

Company registration number 02794065 (England and Wales)

KEY PRODUCTION (LONDON) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

KEY PRODUCTION (LONDON) LIMITED

COMPANY INFORMATION

Directors	Ms K R Emanuel Mr N D Gibbons Mr I Clacher	(Appointed 5 February 2024) (Appointed 5 February 2024)
Secretary	Ms K R Emanuel	
Company number	02794065	
Registered office	Lynwood House 373-375 Station Road Harrow Middlesex HA1 2AW	
Auditor	RDP Newmans LLP Lynwood House 373-375 Station Road Harrow Middlesex HA1 2AW	
Business address	Unit 41, Tileyard Studios Tileyard Road Kings Cross London N7 9AH	

KEY PRODUCTION (LONDON) LIMITED

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KEY PRODUCTION (LONDON) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2023

The directors present the strategic report for the year ended 30 September 2023.

Principal activities

The principal activity of the group continued to be that of consultancy and arrangement of manufacturing for music industry related products and bespoke packaging.

Review of the business

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued improvements in the foreseeable future.

Principal risks and uncertainties

The music industry in which the group is trading is very competitive. The group faces competition from a wide variety of competitors of varying sizes and other external factors such as new product/material development in the marketplace. The group aims to compete on the basis of the provision of a diverse product range and the quality of its products. The directors continuously monitor the trading activities and competition and respond as appropriate to ensure the group remains competitive.

The group's main financial risks relate to the working capital of the group required to meet its business needs. The group monitors on an ongoing basis its working capital requirements and the financial and business risks to ensure these are managed in relation to the group's business needs.

The main risks arising from the group's financial instruments are credit risk and liquidity risk. The board reviews and agrees policies for managing each of these and other risks and they are summarised below.

Credit risk

The risk arising from the possibility that the group will incur losses from the failure of customers and counterparties to meet their obligations is constantly reviewed. This risk is minimal as the group performs ongoing credit evaluations of its customers and to date has not experienced any material losses.

Liquidity risk

Liquidity risk arises in relation to the group's management of working capital and the risk that the group will encounter difficulties in meeting financial obligations as and when they fall due. To minimise this risk, the liquidity position and ongoing working capital requirements are regularly reviewed by the finance department and the directors.

Brexit risk

The group trades with entities based in the European Union and the UK's exit therefrom poses a risk for the group due to the uncertainty surrounding trade agreements. This is mitigated by the loyal customer and supplier base with which the group has traded with for a number of years. Furthermore, the subsidiary Key Production EU SRL, incorporated in Belgium, helps to mitigate the risk.

War in Ukraine

Due to the war in Ukraine, the global economy has been impacted by a rise in fuel prices. The group could potentially be largely impacted by this. The directors are aware of the situation and continue to negotiate prices with suppliers on a regular basis.

Development and performance

The directors consider the results for the year and the financial position at the year end to be satisfactory as the group results indicate continued profit year on year.

KEY PRODUCTION (LONDON) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

Key performance indicators

The Key Performance Indicators of Key Production (London) Limited group detailed below:

	<u>2023</u>	<u>2022</u>
Turnover (£'000)	19,453	24,224
Gross profit %	25.35%	24.13%
Net profit % after tax	4.86%	8.88%
Net assets (£'000)	7,182	6,422

The group's turnover has decreased from last year as the demand for vinyl peaked in 2022 and this has now decreased to more normal levels. The gross profit margins have stayed relatively stable. However, the net profit margins have decreased principally as a result of the decreased turnover.

On behalf of the board

Ms K R Emanuel
Director

26 June 2024

KEY PRODUCTION (LONDON) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2023

The directors present their annual report and financial statements for the year ended 30 September 2023.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £186,320. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Ms K R Emanuel

Mr N D Gibbons

Mr I Clacher

(Appointed 5 February 2024)

(Appointed 5 February 2024)

Future developments

The directors anticipate the business environment will remain competitive. The group is in a good financial position and the risks that have been identified are well managed. The directors are confident in the group's ability to maintain and build on its position within the industry in the coming year.

