

Company Registration Number 08963631

KEY WEST (HOLDINGS) LIMITED

Annual report and consolidated financial statements
for the year ended 31 December 2020

KEY WEST (HOLDINGS) LIMITED

DIRECTORS AND PROFESSIONAL ADVISERS

DIRECTORS

A Nisbet
A M Nisbet
J P Nisbet
E R Nisbet

COMPANY SECRETARY

A Nisbet

REGISTERED NUMBER

08963631

REGISTERED OFFICE

22 Clifton Road
Clifton
Bristol
BS8 1AQ
United Kingdom

BANKERS

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

REGISTERED AUDITORS

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

KEY WEST (HOLDINGS) LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

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KEY WEST (HOLDINGS) LIMITED

STRATEGIC REPORT

Principal Activity

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

Strategy

Key West (Holdings) Limited

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

Nisbets plc

The Group's success is founded on an extensive customer database, selling to a diverse range of customers through our multichannel business model. Although COVID-19 has significantly impacted the core hospitality sector as outlined below, our customer diversification, rapid new product introduction, international coverage and market-leading range will allow us to trade successfully through this period of volatility. This is founded on the resilience, commitment and capability that our colleagues have demonstrated throughout the course of the year, for which we thank them.

Jongor Limited

The strategy adopted during the year has been to manage a significant fall in demand for their services caused by the Covid-19 pandemic. This included restructuring, utilising government support and pursuing alternative revenue sources. Sales are expected to return to pre-pandemic levels when government lockdowns expire where Jongor's strategy will be to continue to maintain and improve on the high level of service to all customers, to maintain and expand market position and to focus on direct cost control.

Financial Overview

Within Key West (Holdings) Limited, the group had Turnover for the year of £320.6m (2019: £426.3m). Profit before tax was £8.7m (2019: £12.6m).

Nisbets plc is the most significant investment in Key West (Holdings) Limited. Nisbets plc is principally engaged in the sale, leasing and design and installation of catering equipment. The Group's principal trading territories are the United Kingdom, Ireland, France, the Netherlands, Australia and New Zealand. In view of the very challenging trading conditions caused by the global COVID-19 pandemic and the uncertainty in the run-up to Brexit, the group traded satisfactorily during the year. The group showed significant resilience with group turnover decreasing 24% (2019: +4%) to £313.5m (2019: £414.2m) despite 3 lockdowns and significant disruption to the hospitality sector. The business took all reasonable steps to reduce costs in the wake of such a significant reduction in revenue whilst retaining the potential to respond to increasing demand as the hospitality sector re-emerges post COVID-19.

The principal activity of Jongor Limited, the other subsidiary 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. COVID-19 had a significant impact on the business and the key markets they operate in, following the Government imposed national lockdown in March 20 the market disappeared overnight, as a result turnover for the year ended 31 December 2020 was £2.0m (2019: £7.4m), the gross profit percentage was 89% (2019: 76%).

KEY WEST (HOLDINGS) LIMITED

STRATEGIC REPORT (continued)

Financial Overview (continued)

During the year Key West (Holdings) Limited invested in a further two commercial properties. Turnover for the year was £5.0m (2019: £4.4m). Subsequent to the year end the group has continued to develop the commercial property element of its business in the UK. Key West (Holdings) Limited actively worked with and supported its tenants and several experienced commercial difficulty, a mixture of rental holidays and deferred rent ensured that most of our tenants survived the turmoil.

The group made donations of £0.4m (2019: £2.5m) to the Nisbet Trust.

Financial performance

Financial performance for the year has been analysed as follows:

	2020	2019	Movement	
	£000	£000	£000	%
Turnover	320,614	426,298	(105,684)	(24.8%)
Gross Profit	115,930	157,127	(41,197)	(26.2%)
Gross Profit%	36.2%	36.9%	-	(0.8%)

The Group's sales to hospitality clients were significantly impacted by COVID-19 but mitigated in part from non-hospitality and consumer sales. Gross margin declined by 0.7% to 36.2% reflecting the change in customer and sales mix.

Administrative costs decreased by £30.9m, a 21.9% decrease on last year which is in line with the reduction in revenue and activity of the group.

Donations to the Nisbet Trust and local charities decreased by £2.1m to £0.4m, as the uncertainty of the wider economy impacted the group.

Foreign exchange gains on the crystallisation of forward currency contracts, government grant income, exceptional restructuring costs and fair value adjustment to investment property resulted in a profit before tax of £8.7m, a reduction of 30% compared to 2019.

Summary of key performance indicators

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

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

KEY WEST (HOLDINGS) LIMITED

STRATEGIC REPORT (continued)

Financial risk management objectives and policies

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

Key West (Holdings) Limited

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

Principal risks and uncertainties

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

Coronavirus (Covid-19)

Key West Holdings Limited

Since the start of year the Commercial Properties business has operated in line with expectations and most tenants are well positioned emerging from the Economic lockdown. We continue to work with our tenants giving support where needed.

Key West (Holdings) Limited (the Company) have not used any Government job support schemes or Coronavirus related government credit facilities, refer to individual reports for subsidiary utilisation.

Nisbets

COVID-19 has had a widespread and severe impact on the Group's customer base, particularly on the hospitality sector, where revenue has been impacted by periods of enforced closures and capacity restrictions imposed as a result of ongoing social distancing. The Group acted quickly to mitigate the trading risk:

- by reviewing and restructuring the group's cost base, resulting in exceptional costs of £3.6m. This was a difficult decision that affected a significant number of valued colleagues, but it was clear that the crisis impacted all levels of our organisation and we therefore had to move swiftly to tailor our cost base accordingly.
- by launching new products linked to the pandemic and continuing to focus on understanding our customers buying behaviours and needs.
- by securing additional credit facilities of £35m in August 2020, which remain undrawn at the year-end thanks to significant focus on working capital, leaving the group with a strong year-end cash position of £49.4m.
- by securing £9.7m of relevant government grant initiatives available to the Group.
- by not declaring a dividend to ensure that the group is best placed to react to any other impacts from the pandemic.

