

**THE KEYHOLDING COMPANY LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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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 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 2020**

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**Introduction**

The directors present their strategic report for the year ended 31 December 2020.

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: a bespoke smart security platform, 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 mobile 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 45,000 jobs per week in an increasingly automated environment and this system has the capacity to manage significantly more. The Company's focus in 2020 was on continued digital transformation and data analytics that the new system enabled, the benefits of which will be evidenced in 2021 onwards.

The improved 2020 trading was driven by three factors, firstly the first full year of the two large contracts secured in 2019, secondly an influx of COVID-19 related security work and thirdly continued underlying new business wins. In addition to technology, the Company invested in two key areas, i) the protection and welfare of all, but in particular its front-line employees and ii) in the second half of the year in sales and marketing to put it in the best position as possible as the economy begins to open up post COVID-19.

Other notable 2020 developments include, again, successfully passing the NSI audit in the top 5% of ACS accredited security companies and also becoming a carbon neutral company.

**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**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 clients and services has and will continue to 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 customer pricing pressure risk (particularly from large corporate procurement processes) and the risk of changes in legislation and underlying labour rates.

As the Company becomes more digitally focused, information security has become an increased risk. In addition, the Company is heavily reliant on a small number of key contracts, with five clients making up 56% of its turnover. Loss of one of these clients would significantly adversely impact the Company's financial performance.

The Board manages these risks by:

- regular review of processes
- continuously seeking to innovate its technology, services and processes
- continued investment in systems, and third party auditing and testing of these systems
- regular contingency planning
- increased investment in the sales pipeline and a strong account management function having long term relationships with its broad client base
- providing a wide spread of service types
- most importantly remaining agile through a fast-changing landscape

These combined allow the Company to be vigilant, be better and be more robust as a business, enabling it to take advantage of new opportunities as they arise.

**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Key performance indicators**

Gross profit for the twelve-month period ended 31 December 2020 was £4.5 million on a turnover of £15.3 million.

Earnings before interest, tax, depreciation and amortisation were £1.6 million. Fixed assets as at 31 December 2020 were £2.7 million, of which the IT system represented £2.4 million.

The Company had 28,500 live properties under management as at the date of signing of the FY2020 financial statements.

Average headcount increased from 120 to 131 between the financial period to 31 December 2019 and 31 December 2020. 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: 26 August 2021

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

**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 £1,001,144 (2019 - £828,746).

**Directors**

The directors who served during the year were:

C B Gordon Lennox  
A E Kennedy  
A V Shuttleworth  
C J R Godfrey  
L D E Hollingworth

**Future developments**

The Company's continued strategy is to change the way mobile security services are delivered through technological enhancements.

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.

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**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**

In early 2020 the Company undertook a reduction in share capital to facilitate a share buyback and issue of EMI options to incentivise key employees.

The COVID-19 pandemic has continued to impact the Company, by forcing a 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, temporary checks and patrols.

Trading has remained consistent with the 2020'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: 26 August 2021



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 2020, 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 2020 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**

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the Company's ability to continue as a going concern.

The financial statements do not include any adjustments that would result from a failure to continue as a going concern. In auditing the financial statements, we have concluded that the director's 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 Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

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**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our 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 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.

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

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**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 4, 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.

**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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance

with applicable laws and regulations

- Performing audit work over the risk of management override of controls, including testing of journal entries

and other adjustments for appropriateness, evaluating the business rationale of significant transactions

outside the normal course of business and reviewing accounting estimates for bias.

Owing to the inherent limitations of an audit there is unavoidable risk that we may not have detected some material misstatements in the financial statements even though we have properly planned and performed our audit in accordance with auditing standards. In addition as with any audit there remained a higher risk of nondetection of irregularities as these may involve collusion, forgery, intentional omissions, misrepresentation or the overrode of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.