Auditor

The auditor, RDP Newmans LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the group is aware of that information.

Medium-sized companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the medium-sized companies exemption.

On behalf of the board

Ms K R Emanuel

Director

26 June 2024

KEY PRODUCTION (LONDON) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2023

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

KEY PRODUCTION (LONDON) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KEY PRODUCTION (LONDON) LIMITED

Opinion

We have audited the financial statements of Key Production (London) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2023 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent 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.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

KEY PRODUCTION (LONDON) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF KEY PRODUCTION (LONDON) LIMITED

Matters on which we are required to report by exception

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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.

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery and employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

KEY PRODUCTION (LONDON) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF KEY PRODUCTION (LONDON) LIMITED

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- reviewed and tested journal entries to identify unusual transactions and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- reviewing and agreeing financial statement disclosures and testing to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and bankers.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

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

A R Gangola FCA (Senior Statutory Auditor)
For and on behalf of RDP Newmans LLP

26 June 2024

Chartered Accountants
Statutory Auditor

Lynwood House
373-375 Station Road
Harrow
Middlesex
HA1 2AW

KEY PRODUCTION (LONDON) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Notes	2023 £	2022 £
Turnover	3	19,453,468	24,224,219
Cost of sales		(14,522,137)	(18,378,657)
Gross profit		4,931,331	5,845,562
Distribution costs		(237,183)	(171,219)
Administrative expenses		(4,173,151)	(3,859,081)
Other operating income		648,456	858,787
Operating profit	4	1,169,453	2,674,049
Investment income	8	66,258	7,780
Interest payable and similar expenses	9	(5,909)	-
Profit before taxation		1,229,802	2,681,829
Tax on profit	10	(284,243)	(529,854)
Profit for the financial year and total comprehensive income		945,559	2,151,975

Profit for the financial year is all attributable to the owner of the parent company.

Total comprehensive income for the year is all attributable to the owner of the parent company.

KEY PRODUCTION (LONDON) LIMITED

GROUP BALANCE SHEET

AS AT 30 SEPTEMBER 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Goodwill	12		-		28,000
Tangible assets	13		69,560		64,753
Investments	14		129,906		129,906
			<u>199,466</u>		<u>222,659</u>
Current assets					
Stocks	16	37,950		29,586	
Debtors	17	7,291,242		8,793,584	
Cash at bank and in hand		3,855,281		2,625,091	
		<u>11,184,473</u>		<u>11,448,261</u>	
Creditors: amounts falling due within one year	18	<u>(4,185,286)</u>		<u>(5,232,511)</u>	
Net current assets			<u>6,999,187</u>		<u>6,215,750</u>
Total assets less current liabilities			<u>7,198,653</u>		<u>6,438,409</u>
Provisions for liabilities					
Deferred tax liability	19	17,104		16,099	
		<u>(17,104)</u>		<u>(16,099)</u>	
Net assets			<u>7,181,549</u>		<u>6,422,310</u>
Capital and reserves					
Called up share capital	21		1,100		1,100
Capital redemption reserve			238		238
Profit and loss reserves			7,180,211		6,420,972
Total equity			<u>7,181,549</u>		<u>6,422,310</u>

These financial statements have been prepared in accordance with the provisions relating to medium-sized groups.