We believe the Group is well positioned to provide the service, range and availability that our sector requires as the roll-out of the vaccine allows it to emerge from COVID-19

KEY WEST (HOLDINGS) LIMITED

STRATEGIC REPORT (continued)

Principal risks and uncertainties(continued)

Coronavirus (Covid-19) (continued)

Jongor

The management team of Jongor Limited reacted quickly to the impact of Covid-19 through managing the business to reduce costs, closely manage working capital, and extend the facilities available through the CLBILS scheme. Jongor Limited has secured an additional £1.3m CLBILS loan in October 2020 (with no financial covenants attached) and the business is seeing strong indications that the Events market is picking up and orders are returning.

Economic downturn

The success of the business is related to the economic climate. Economic downturn, whether driven by COVID-19 or other factors, resulting in the failure of tenants' ability to meet lease obligations, would have an impact on the income achieved by the Group.

In response to this risk, the business has a diversified portfolio (sector, geography, covenant strength). In the event of a severe economic downturn, it is likely that there would be a mix of tenants that would continue trade.

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

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

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

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

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

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

Approved by the Board and signed on its behalf by:



A Nisbet
Director

29 September 2021

KEY WEST (HOLDINGS) LIMITED

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 December 2020.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £3,132,000 (2019: £9,661,000).

During 2020, dividends of £nil were paid on the A and B ordinary shares (2019: £70,000) and dividends of £2,000 were paid on the Ordinary shares (2019: £nil) and £20,000 on the C ordinary shares (2019: £nil).

Directors

The directors who served during the year were:

A Nisbet
A M Nisbet
J P Nisbet
E R Nisbet

Strategic Review

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

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

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

Financial instruments

The Group is exposed to transaction foreign exchange risk which it seeks to hedge using forward exchange rate contracts and other financial instruments. The fair value of these derivative financial instruments as at 31 December 2020 was a liability of £1,381,000 (2019: £1,645,000).

Disabled colleagues

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

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

KEY WEST (HOLDINGS) LIMITED

DIRECTORS' REPORT (continued)

Post balance sheet events

On 22 February 2021 the UK Prime Minister announced the process for the easing of the national lockdown, which has most recently culminated in the opening on April 12 of restaurants and pub gardens to serve customers sitting outdoors. From 17 May all hospitality venues, hotels and leisure and most entertainment venues were fully opened, and a full reopening from lockdown occurred on 19 July.

The economy has responded positively to these early relaxations and management are reassured that the group can continue to improve trading performance over the course of the coming year.

Going concern

In assessing the going concern position of the Group for the purposes of preparing the consolidated financial statements for the year ended 31 December 2020, the Directors of each subsidiary have considered future cash flows, liquidity and business activities. Separate Going Concern reports can be found in each entity's respective Directors' reports.

At 31 December 2020, Key West Holdings Group had cash balances of £52.9m and undrawn financing facilities of £57.5 million which are available for general corporate purposes, including but not limited to funding working capital and capital expenditure.

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

In making this assessment the Directors have taken a view (based on the latest insight from government and industry) on the potential impact of the Covid-19 pandemic on the cashflows and liquidity of the Group over the period to 31 December 2022. Modelling includes a Base case and Downside Case taking into account the current measures being put in place by the Group to preserve cash and reduce discretionary expenditure through restructuring the business and potential reductions in revenues resulting from changes in the behaviour of our customers as the economy resumes normal trading.

The Directors have prepared sensitivity analysis to consider the impact of additional Downside scenarios with a more severe impact on the Group's cashflows and liquidity than is currently thought likely. The Directors are confident that the resulting EBITDA, when combined with the mitigating actions that are within the Group's control, including reductions in capital and other expenditure, will allow the Group to maintain sufficient liquidity within its £71.3m debt financing facilities reflecting the combined group facilities and satisfy bank covenant levels over the next 12 months. The Directors have also performed reverse cash and reverse covenant stress tests which demonstrate headroom against the Base and Downside cases.

Key West (Holdings) Limited has an unsecured loan of £6.5m at December 2020 which is repayable on demand (see Note 33). The Company has received a letter from the debt holder confirming that they do not intend to fully draw on this loan within 12 months following the date of signing of these financial statements. Therefore it is assumed that this loan will not be fully repaid in the next 12 months in the going concern assessment cashflow forecasts.

KEY WEST (HOLDINGS) LIMITED

DIRECTORS' REPORT (continued)

Going concern (continued)

The Directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence up to 31 December 2022 and for these reasons, they continue to adopt a going concern basis for the preparation of the Financial Statements.

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.

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 2020 was an liability of £1,381,000 (2019: £1,645,000).

Environmental policy

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.

KEY WEST (HOLDINGS) LIMITED

DIRECTORS' REPORT (continued)

Streamlined Energy and Carbon report

UK sites are obligated within the Streamlined Energy & Carbon Reporting (SECR) Framework to include a statement of carbon emission covering energy use and associated greenhouse gas emissions relating to gas, electricity and transport, intensity ratios and information relating to energy efficiency actions.

Emission type	Units	2020 Value	2019 Value
Scope 1 Emissions	MWh	2,485	5,755
	tCO2e	543	1,194
Scope 2 Emissions	MWh	3,144	1,933
	tCO2e	659	405
Intensity Ratio	tCO2e/£m Revenue	6	12

Notes:

Scope 1 direct emissions include combustion of natural gas for heating purposes and fuel in relation to owned vehicles but excludes fuel for transport (as Nisbets Plc does not have its own transport capability) and wider scope emissions, such as refrigerant gases and air conditioning.

Scope 2 indirect emissions include electricity and gas purchased and used for operations.