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

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**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

26 August 2021

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	15,268,512	13,599,021
Cost of sales		(10,784,755)	(9,543,983)
<b>Gross profit</b>		<b>4,483,757</b>	<b>4,055,038</b>
Administrative expenses		(3,463,243)	(3,120,563)
Other operating income	5	14,483	-
<b>Operating profit</b>	6	<b>1,034,997</b>	<b>934,475</b>
Interest payable and expenses	10	(89,783)	(90,847)
<b>Profit before tax</b>		<b>945,214</b>	<b>843,628</b>
Tax on profit	11	55,930	(14,882)
<b>Profit for the year</b>		<b>1,001,144</b>	<b>828,746</b>

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 16 to 32 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	12	2,378,028	1,983,290
Tangible assets	13	308,838	169,064
Investments	14	49,928	134,949
		<u>2,736,794</u>	<u>2,287,303</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	3,301,305	4,608,260
Cash at bank and in hand	16	1,436,428	764,777
		<u>4,737,733</u>	<u>5,373,037</u>
Creditors: amounts falling due within one year	17	(4,572,791)	(5,802,046)
<b>Net current assets/(liabilities)</b>		<u>164,942</u>	<u>(429,009)</u>
<b>Total assets less current liabilities</b>		<u>2,901,736</u>	<u>1,858,294</u>
Creditors: amounts falling due after more than one year	18	(822,882)	(780,584)
<b>Net assets</b>		<u><u>2,078,854</u></u>	<u><u>1,077,710</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	(1,530,160)	(2,531,304)
		<u><u>2,078,854</u></u>	<u><u>1,077,710</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: 26 August 2021

The notes on pages 16 to 32 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	2,421,728	1,187,286	(2,531,304)	1,077,710
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,001,144	1,001,144
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	1,001,144	1,001,144
<b>Total transactions with owners</b>	-	-	-	-
<b>At 31 December 2020</b>	<u>2,421,728</u>	<u>1,187,286</u>	<u>(1,530,160)</u>	<u>2,078,854</u>

The notes on pages 16 to 32 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 16 to 32 form part of these financial statements.



**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,001,144	828,746
<b>Adjustments for:</b>		
Amortisation of intangible assets	412,301	329,052
Depreciation of tangible assets	119,780	96,678
Impairments of fixed assets	85,021	85,670
Loss on disposal of tangible assets	-	10,673
Government grants	(14,483)	-
Interest paid	89,783	90,847
Taxation charge	(55,930)	14,882
Decrease/(increase) in debtors	1,224,595	(1,526,141)
(Decrease)/increase in creditors	(1,402,808)	1,469,851
Corporation tax received	138,290	195,056
<b>Net cash generated from operating activities</b>	<b>1,597,693</b>	<b>1,595,314</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(807,039)	(496,193)
Purchase of tangible fixed assets	(259,554)	(81,084)
Sale of tangible fixed assets	-	(6,292)
Government grants received	14,483	-
HP interest paid	(1,173)	(2,113)
<b>Net cash from investing activities</b>	<b>(1,053,283)</b>	<b>(585,682)</b>

**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £	2019 £
<b>Cash flows from financing activities</b>		
New secured loans	500,000	-
Repayment of loans	(89,327)	(88,481)
Repayment of other loans	(183,750)	(111,250)
Repayment of/new finance leases	(11,072)	(16,439)
Interest paid	(88,610)	(88,734)
<b>Net cash used in financing activities</b>	<u>127,241</u>	<u>(304,904)</u>
<b>Net increase in cash and cash equivalents</b>	671,651	704,728
Cash and cash equivalents at beginning of year	764,777	60,049
<b>Cash and cash equivalents at the end of year</b>	<u><u>1,436,428</u></u>	<u><u>764,777</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<u>1,436,428</u>	<u>764,777</u>
	<u><u>1,436,428</u></u>	<u><u>764,777</u></u>

The notes on pages 16 to 32 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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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 28 Kirby Street, London, England, EC1N 8TE.

The principal activity of the Company continued to be a provider of security 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 (2021) 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 profit or loss on a straight line basis over the lease term.

**2.5 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the Consolidated profit and loss account in the same period as the related expenditure.

During the year the Group benefited from taking advantage of government support in the form of the Coronavirus Job Retention Scheme (CJRS) (see note 5).

**2.6 Finance costs**

Finance costs are charged to profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**2. Accounting policies (continued)**

**2.7 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**2.8 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 profit or loss 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.

**2.9 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**2. Accounting policies (continued)**

**2.10 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.

**2.11 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.

**2.12 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	-	25% 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 profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)**

**2.13 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.

**2.14 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.15 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.

**2.16 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.

**2.17 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.

**2.18 Foreign currency translation**

The Company's functional and presentational currency is GBP.