The financial statements were approved by the board of directors and authorised for issue on 26 June 2024 and are signed on its behalf by:

Ms K R Emanuel
Director

Company registration number 02794065 (England and Wales)

KEY PRODUCTION (LONDON) LIMITED

COMPANY BALANCE SHEET

AS AT 30 SEPTEMBER 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Goodwill	12		-		28,000
Tangible assets	13		69,560		64,753
Investments	14		147,012		147,012
			<u>216,572</u>		<u>239,765</u>
Current assets					
Stocks	16	37,950		29,586	
Debtors	17	7,094,702		8,719,522	
Cash at bank and in hand		3,708,162		2,248,314	
		<u>10,840,814</u>		<u>10,997,422</u>	
Creditors: amounts falling due within one year	18	<u>(3,889,798)</u>		<u>(4,810,274)</u>	
Net current assets			6,951,016		6,187,148
Total assets less current liabilities			<u>7,167,588</u>		<u>6,426,913</u>
Provisions for liabilities					
Deferred tax liability	19	17,104		16,099	
		<u>17,104</u>	<u>(17,104)</u>	<u>16,099</u>	<u>(16,099)</u>
Net assets			<u>7,150,484</u>		<u>6,410,814</u>
Capital and reserves					
Called up share capital	21		1,100		1,100
Capital redemption reserve			238		238
Profit and loss reserves			7,149,146		6,409,476
Total equity			<u>7,150,484</u>		<u>6,410,814</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £925,990 (2022 - £2,140,479).

These financial statements have been prepared in accordance with the provisions relating to medium-sized companies.

The financial statements were approved by the board of directors and authorised for issue on 26 June 2024 and are signed on its behalf by:

Ms K R Emanuel
Director

Company registration number 02794065 (England and Wales)

KEY PRODUCTION (LONDON) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 October 2021		1,100	238	4,476,817	4,478,155
Year ended 30 September 2022:					
Profit and total comprehensive income		-	-	2,151,975	2,151,975
Dividends	11	-	-	(207,820)	(207,820)
Balance at 30 September 2022		1,100	238	6,420,972	6,422,310
Year ended 30 September 2023:					
Profit and total comprehensive income		-	-	945,559	945,559
Dividends	11	-	-	(186,320)	(186,320)
Balance at 30 September 2023		1,100	238	7,180,211	7,181,549

KEY PRODUCTION (LONDON) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 October 2021		1,100	238	4,476,817	4,478,155
Year ended 30 September 2022:					
Profit and total comprehensive income for the year		-	-	2,140,479	2,140,479
Dividends	11	-	-	(207,820)	(207,820)
Balance at 30 September 2022		1,100	238	6,409,476	6,410,814
Year ended 30 September 2023:					
Profit and total comprehensive income		-	-	925,990	925,990
Dividends	11	-	-	(186,320)	(186,320)
Balance at 30 September 2023		1,100	238	7,149,146	7,150,484

KEY PRODUCTION (LONDON) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

		2023		2022	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	28	2,002,417		1,388,469	
Interest paid		(5,909)		-	
Income taxes paid		(621,706)		(418,592)	
Net cash inflow from operating activities		1,374,802		969,877	
Investing activities					
Purchase of tangible fixed assets		(23,663)		(36,291)	
Purchase of unlisted investments		-		(129,906)	
Interest received		63,228		7,780	
Dividends received		3,030		-	
Net cash generated from/(used in) investing activities		42,595		(158,417)	
Financing activities					
Dividends paid to equity shareholders		(186,320)		(207,820)	
Net cash used in financing activities		(186,320)		(207,820)	
Net increase in cash and cash equivalents		1,231,077		603,640	
Cash and cash equivalents at beginning of year		2,625,091		2,026,118	
Effect of foreign exchange rates		(887)		(4,667)	
Cash and cash equivalents at end of year		3,855,281		2,625,091	