Energy efficiency actions

We are committed to responsible energy management and will practise energy efficiency throughout our organisation, wherever it is cost effective. We recognise that climate change is one of the most serious environmental challenges currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions. We are replacing fork lift trucks with improved efficiency or electric vehicles. We are actively changing old lighting for LED efficient units within the business.

Methodology used in the calculation of disclosures

Data provided is based on actual energy provider invoices for the relevant period by our energy management consultant. Any stated CO2e conversion factors for electricity and natural gas are based on current data provided by the International Energy Agency (IEA).

Nisbets plc has performed energy audits of its Bristol warehouse sites and Mitre Linen (Merthyr Tydfil) within the context of its Integrated Management System (IMS) which encompasses the requirements of ISO14001, ISO50001, ISO 45001 and ISO9001.

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.

KEY WEST (HOLDINGS) LIMITED

DIRECTORS' REPORT (continued)

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.

Charitable donations

The group made charitable donations during the year of £0.4m (2019: £2.5m).

Disclosure of information to auditor

The directors confirm that:

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

Auditor

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

Approved by the Board and signed on its behalf by:



A Nisbet
Director

27 September 2021

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

Opinion

We have audited the financial statements of Key West (Holdings) Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the group Statement of comprehensive income, the group and parent company Statement of financial position, group Statement of cash flows, the group and parent company Statement of changes in equity and the related notes 1 to 36, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 31 December 2020 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.

Emphasis of matter

We draw attention to Note 2 and 36 of the financial statements, which describe the financial and operational consequences the company is facing as a result of COVID-19. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period until 31 December 2022.

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

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

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, 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.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Our approach was as follows:

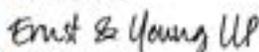
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and parent company and determined that the most significant are those that relate to the reporting framework (FRS 102 and Companies Act 2006) and compliance with the relevant direct and indirect tax regulation (governed by HM Revenue & Customs). In addition, the group and company have to comply with laws and regulations relating to its operations, including Employment Law and Health and Safety Regulations, health and safety and GDPR.
- We understood how the group and company is complying with those frameworks by making enquiries of management and those charged with governance to understand how the group and company maintains and communicates its policies and procedures in these areas. We understood any controls put in place by management to reduce the opportunity for fraudulent transactions.
- We assessed the susceptibility of the group's and company's financial statements to material misstatement, including how fraud might occur through internal team conversations and making inquiries of senior management and those charged with governance. Through these procedures we determined there to be risk of management override associated with revenue and a fraud risk around revenue recognition, in particular the revenue recognition on transactions at or near the year end. We selected a sample of transactions at the year end to perform detailed testing, including an understanding of the nature of the transactions and verifying the clerical accuracy of the revenue recognised. In relation to management override we sampled using the data analytics from the entire population of journals, identifying specific transactions which did not meet our expectations based on specific criteria. We tested the specific transactions back to source documentation ensuring appropriate authorisation of the transactions. Further, we performed overall analytical procedures to assess the fairness of the overall financial performance and the position as at and for the year ended.
- Based on our understanding we designed our audit procedures to identify non-compliance with such laws and regulations as outlined above and to respond to the assessed risks. Our procedures included verifying that material transactions are recorded in compliance with FRS 102 and where appropriate Companies Act 2006. Compliance with other operational laws and regulations was covered through our inquiry, with no indication of non-compliance identified.

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

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

Use of our report

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

DocuSigned by:

CAD2DE64FE414DF...

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

September 2021

September 29, 2021

KEY WEST (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Note	Total 2020 £'000	Total 2019 £'000
Turnover	4	320,614	426,298
Cost of sales		(204,684)	(269,171)
Gross profit		<u>115,930</u>	<u>157,127</u>
Administrative expenses		(109,983)	(140,855)
Exceptional items	6	(3,571)	-
Other operating income	5	10,582	-
Operating profit	6	<u>12,958</u>	<u>16,272</u>
Charitable donations		(400)	(2,500)
Total operating profit	6	<u>12,558</u>	<u>13,772</u>
Change in fair value of investment properties		(3,248)	(885)
Interest receivable and similar income	10	80	180
Interest payable and similar expenses	11	(704)	(466)
Profit before tax		<u>8,686</u>	<u>12,601</u>
Tax on profit	12	(5,554)	(2,940)
Profit for the financial year		<u>3,132</u>	<u>9,661</u>

All results are from continuing operations.

KEY WEST (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
For the year ended 31 December 2020

	Note	Total 2020 £'000	Total 2019 £'000
Currency translation difference on foreign currency net investments		2,329	(1,938)
Deferred tax on cash flow hedges		-	527
Total comprehensive income for the year		<u>5,461</u>	<u>8,250</u>
Profit for the year attributable to:			
Non-controlling interest		(190)	641
Owners of the parent company		<u>3,322</u>	<u>9,020</u>
		<u>3,132</u>	<u>9,661</u>
Total comprehensive income attributable to:			
Non-controlling interest		(286)	606
Owners of the parent company		<u>5,747</u>	<u>7,644</u>
		<u>5,461</u>	<u>8,250</u>

The notes on pages 24 to 53 form part of these financial statements.

KEY WEST (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	14	9,164	11,723
Tangible assets	15	53,412	57,367
Interest in associated undertaking	16	-	100
Investment property	17	75,930	71,050
		<u>138,506</u>	<u>140,240</u>
Current assets			
Stock	18	69,698	71,773
Debtors: amounts falling due after more than one year	19	474	1,499
Debtors: amounts falling due within one year	19	34,623	53,295
Cash at bank and in hand	20	52,850	19,253
		<u>157,645</u>	<u>145,820</u>
Creditors: Amounts falling due within one year	21	<u>(75,747)</u>	<u>(82,255)</u>
Net current assets		<u>81,898</u>	<u>63,565</u>
Total assets less current liabilities		<u>220,404</u>	<u>203,805</u>
Creditors: Amounts falling due after more than one year	22	(10,520)	(2,424)
Provisions for liabilities	23	(4,036)	(1,603)
Net assets		<u>205,848</u>	<u>199,778</u>
Capital and reserves			
Called-up share capital	27	35	35
Merger reserve	28	5,182	5,182
Profit and loss account	28	196,591	190,866
Equity attributable to owners of the parent company		<u>201,808</u>	<u>196,083</u>
Non-controlling interests		4,040	3,695
Total shareholders' funds		<u>205,848</u>	<u>199,778</u>

The financial statements of Key West (Holdings) Limited (registered number 08963631) were approved by the board of directors and authorised for issue on 29 September 2021. They were signed on its behalf by:


A Nisbet
Director

The notes on pages 24 to 53 form part of these financial statements.

