

Company Registration No. 02794065 (England and Wales)

KEY PRODUCTION (LONDON) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

KEY PRODUCTION (LONDON) LIMITED

COMPANY INFORMATION

Director	Ms K R Emanuel
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 2021

The director presents the strategic report for the year ended 30 September 2021.

Principal activity

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

Fair review of the business

The results for the year and the financial position at the year end were better than expected and therefore were considered satisfactory by the director.

Overall, turnover has increased by 49.2% from the previous year due to increased demand for old vinyl discs. This was despite the fact that the UK Government imposed various lockdowns across the country to stop the spread of Coronavirus. As a result, trade was slow during the earlier part of the year. However, sales increased significantly in the latter part of the year.

The company's gross profit margins have remained fairly consistent with the prior year (24.1% in 2020 and 23.9% in 2021).

The net profit before tax has seen an increase of almost 345% from £0.3m in 2020 to £1.3m mainly because of the increase in turnover. This has resulted in net profit margins of 7.8% in 2021 compared to 2.6% 2020.

The company is in a strong financial position at the balance sheet date with net assets being £4.5m (2020: £3.7m).

Principal risks and uncertainties

The main risks arising from the company'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 company will incur losses from the failure of customers and counterparties to meet their obligations is constantly reviewed. This risk is minimal as the company 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 company's management of working capital and the risk that the company 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 directors.

Brexit risk

The company trades with entities based in the European Union and the UK's exit therefrom poses a risk for the company due to the uncertainty surrounding trade agreements. This is mitigated by the loyal customer and supplier base with which the company has traded with for a number of years. The company management is monitoring the situation and will respond to any changes that arise from Brexit.

Coronavirus pandemic risk

The risk arising from market uncertainty due to the worldwide outbreak of Coronavirus. At various times the UK Government announced nationwide lockdowns and other restrictions (since lifted). Similarly, governments across the world also imposed various restrictions to deal with the pandemic. This can impact the company's chain of supply and deliveries. The company's management monitors the situation and responds to changes as necessary.

Development and performance

The director considers the results for the year and the financial position at the year end to be encouraging as the company results indicates continued profit year on year.

KEY PRODUCTION (LONDON) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Key performance indicators

The Key Performance Indicators of Key Production (London) Limited over the last two years are detailed below:

	2021	2020
Turnover (£'000)	16,805	11,267
Gross profit %	23.87	24.08
Net profit % after tax	6.18	1.89

Net assets (£'000) 4,478 3,722

On behalf of the board

Ms K R Emanuel

Director

7 July 2022

KEY PRODUCTION (LONDON) LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The director presents her annual report and financial statements for the year ended 30 September 2021.

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £282,320. The director does not recommend payment of a final dividend.

Director

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

Ms K R Emanuel

Future developments

The director anticipates the business environment will remain competitive. The company is in a good financial position and the risks that have been identified are well managed. The director is confident in the company'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 company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company'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 the director is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the director has taken all the necessary steps that she ought to have taken as a director in order to make herself aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

Ms K R Emanuel

Director

6 July 2022

KEY PRODUCTION (LONDON) LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director 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 director must not approve the financial statements unless the director is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 enable the director to ensure that the financial statements comply with the Companies Act 2006. The director is 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.

KEY PRODUCTION (LONDON) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF KEY PRODUCTION (LONDON) LIMITED

Opinion

We have audited the financial statements of Key Production (London) Limited (the 'company') for the year ended 30 September 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2021 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 *Auditor's 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 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 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 director 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 director is 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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

KEY PRODUCTION (LONDON) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's report.

We have nothing to report in respect of the following matters where 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has 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;
- 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.

KEY PRODUCTION (LONDON) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF KEY PRODUCTION (LONDON) LIMITED

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.

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.

KEY PRODUCTION (LONDON) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF KEY PRODUCTION (LONDON) LIMITED

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to her 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 member 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

6 July 2022

Chartered Accountants
Statutory Auditor

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

KEY PRODUCTION (LONDON) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	16,805,069	11,267,139
Cost of sales		(12,792,933)	(8,553,895)
Gross profit		<u>4,012,136</u>	<u>2,713,244</u>
Distribution costs		(69,418)	(100,575)
Administrative expenses		(3,342,036)	(3,011,196)
Other operating income		710,751	691,002
Operating profit	4	<u>1,311,433</u>	<u>292,475</u>
Interest receivable and similar income	7	1,153	2,707
Profit before taxation		<u>1,312,586</u>	<u>295,182</u>
Tax on profit	8	(274,015)	(82,269)
Profit for the financial year and total comprehensive income		<u><u>1,038,571</u></u>	<u><u>212,913</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

