

**THE KEYHOLDING COMPANY LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**THE KEYHOLDING COMPANY LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	C B Gordon Lennox A E Kennedy J C Wakefield (resigned 31 December 2019) A V Shuttleworth C J R Godfrey L D E Hollingworth
<b>Registered number</b>	03538605
<b>Registered office</b>	28 Kirby Street London EC1N 8TE
<b>Independent auditors</b>	Elman Wall Limited Chartered Accountants & Statutory Auditor 8th Floor Becket House 36 Old Jewry London EC2R 8DD

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**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Introduction**

The directors present their strategic report for the year ended 31 December 2019.

The Keyholding Company (the "Company") is a leading, UK based, technology and data driven response business; offering a set of niche mobile security services. These core services comprise: keyholding, alarm response, mobile patrols, lock & unlocks, house & vacant property checks, and short-term guarding. Customers include public sector organisations, industrial and commercial businesses (blue-chip groups and SMEs) and residential property owners. The Company's end clients are typically contracted either directly or through an intermediate partner (e.g. a facilities management provider).

The Company delivers its services, to thousands of properties, through a nationwide network of carefully selected, accredited service partners. Core operations and client service are managed centrally through a bespoke software platforms.

**Business review**

The Company's strategy continues to be to change the way response security services are delivered through continuous technological improvement. This is achieved by an ambitious investment programme building a unique operational job management platform. The proprietary system allows the Company to manage jobs from end-to-end on a mass scale whilst retaining operational control.

Today the technology platform manages over 10,000 jobs per week in an increasingly automated environment and this system has the capacity to manage significantly more jobs per week. The Company's focus in 2019 was on continued digital transformation and data analytics that the new system enabled, the benefits of which will be evidenced in 2020 onwards.

The company mobilised two material contracts in 2019, which drove the improved trading for the year to 31 December 2019.

**Principal risks and uncertainties**

The Company is fortunate to operate in a sector where its services are required throughout the COVID-19 pandemic. The mix of services has and will change throughout the pandemic and there will be the risk of clients failing resulting in lost revenue and bad debts.

The Company's financial performance is also subject to risks including customer pricing pressure (particularly from large corporate procurement processes) and change in legislation and underlying labour rates that may result from BREXIT.

The Board manages these risks by continuously seeking to innovate its technology, services and processes, having long term relationships with its broad base of clients and providing a wide spread of service types and most importantly remaining agile through a fast-changing landscape. These combined enable the business to take advantage of new opportunities as they arise.

**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Key performance indicators**

Gross profit for the twelve-month period ended 31 December 2019 was £4.1 million on a turnover of £13.6 million.

Earnings before interest, tax, depreciation and amortisation were £1.4 million. Fixed assets as at 31 December 2019 were £2.3 million, of which the IT system represented £1.9 million.

The Company had 30,000 live properties under management as at the date of signing of the FY2019 financial statements.

Average headcount decreased from 132 to 120 between the financial period to 31 December 2018 and 31 December 2019. Headcount is expected to remain closely controlled as a result of targeted investment in digital transformation and refinement of existing processes.

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

**C B Gordon Lennox**  
Director

Date: 15 July 2020

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present their report and the financial statements for the year ended 31 December 2019.

**Directors' responsibilities statement**

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Results and dividends**

The profit for the year, after taxation, amounted to £828,746 (2018 - loss £80,470).

**Directors**

The directors who served during the year were:

C B Gordon Lennox  
A E Kennedy  
J C Wakefield (resigned 31 December 2019)  
A V Shuttleworth  
C J R Godfrey  
L D E Hollingworth

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Future developments**

The Company's continued strategy is to change the way mobile security services are delivered through technological enhancements. Significant investment remains in its industry leading technology platform. In the year to 31 December 2019 technology spend was £978,000, of which £571,000 was capitalised development costs and £407,000 running costs, and continued investment is planned for 2019.