KEY PRODUCTION (LONDON) LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

		2023		2022	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	29	2,228,459		1,011,692	
Interest paid		(5,909)		-	
Income taxes paid		(618,090)		(418,592)	
		<u>1,604,460</u>		<u>593,100</u>	
Net cash inflow from operating activities					
Investing activities					
Purchase of tangible fixed assets		(23,663)		(36,291)	
Purchase of unlisted investments		-		(129,906)	
Interest received		63,228		7,780	
Dividends received		3,030		-	
		<u>42,595</u>		<u>(158,417)</u>	
Net cash generated from/(used in) investing activities					
Financing activities					
Dividends paid to equity shareholders		(186,320)		(207,820)	
		<u>(186,320)</u>		<u>(207,820)</u>	
Net cash used in financing activities					
Net increase in cash and cash equivalents					
Cash and cash equivalents at beginning of year		2,248,314		2,026,118	
Effect of foreign exchange rates		(887)		(4,667)	
		<u>3,708,162</u>		<u>2,248,314</u>	
Cash and cash equivalents at end of year					

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies

Company information

Key Production (London) Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Lynwood House, 373-375 Station Road, Harrow, Middlesex, HA1 2AW.

The group consists of Key Production (London) Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Key Production (London) Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 30 September 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies

(Continued)

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold buildings	straight line over the length of the lease of 5 years
Computer equipment	straight line over 5 years
Fixtures, fittings and equipment	15% reducing balance

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies (Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Stocks

Work in progress is stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the work in progress to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of work in progress over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

2 Judgements and key sources of estimation uncertainty

In the application of the group'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 considered 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 period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

In the opinion of the directors, there are no significant judgements or estimates made.

3 Turnover and other revenue

	2023	2022
	£	£
Turnover analysed by geographical market		
United Kingdom	15,797,238	18,116,152
Rest of the world	3,656,230	6,108,067
	<u>19,453,468</u>	<u>24,224,219</u>

	2023	2022
	£	£
Other revenue		
Interest income	63,228	7,780
Dividends received	3,030	-
	<u>66,258</u>	<u>7,780</u>

4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging:		
Exchange losses	4,859	6,888
Depreciation of owned tangible fixed assets	17,778	24,299
Loss on disposal of tangible fixed assets	1,078	62
Amortisation of intangible assets	28,000	27,999
Operating lease charges	192,248	188,872
	<u>243,963</u>	<u>278,120</u>

5 Auditor's remuneration

	2023	2022
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	13,000	12,780
	<u>13,000</u>	<u>12,780</u>

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
Administration and marketing	62	56	62	56
Directors	1	1	1	1
Total	63	57	63	57

Their aggregate remuneration comprised:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Wages and salaries	2,722,815	2,440,149	2,722,815	2,440,149
Social security costs	330,897	293,368	330,897	293,368
Pension costs	66,374	64,898	66,374	64,898
Total	3,120,086	2,798,415	3,120,086	2,798,415

7 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	13,492	12,767
Company pension contributions to defined contribution schemes	-	9,000
Total	13,492	21,767

8 Investment income

	2023 £	2022 £
Interest income		
Interest on bank deposits	41,004	1,089
Other interest income	22,224	6,691
Total interest revenue	63,228	7,780
Other income from investments		
Dividends received	3,030	-
Total income	66,258	7,780

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

8	Investment income	(Continued)	
		2023	2022
		£	£
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	41,004	1,089
		<u>41,004</u>	<u>1,089</u>
9	Interest payable and similar expenses	2023	2022
		£	£
	Other finance costs:		
	Other interest	5,909	-
		<u>5,909</u>	<u>-</u>
10	Taxation	2023	2022
		£	£
	Current tax		
	UK corporation tax on profits for the current period	278,562	519,682
	Adjustments in respect of prior periods	(1,868)	-
		<u>276,694</u>	<u>519,682</u>
	Total UK current tax	276,694	519,682
	Foreign current tax on profits for the current period	6,544	3,616
		<u>6,544</u>	<u>3,616</u>
	Total current tax	<u>283,238</u>	<u>523,298</u>
	Deferred tax		
	Origination and reversal of timing differences	1,005	6,556
		<u>1,005</u>	<u>6,556</u>
	Total tax charge	<u>284,243</u>	<u>529,854</u>

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

10 Taxation

(Continued)

The UK corporation tax rate has increased from 19% to 25% from 1 April 2023. The effective UK tax rate for the year ended 30 September 2023 was 6 months at 19% and 6 months at 25%.

