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**KEY WEST (HOLDINGS) LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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KEY WEST (HOLDINGS) LIMITED

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COMPANY INFORMATION

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|                            |   |
|----------------------------|---|
| <b>Directors</b>           | A Nisbet<br>A M Nisbet<br>J P Nisbet<br>E R Nisbet  |
| <b>Company secretary</b>   | A Nisbet  |
| <b>Registered number</b>   | 08963631  |
| <b>Registered office</b>   | 22 Clifton Road<br>Clifton<br>Bristol<br>BS8 1AQ  |
| <b>Independent auditor</b> | Grant Thornton UK LLP<br>Chartered Accountants & Statutory Auditor<br>2 Glass Wharf<br>Bristol<br>BS2 0EL |

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KEY WEST (HOLDINGS) LIMITED

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## KEY WEST (HOLDINGS) LIMITED

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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#### Principal Activity

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

#### Strategy

##### Key West (Holdings) Limited

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

##### Nisbets plc

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

##### Jongor Limited

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

#### Business review

Within Key West (Holdings) Limited, the group had Turnover for the year of £408.2 million (2017: £388.5 million). Profit before tax was £27.5 million (2017: £35.6 million).

Nisbets plc is the most significant investment in Key West (Holdings) Limited. Nisbets plc is principally engaged in the sale and leasing of catering equipment. Its activities are carried out through the company's branches in the United Kingdom and the Republic of Ireland and subsidiaries in the UK, France, Spain, the Netherlands, China and Australia. Nisbets continues its record of turnover growth achieving a 5% growth in the year. Turnover for the year ended 31 December 2018 was in line with expectations at £398.1 million (2017: £380.3 million) and profit before tax was £27.7 million, a decrease of 26% from the prior year (2017: £37.5 million).

The principal activity of Jongor Limited, the other investment within Key West (Holdings) Limited, was that of the hire of banqueting furniture, catering equipment, cold rooms and temporary kitchens to sporting events, catering organisations, marquee contractors, companies and individuals. Turnover for the year ended 31 December 2018 was £7.3 million (2017: £6.3 million), the gross profit percentage was 79% (2017: 75%).

During the year Key West (Holdings) Limited invested in a further 5 commercial properties. Turnover for the year was £3.2 million (2017: £1.9 million). Subsequent to the year end the group has continued to develop its commercial property business in the UK.

The group made donations of £2 million (2017: £1.5m) to the Nisbet Trust.

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## KEY WEST (HOLDINGS) LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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#### Underlying Trading Performance

To assist in understanding the underlying trading performance during a period of business change and sterling variability, a non-statutory presentation of the results has been included below. This shows the group's consolidated results assuming all transactions occurred at the prior year exchange rates and adjusted for one off costs. This demonstrates that the group's results were significantly impacted by foreign exchange and one off costs associated with the group's change programme (including investments in sales capability and supply chain/retail infrastructure), with underlying profit declining by 3% compared to the reported 24%.

| Non-Statutory Presentation  | 2018          | 2017          | %           |
|---|---------------|---------------|-------------|
|   | £000's        | £000's        |             |
| Gross Profit at Constant foreign exchange rates                                     | 160,233       | 145,151       | 10%         |
| Administration Costs  | (124,438)     | (108,301)     |             |
| <b>Operating Profit at constant foreign exchange rates before exceptional costs</b> | <b>35,795</b> | <b>36,850</b> | <b>-3%</b>  |
| Gain in Financial instruments   | 594           | -             |             |
| Foreign exchange gains/(losses)   | (3,933)       | 681           |             |
| Charitable Donations  | (2,100)       | (1,610)       |             |
| One-off exceptional (cost)/gain   | (1,319)       | 2,077         |             |
| <b>Operating Profit (as reported)</b>   | <b>29,037</b> | <b>37,998</b> | <b>-24%</b> |

In view of the continuing difficult trading conditions, the directors are pleased with the performance during the year. The group is maintaining its competitive value proposition in times of economic uncertainty whilst simultaneously laying down the essential foundations for future UK and international growth as the business continues to develop its customer offer as an international multi-channel distributor. The business foresees another 18 months of investment to consolidate its position in the UK market and to exploit opportunities for international expansion.

#### Financial risk management objectives and policies

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

#### Key West (Holdings) Limited

The key financial risk is that of its lessees to pay 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.

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

**A Nisbet**  
Director

Date: 1 July 2019

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**KEY WEST (HOLDINGS) LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present their report and the financial statements for the year ended 31 December 2018.

**Results and dividends**

The profit for the year, after taxation and minority interests, amounted to £21,222,000 (2017 - £27,202,000).

A dividend of £84,015 was paid during the year (2017: £40,001).

**Directors**

The directors who served during the year were:

A Nisbet  
A M Nisbet  
J P Nisbet  
E R Nisbet

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

**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.

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## KEY WEST (HOLDINGS) LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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#### Future developments

2018 marked a period of significant change for Nisbets plc as it welcomed a number of new additions to its executive team and embarked on an extensive review of its operating model and strategic opportunities. Nisbets plc will continue to put the customer at the centre of its strategy, focusing on delivering excellent value for customers with competitive pricing, an unrivalled range and superior customer service. It will step up its investment in systems and supply chain to continuously improve the customer experience and to lay the foundations from which it can scale its UK and international businesses.

The next 18 months will see continued investment for Nisbets plc as it upgrades its systems and infrastructure. The last 5 years have seen successful top line average growth of 15% per year as the business has focused on trading performance. Now Nisbets plc's focus in 2019 will be on upgrading capability to provide the platform from which the business can continue to delight customers and enable them to do great things. As a result Nisbets plc will prioritise investment over short term profit growth.

#### Financial instruments

The principal subsidiary, Nisbets plc is exposed to transaction foreign exchange risk which it seeks to hedge using forward exchange rate contracts and other financial instruments. The fair value of these derivative financial instruments as at 31 December 2018 was an asset of £618,000 (2017: a liability of £6,841,190).

#### Environmental policy

Management have continued to develop the group's environmental policy and control the group's environmental impact, recycling 99% (2017: 98%) of waste in 2018. The group's objective is to consistently develop and improve performance in this area by investment into improved waste stream segregation along with promoting staff awareness and training. In addition, the group works with suppliers to ensure that a minimalistic packaging approach and appropriate environmental policies and controls are adopted within their organisations.