The Company will use this platform to further connect smart technology and offer the best possible response services. The platform developed underpins the business model and enables The Keyholding Company to be at the forefront of the sectors it works within.

**Disclosure of information to auditors**

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

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

**Post balance sheet events**

The COVID-19 pandemic has impacted the Company, by forcing a marginal change in mix of its core services. The business is in the privileged position where the loss of certain services (ie locks and unlocks), has been replaced by other service such as temporary guarding and patrols.

Trading has remained consistent with the 2019's run rate since the year end.

**Auditors**

The auditors, Elman Wall Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

**C B Gordon Lennox**  
Director

Date: 15 July 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE KEYHOLDING COMPANY LIMITED

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**Opinion**

We have audited the financial statements of The Keyholding Company Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

**Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE KEYHOLDING COMPANY LIMITED (CONTINUED)

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inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the 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 the 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the 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 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 on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE KEYHOLDING COMPANY LIMITED (CONTINUED)

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

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

**Use of our report**

This report is made solely to the Company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.

Ian Palmer (Senior statutory auditor)

for and on behalf of  
**Elman Wall Limited**

Chartered Accountants  
Statutory Auditor

8th Floor  
Becket House  
36 Old Jewry  
London  
EC2R 8DD

15 July 2020

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	13,599,021	11,047,032
Cost of sales		(9,543,983)	(8,316,357)
<b>Gross profit</b>		<b>4,055,038</b>	<b>2,730,675</b>
Administrative expenses		(3,120,563)	(2,776,931)
Other operating income	5	-	333,179
<b>Operating profit</b>	6	<b>934,475</b>	<b>286,923</b>
Interest payable and expenses	10	(90,847)	(115,478)
<b>Profit before tax</b>		<b>843,628</b>	<b>171,445</b>
Tax on profit	11	(14,882)	(251,915)
<b>Profit/(loss) for the year</b>		<b>828,746</b>	<b>(80,470)</b>

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 14 to 28 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	12	1,983,290	1,816,149
Tangible assets	13	169,064	189,039
Investments	14	134,949	220,619
		<u>2,287,303</u>	<u>2,225,807</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	4,608,260	3,292,057
Cash at bank and in hand	16	<u>764,777</u>	<u>60,049</u>
		5,373,037	3,352,106
Creditors: amounts falling due within one year	17	<u>(5,802,046)</u>	<u>(4,348,824)</u>
<b>Net current liabilities</b>		<u>(429,009)</u>	<u>(996,718)</u>
<b>Total assets less current liabilities</b>		1,858,294	1,229,089
Creditors: amounts falling due after more than one year	18	(780,584)	(980,125)
<b>Net assets</b>		<u><u>1,077,710</u></u>	<u><u>248,964</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	2,421,728	2,421,728
Share premium account	23	1,187,286	1,187,286
Profit and loss account	23	<u>(2,531,304)</u>	<u>(3,360,050)</u>
		<u><u>1,077,710</u></u>	<u><u>248,964</u></u>

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

**C B Gordon Lennox**  
Director

Date: 15 July 2020

The notes on pages 14 to 28 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	2,421,728	1,187,286	(3,360,050)	248,964
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	828,746	828,746
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	828,746	828,746
<b>Total transactions with owners</b>	-	-	-	-
<b>At 31 December 2019</b>	<u>2,421,728</u>	<u>1,187,286</u>	<u>(2,531,304)</u>	<u>1,077,710</u>

The notes on pages 14 to 28 form part of these financial statements.

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	2,421,728	1,187,286	(3,279,580)	329,434
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(80,470)	(80,470)
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	(80,470)	(80,470)
<b>Total transactions with owners</b>	-	-	-	-
<b>At 31 December 2018</b>	<u>2,421,728</u>	<u>1,187,286</u>	<u>(3,360,050)</u>	<u>248,964</u>

The notes on pages 14 to 28 form part of these financial statements.