KEY WEST (HOLDINGS) LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Investments	16	6,456	6,456
Investment property	17	75,930	71,050
		<u>82,386</u>	<u>77,506</u>
Current assets			
Debtors: amounts falling due within one year	19	8,001	8,764
Cash at bank and in hand	20	2,000	2,857
		<u>10,001</u>	<u>11,621</u>
Creditors: Amounts falling due within one year	21	<u>(12,027)</u>	<u>(8,290)</u>
Net current (liabilities)/assets		<u>(2,026)</u>	<u>3,331</u>
Total assets less current liabilities		80,360	80,837
Provisions for liabilities	23	(88)	-
Total assets less current liabilities, being net assets		<u>80,272</u>	<u>80,837</u>
Capital and reserves			
Called-up share capital	27	35	35
Profit and loss account	28	80,237	80,802
Total shareholders' funds		<u>80,272</u>	<u>80,837</u>

The loss for the financial year dealt with in the financial statements of the parent Company was £543,000 (2019: profit of £6,121,000).

The financial statements of Key West (Holdings) Limited (registered number 08963631) were approved by the board of directors and authorised for issue on 29 September 2021. They were signed on its behalf by:



A Nisbet
Director

The notes on pages 24 to 53 form part of these financial statements.

KEY WEST (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Called-up share capital £'000	Merger reserve £'000	Profit and loss account £'000	Equity attributable to owners of parent company £'000	Non- controlling interests £'000	Total equity £'000
At 1 January 2020	35	5,182	190,896	196,083	3,695	199,778
Comprehensive income for the year	-	-	3,322	3,322	(150)	3,132
Profit for the year	-	-	2,425	2,425	(96)	2,329
Other comprehensive income for the year	-	-	5,747	5,747	(288)	5,461
Total comprehensive income for the year	-	-	(22)	(22)	(48)	(70)
Dividends: equity capital	-	-	-	-	679	679
Issue of shares	-	-	-	-	-	-
At 31 December 2020	35	5,182	196,591	201,808	4,040	205,848

The notes on pages 24 to 53 form part of these financial statements.

KEY WEST (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

	Called-up share capital £'000	Cash flow Hedge reserve £'000	Merger reserve £'000	Profit and loss account £'000	Equity attributable to owners of parent company £'000	Non- controlling interests £'000	Total equity £'000
At 1 January 2019	35	-	5,182	183,292	188,509	3,199	191,708
Comprehensive Income for the year	-	-	-	9,020	9,020	641	9,661
Profit for the year	-	-	-	(1,376)	(1,376)	(35)	(1,411)
Other comprehensive income for the year	-	-	-	7,644	7,644	606	8,250
Total comprehensive income for the year	-	-	-	(70)	(70)	-	(70)
Dividends: equity capital	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(110)	(110)
At 31 December 2019	35	-	5,182	190,896	196,083	3,695	199,778

The notes on pages 24 to 53 form part of these financial statements.

KEY WEST (HOLDINGS) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Called-up share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2019	35	74,751	74,786
Profit for the year, being total comprehensive income for the year	-	6,121	6,121
Dividends: equity capital	-	(70)	(70)
At 31 December 2019	35	80,802	80,837
Loss for the year, being total comprehensive expense for the year	-	(543)	(543)
Dividends: equity capital	-	(22)	(22)
At 31 December 2020	35	80,237	80,272

The notes on pages 24 to 53 form part of these financial statements.

KEY WEST (HOLDINGS) LIMITED

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2020

	2020 £'000	2019 £'000
Cash flows from operating activities		
Profit for the financial year	3,132	9,661
Adjustments for:		
Amortisation of intangible assets	2,948	4,451
Depreciation of tangible assets	6,537	6,219
Loss on disposal of intangible assets	77	2,199
Loss on disposal of tangible assets	-	887
Interest payable	704	466
Interest receivable	(80)	(180)
Taxation charge	5,554	2,940
(Increase) in stocks	2,075	(7,686)
(Increase) in debtors	15,397	(5,742)
Increase in creditors	8,386	3,568
Foreign exchange movements	(423)	(446)
Net fair value losses recognised in P&L	6,768	885
Corporation tax paid	(4,688)	(4,849)
Net cash generated from operating activities	<u>46,486</u>	<u>12,373</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(583)	(704)
Purchase of tangible fixed assets	(2,076)	(8,613)
Purchase of fixed asset investment	-	(100)
Purchase of investment properties	(8,400)	(15,424)
Interest received	80	180
Net cash from investing activities	<u>(10,979)</u>	<u>(24,661)</u>
Cash flows from financing activities		
New secured loans	2,688	9,174
Repayment of loans	(3,929)	(1,186)
Dividends paid	-	(180)
Interest paid	704	(466)
Net cash used in financing activities	<u>(1,945)</u>	<u>7,342</u>
Net increase/(decrease) in cash and cash equivalents	<u>33,563</u>	<u>(4,946)</u>
Cash and cash equivalents at beginning of year	19,253	23,409
Foreign exchange gains and losses	34	790
Cash and cash equivalents at the end of year	<u>52,850</u>	<u>19,253</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	52,850	19,253
Bank overdrafts	-	-
	<u>52,850</u>	<u>19,253</u>

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. General information

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

2. Accounting policies

The following principal accounting policies have been applied:

2.1 Basis of preparation of financial statements

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

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

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

Going concern

In assessing the going concern position of the Group for the purposes of preparing the consolidated financial statements for the year ended 31 December 2020, the Directors of each subsidiary have considered future cash flows, liquidity and business activities. Separate Going Concern reports can be found in each entity's respective Directors' reports.