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

#### Colleague involvement

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

#### Disabled colleagues

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

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

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KEY WEST (HOLDINGS) LIMITED

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DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018

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**Charitable donations**

The group made charitable donations during the year of £2,100,000 (2017: £1,610,000).

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

This report was approved by the board on 1 July 2019 and signed on its behalf.



**A Nisbet**  
Director



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEY WEST (HOLDINGS) LIMITED

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### 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 2018, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, 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 Financial Reporting Standard 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 state of the Group's and of the parent company's affairs as at 31 December 2018 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

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

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



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

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**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this 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 Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

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 Group Strategic Report or the Directors' Report.

**Matters on which we are required to report by exception**

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



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

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**Responsibilities of directors for the financial statements**

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.



Tim Lincoln BA ACA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Bristol

1 July 2019

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KEY WEST (HOLDINGS) LIMITED

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018

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|   | Note | 2018<br>£000   | 2017<br>£000   |
|---|------|----------------|----------------|
| Turnover                                      | 4    | 408,201        | 388,540        |
| Cost of sales                                 |      | (251,818)      | (243,619)      |
| <b>Gross profit</b>                           |      | <b>156,383</b> | <b>144,921</b> |
| Administrative expenses                       |      | (125,840)      | (107,476)      |
| Other operating income                        | 5    | 594            | 2,163          |
| <b>Operating profit</b>                       | 6    | <b>31,137</b>  | <b>39,608</b>  |
| Charitable donations                          |      | (2,100)        | (1,610)        |
| <b>Total operating profit</b>                 |      | <b>29,037</b>  | <b>37,998</b>  |
| Change in fair value of investment properties |      | (1,174)        | (2,163)        |
| Interest receivable and similar income        | 10   | 93             | 274            |
| Interest payable and similar expenses         | 11   | (418)          | (477)          |
| <b>Profit before tax</b>                      |      | <b>27,538</b>  | <b>35,632</b>  |
| Tax on profit                                 | 12   | (5,412)        | (7,130)        |
| <b>Profit for the financial year</b>          |      | <b>22,126</b>  | <b>28,502</b>  |

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KEY WEST (HOLDINGS) LIMITED

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018

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|  | 2018<br>£000  | 2017<br>£000    |
|--|---------------|-----------------|
| Currency translation difference on foreign currency net investments                              | (125)         | (1,123)         |
| Company restructure  | -             | 986             |
| Change in fair value of financial instruments  | 1,816         | (13,851)        |
| Transfer to inventories on settlement of financial instruments designated as hedging instruments | 3,457         | 2,469           |
| <b>Other comprehensive income for the year</b>   | <b>5,148</b>  | <b>(11,519)</b> |
| <br>   |               |                 |
| <b>Total comprehensive income for the year</b>   | <b>27,274</b> | <b>16,983</b>   |
| <b>Profit for the year attributable to:</b>  |               |                 |
| Non-controlling interest   | 904           | 1,300           |
| Owners of the parent company   | 21,222        | 27,202          |
|  | <b>22,126</b> | <b>28,502</b>   |
| <br>   |               |                 |
| <b>Total comprehensive income attributable to:</b>   |               |                 |
| Non-controlling interest   | 940           | 77              |
| Owners of the parent company   | 26,334        | 16,906          |
|  | <b>27,274</b> | <b>16,983</b>   |

The notes on pages 19 to 44 form part of these financial statements.

**KEY WEST (HOLDINGS) LIMITED**  
**REGISTERED NUMBER:08963631**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

|   | Note | 2018<br>£000          | 2017<br>£000          |
|---|------|-----------------------|-----------------------|
| <b>Fixed assets</b>                                     |      |                       |                       |
| Intangible assets                                       | 14   | 17,796                | 19,688                |
| Tangible assets   | 15   | 56,191                | 56,343                |
| Investment property                                     | 17   | 56,511                | 43,196                |
|   |      | <u>130,498</u>        | <u>119,227</u>        |
| <b>Current assets</b>                                   |      |                       |                       |
| Stocks  | 18   | 64,087                | 60,591                |
| Debtors: amounts falling due after more than one year   | 19   | 1,896                 | 1,211                 |
| Debtors: amounts falling due within one year            | 19   | 47,495                | 40,985                |
| Cash at bank and in hand                                | 20   | 23,410                | 24,952                |
|   |      | <u>136,888</u>        | <u>127,739</u>        |
| Creditors: amounts falling due within one year          | 21   | (72,078)              | (73,584)              |
| <b>Net current assets</b>                               |      | <u>64,810</u>         | <u>54,155</u>         |
| <b>Total assets less current liabilities</b>            |      | <u>195,308</u>        | <u>173,382</u>        |
| Creditors: amounts falling due after more than one year | 22   | (3,600)               | (4,785)               |
| <b>Provisions for liabilities</b>                       |      |                       |                       |
| <b>Net assets</b>                                       |      | <u><u>191,708</u></u> | <u><u>168,597</u></u> |

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KEY WEST (HOLDINGS) LIMITED  
REGISTERED NUMBER:08963631

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)  
AS AT 31 DECEMBER 2018

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|  | Note | 2018<br>£000   | 2017<br>£000   |
|--|------|----------------|----------------|
| <b>Capital and reserves</b>                                |      |                |                |
| Called up share capital                                    | 26   | 35             | 35             |
| Cash flow hedge reserve                                    | 27   | -              | (5,273)        |
| Merger reserve   | 27   | 5,182          | 5,182          |
| Profit and loss account                                    | 27   | 183,292        | 163,912        |
| <b>Equity attributable to owners of the parent company</b> |      | <u>188,509</u> | <u>163,856</u> |
| Non-controlling interests                                  |      | 3,199          | 4,741          |
|  |      | <u>191,708</u> | <u>168,597</u> |

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



**A Nisbet**  
Director

Date: 1 July 2019

The notes on pages 19 to 44 form part of these financial statements.