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	828,746	(80,470)
<b>Adjustments for:</b>		
Amortisation of intangible assets	329,052	254,564
Depreciation of tangible assets	96,678	103,276
Impairments of fixed assets	85,670	85,708
Loss on disposal of tangible assets	10,673	-
Interest paid	90,847	115,478
Taxation charge	14,882	251,915
(Increase)/decrease in debtors	(1,526,141)	99,038
Increase/(decrease) in creditors	1,469,851	(517,548)
Corporation tax received	195,056	-
<b>Net cash generated from operating activities</b>	<b>1,595,314</b>	<b>311,961</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(496,193)	(532,973)
Purchase of tangible fixed assets	(81,084)	(73,791)
Sale of tangible fixed assets	(6,292)	1,197
HP interest paid	(2,113)	(3,155)
<b>Net cash from investing activities</b>	<b>(585,682)</b>	<b>(608,722)</b>
<b>Cash flows from financing activities</b>		
New secured loans	-	500,000
Repayment of loans	(88,481)	-
Repayment of other loans	(111,250)	-
Repayment of/new finance leases	(16,439)	(13,073)
Interest paid	(88,734)	(112,323)
<b>Net cash used in financing activities</b>	<b>(304,904)</b>	<b>374,604</b>
<b>Net increase in cash and cash equivalents</b>	<b>704,728</b>	<b>77,843</b>
Cash and cash equivalents at beginning of year	60,049	(17,794)
<b>Cash and cash equivalents at the end of year</b>	<b>764,777</b>	<b>60,049</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	764,777	60,049
	<b>764,777</b>	<b>60,049</b>

The notes on pages 14 to 28 form part of these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. General information**

The Keyholding Company Limited is a private company limited by shares incorporated in England. The address of the registered company is Unit 4-5, Quayside Lodge, William Morris Way, London, SW6 2UZ.

The principal activity of the Company continued to be a provider of keyholding and essential services for its customers throughout the United Kingdom.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

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

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

The following principal accounting policies have been applied:

**2.2 Revenue**

Revenue represents the value, net of value added tax and discounts, of goods provided to customers and work carried out in respect of services provided to customers. Service contract revenue is recognised on a straight line basis over the duration of the contract.

**2.3 Going concern**

Notwithstanding the Covid-19 trading environment, the Directors report that the performance of the company for the continuous accounting period (2020) continues to be strong. For the foreseeable future the Directors believe that the company remains a going concern and has adequate financial resources to continue in operational existence.

**2.4 Operating leases: the Company as lessee**

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

**2.5 Finance costs**

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

**2.6 Borrowing costs**

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**2. Accounting policies (continued)**

**2.7 Pensions**

**Defined contribution pension plan**

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

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

**2.8 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

**2.9 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 8 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.10 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.

**2.11 Tangible fixed assets**

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	-	Over the length of the lease
Plant and machinery	-	16%-29% straight line
Motor vehicles- Cars	-	33% straight line
Motor vehicles- mopeds	-	33% 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 in the Statement of comprehensive income.

**2.12 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

**2.13 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**2. Accounting policies (continued)**

**2.14 Debtors**

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

**2.15 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

**2.16 Creditors**

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

**2.17 Foreign currency translation**

The Company's functional and presentational currency is GBP.

**2.18 Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.19 Financial instruments

The Company 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 ordinary shares.

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

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are recognised to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the statement of comprehensive income in the period in which the estimate is revised where the revision affects only that period, or in the period of revision and future periods where the revision affects both current and future periods.