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023	2022
	£	£
Profit before taxation	1,229,802	2,681,829
	<u>1,229,802</u>	<u>2,681,829</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 22.00% (2022: 19.00%)	270,556	509,548
Tax effect of expenses that are not deductible in determining taxable profit	15,363	6,755
Adjustments in respect of prior years	(1,868)	1,788
Permanent capital allowances in excess of depreciation	(1,613)	(858)
Amortisation on assets not qualifying for tax allowances	-	5,320
Deferred tax	1,005	6,556
Foreign tax	800	745
	<u>284,243</u>	<u>529,854</u>
Taxation charge	284,243	529,854
	<u>284,243</u>	<u>529,854</u>
11 Dividends		
	2023	2022
Recognised as distributions to equity holders:	£	£
Interim paid	186,320	207,820
	<u>186,320</u>	<u>207,820</u>
12 Intangible fixed assets		
Group		Goodwill
		£
Cost		
At 1 October 2022 and 30 September 2023		659,163
		<u>659,163</u>
Amortisation and impairment		
At 1 October 2022		631,163
Amortisation charged for the year		28,000
		<u>659,163</u>
At 30 September 2023		659,163
		<u>659,163</u>

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

12 Intangible fixed assets (Continued)

Carrying amount	
At 30 September 2023	-
At 30 September 2022	28,000
Company	Goodwill
	£
Cost	
At 1 October 2022 and 30 September 2023	659,163
Amortisation and impairment	
At 1 October 2022	631,163
Amortisation charged for the year	28,000
At 30 September 2023	659,163
Carrying amount	
At 30 September 2023	-
At 30 September 2022	28,000

13 Tangible fixed assets

Group	Leasehold buildings	Computer equipment	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 October 2022	54,352	161,281	137,930	353,563
Additions	-	22,160	1,503	23,663
Disposals	-	(18,171)	(8,685)	(26,856)
At 30 September 2023	54,352	165,270	130,748	350,370
Depreciation and impairment				
At 1 October 2022	53,284	142,474	93,052	288,810
Depreciation charged in the year	534	10,406	6,838	17,778
Eliminated in respect of disposals	-	(17,888)	(7,890)	(25,778)
At 30 September 2023	53,818	134,992	92,000	280,810
Carrying amount				
At 30 September 2023	534	30,278	38,748	69,560
At 30 September 2022	1,068	18,807	44,878	64,753

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

13 Tangible fixed assets (Continued)

Company	Leasehold buildings	Computer equipment	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 October 2022	54,352	161,281	137,930	353,563
Additions	-	22,160	1,503	23,663
Disposals	-	(18,171)	(8,685)	(26,856)
At 30 September 2023	<u>54,352</u>	<u>165,270</u>	<u>130,748</u>	<u>350,370</u>
Depreciation and impairment				
At 1 October 2022	53,284	142,474	93,052	288,810
Depreciation charged in the year	534	10,406	6,838	17,778
Eliminated in respect of disposals	-	(17,888)	(7,890)	(25,778)
At 30 September 2023	<u>53,818</u>	<u>134,992</u>	<u>92,000</u>	<u>280,810</u>
Carrying amount				
At 30 September 2023	<u>534</u>	<u>30,278</u>	<u>38,748</u>	<u>69,560</u>
At 30 September 2022	<u>1,068</u>	<u>18,807</u>	<u>44,878</u>	<u>64,753</u>

14 Fixed asset investments

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Investments in subsidiaries	15	-	-	17,106	17,106
Unlisted investments		129,906	129,906	129,906	129,906
		<u>129,906</u>	<u>129,906</u>	<u>147,012</u>	<u>147,012</u>