At 31 December 2020, Key West Holdings Group had cash balances of £52.9m and undrawn financing facilities of £57.5 million which are available for general corporate purposes, including but not limited to funding working capital and capital expenditure.

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

In making this assessment the Directors have taken a view (based on the latest insight from government and industry) on the potential impact of the Covid-19 pandemic on the cashflows and liquidity of the Group over the period to 31 December 2022. Modelling includes a Base case and Downside Case taking into account the current measures being put in place by the Group to preserve cash and reduce discretionary expenditure through restructuring the business and potential reductions in revenues resulting from changes in the behaviour of our customers as the economy resumes normal trading.

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2020

2. Accounting policies (continued)

2.1 Basis of preparation of financial statements (continued)

Going concern (continued)

The Directors have prepared sensitivity analysis to consider the impact of additional Downside scenarios with a more severe impact on the Group's cashflows and liquidity than is currently thought likely. The Directors are confident that the resulting EBITDA, when combined with the mitigating actions that are within the Group's control, including reductions in capital and other expenditure, will allow the Group to maintain sufficient liquidity within its £71.3m debt financing facilities reflecting the combined group facilities and satisfy bank covenant levels over the next 12 months. The Directors have also performed reverse cash and reverse covenant stress tests which demonstrate headroom against the Base and Downside cases.

Key West (Holdings) Limited has an unsecured loan of £6.5m at December 2020 which is repayable on demand (see Note 33). The Company has received a letter from the debt holder confirming that they do not intend to fully draw on this loan within 12 months following the date of signing of these financial statements. Therefore it is assumed that this loan will not be fully repaid in the next 12 months in the going concern assessment cashflow forecasts.

The Directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence up to 31 December 2022 and for these reasons, they continue to adopt a going concern basis for the preparation of the Financial Statements.

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.

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2020

2. Accounting policies (continued)

2.3 Turnover

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

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

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

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

2.4 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.

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2020

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. Valuations assume that Tenants will not break the terms of their lease. No depreciation is provided. Changes in fair value are recognised in the Consolidated Statement of Comprehensive Income. The fair value adjustment includes the write-off of previously capitalised acquisition costs.

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

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.

2.9 Stocks

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

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

2.10 Debtors

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

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

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

2.11 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.

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

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.

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.

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

2. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

2.15 Finance costs

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

2.16 Dividends

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

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2020

2. Accounting policies (continued)

2.17 Finance lease contracts and income - Lessor accounting

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

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

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

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

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

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

2.18 Pensions

Defined contribution pension plan

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

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

2.19 Interest income

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

2.20 Borrowing costs

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

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2020

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.

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2020

2. Accounting policies (continued)

2.23 Government grants

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

2.24 Derivative financial instruments

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

2.25 Share based payment transactions

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

2.26 Impairment of assets

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

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

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

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

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

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

Provision for obsolete and slow moving inventories - Inventories are classed as obsolete if no sale has been made in the previous 12 months 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, replacements and all warranty costs - Provision is made for pending and expected customer returns, replacements and warranty costs based on the group historical trends.

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

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

Share based payments - assessment and provision is made annually on the likelihood a future liability will result from current performance. For the year ended 31 December 2020 this is currently assessed at £120,000 (2019: £nil).

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2020

4. Turnover

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

	2020 £'000	2019 £'000
Sale of catering equipment	313,555	414,216
Leasing and hire of catering equipment	2,015	7,363
Net rent receivable	5,044	4,719
	<u>320,614</u>	<u>426,298</u>

An analysis of turnover by geographical areas is as follows:

	2020 £'000	2019 £'000
United Kingdom	231,109	334,424
Europe	48,804	52,940
Australia/New Zealand	40,701	38,934
	<u>320,614</u>	<u>426,298</u>

5. Other operating income

	2020 £'000	2019 £'000
Government grants – Coronavirus Job Retention Scheme	<u>10,582</u>	<u>-</u>

During the year Nisbets Plc Group and Jongor Limited received £10.6m (2019: £nil) under the government's Coronavirus Job Retention Scheme. In addition, the group received £0.9m (2019: £nil) of rates relief and deferred VAT payments of £2.0m (2019: £nil) in line with Government approved measures in response to COVID-19.

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2020

6. Operating profit

Operating profit is stated after charging/(crediting):

	2020 £'000	2019 £'000
Depreciation of tangible fixed assets	6,537	6,219
Amortisation of intangible assets, including goodwill	2,948	4,451
Operating lease rentals -plant and machinery	189	156
Operating lease rentals - other	7,509	7,082
Foreign exchange (gain)/loss	(3,463)	(1,173)
Government grant income – Coronavirus Job Retention Scheme	(10,582)	-
Exceptional items – staff related restructuring	3,571	-
Charitable donations	400	2,500
	<u> </u>	<u> </u>

During the year, Nisbets Plc Group incurred £3.6m (2019: £nil) of exceptional employee-related restructuring costs as a consequence of the COVID-19 pandemic. These related to redundancy and similar costs.