4. Turnover

	2019 £	2018 £
Sales	13,599,021	11,047,032
	<u>13,599,021</u>	<u>11,047,032</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	13,599,021	11,047,032
	<u>13,599,021</u>	<u>11,047,032</u>

5. Other operating income

	2019 £	2018 £
Other operating income	-	333,179
	<u>-</u>	<u>333,179</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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6. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Exchange differences	291	848
Other operating lease rentals	<u>245,117</u>	<u>159,869</u>

7. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>13,000</u>	<u>13,000</u>

8. Employees

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

	2019 £	2018 £
Wages and salaries	4,091,941	4,297,246
Cost of defined contribution scheme	<u>125,377</u>	<u>-</u>
	<u>4,217,318</u>	<u>4,297,246</u>

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

	2019 No.	2018 No.
Staff	<u>120</u>	<u>132</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**9. Directors' remuneration**

	2019 £	2018 £
Directors' emoluments	618,700	416,156
	<u>618,700</u>	<u>416,156</u>

During the year retirement benefits were accruing to 6 directors (2018 - 6) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £197,411 (2018 - £142,791).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £21,880 (2018 - £19,200).

There are no key management personnel other than the directors.

**10. Interest payable and similar expenses**

	2019 £	2018 £
Other loan interest payable	88,734	112,323
Finance leases and hire purchase contracts	2,113	3,155
	<u>90,847</u>	<u>115,478</u>

**11. Taxation**

	2019 £	2018 £
<b>Corporation tax</b>		
Adjustments in respect of previous periods	(167)	-
	<u>(167)</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	15,049	251,915
<b>Total deferred tax</b>	<u>15,049</u>	<u>251,915</u>
<b>Taxation on profit on ordinary activities</b>	<u>14,882</u>	<u>251,915</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Taxation (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018 - 19%) as set out below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>843,628</u>	<u>171,445</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	159,446	32,575
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	19,808	18,706
Adjustments to tax charge in respect of prior periods	(169)	-
Origination and reversal of timing differences	2,345	36,345
Adjustments to tax charge in respect of prior periods-deferred tax	-	27,396
Non-taxable income	-	(63,563)
Adjustment for opening and closing deferred tax	(2,527)	(2,533)
Additional deduction for R&D expenditure	(164,021)	-
Deferred tax not recognised	-	202,989
<b>Total tax charge for the year</b>	<u>14,882</u>	<u>251,915</u>

**Factors that may affect future tax charges**

The company has trading losses carried forward of £3,533,699 (2018: £3,535,093).



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

12. Intangible assets

	Development £	Computer software £	Goodwill and Trademarks £	Total £
<b>Cost</b>				
At 1 January 2019	2,243,985	65,513	41,066	2,350,564
Additions - internal	487,118	9,075	-	496,193
At 31 December 2019	2,731,103	74,588	41,066	2,846,757
<b>Amortisation</b>				
At 1 January 2019	472,779	20,570	41,066	534,415
Charge for the year on owned assets	312,031	17,021	-	329,052
At 31 December 2019	784,810	37,591	41,066	863,467
<b>Net book value</b>				
At 31 December 2019	1,946,293	36,997	-	1,983,290
<b>At 31 December 2018</b>	1,771,206	44,943	-	1,816,149

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

13. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 January 2019	9,670	403,597	145,482	558,749
Additions	17,954	23,645	39,485	81,084
Disposals	-	-	(14,448)	(14,448)
At 31 December 2019	27,624	427,242	170,519	625,385
<b>Depreciation</b>				
At 1 January 2019	7,521	290,123	72,066	369,710
Charge for the year on owned assets	12,247	57,963	26,468	96,678
Disposals	-	-	(10,067)	(10,067)
At 31 December 2019	19,768	348,086	88,467	456,321
<b>Net book value</b>				
At 31 December 2019	7,856	79,156	82,052	169,064
<b>At 31 December 2018</b>	2,149	113,474	73,416	189,039

The net book value of land and buildings may be further analysed as follows:

	2019 £	2018 £
Long leasehold	7,856	2,149
	<u>7,856</u>	<u>2,149</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

14. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2019	800,577
At 31 December 2019	<u>800,577</u>
<b>Impairment</b>	
At 1 January 2019	579,958
Charge for the period	85,670
At 31 December 2019	<u>665,628</u>
<b>Net book value</b>	
At 31 December 2019	<u>134,949</u>
<b>At 31 December 2018</b>	<u>220,619</u>