Movements in fixed asset investments

Group	Investments £
Cost or valuation	
At 1 October 2022 and 30 September 2023	129,906
Carrying amount	
At 30 September 2023	<u>129,906</u>
At 30 September 2022	<u>129,906</u>

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

14 Fixed asset investments (Continued)

Movements in fixed asset investments

Company	Shares in subsidiaries £	Other investments £	Total £
Cost or valuation			
At 1 October 2022 and 30 September 2023	17,106	129,906	147,012
Carrying amount			
At 30 September 2023	17,106	129,906	147,012
At 30 September 2022	17,106	129,906	147,012

15 Subsidiaries

Details of the company's subsidiaries at 30 September 2023 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Key Production EU SRL	Rue Saint-Laurent 36, 1000 Brussels, Belgium	Consultancy and arrangement of manufacturing for music industry related products.	Ordinary shares	100.00

16 Stocks

	Group 2023 £	2022 £	Company 2023 £	2022 £
Work in progress	37,950	29,586	37,950	29,586

17 Debtors

	Group 2023 £	2022 £	Company 2023 £	2022 £
Amounts falling due within one year:				
Trade debtors	4,657,473	6,224,273	4,284,529	5,374,147
Other debtors	2,465,570	2,476,606	2,641,974	3,252,670
Prepayments and accrued income	168,199	92,705	168,199	92,705
	7,291,242	8,793,584	7,094,702	8,719,522

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

18 Creditors: amounts falling due within one year

	Group 2023 £	2022 £	Company 2023 £	2022 £
Trade creditors	3,261,302	3,607,329	3,007,547	3,197,756
Corporation tax payable	44,756	383,224	38,212	379,608
Other taxation and social security	423,252	431,177	394,871	428,629
Other creditors	102	90	102	90
Accruals and deferred income	455,874	810,691	449,066	804,191
	<u>4,185,286</u>	<u>5,232,511</u>	<u>3,889,798</u>	<u>4,810,274</u>

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2023 £	Liabilities 2022 £
Accelerated capital allowances	<u>17,104</u>	<u>16,099</u>
	Liabilities 2023 £	Liabilities 2022 £
Company	17,104	16,099
	Group 2023 £	Company 2023 £
Movements in the year:		
Liability at 1 October 2022	16,099	16,099
Charge to profit or loss	1,005	1,005
Liability at 30 September 2023	<u>17,104</u>	<u>17,104</u>

The deferred tax liability set out above is expected to reverse and relates to accelerated capital allowances that are expected to mature.

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

20 Retirement benefit schemes

	2023	2022
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	66,374	64,898
	<u>66,374</u>	<u>64,898</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

21 Share capital

Group and company	2023	2022	2023	2022
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary 'A' shares of £1 each	962	962	962	962
Ordinary 'B' shares of £1 each	138	138	138	138
	<u>1,100</u>	<u>1,100</u>	<u>1,100</u>	<u>1,100</u>

The Ordinary 'A' shares and Ordinary 'B' shares constitute different classes of share for the purposes of the Companies Act 2006. Ordinary 'A' shares and Ordinary 'B' shares rank pari passu in all respects except that dividend rights for Ordinary 'B' shares are not the same as for Ordinary 'A' shares.

22 Financial commitments, guarantees and contingent liabilities

The group has provided a debenture to its bankers in respect of business credit cards of £35,000. The amount outstanding on the business credit cards at 30 September 2023 was £10,543.

23 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Within one year	184,500	184,500	184,500	184,500
Between two and five years	160,000	344,500	160,000	344,500
	<u>344,500</u>	<u>529,000</u>	<u>344,500</u>	<u>529,000</u>

24 Events after the reporting date

Subsequent to the year end, Ms K R Emanuel, a director, transferred her entire shareholding in PIAS Production Limited to Key Production (London) Limited for nil consideration.

Subsequent to the year end, Ms K R Emanuel transferred her entire shareholding in Key Production (London) Limited to Key Production EOT Trustee Limitec.