**KEY WEST (HOLDINGS) LIMITED**  
REGISTERED NUMBER:08963631

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

|  | Note | 2018<br>£000  | 2017<br>£000  |
|--|------|---------------|---------------|
| <b>Fixed assets</b>                            |      |               |               |
| Tangible assets                                | 15   | 1             | 2             |
| Investments                                    | 16   | 6,456         | 6,456         |
| Investment property                            | 17   | 53,761        | 40,110        |
|  |      | <u>60,218</u> | <u>46,568</u> |
| <b>Current assets</b>                          |      |               |               |
| Debtors: amounts falling due within one year   | 19   | 4,882         | 5,120         |
| Cash at bank and in hand                       | 20   | 10,892        | 8,194         |
|  |      | <u>15,774</u> | <u>13,314</u> |
| Creditors: amounts falling due within one year | 21   | (1,206)       | (4,486)       |
| <b>Net current assets</b>                      |      | <u>14,568</u> | <u>8,828</u>  |
| <b>Total assets less current liabilities</b>   |      | <u>74,786</u> | <u>55,396</u> |
| <b>Net assets excluding pension asset</b>      |      | <u>74,786</u> | <u>55,396</u> |
| <b>Net assets</b>                              |      | <u>74,786</u> | <u>55,396</u> |
| <b>Capital and reserves</b>                    |      |               |               |
| Called up share capital                        | 26   | 35            | 35            |
| Profit and loss account brought forward        |      | 55,361        | 37,140        |
| Profit for the year                            |      | 19,474        | 18,261        |
| Dividends                                      |      | (84)          | (40)          |
| Profit and loss account carried forward        |      | <u>74,751</u> | <u>55,361</u> |
|  |      | <u>74,786</u> | <u>55,396</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 July 2019.

  
A Nisbet  
Director

The notes on pages 19 to 44 form part of these financial statements.

KEY WEST (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018

|  | Called up<br>share capital<br>£000 | Cashflow<br>hedge<br>reserve<br>£000 | Merger<br>reserve<br>£000 | Profit and<br>loss account<br>£000 | Equity<br>attributable<br>to owners of<br>parent<br>company<br>£000 | Non-<br>controlling<br>interests<br>£000 | Total equity<br>£000 |
|--|------------------------------------|--------------------------------------|---------------------------|------------------------------------|---|--|----------------------|
| At 1 January 2018                              | 35                                 | (5,273)                              | 5,182                     | 163,912                            | 163,856   | 4,741                                    | 168,597              |
| <b>Comprehensive income for the year</b>       |                                    |                                      |                           |                                    |   |  |                      |
| Profit for the year                            | -                                  | -                                    | -                         | 21,222                             | 21,222  | 904                                      | 22,126               |
| Company restructure                            | -                                  | -                                    | -                         | (1,597)                            | (1,597)   | (1,345)                                  | (2,942)              |
| OCI  | -                                  | 5,273                                | -                         | (161)                              | 5,112   | 36                                       | 5,148                |
| <b>Other comprehensive income for the year</b> | -                                  | 5,273                                | -                         | (1,758)                            | 3,515   | (1,309)                                  | 2,206                |
| <b>Total comprehensive income for the year</b> | -                                  | 5,273                                | -                         | 19,464                             | 24,737  | (405)                                    | 24,332               |
| Dividends: Equity capital                      | -                                  | -                                    | -                         | (84)                               | (84)  | -  | (84)                 |
| Dividend                                       | -                                  | -                                    | -                         | -                                  | -   | (1,147)                                  | (1,147)              |
| Issue of shares to minority interests          | -                                  | -                                    | -                         | -                                  | -   | 10                                       | 10                   |
| <b>Total transactions with owners</b>          | -                                  | -                                    | -                         | (84)                               | (84)  | (1,137)                                  | (1,221)              |
| <b>At 31 December 2018</b>                     | <b>35</b>                          | <b>-</b>                             | <b>5,182</b>              | <b>183,292</b>                     | <b>188,509</b>  | <b>3,199</b>                             | <b>191,708</b>       |

The notes on pages 19 to 44 form part of these financial statements.

KEY WEST (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017

|   | Called up<br>share capital | Cashflow<br>hedge<br>reserve | Merger<br>reserve | Profit and<br>loss account | Equity<br>attributable<br>to owners of<br>parent<br>company | Non-<br>controlling<br>interests | Total equity   |
|---|----------------------------|------------------------------|-------------------|----------------------------|---|----------------------------------|----------------|
|   | £000                       | £000                         | £000              | £000                       | £000  | £000                             | £000           |
| At 1 January 2017   | 35                         | 6,109                        | 5,182             | 136,658                    | 147,984   | 7,206                            | 155,190        |
| <b>Comprehensive income for the year</b>                          |                            |                              |                   |                            |   |                                  |                |
| Profit for the year   | -                          | -                            | -                 | 27,202                     | 27,202  | 1,300                            | 28,502         |
| Fair value change and foreign currency translation<br>differences | -                          | (11,382)                     | -                 | 92                         | (11,290)  | (229)                            | (11,519)       |
| <b>Other comprehensive income for the year</b>                    | -                          | (11,382)                     | -                 | 92                         | (11,290)  | (229)                            | (11,519)       |
| <b>Total comprehensive income for the year</b>                    | -                          | (11,382)                     | -                 | 27,294                     | 15,912  | 1,071                            | 16,983         |
| Dividends: Equity capital   | -                          | -                            | -                 | (40)                       | (40)  | -                                | (40)           |
| Dividend  | -                          | -                            | -                 | -                          | -   | (717)                            | (717)          |
| Purchase of minority interest shares                              | -                          | -                            | -                 | -                          | -   | (2,819)                          | (2,819)        |
| <b>Total transactions with owners</b>                             | -                          | -                            | -                 | (40)                       | (40)  | (3,536)                          | (3,576)        |
| <b>At 31 December 2017</b>  | <b>35</b>                  | <b>(5,273)</b>               | <b>5,182</b>      | <b>163,912</b>             | <b>163,856</b>  | <b>4,741</b>                     | <b>168,597</b> |

The notes on pages 19 to 44 form part of these financial statements.