7. Auditor's remuneration

	2020 £'000	2019 £'000
Fees payable to the Group's auditor and its associates for the audit of the Company's annual accounts	21	21
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of accounts of associates of the Group pursuant to legislation	321	244
Non audit services	12	-
	<u> </u>	<u> </u>

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

8. Employees

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

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Wages and salaries	48,725	66,888	28	17
Social security costs	4,618	7,196	-	-
Cost of defined contribution scheme	2,270	3,291	40	40
	<u>55,613</u>	<u>77,375</u>	<u>68</u>	<u>57</u>

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

	2020 number	2019 number
Employees	<u>1,939</u>	<u>2,270</u>

9. Directors' remuneration

	2020 £'000	2019 £'000
Company contributions to defined contribution pension schemes	<u>40</u>	<u>40</u>

During the year retirement benefits were accruing to no directors (2019 - none) in respect of defined contribution pension schemes.

10. Interest receivable and similar income

	2020 £'000	2019 £'000
Other interest receivable	<u>80</u>	<u>180</u>

11. Interest payable and similar expenses

	2020 £'000	2019 £'000
Bank interest payable	<u>704</u>	<u>466</u>

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

12. Taxation

	2020 £'000	2019 £'000
Corporation tax		
Current tax on profits for the year	1,920	2,174
Adjustments in respect of previous periods	83	(79)
	<u>2,003</u>	<u>2,095</u>
Foreign tax		
Foreign tax on income for the year	2,095	1,758
Foreign tax in respect of prior periods	(156)	(460)
	<u>1,939</u>	<u>1,298</u>
Total current tax	<u>3,942</u>	<u>3,393</u>
Deferred tax		
Origination and reversal of timing differences	(645)	(391)
Changes to tax rates	(24)	32
Adjustments in respect of prior periods	2,281	(94)
Total deferred tax	<u>1,612</u>	<u>(453)</u>
Tax on profit	<u>5,554</u>	<u>2,940</u>

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2020

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £'000	2019 £'000
Profit on ordinary activities before tax	8,686	12,601
Profit on ordinary activities multiplied by group effective standard rate of corporation tax of 23% (2019: 24%)	1,989	3,038
<i>Effects of:</i>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	765	485
Adjustments to tax charge in respect of prior periods	2,208	(633)
Non taxable income	(71)	(291)
Differences between standard and actual rate	-	152
Effect of changes in tax rates	23	32
Effects of other reliefs	95	16
Foreign exchange difference on opening gross timing differences	-	2
Fair value changes on which deferred tax is not provided	545	139
Total tax charge for the year	<u>5,554</u>	<u>2,940</u>

At the balance sheet date, the deferred tax asset not recognised relating to fair value losses on investment properties amounted to £1,303,000 (2019: £635,000).

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

13. Dividends

	2020 £'000	2019 £'000
On ordinary shares	<u>22</u>	<u>70</u>

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

14. Intangible assets

Group

	Goodwill on consolidation £'000	Purchased goodwill £'000	Other intangibles £'000	Total £'000
Cost				
At 1 January 2020	18,131	990	8,758	27,879
Foreign exchange adjustments	-	-	(8)	(8)
Additions	-	-	583	583
Reclassifications	-	-	(64)	(64)
At 31 December 2020	18,131	990	9,269	28,390
Amortisation				
At 1 January 2020	8,598	990	6,568	16,156
Foreign exchange adjustments	-	-	106	106
Charge for the year	1,594	-	1,354	2,948
Reclassifications	-	-	16	16
At 31 December 2020	10,192	990	8,044	19,226
Net book value				
At 31 December 2020	7,939	-	1,225	9,164
At 31 December 2019	9,533	-	2,190	11,723

Other intangibles comprise trademarks, customer lists and computer software.

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

15. Tangible fixed assets

Group

	Freehold property £'000	Short-term leasehold property £'000	Plant and machinery £'000	Motor vehicles £'000
Cost				
At 1 January 2020	49,965	406	631	388
Foreign exchange adjustments	341	-	-	4
Additions	895	228	52	19
	(18)	-	-	-
Disposals	(38)	(19)	-	(60)
At 31 December 2020	<u>51,145</u>	<u>615</u>	<u>683</u>	<u>351</u>
Amortisation				
At 1 January 2020	8,311	193	353	206
Foreign exchange adjustments	79	-	-	3
Charge for the year	1,452	64	134	71
	108	-	-	(1)
Disposals	(15)	(17)	-	(57)
At 31 December 2020	<u>9,935</u>	<u>240</u>	<u>487</u>	<u>222</u>
Net book value				
At 31 December 2020	<u>41,210</u>	<u>375</u>	<u>196</u>	<u>129</u>
At 31 December 2019	<u>41,654</u>	<u>213</u>	<u>278</u>	<u>182</u>

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

15. Tangible fixed assets (continued)

Group (continued)

	Fixtures and fittings £'000	Computer equipment £'000	Hire equipment £'000	Total £'000
Cost				
At 1 January 2020	27,942	9,647	5,074	94,053
Foreign exchange adjustments	130	127	-	602
Additions	466	133	283	2,076
Reclassifications	(215)	297	-	64
Disposals	(92)	(47)	(38)	(294)
At 31 December 2020	<u>28,231</u>	<u>10,157</u>	<u>5,319</u>	<u>96,501</u>
Amortisation				
At 1 January 2020	18,461	6,419	2,743	36,686
Foreign exchange adjustments	(65)	81	-	98
Charge for the year	2,612	1,406	798	6,537
Reclassifications	(11)	(112)	-	(16)
Disposals	(60)	(45)	(22)	(216)
At 31 December 2020	<u>20,937</u>	<u>7,749</u>	<u>3,519</u>	<u>43,089</u>
Net book value				
At 31 December 2020	<u>7,294</u>	<u>2,408</u>	<u>1,800</u>	<u>53,412</u>
At 31 December 2019	<u>9,481</u>	<u>3,228</u>	<u>2,331</u>	<u>57,367</u>

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

15. Tangible fixed assets (continued)

Company

Fixtures
and
fittings
£'000

Cost and net book value

At 1 January 2020 and 31 December 2020

-

16. Fixed asset investments

Direct subsidiary undertakings

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

Name	Class of shares	Holding	Country of incorporation	Principal activity	
Nisbets plc	Ordinary	98%	United Kingdom	Sale and lease of catering equipment	5
Jongor (Holdings) Limited	Ordinary	51%	United Kingdom	Hire of catering equipment	13
PNFT5 (Unicorn) Limited	Ordinary	100%	United Kingdom	Dormant	12