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

25 Related party transactions

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sales 2023 £	Sales 2022 £	Purchases 2023 £	Purchases 2022 £
Group				
Entities over which the group has control, joint control or significant influence	1,412,948	2,172,169	1,328,740	2,062,138

Company

Entities over which the company has control, joint control or significant influence	1,412,948	2,172,169	1,328,740	2,062,138
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Management charges

	2023 £	2022 £
Group		

Entities over which the entity has control, joint control or significant influence	648,456	859,072
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Company

Entities over which the entity has control, joint control or significant influence	1,060,686	1,437,572
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The following amounts were outstanding at the reporting end date:

Amounts due from related parties

	2023 Balance £	2022 Balance £
Group		

Entities over which the group has control, joint control or significant influence	2,325,022	2,894,569
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Company

Entities over which the company has control, joint control or significant influence	2,501,426	3,670,633
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26 Directors' transactions

Dividends totalling £186,320 (2022: £207,820) were paid in the year in respect of shares held by the company's directors.

At the year end, there was a balance of £102 (2022: £90) due to the directors.

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

27 Controlling party

The ultimate controlling interest at 30 September 2023 was held by Ms K R Emanuel, who is a director and shareholder of the company. Subsequent to the year end, Ms K R Emanuel transferred her shares to Key Production EOT Trustee Limited.

Key Production (London) Limited is the parent of the smallest and largest group for which consolidated financial statements are prepared. The parent company's registered office is Lynwood House, 373-375 Station Road, Harrow, Middlesex HA1 2AW. The consolidated financial statements can be obtained from Companies House.

28 Cash generated from group operations

	2023	2022
	£	£
Profit for the year after tax	945,559	2,151,975
Adjustments for:		
Taxation charged	284,243	529,854
Finance costs	5,909	-
Investment income	(66,258)	(7,780)
Loss on disposal of tangible fixed assets	1,078	62
Amortisation and impairment of intangible assets	28,000	27,999
Depreciation and impairment of tangible fixed assets	17,778	24,299
Foreign exchange gains on cash equivalents	887	4,667
Movements in working capital:		
(Increase)/decrease in stocks	(8,364)	28,085
Decrease/(increase) in debtors	1,502,342	(1,995,471)
(Decrease)/increase in creditors	(708,757)	624,779
Cash generated from operations	<u>2,002,417</u>	<u>1,388,469</u>

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

29 Cash generated from operations - company

	2023	2022
	£	£
Profit for the year after tax	925,990	2,140,479
Adjustments for:		
Taxation charged	277,699	526,238
Finance costs	5,909	-
Investment income	(66,258)	(7,780)
Loss on disposal of tangible fixed assets	1,078	62
Amortisation and impairment of intangible assets	28,000	27,999
Depreciation and impairment of tangible fixed assets	17,778	24,299
Foreign exchange gains on cash equivalents	887	4,667
Movements in working capital:		
(Increase)/decrease in stocks	(8,364)	28,085
Decrease/(increase) in debtors	1,624,820	(1,938,515)
(Decrease)/increase in creditors	(579,080)	206,158
Cash generated from operations	<u>2,228,459</u>	<u>1,011,692</u>

30 Analysis of changes in net funds - group

	1 October 2022	Cash flows	Exchange rate	30 September
	£	£	movements	2023
			£	£
Cash at bank and in hand	2,625,091	1,231,077	(887)	3,855,281
	<u>2,625,091</u>	<u>1,231,077</u>	<u>(887)</u>	<u>3,855,281</u>

31 Analysis of changes in net funds - company

	1 October 2022	Cash flows	Exchange rate	30 September
	£	£	movements	2023
			£	£
Cash at bank and in hand	2,248,314	1,460,735	(887)	3,708,162
	<u>2,248,314</u>	<u>1,460,735</u>	<u>(887)</u>	<u>3,708,162</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.