KEY WEST (HOLDINGS) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018

|   | Called up<br>share capital<br>£000 | Profit and<br>loss account<br>£000 | Total equity<br>£000 |
|---|------------------------------------|------------------------------------|----------------------|
| At 1 January 2017                                   | 35                                 | 37,140                             | 37,175               |
| <b>Comprehensive income for the year</b>            |                                    |                                    |                      |
| Profit for the year                                 | -                                  | 18,261                             | 18,261               |
|   | -                                  | 18,261                             | 18,261               |
| <b>Total comprehensive income for the year</b>      |                                    |                                    |                      |
| <b>Contributions by and distributions to owners</b> |                                    |                                    |                      |
| Dividends: Equity capital                           | -                                  | (40)                               | (40)                 |
|   | -                                  | (40)                               | (40)                 |
| <b>Total transactions with owners</b>               |                                    |                                    |                      |
| At 1 January 2018                                   | 35                                 | 55,361                             | 55,396               |
| <b>Comprehensive income for the year</b>            |                                    |                                    |                      |
| Profit for the year                                 | -                                  | 19,474                             | 19,474               |
|   | -                                  | 19,474                             | 19,474               |
| <b>Total comprehensive income for the year</b>      |                                    |                                    |                      |
| <b>Contributions by and distributions to owners</b> |                                    |                                    |                      |
| Dividends: Equity capital                           | -                                  | (84)                               | (84)                 |
|   | -                                  | (84)                               | (84)                 |
| <b>Total transactions with owners</b>               |                                    |                                    |                      |
| At 31 December 2018                                 | 35                                 | 74,751                             | 74,786               |

KEY WEST (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018

|   | 2018<br>£000    | 2017<br>£000    |
|---|-----------------|-----------------|
| <b>Cash flows from operating activities</b>         |                 |                 |
| Profit for the financial year                       | 22,126          | 28,502          |
| <b>Adjustments for:</b>                             |                 |                 |
| Amortisation of intangible assets                   | 3,722           | 3,202           |
| Depreciation of tangible assets                     | 6,278           | 5,003           |
| Loss on disposal of intangible assets               | 200             | -               |
| Loss on disposal of tangible assets                 | 63              | (41)            |
| Interest paid                                       | 418             | 272             |
| Interest received                                   | (93)            | (69)            |
| Taxation charge                                     | 5,412           | 7,130           |
| (Increase) in stocks                                | (3,007)         | (8,764)         |
| (Increase) in debtors                               | (7,282)         | (2,267)         |
| Increase in creditors                               | 5,919           | 4,174           |
| Foreign exchange movements                          | (103)           | -               |
| Net fair value losses recognised in P&L             | 1,174           | 2,163           |
| Corporation tax paid                                | (8,439)         | (10,146)        |
| <b>Net cash generated from operating activities</b> | <b>26,388</b>   | <b>29,159</b>   |
| <b>Cash flows from investing activities</b>         |                 |                 |
| Purchase of intangible fixed assets                 | (2,030)         | (2,970)         |
| Purchase of tangible fixed assets                   | (6,669)         | (17,340)        |
| Sale of tangible fixed assets                       | 214             | 190             |
| Purchase of investment properties                   | (14,489)        | (13,394)        |
| Interest received                                   | 98              | 192             |
| <b>Net cash from investing activities</b>           | <b>(22,876)</b> | <b>(33,322)</b> |

KEY WEST (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018

|   | 2018<br>£000         | 2017<br>£000         |
|---|----------------------|----------------------|
| <b>Cash flows from financing activities</b>                   |                      |                      |
| New secured loans   | 5,076                | 6,216                |
| Repayment of loans  | (1,685)              | (1,185)              |
| Dividends paid  | (1,231)              | (757)                |
| Interest paid   | (423)                | (327)                |
| Purchase of subsidiary undertaking                            | (3,049)              | (5,464)              |
| Capital received from minority shareholders                   | 105                  | -                    |
| Issue of shares   | 10                   | -                    |
| <b>Net cash used in financing activities</b>                  | <u>(1,197)</u>       | <u>(1,517)</u>       |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   | <u>2,315</u>         | <u>(5,680)</u>       |
| Cash and cash equivalents at beginning of year                | 21,412               | 26,902               |
| Foreign exchange gains and losses                             | (318)                | 190                  |
| <b>Cash and cash equivalents at the end of year</b>           | <u><u>23,409</u></u> | <u><u>21,412</u></u> |
| <b>Cash and cash equivalents at the end of year comprise:</b> |                      |                      |
| Cash at bank and in hand                                      | 23,410               | 24,952               |
| Bank overdrafts   | (1)                  | (3,540)              |
|   | <u><u>23,409</u></u> | <u><u>21,412</u></u> |

The notes on pages 19 to 44 form part of these financial statements.

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KEY WEST (HOLDINGS) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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**1. General information**

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

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

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

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

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

The following principal accounting policies have been applied:

**2.2 Basis of consolidation**

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

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

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

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

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KEY WEST (HOLDINGS) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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2. Accounting policies (continued)

2.3 Revenue

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

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

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

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

2.4 Intangible assets

**Goodwill**

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

**Other intangible assets**

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

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

2.5 Tangible fixed assets

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

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KEY WEST (HOLDINGS) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

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

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

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

2.6 Operating leases: the Group as lessee

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

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

2.7 Investment property

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

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KEY WEST (HOLDINGS) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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**2. Accounting policies (continued)**

**2.8 Valuation of investments**

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

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

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

**2.9 Stocks**

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

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

**2.10 Debtors**

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

**2.11 Cash and cash equivalents**

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

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## KEY WEST (HOLDINGS) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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## 2. Accounting policies (continued)

### 2.12 Financial instruments

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

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

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

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

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

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

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

### 2.13 Creditors

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

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KEY WEST (HOLDINGS) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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2. Accounting policies (continued)

2.14 Foreign currency translation

**Functional and presentation currency**

The company's functional and presentational currency is GBP.

**Transactions and balances**

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

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

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

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

2.15 Finance costs

Finance costs are charged 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.

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KEY WEST (HOLDINGS) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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**2. Accounting policies (continued)**

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

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

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

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

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

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

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

**2.18 Pensions**

**Defined contribution pension plan**

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

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

**2.19 Interest income**

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

**2.20 Borrowing costs**

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

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KEY WEST (HOLDINGS) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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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.

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KEY WEST (HOLDINGS) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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

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

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

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

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

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

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

**4. Turnover**

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

|  | 2018<br>£000   | 2017<br>£000   |
|--|----------------|----------------|
| Sale of catering equipment             | 399,952        | 379,683        |
| Leasing and hire of catering equipment | 5,075          | 6,958          |
| Net rent receivable                    | 3,174          | 1,899          |
|  | <u>408,201</u> | <u>388,540</u> |

**5. Other operating income**

|   | 2018<br>£000 | 2017<br>£000 |
|---|--------------|--------------|
| Gain on financial instruments not designated as hedging instruments | 594          | -            |
| Compensation payment  | -            | 2,077        |
| Service charge income   | -            | 86           |
|   | <u>594</u>   | <u>2,163</u> |

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KEY WEST (HOLDINGS) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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6. Operating profit