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2020

16. Fixed asset investments (continued)

Indirect Subsidiary undertakings

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

Name	Class of shares	Holding	Country of incorporation	Principal activity	
Jongor Trading Limited	Ordinary	100%	United Kingdom	Holding company	13
Jongor Limited	Ordinary	100%	United Kingdom	Leasing of catering equipment	13
KCC Nisbets BV	Ordinary	100%	Netherlands	Sale of catering equipment	1
Nisbets France EURL	Ordinary	100%	France	Sale of catering equipment	2
Nisbets Iberica SL	Ordinary	100%	Spain	Sale of catering equipment	3
Chef Leasing Limited	Ordinary	100%	United Kingdom	Leasing of catering equipment	5
Nisbets Asia Limited	Ordinary	100%	China	Holding company	6
Nisbets Australia Pty Limited	Ordinary	75%	Australia	Sale of catering equipment	7
Nisbets New Zealand Limited	Ordinary	75%	New Zealand	Sale of catering equipment	8
Red Ribbon Trading Limited	Ordinary	100%	United Kingdom	Provision of services to other group companies	5
Red Ribbon Trading (Shenzhen) Co. Ltd	Ordinary	100%	China	Provision of services to other group companies	10
Space Catering (UK)Limited	Ordinary	95%	United Kingdom	Design and installation of catering equipment	5
Rowlett Rutland Limited	Ordinary	100%	United Kingdom	Manufacturing and sale of catering equipment	5
Nisbets Deutschland GmbH	Ordinary	100%	Germany	Dormant company	4
Nisbets Inc.	Ordinary	100%	USA	Dormant company	9
Home Chef Limited	Ordinary	100%	United Kingdom	Dormant company	5
Space Catering Equipment Limited	Ordinary	95%	United Kingdom	In liquidation	11
Space Catering Contracts Limited	Ordinary	95%	United Kingdom	In liquidation	11
Holmes Catering Equipment Solutions Limited	Ordinary	95%	United Kingdom	In liquidation	11
Plyanemca Limited	Ordinary	100%	United Kingdom	Dormant company	5
Mitre Linen Limited	Ordinary	100%	United Kingdom	Dormant company	11

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2020

16. Fixed asset investments (continued)

The registered addresses of the companies are:

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

Group

	£'000
Cost and net book value	
At 1 January 2020	100
Provision for impairment	(100)
	<hr/>
At 31 December 2020	-
	<hr/>

During the prior year, the group acquired a 30% holding in ChefRadius Limited, a company incorporated in the United Kingdom, for £100,000. The investment was impaired during the year.

Company

	£'000
Cost and net book value	
At 1 January 2020 and 31 December 2020	6,456
	<hr/>

During the prior year, the company acquired a subsidiary undertaking, PNFT5 (Unicorn) Limited. The trade and assets of that company were hived up to Key West (Holdings) Limited in the prior year and at the balance sheet date PNFT5 (Unicorn) Limited was dormant.

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

17. Investment property

Group and company

	£'000
Cost or valuation	
At 1 January 2020	71,050
Additions at cost	8,400
Loss on revaluation	(3,520)
	<hr/>
At 31 December 2020	75,930
	<hr/>

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

18. Inventories

	Group 2020 £'000	Group 2019 £'000
Cost		
Finished goods and goods for resale	69,698	71,773
	<hr/>	<hr/>

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

19. Debtors

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Due within one year				
Trade debtors	21,074	34,736	495	1,275
Amounts owed by group undertakings	-	-	7,494	7,452
Other debtors	6,781	3,390	6	87
Prepayments and accrued income	4,380	8,980	6	13
Deferred taxation (note 26)	1,492	3,610	-	(63)
Net investment in finance leases	916	2,579	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	34,623	53,295	8,001	8,764
	<hr/>	<hr/>	<hr/>	<hr/>

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

19. Debtors (continued)

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

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Due after more than one year				
Net investments in finance leases	474	1,499	-	-

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

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Total amounts receivable	1,664	4,983	-	-
Less: interest allocated to future periods	(274)	(906)	-	-
Net investment in contracts accounted for as finance leases	1,390	4,077	-	-
Rentals receivable during the year from contracts accounted for as finance leases	3,369	4,255	-	-
Cost of assets acquired for the purpose of letting under contracts accounted for as finance leases during the year	665	3,328	-	-

The net investment in finance leases falls due as follows:

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Amounts due:				
Within one year	916	2,578	-	-
After one year and within two years	384	1,125	-	-
After two years and withing five years	90	374	-	-
	1,390	4,077	-	-

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

20. Cash and cash equivalents

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Cash at bank and in hand	52,850	19,253	2,000	2,857

21. Creditors: Amounts falling due within one year

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Bank loans	9,718	28,082	3,342	6,556
Other loans	6,516	-	6,516	-
Trade creditors	22,788	23,679	96	36
Corporation tax	141	576	119	64
Other taxation and social security	6,526	7,069	621	389
Other creditors	15,110	10,996	14	81
Accruals and deferred income	13,567	10,208	1,043	1,028
Financial instruments	1,381	1,645	-	-
Amounts due to group undertakings	-	-	105	136
	75,747	82,255	11,856	8,290

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

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

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

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Bank loans	10,331	2,414	-	-
Other creditors	189	10	-	-
	<u>10,520</u>	<u>2,424</u>	<u>-</u>	<u>-</u>

23. Provisions for liabilities

Group

	Warranty £'000	Dilapidations £'000	Onerous leases £'000	Total £'000
At beginning of year	1,239	364	-	1,603
Exchange adjustment	48	8	-	56
Additions during the year	780	710	887	2,377
	<u>2,067</u>	<u>1,082</u>	<u>887</u>	<u>4,036</u>

Company

	Deferred Tax (note 26) £'000
At beginning of year	-
Reclassification from creditors	88
Additions during the year	-
	<u>88</u>

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

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

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

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

24. Loans

Key West (Holdings) Limited has a £5m (2019: £10m) rolling credit facility. The value drawn on the facility was £3,324,000 at 31 December 2020 (2019: £6,556,000). The facility is secured by a charge over certain of Key West' properties and carries interest at Bank of England base rate plus 5.15%.

