	264	-	-	-	88	-	-
E R Nisbet	-	-	264		-	-	88	-
A M Nisbet	-	-	-	264	-	-	-	88
	25,614	264	264	264	8,537	88	88	88

The rights attached to each class of share are set out in notes 22 and 27.

On 26 October 2021, 8,537 Ordinary shares, 88 A Ordinary shares, 88 B Ordinary shares and 88 C Ordinary shares were converted to 8,537 Preferences shares, 88 A Preferences shares, 88 B Preferences shares and 88 C Preferences shares respectively. On the same date, 25,614 Ordinary shares held by A Nisbet were transferred to the Key West (Holdings) Business Settlement, a trust of which A Nisbet is a trustee.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

33. 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.

34. Share based payments

Nisbets Plc has issued shares to its employees, the terms of which are linked to the employees' continued employment by the Company. This arrangement is classified as an equity-settled share-based payment arrangement. The grant date fair value has been calculated using an option pricing model. This was considered to be the most appropriate method given the nature and terms of the scheme. A charge of £1,664,000 has been recognised in the profit and loss account for the year ended 31 December 2022 (2021: charge of £539,000). The share option charge has been calculated through consideration of meeting performance criteria over a 18 month to 42 month period.

35. Subsidiary company audit exemptions

For the period ended 31 December 2022 certain subsidiaries of Key West (Holdings) Limited were entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies. Key West (Holdings) Limited has provided a guarantee to these subsidiaries in accordance with that section.

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

Subsidiary undertaking	**Company Number**
PNFT 5 (Unicorn) Limited	11495348

36. Controlling party

The controlling related parties are A Nisbet and Groupclose Limited as trustees of the Key West (Holdings) Business Settlement by virtue of their shareholding in the company.

37. Post balance sheet events

Since the end of the year Key West (Holdings) Limited has acquired a 100% stake in GB7202 Ltd, a dormant company in the Isle of Man.