The operating profit is stated after charging:

|   | 2018<br>£000 | 2017<br>£000 |
|---|--------------|--------------|
| Depreciation of tangible fixed assets                 | 6,278        | 5,003        |
| Amortisation of intangible assets, including goodwill | 3,722        | 3,202        |
| Other operating lease rentals                         | 7,849        | 7,115        |
| Foreign exchange (gain)/loss                          | (205)        | 912          |
| Charitable donations                                  | 2,100        | 1,610        |
|   | <u>2,100</u> | <u>1,610</u> |

7. Auditor's remuneration

|   | 2018<br>£000 | 2017<br>£000 |
|---|--------------|--------------|
| Fees payable to the Group's auditor and its associates for the audit of the Company's annual accounts | 15           | 13           |
| <b>Fees payable to the Group's auditor and its associates in respect of:</b>                          |              |              |
| The auditing of accounts of associates of the Group pursuant to legislation                           | 101          | 97           |
| Tax compliance  | 10           | 3            |
| Tax advisory  | 52           | 6            |
| Other non audit services  | 20           | 35           |
|   | <u>20</u>    | <u>35</u>    |

**KEY WEST (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**8. Employees**

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

|                                     | <b>Group<br/>2018<br/>£000</b> | <i>Group<br/>2017<br/>£000</i> | <b>Company<br/>2018<br/>£000</b> | <i>Company<br/>2017<br/>£000</i> |
|-------------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Wages and salaries                  | 60,148                         | 52,560                         | 27                               | -                                |
| Social security costs               | 6,406                          | 4,922                          | -                                | -                                |
| Cost of defined contribution scheme | 2,391                          | 1,982                          | 40                               | 50                               |
|                                     | <u>68,945</u>                  | <u>59,464</u>                  | <u>67</u>                        | <u>50</u>                        |

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

|           | <b>2018<br/>No.</b> | <i>2017<br/>No.</i> |
|-----------|---------------------|---------------------|
| Employees | <u>2,215</u>        | <u>1,839</u>        |

**9. Directors' remuneration**

|   | <b>2018<br/>£000</b> | <i>2017<br/>£000</i> |
|---|----------------------|----------------------|
| Directors' emoluments   | 117                  | 94                   |
| Company contributions to defined contribution pension schemes | 40                   | 50                   |
|   | <u>157</u>           | <u>144</u>           |

During the year retirement benefits were accruing to no directors (2017 - NIL) in respect of defined contribution pension schemes.

**10. Interest receivable**

|                           | <b>2018<br/>£000</b> | <i>2017<br/>£000</i> |
|---------------------------|----------------------|----------------------|
| Other interest receivable | <u>93</u>            | <u>274</u>           |

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KEY WEST (HOLDINGS) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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11. Interest payable and similar expenses

|                       | 2018<br>£000 | 2017<br>£000 |
|-----------------------|--------------|--------------|
| Bank interest payable | 418          | 477          |

12. Taxation

|  | 2018<br>£000   | 2017<br>£000 |
|--|----------------|--------------|
| <b>Corporation tax</b>                           |                |              |
| Current tax on profits for the year              | 5,255          | 6,717        |
| Adjustments in respect of previous periods       | (77)           | (86)         |
|  | <u>5,178</u>   | <u>6,631</u> |
| <b>Foreign tax</b>                               |                |              |
| Foreign tax on income for the year               | 1,300          | 947          |
| Foreign tax in respect of prior periods          | 162            | -            |
|  | <u>1,462</u>   | <u>947</u>   |
| <b>Total current tax</b>                         | <u>6,640</u>   | <u>7,578</u> |
| <b>Deferred tax</b>                              |                |              |
| Origination and reversal of timing differences   | (1,063)        | (448)        |
| Changes to tax rates                             | 100            | -            |
| Adjustments in respect of prior periods          | (265)          | -            |
|  | <u>(1,228)</u> | <u>(448)</u> |
| <b>Taxation on profit on ordinary activities</b> | <u>5,412</u>   | <u>7,130</u> |

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**KEY WEST (HOLDINGS) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**12. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

|  | <b>2018</b>   | <i>2017</i>   |
|--|---------------|---------------|
|  | <b>£000</b>   | <i>£000</i>   |
| Profit on ordinary activities before tax   | <b>27,538</b> | <i>35,632</i> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%) | <b>5,639</b>  | <i>6,859</i>  |
| <b>Effects of:</b>   |               |               |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment                    | <b>83</b>     | <i>807</i>    |
| Capital allowances for year in excess of depreciation  | <b>54</b>     | <i>42</i>     |
| Adjustments to tax charge in respect of prior periods  | <b>85</b>     | <i>-</i>      |
| Chargeable gains/(losses)  | <b>(82)</b>   | <i>(447)</i>  |
| Non taxable income   | <b>-</b>      | <i>(506)</i>  |
| Unrelieved tax losses carried forward and other deductions in the period                                     | <b>-</b>      | <i>(28)</i>   |
| Adjustments to deferred tax charge in respect of previous period   | <b>(265)</b>  | <i>238</i>    |
| Differences between standard and actual rate   | <b>106</b>    | <i>143</i>    |
| Corporation tax rate change  | <b>-</b>      | <i>30</i>     |
| Group relief   | <b>(31)</b>   | <i>(8)</i>    |
| Foreign exchange difference on opening gross timing differences  | <b>(177)</b>  | <i>-</i>      |
| <b>Total tax charge for the year</b>   | <b>5,412</b>  | <i>7,130</i>  |

**13. Dividends**

|                 | <b>2018</b> | <i>2017</i> |
|-----------------|-------------|-------------|
|                 | <b>£000</b> | <i>£000</i> |
| Ordinary shares | <b>84</b>   | <i>40</i>   |

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

14. Intangible assets

Group

|                       | Goodwill on<br>consolidation<br>£000 | Purchased<br>goodwill<br>£000 | Other<br>Intangibles<br>£000 | Total<br>£000 |
|-----------------------|--------------------------------------|-------------------------------|------------------------------|---------------|
| <b>Cost</b>           |                                      |                               |                              |               |
| At 1 January 2018     | 18,257                               | 970                           | 10,201                       | 29,428        |
| Additions             | -                                    | 14                            | 2,016                        | 2,030         |
| Disposals             | -                                    | (99)                          | (111)                        | (210)         |
| At 31 December 2018   | 18,257                               | 885                           | 12,106                       | 31,248        |
| <b>Amortisation</b>   |                                      |                               |                              |               |
| At 1 January 2018     | 4,278                                | 409                           | 5,053                        | 9,740         |
| Charge for the year   | 1,606                                | 63                            | 2,053                        | 3,722         |
| On disposals          | -                                    | (10)                          | -                            | (10)          |
| At 31 December 2018   | 5,884                                | 462                           | 7,106                        | 13,452        |
| <b>Net book value</b> |                                      |                               |                              |               |
| At 31 December 2018   | 12,373                               | 423                           | 5,000                        | 17,796        |
| At 31 December 2017   | 13,979                               | 561                           | 5,148                        | 19,688        |