Nisbets plc has the following bank loans:

One bank loan of £nil (2019: £3.6m). The loan was taken out on 4 March 2008 and fully repaid during the year ended 31 December 2020. The loan is secured by a charge over certain of Nisbets' properties and carries interest at 0.6% above base rate.

A second bank loan of £6.2m (2019: £5.8m). The loan is a three-year Australian Dollar term loan drawn down on 6 July 2015. The term was extended by an additional 12 months in 2019 and 2020. It is secured by a charge over certain of Nisbets' properties and carries interest at 2.16% above Australian Bank Bill Swap Rate.

In addition, Nisbets plc has a £30 million, three-year multicurrency revolving credit facility. The value drawn on this facility was £nil at 31 December 2020 (2019: £14.5m). It is secured by a charge over certain of Nisbets properties.

During the year Nisbets agreed a £35m facility under the CLBILS scheme, of which £10.0m was drawn at the balance sheet date (2019: £nil). The loan is secured by a charge over certain of the Nisbet's properties and other assets and carries interest at 1.72% above LIBOR base rate.

Jongor agreed a £1.3m facility under the CLBILS scheme, of which £0.5m was drawn at the balance sheet date (2019: £nil). The loan is secured by a charge over certain of Jongor's properties and other assets and carries interest at 3.55% above LIBOR base rate.

	Group 2020 £'000	Group 2019 £'000
Amounts falling due within one year	9,718	28,082
Amounts falling due 1-2 years	10,331	1,185
Amounts falling due 2-5 years	-	1,229
	<hr/> 20,049	<hr/> 30,496

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

25. Financial instruments

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Financial assets				
Financial assets measured at amortised cost	86,454	70,437	10,002	11,684
Financial liabilities				
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	(1,381)	(1,645)	-	-
Financial liabilities measured at amortised cost	(78,221)	(75,389)	(10,694)	(7,837)
	<u>6,852</u>	<u>(6,597)</u>	<u>(692)</u>	<u>3,847</u>

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.

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2020

26. Deferred taxation

Group

The deferred tax asset is made up as follows:

	2020 £'000	2019 £'000
Accelerated capital allowances	1,227	1,716
Other short term timing differences	265	1,894
At end of year	<u>1,492</u>	<u>3,610</u>

Company

The company deferred tax liability of £88,000 relates to differences between capital allowances and depreciation.

27. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
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>

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

28. Reserves

Other reserves

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

Merger Reserve

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

Profit and loss account

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

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

29. Contingent liabilities

Nisbets plc has given the bank a £600,000 indemnity covering a guarantee in favour of the third party (2019: £600,000). The company and group have no other contingent liabilities.

30. Capital commitments

At 31 December 2020 the Group had capital commitments as follows:

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Contracted for but not provided	148	395	-	-

31. 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.

32. Commitments under operating leases

At 31 December 2020 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 Land & buildings £'000	2020 Other £'000	2019 Land & buildings £'000	2019 Other £'000
In one year or less	6,037	735	5,923	795
Between one and two years	5,669	388	5,533	532
Between two and five years	15,505	232	15,072	231
After five years	10,726	-	11,197	78
	37,937	1,355	37,725	1,636

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2020

33. Related party transactions

Key West (Holdings) Limited has issued a loan to Jongor (Holdings) Limited. The balance due at 31 December 2020 is £3,323,000 (2019: £3,282,000).

The group made contributions of £0.4m to The Nisbet Trust in the year (2019: £2.5m). Members of the Key West (Holdings) Ltd and Nisbets plc board also sit as Trustees of The Nisbet Trust.

During the year Key West (Holdings) Limited acquired two properties from A Nisbet for consideration of £7,750,000. These acquisitions were made at market value and were in the form of a loan with A Nisbet. The loan is payable on demand and attracts an interest rate of 1.5% per annum. At the year end the amount owed to A Nisbet was £6,515,857.

At the balance sheet date, the company owed £0.1m to its subsidiary undertaking, PNFT5 (Unicorn) Limited (2019: £0.1m).

Nisbets Plc has provided a guarantee of £6.2m (2019: £5.7m) in respect of the bank loan of a subsidiary.

The interests of the directors in the shares of the Company at both 31 December 2020 and 31 December 2019 were as follows:

	Ordinary shares	Ordinary A shares	Ordinary B shares	Ordinary C shares
A Nisbet	34,151	-	-	-
A M Nisbet	-	-	-	352
J P Nisbet	-	352	-	-
E R Nisbet	-	-	352	-
	<u>34,151</u>	<u>352</u>	<u>352</u>	<u>352</u>

The rights attached to each class of share are set out in note 27.

34. Subsidiary company audit exemptions

For the period ended 31 December 2020 certain subsidiaries of Key West (Holdings) Limited were entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies. Key West (Holdings) Limited has provided a guarantee to these subsidiaries in accordance with that section.

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

Subsidiary undertaking
PNFT 5 (Unicorn) Limited

Company
Number
11495348

KEY WEST (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

35. Controlling party

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

36. Post balance sheet events

On 22 February 2021 the UK Prime Minister announced the process for the easing of the national lockdown, which has most recently culminated in the full reopening from lockdown occurring on 21 June.

The business has responded positively to these early relaxations and management are positive that the business can continue improve trading performance over the course of the coming year.