**Subsidiary undertaking**

The following was a subsidiary undertaking of the Company:

Name	Principal activity	Class of shares	Holding
The London Keyholding Company Ltd	Dormant	Ordinary	100 %

The aggregate of the share capital and reserves as at 31 December 2019 and the profit or loss for the year ended on that date for the subsidiary undertaking was as follows:

Name	Profit/(Loss)
The London Keyholding Company Ltd	(141,751)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

15. Debtors

	2019 £	2018 £
Trade debtors	3,176,839	2,198,677
Amounts owed by group undertakings	148,291	148,291
Other debtors	147,096	341,577
Prepayments and accrued income	812,683	265,112
Deferred taxation	323,351	338,400
	<u>4,608,260</u>	<u>3,292,057</u>

16. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	764,777	60,049
	<u>764,777</u>	<u>60,049</u>

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	3,554,086	2,530,256
Other taxation and social security	297,208	261,486
Obligations under finance lease and hire purchase contracts	11,302	27,931
Other creditors	307,847	283,544
Accruals and deferred income	1,631,603	1,245,607
	<u>5,802,046</u>	<u>4,348,824</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**18. Creditors: Amounts falling due after more than one year**

	2019 £	2018 £
Bank loans	411,519	500,000
Other loans	183,750	295,000
Net obligations under finance leases and hire purchase contracts	10,315	10,125
Other creditors	175,000	175,000
	<u>780,584</u>	<u>980,125</u>

Other creditors as at the balance sheet date includes directors loans amounting to £175,000 in both years.

**19. Loans**

Analysis of the maturity of loans is given below:

	2019 £	2018 £
<b>Amounts falling due 1-2 years</b>		
Other loans	183,750	295,000
	<u>183,750</u>	<u>295,000</u>
<b>Amounts falling due 2-5 years</b>		
Bank loans	411,519	500,000
	<u>411,519</u>	<u>500,000</u>

**20. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	11,302	27,931
Between 1-5 years	10,315	10,125
	<u>21,617</u>	<u>38,056</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

21. Deferred taxation

	2019 £
At beginning of year	338,400
Charged to profit or loss	(15,049)
<b>At end of year</b>	<b><u>323,351</u></b>

The deferred tax asset is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(296,554)	(278,659)
Tax losses carried forward	619,905	617,059
	<b><u>323,351</u></b>	<b><u>338,400</u></b>

22. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
1,268,105 (2018 - 1,268,105) Ordinary shares shares of £1.00 each	1,268,105	1,268,105
1,153,623 (2018 - 1,153,623) Ordinary A shares shares of £1.00 each	1,153,623	1,153,623
	<b><u>2,421,728</u></b>	<b><u>2,421,728</u></b>

23. Reserves

**Share premium account**

Share premium account includes all current and prior year share premium paid.

**Profit and loss account**

Profit and loss includes all current and prior year retained profit.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**24. Pension commitments**

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £125,377. Contributions totalling £28,174 were payable to the fund at the balance sheet date were included in creditors.

**25. Commitments under operating leases**

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	169,374	169,374
Later than 1 year and not later than 5 years	211,718	381,092
	<u>381,092</u>	<u>550,466</u>

**26. Related party transactions**

As at the balance sheet date the company was due £148,291 (2018 - £148,291) from its subsidiary The London Keyholding Company Limited.

The director, C B Gordon Lennox was due £175,000 (2018 - £175,000) from the company as at the balance sheet date. During the year, the loan of £175,000, accrued interest of £Nil (2018: £22,447).

During the year the company made advancements to director C B Gordon Lennox amounting to £1,041 (2018: £Nil) and repayments were made amounting to £Nil (2018: £2,566). As at the balance sheet date the company owed C B Gordon Lennox £16,360 (2018: £17,401).

During the year, the company paid consultancy fees of £20,250 to a connected party of C B Gordon Lennox.

**27. Controlling party**

There is no ultimate controlling party.

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