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

15. Tangible fixed assets  
Group

|  | Freehold<br>property<br>£000 | Short-term<br>leasehold<br>property<br>£000 | Plant and<br>machinery<br>£000 | Motor<br>vehicles<br>£000 | Fixtures and<br>fittings<br>£000 |
|--|------------------------------|---|--------------------------------|---------------------------|----------------------------------|
| <b>Cost or valuation</b>               |                              |   |                                |                           |                                  |
| At 1 January 2018                      | 47,738                       | 347   | 302                            | 309                       | 27,980                           |
| Additions                              | 728                          | 3   | 219                            | 52                        | 3,033                            |
| Disposals                              | (27)                         | -   | -                              | (44)                      | (212)                            |
| Revaluation of assets                  | (232)                        | -   | -                              | (3)                       | (45)                             |
| At 31 December 2018                    | <u>48,207</u>                | <u>350</u>                                  | <u>521</u>                     | <u>314</u>                | <u>30,756</u>                    |
| <b>Depreciation</b>                    |                              |   |                                |                           |                                  |
| At 1 January 2018                      | 5,818                        | 105   | 128                            | 144                       | 16,863                           |
| Charge for the year on owned<br>assets | 1,152                        | 44  | 98                             | 85                        | 2,785                            |
| Disposals                              | (7)                          | -   | -                              | (29)                      | (45)                             |
| Revaluation                            | (33)                         | -   | -                              | (4)                       | -                                |
| At 31 December 2018                    | <u>6,930</u>                 | <u>149</u>                                  | <u>226</u>                     | <u>196</u>                | <u>19,603</u>                    |
| <b>Net book value</b>                  |                              |   |                                |                           |                                  |
| At 31 December 2018                    | <u>41,277</u>                | <u>201</u>                                  | <u>295</u>                     | <u>118</u>                | <u>11,153</u>                    |
| At 31 December 2017                    | <u>41,920</u>                | <u>242</u>                                  | <u>174</u>                     | <u>165</u>                | <u>11,117</u>                    |

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

15. Tangible fixed assets (continued)

|                                     | Computer<br>equipment<br>£000 | Other fixed<br>assets<br>£000 | Total<br>£000 |
|-------------------------------------|-------------------------------|-------------------------------|---------------|
| <b>Cost or valuation</b>            |                               |                               |               |
| At 1 January 2018                   | 7,523                         | 2,929                         | 87,128        |
| Additions                           | 1,194                         | 1,440                         | 6,669         |
| Disposals                           | (2)                           | (272)                         | (557)         |
| Revaluation of assets               | (37)                          | -                             | (317)         |
| At 31 December 2018                 | <u>8,678</u>                  | <u>4,097</u>                  | <u>92,923</u> |
| <b>Depreciation</b>                 |                               |                               |               |
| At 1 January 2018                   | 6,149                         | 1,578                         | 30,785        |
| Charge for the year on owned assets | 1,445                         | 669                           | 6,278         |
| Disposals                           | (2)                           | (195)                         | (278)         |
| Revaluation                         | (16)                          | -                             | (53)          |
| At 31 December 2018                 | <u>7,576</u>                  | <u>2,052</u>                  | <u>36,732</u> |
| <b>Net book value</b>               |                               |                               |               |
| At 31 December 2018                 | <u>1,102</u>                  | <u>2,045</u>                  | <u>56,191</u> |
| At 31 December 2017                 | <u>1,374</u>                  | <u>1,351</u>                  | <u>56,343</u> |

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KEY WEST (HOLDINGS) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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**Company**

|                                     | <b>Fixtures and<br/>fittings<br/>£000</b> |
|-------------------------------------|---|
| <b>Cost or valuation</b>            |   |
| At 1 January 2018                   | 3   |
| At 31 December 2018                 | <u>3</u>                                  |
| <b>Depreciation</b>                 |   |
| At 1 January 2018                   | 1   |
| Charge for the year on owned assets | 1   |
| At 31 December 2018                 | <u>2</u>                                  |
| <b>Net book value</b>               |   |
| At 31 December 2018                 | <u>1</u>                                  |
| At 31 December 2017                 | <u>2</u>                                  |

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**KEY WEST (HOLDINGS) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**16. Fixed asset investments**

**Direct subsidiary undertakings**

The following were subsidiary undertakings of the company:

| Name                      | Class of shares | Holding | Principal activity                   |
|---------------------------|-----------------|---------|--------------------------------------|
| Nisbets plc               | Ordinary        | 98 %    | Sale and lease of catering equipment |
| Jongor (Holdings) Limited | Ordinary        | 51 %    | Hire of catering equipment           |

**Indirect Subsidiary undertakings**

The following were subsidiary undertakings of the company:

| Name                                  | Class of shares | Holding | Principal activity                             |
|---------------------------------------|-----------------|---------|--|
| Jongor Trading Limited                | Ordinary        | 100 %   | Holding company                                |
| Jongor Limited                        | Ordinary        | 100 %   | Leasing of catering equipment                  |
| KCC Nisbets BV                        | Ordinary        | 100 %   | Sale of catering equipment                     |
| Nisbets France EURL                   | Ordinary        | 100 %   | Sale of catering equipment                     |
| Nisbets Iberica SL                    | Ordinary        | 100 %   | Sale of catering equipment                     |
| Nisbets Employee Trust Limited        | Ordinary        | 100 %   | Corporate trustee                              |
| Chef Leasing Limited                  | Ordinary        | 100 %   | Leasing of catering equipment                  |
| Nisbets Asia Limited                  | Ordinary        | 100 %   | Holding company                                |
| Nisbets Australia Pty Limited         | Ordinary        | 75 %    | Sale of catering equipment                     |
| Nisbets New Zealand Limited           | Ordinary        | 75 %    | Sale of catering equipment                     |
| Red Ribbon Trading Limited            | Ordinary        | 100 %   | Provision of services to other group companies |
| Red Ribbon Trading (Shenzhen) Co. Ltd | Ordinary        | 100 %   | Provision of services to other group companies |
| Space Catering (UK) Limited           | Ordinary        | 95 %    | Design and installation of catering equipment  |
| Rowlett Rutland Limited               | Ordinary        | 100 %   | Manufacturing and sale of catering equipment   |
| Nisbets Deutschland Gmbh              | Ordinary        | 100 %   | Dormant company                                |
| Nisbets Inc.                          | Ordinary        | 100 %   | Dormant company                                |
| Home Chef Limited                     | Ordinary        | 100 %   | Dormant company                                |
| Space Catering Equipment Limited      | Ordinary        | 95 %    | In liquidation                                 |
| Space Catering Contracts Limited      | Ordinary        | 95 %    | In liquidation                                 |