**2.19 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 2020**

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**2. Accounting policies (continued)**

**2.20 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.

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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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 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.

**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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

4. Turnover

	2020 £	2019 £
Sales	15,268,512	13,599,021
	<u>15,268,512</u>	<u>13,599,021</u>

All turnover arose within the United Kingdom.

5. Other operating income - Government grants receivable

	2020 £	2019 £
Coronavirus Job Retention Scheme	14,483	-
	<u>14,483</u>	<u>-</u>

6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Exchange differences	81	291
Other operating lease rentals	<u>254,149</u>	<u>245,117</u>

7. Auditors' remuneration

	2020 £	2019 £
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>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

8. Employees

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

	2020 £	2019 £
Wages and salaries	4,436,531	4,091,941
Cost of defined contribution scheme	174,378	125,377
	<u>4,610,909</u>	<u>4,217,318</u>

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

	2020 No.	2019 No.
Staff	<u>131</u>	<u>120</u>

9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	675,224	618,700
	<u>675,224</u>	<u>618,700</u>

The highest paid director received remuneration of £190,999 (2019 - £197,411).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £26,080 (2019 - £21,880).

There are no key management personnel other than the directors.

10. Interest payable and similar expenses

	2020 £	2019 £
Other loan interest payable	88,610	88,734
Finance leases and hire purchase contracts	1,173	2,113
	<u>89,783</u>	<u>90,847</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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11. Taxation

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on profits for the year	(102,802)	-
Adjustments in respect of previous periods	-	(167)
	<u>(102,802)</u>	<u>(167)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	46,872	15,049
<b>Total deferred tax</b>	<u>46,872</u>	<u>15,049</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(55,930)</u>	<u>14,882</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

11. Taxation (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2019 - the same as) the standard rate of corporation tax in the UK of 19% (2019 - 19%) as set out below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>945,214</u>	<u>843,628</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	179,591	159,446
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	17,197	19,808
Adjustments to tax charge in respect of prior periods	-	(169)
Origination and reversal of timing differences	5,293	2,345
Adjustment for opening and closing deferred tax	-	(2,527)
Additional deduction for R&D expenditure	(219,970)	(164,021)
Remeasurement of deferred tax for changes in tax rates	<u>(38,041)</u>	<u>-</u>
<b>Total tax charge for the year</b>	<u>(55,930)</u>	<u>14,882</u>

**Factors that may affect future tax charges**

The Company has trading losses carried forward of £3,561,298 (2019: £3,533,699).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

12. Intangible assets

	Development £	Computer software £	Goodwill and Trademarks £	Total £
<b>Cost</b>				
At 1 January 2020	2,731,103	74,588	41,066	2,846,757
Additions - internal	803,289	3,750	-	807,039
At 31 December 2020	3,534,392	78,338	41,066	3,653,796
<b>Amortisation</b>				
At 1 January 2020	784,810	37,591	41,066	863,467
Charge for the year on owned assets	392,999	19,302	-	412,301
At 31 December 2020	1,177,809	56,893	41,066	1,275,768
<b>Net book value</b>				
At 31 December 2020	2,356,583	21,445	-	2,378,028
<b>At 31 December 2019</b>	1,946,293	36,997	-	1,983,290

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

13. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 January 2020	27,624	427,242	170,519	625,385
Additions	122,611	106,930	30,013	259,554
Disposals	(23,074)	-	-	(23,074)
At 31 December 2020	127,161	534,172	200,532	861,865
<b>Depreciation</b>				
At 1 January 2020	19,768	348,086	88,467	456,321
Charge for the year on owned assets	28,683	54,621	36,476	119,780
Disposals	(23,074)	-	-	(23,074)
At 31 December 2020	25,377	402,707	124,943	553,027
<b>Net book value</b>				
At 31 December 2020	101,784	131,465	75,589	308,838
<b>At 31 December 2019</b>	7,856	79,156	82,052	169,064

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

	2020 £	2019 £
Long leasehold	101,784	7,856
	<u>101,784</u>	<u>7,856</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

14. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2020	800,577
At 31 December 2020	<u>800,577</u>
<b>Impairment</b>	
At 1 January 2020	665,628
Charge for the period	85,021
At 31 December 2020	<u>750,649</u>
<b>Net book value</b>	
At 31 December 2020	<u>49,928</u>
<b>At 31 December 2019</b>	<u>134,949</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 2020 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
The London Keyholding Company Ltd	(141,751)	-

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

15. Debtors

	2020 £	2019 £
Trade debtors	2,078,338	3,176,839
Amounts owed by group undertakings	148,291	148,291
Other debtors	98,860	147,096
Prepayments and accrued income	596,535	812,683
Tax recoverable	102,802	-
Deferred taxation	276,479	323,351
	<u>3,301,305</u>	<u>4,608,260</u>

16. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	1,436,428	764,777
	<u>1,436,428</u>	<u>764,777</u>

17. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank loans	175,000	-
Trade creditors	2,406,014	3,554,086
Other taxation and social security	160,173	297,208
Obligations under finance lease and hire purchase contracts	9,855	11,302
Other creditors	421,495	307,847
Accruals and deferred income	1,400,254	1,631,603
	<u>4,572,791</u>	<u>5,802,046</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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

	2020 £	2018 £
Bank loans	647,192	411,519
Other loans	-	183,750
Net obligations under finance leases and hire purchase contracts	690	10,315
Other creditors	175,000	175,000
	<u>822,882</u>	<u>780,584</u>

HSBC Bank PLC has a fixed and floating charge over the undertaking and all present and future assets.

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

19. Loans

Analysis of the maturity of loans is given below:

	2020 £	2019 £
<b>Amounts falling due within one year</b>		
Bank loans	175,000	-
	<u>175,000</u>	<u>-</u>
<b>Amounts falling due 1-2 years</b>		
Bank loans	200,000	-
Other loans	-	183,750
	<u>200,000</u>	<u>183,750</u>
<b>Amounts falling due 2-5 years</b>		
Bank loans	422,192	411,519
	<u>422,192</u>	<u>411,519</u>
<b>Amounts falling due after more than 5 years</b>		
Bank loans	25,000	-
	<u>25,000</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2020 £	2019 £
Within one year	9,855	11,302
Between 1-5 years	690	10,315
	<u>10,545</u>	<u>21,617</u>

21. Deferred taxation

	2020 £
At beginning of year	323,351
Charged to profit or loss	(46,872)
<b>At end of year</b>	<u>276,479</u>

The deferred tax asset is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(426,866)	(296,554)
Tax losses carried forward	703,345	619,905
	<u>276,479</u>	<u>323,351</u>

22. Share capital

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
1,268,105 (2019 - 1,268,105) Ordinary shares shares of £1.00 each	1,268,105	1,268,105
1,153,623 (2019 - 1,153,623) Ordinary A shares shares of £1.00 each	1,153,623	1,153,623
	<u>2,421,728</u>	<u>2,421,728</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**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.

**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 £174,378 (2019: £125,377). Contributions totalling £39,841 (2019: £28,174) were payable to the fund at the balance sheet date were included in creditors.

**25. Commitments under operating leases**

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	190,938	169,374
Later than 1 year and not later than 5 years	604,635	211,718
	<u>795,573</u>	<u>381,092</u>

**26. Other financial commitments**

At 31 December 2020 the Company had financial commitments due under non-cancellable agreements for each of the following periods:

	2020 £	2019 £
Not later than 1 year	57,399	-
	<u>57,399</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**27. Related party transactions**

As at the balance sheet date the Company was due £148,291 (2019 - £148,291) from its subsidiary The London Keyholding Company Limited.

The director, C B Gordon Lennox was due £175,000 (2019 - £175,000) from the Company as at the balance sheet date. During the year, the loan of £175,000, accrued interest of £Nil (2019: £Nil).

During the year the Company made advancements to director C B Gordon Lennox amounting to £Nil (2019: £1,041) and repayments were made amounting to £Nil (2019: £Nil). As at the balance sheet date the Company owed C B Gordon Lennox £16,360 (2019: £16,360).

During the year, the Company paid consultancy fees of £Nil (2019: £20,250) to a connected party of C B Gordon Lennox.

**28. Post balance sheet events**

After the year end, the Company undertook a share buyback exercise.

**29. Controlling party**

There is no ultimate controlling party.

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