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KEY WEST (HOLDINGS) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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16. Fixed asset investments (continued)

|   |          |       |                 |
|---|----------|-------|-----------------|
| Holmes Catering<br>Equipment Solutions<br>Limited | Ordinary | 95 %  | In liquidation  |
| Plyanemca Limited                                 | Ordinary | 100 % | Dormant company |
| Mitre Linen Limited                               | Ordinary | 100 % | Dormant company |

**Company**

|                          | <b>Investments<br/>in subsidiary<br/>companies<br/>£000</b> |
|--------------------------|---|
| <b>Cost or valuation</b> |   |
| At 1 January 2018        | 6,456   |
| At 31 December 2018      | <u>6,456</u>  |
| <b>Net book value</b>    |   |
| At 31 December 2018      | <u>6,456</u>  |
| At 31 December 2017      | <u>6,456</u>  |

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KEY WEST (HOLDINGS) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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17. Investment property  
Group

|                            | Investment<br>property<br>£000 |
|----------------------------|--------------------------------|
| <b>Valuation</b>           |                                |
| At 1 January 2018          | 43,196                         |
| Additions at cost          | 14,489                         |
| Loss on revaluation        | (1,174)                        |
| <b>At 31 December 2018</b> | <u><u>56,511</u></u>           |

The 2018 valuations were made by DJ Foley Property Consultants, on an open market value for existing use basis.

Company

|                            | Investment<br>property<br>£000 |
|----------------------------|--------------------------------|
| <b>Valuation</b>           |                                |
| At 1 January 2018          | 40,110                         |
| Additions at cost          | 14,489                         |
| Loss on revaluation        | (838)                          |
| <b>At 31 December 2018</b> | <u><u>53,761</u></u>           |

The 2018 valuations were made by DJ Foley Property Consultants, on an open market value for existing use basis.

**KEY WEST (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**18. Stocks**

|                                     | <b>Group</b>  | <i>Group</i>  |
|-------------------------------------|---------------|---------------|
|                                     | <b>2018</b>   | <i>2017</i>   |
|                                     | <b>£000</b>   | <i>£000</i>   |
| Finished goods and goods for resale | <b>64,087</b> | <i>60,591</i> |

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

**19. Debtors**

|                                     | <b>Group</b>  | <i>Group</i>  | <b>Company</b> | <i>Company</i> |
|-------------------------------------|---------------|---------------|----------------|----------------|
|                                     | <b>2018</b>   | <i>2017</i>   | <b>2018</b>    | <i>2017</i>    |
|                                     | <b>£000</b>   | <i>£000</i>   | <b>£000</b>    | <i>£000</i>    |
| <b>Due after more than one year</b> |               |               |                |                |
| Net investments in finance leases   | <b>1,896</b>  | <i>1,211</i>  | -              | -              |
| <b>Due within one year</b>          |               |               |                |                |
| Trade debtors                       | <b>33,383</b> | <i>32,633</i> | <b>966</b>     | <i>763</i>     |
| Amounts owed by group undertakings  | -             | -             | <b>3,432</b>   | <i>3,932</i>   |
| Other debtors                       | <b>5,246</b>  | <i>2,534</i>  | <b>54</b>      | <i>28</i>      |
| Prepayments and accrued income      | <b>3,091</b>  | <i>1,203</i>  | <b>9</b>       | <i>2</i>       |
| Deferred taxation                   | <b>2,636</b>  | <i>2,879</i>  | <b>421</b>     | <i>395</i>     |
| Net investment in finance leases    | <b>2,521</b>  | <i>1,736</i>  | -              | -              |
| Derivatives                         | <b>618</b>    | -             | -              | -              |
|                                     | <b>47,495</b> | <i>40,985</i> | <b>4,882</b>   | <i>5,120</i>   |

**20. Cash and cash equivalents**

|                          | <b>Group</b>  | <i>Group</i>   | <b>Company</b> | <i>Company</i> |
|--------------------------|---------------|----------------|----------------|----------------|
|                          | <b>2018</b>   | <i>2017</i>    | <b>2018</b>    | <i>2017</i>    |
|                          | <b>£000</b>   | <i>£000</i>    | <b>£000</b>    | <i>£000</i>    |
| Cash at bank and in hand | <b>23,410</b> | <i>24,952</i>  | <b>10,892</b>  | <i>8,194</i>   |
| Less: bank overdrafts    | <b>(1)</b>    | <i>(3,540)</i> | <b>(1)</b>     | <i>(3,540)</i> |
|                          | <b>23,409</b> | <i>21,412</i>  | <b>10,891</b>  | <i>4,654</i>   |

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

21. Creditors: Amounts falling due within one year

|                                    | <b>Group</b><br><b>2018</b><br><b>£000</b> | <i>Group</i><br><i>2017</i><br><i>£000</i> | <b>Company</b><br><b>2018</b><br><b>£000</b> | <i>Company</i><br><i>2017</i><br><i>£000</i> |
|------------------------------------|--|--|--|--|
| Bank overdrafts                    | 1  | 3,540                                      | 1  | 3,540  |
| Bank loans                         | 18,569                                     | 13,765                                     | -  | -  |
| Trade creditors                    | 21,129                                     | 16,870                                     | 154  | 43   |
| Corporation tax                    | 1,857                                      | 3,771                                      | -  | 49   |
| Other taxation and social security | 6,395                                      | 6,051                                      | 227  | 200  |
| Other creditors                    | 15,088                                     | 12,656                                     | 81   | 78   |
| Accruals and deferred income       | 9,039                                      | 10,090                                     | 743  | 576  |
| Financial instruments              | -  | 6,841                                      | -  | -  |
|                                    | <u>72,078</u>                              | <u>73,584</u>                              | <u>1,206</u>                                 | <u>4,486</u>                                 |

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

|            | <b>Group</b><br><b>2018</b><br><b>£000</b> | <i>Group</i><br><i>2017</i><br><i>£000</i> | <b>Company</b><br><b>2018</b><br><b>£000</b> | <i>Company</i><br><i>2017</i><br><i>£000</i> |
|------------|--|--|--|--|
| Bank loans | <u>3,600</u>                               | <u>4,785</u>                               | <u>-</u>                                     | <u>-</u>                                     |

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KEY WEST (HOLDINGS) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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**23. Loans**

Key West (Holdings) Limited has a £10 million rolling credit facility. The value drawn on the facility was £NIL at 31 December 2018 (2017: £3.5 million).

Nisbets plc have 2 bank loans:

One bank loan of £4.8 million (2017: £6 million). The loan was taken out on 4 March 2008. Repayments of £1.2 million (2017: £1.2 million) were made during the year. The loan is secured by a charge over certain of Nisbets' properties and carries interest at 0.6% above base rate.

One bank loan of £6.1 million (2017: £6.4 million). The loan is a three year Australian Dollar term loan drawn down on 6 July 2015. It is secured by a charge over certain of Nisbets' properties and carries interest at 1.15% above Australian Bank Bill Swap Rate.

In addition, Nisbets plc has a £25 million, 3 year multicurrency revolving credit facility. The value drawn on this facility was £11.3 million at 31 December 2018 (2017: £6.2 million). It is secured by a charge over certain of Nisbets' properties.

|  | <b>Group<br/>2018<br/>£000</b> | <i>Group<br/>2017<br/>£000</i> |
|--|--------------------------------|--------------------------------|
| <b>Amounts falling due within one year</b>         |                                |                                |
| Bank loans   | <b>18,569</b>                  | 13,765                         |
| <b>Amounts falling due 1-2 years</b>               |                                |                                |
| Bank loans   | <b>1,185</b>                   | 1,185                          |
| <b>Amounts falling due 2-5 years</b>               |                                |                                |
| Bank loans   | <b>2,371</b>                   | 3,556                          |
| <b>Amounts falling due after more than 5 years</b> |                                |                                |
| Bank loans   | <b>44</b>                      | 44                             |
|  | <b>22,169</b>                  | 18,550                         |

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

24. Financial instruments

|  | Group<br>2018<br>£000 | Group<br>2017<br>£000 | Company<br>2018<br>£000 | Company<br>2017<br>£000 |
|--|-----------------------|-----------------------|-------------------------|-------------------------|
| <b>Financial assets</b>  |                       |                       |                         |                         |
| Financial assets measured at amortised cost  | <u>61,983</u>         | <u>60,117</u>         | <u>15,305</u>           | <u>12,917</u>           |
| <b>Financial liabilities</b>   |                       |                       |                         |                         |
| Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio | -                     | (6,841)               | -                       | -                       |
| Financial liabilities measured at amortised cost   | <u>(63,826)</u>       | <u>(61,704)</u>       | <u>(979)</u>            | <u>(4,237)</u>          |
|  | <u>(63,826)</u>       | <u>(68,545)</u>       | <u>(979)</u>            | <u>(4,237)</u>          |

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

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

Financial liabilities measured at 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.

25. Deferred taxation

Group

|   | 2018<br>£000 | 2017<br>£000 |
|---|--------------|--------------|
| At beginning of year                                  | 2,879        | 440          |
| Credited to profit or loss/other comprehensive income | (243)        | 2,439        |
| <b>At end of year</b>                                 | <u>2,636</u> | <u>2,879</u> |

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KEY WEST (HOLDINGS) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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25. Deferred taxation (continued)

The deferred tax asset is made up as follows:

|                                     | Group<br>2018<br>£000 | Group<br>2017<br>£000 |
|-------------------------------------|-----------------------|-----------------------|
| Accelerated capital allowances      | 1,408                 | 387                   |
| Other short term timing differences | 897                   | 2,160                 |
| Unutilised tax losses               | 331                   | 332                   |
|                                     | <u>2,636</u>          | <u>2,879</u>          |

26. Share capital

|   | 2018<br>£     | 2017<br>£     |
|---|---------------|---------------|
| <b>Allotted, called up and fully paid</b> |               |               |
| 34,151 Ordinary shares of £1.00 each      | 34,151        | 34,151        |
| 352 A Ordinary shares of £1.00 each       | 352           | 352           |
| 352 B Ordinary shares of £1.00 each       | 352           | 352           |
| 352 C Ordinary shares of £1.00 each       | 352           | 352           |
|   | <u>35,207</u> | <u>35,207</u> |

27. Reserves

**Other reserves**

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

**Merger Reserve**

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

**Profit and loss account**

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

28. Contingent liabilities

Nisbets plc has given the bank a £600,000 indemnity covering a guarantee in favour of the third party (2017: £600,000). The company and group have no other contingent liabilities.

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KEY WEST (HOLDINGS) LIMITED

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**29. Capital commitments**

At 31 December 2018 the Group had capital commitments as follows:

|   | <b>Group<br/>2018<br/>£000</b> | <i>Group<br/>2017<br/>£000</i> | <b>Company<br/>2018<br/>£000</b> | <i>Company<br/>2017<br/>£000</i> |
|---|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Contracted for but not provided in these financial statements | <b>380</b>                     | <i>838</i>                     | <b>3,200</b>                     | <i>-</i>                         |

**30. Pension commitments**

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

**31. Commitments under operating leases**

At 31 December 2018 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

|                                 | <b>Group<br/>2018<br/>£000</b> | <i>Group<br/>2017<br/>£000</i> |
|---------------------------------|--------------------------------|--------------------------------|
| In one year or less             | <b>8,065</b>                   | <i>6,944</i>                   |
| Between one year and five years | <b>23,525</b>                  | <i>20,662</i>                  |
| After five years                | <b>16,540</b>                  | <i>12,773</i>                  |
|                                 | <b>48,130</b>                  | <i>40,379</i>                  |

**32. Related party transactions**

Key West (Holdings) Limited has issued a loan to Jongor (Holdings) Limited. During the year, a repayment of £500,000 of this loan was made, plus interest charges of £47,609, leaving an amount of £3,431,950 outstanding as at year end.

The group made contributions of £2.0 million to The Nisbet Trust in the year (2017: £1.5 million). Members of the Key West (Holdings) Ltd and Nisbets plc board also sit as Trustees of The Nisbet Trust.

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

**33. Controlling party**

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