KEY PRODUCTION (LONDON) LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Goodwill	10		55,999		173,524
Tangible assets	11		52,823		77,476
Investments	12		17,106		-
			<u>125,928</u>		<u>251,000</u>
Current assets					
Stocks	14	57,671		61,412	
Debtors	15	6,781,007		4,743,925	
Cash at bank and in hand		2,026,118		1,431,035	
		<u>8,864,796</u>		<u>6,236,372</u>	
Creditors: amounts falling due within one year	16	<u>(4,503,026)</u>		<u>(2,751,349)</u>	
Net current assets			<u>4,361,770</u>		<u>3,485,023</u>
Total assets less current liabilities			<u>4,487,698</u>		<u>3,736,023</u>
Provisions for liabilities					
Deferred tax liability	17	9,543		14,119	
		<u>9,543</u>	<u>(9,543)</u>	<u>14,119</u>	<u>(14,119)</u>
Net assets			<u>4,478,155</u>		<u>3,721,904</u>
Capital and reserves					
Called up share capital	19		1,100		1,100
Capital redemption reserve			238		238
Profit and loss reserves			4,476,817		3,720,566
Total equity			<u>4,478,155</u>		<u>3,721,904</u>

The financial statements were approved and signed by the director and authorised for issue on 6 July 2022

Ms K R Emanuel
Director

Company Registration No. 02794065

KEY PRODUCTION (LONDON) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Share capital	Capital redemption reserve	Profit and loss reserves	Total
Notes	£	£	£	£
Balance at 1 October 2019	1,100	238	3,659,973	3,661,311
Year ended 30 September 2020:				
Profit and total comprehensive income for the year	-	-	212,913	212,913
Dividends	9	-	(152,320)	(152,320)
Balance at 30 September 2020	1,100	238	3,720,566	3,721,904
Year ended 30 September 2021:				
Profit and total comprehensive income for the year	-	-	1,038,571	1,038,571
Dividends	9	-	(282,320)	(282,320)
Balance at 30 September 2021	1,100	238	4,476,817	4,478,155

KEY PRODUCTION (LONDON) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

		2021		2020	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	24	984,307		1,299,663	
Income taxes paid		(84,441)		(154,057)	
Net cash inflow from operating activities		<u>899,866</u>		<u>1,145,606</u>	
Investing activities					
Purchase of tangible fixed assets		(6,510)		(21,420)	
Proceeds on disposal of subsidiaries		(17,106)		-	
Interest received		1,153		2,707	
Net cash used in investing activities		<u>(22,463)</u>		<u>(18,713)</u>	
Financing activities					
Dividends paid		(282,320)		(152,320)	
Net cash used in financing activities		<u>(282,320)</u>		<u>(152,320)</u>	
Net increase in cash and cash equivalents		595,083		974,573	
Cash and cash equivalents at beginning of year		1,431,035		456,462	
Cash and cash equivalents at end of year		<u><u>2,026,118</u></u>		<u><u>1,431,035</u></u>	

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

Company information

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

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 Going concern

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

1.3 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.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses 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.

1.5 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 3 years
Fixtures, fittings and equipment	15% reducing balance

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 credited or charged to profit or loss.

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies **(Continued)**

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.7 Impairment of fixed assets

At each reporting period end date, the company 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 company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

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.

1.8 Work in progress

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 the 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.

1.9 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.

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

1.10 Financial instruments

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

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 company 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 company after deducting all of its liabilities.

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.11 Equity instruments

Equity instruments issued by the company 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 company.

1.12 Taxation

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

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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

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 when the company has 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.

1.13 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.

1.14 Retirement benefits

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

1.15 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 leases asset are consumed.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is 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.

Critical judgements

The following judgement (apart from those involving estimates) has had the most significant effect on amounts recognised in the financial statements.

Coronavirus pandemic

The director has assessed the impact of the coronavirus pandemic on the company and is of the opinion that this should not materially impact the company in the long term.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021	2020
	£	£
Turnover analysed by geographical market		
UK sales	13,514,351	10,797,922
Rest of the world sales	3,290,718	469,217
	<u>16,805,069</u>	<u>11,267,139</u>
	2021	2020
	£	£
Other significant revenue		
Interest income	1,153	2,707
Grants received	31,386	120,162
	<u>32,539</u>	<u>122,869</u>

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	60	20
Government grants	(31,386)	(120,162)
Fees payable to the company's auditor for the audit of the company's financial statements	8,400	8,400
Depreciation of owned tangible fixed assets	31,163	33,440
(Profit)/loss on disposal of tangible fixed assets	-	88
Amortisation of intangible assets	117,525	118,867
Operating lease charges	140,049	132,329
	<u> </u>	<u> </u>

5 Employees

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

	2021	2020
	Number	Number
Administration and marketing	52	55
Directors	1	1
Total	<u>53</u>	<u>56</u>

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	2,065,871	1,873,984
Social security costs	224,622	200,651
Pension costs	48,215	88,065
	<u>2,338,708</u>	<u>2,162,700</u>

6 Director's remuneration

	2021	2020
	£	£
Remuneration for qualifying services	12,272	8,246
Company pension contributions to defined contribution schemes	-	40,000
	<u>12,272</u>	<u>48,246</u>

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

7 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	251	2,358
Other interest income	902	349
Total income	<u>1,153</u>	<u>2,707</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>251</u>	<u>2,358</u>
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8 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	<u>278,591</u>	<u>84,438</u>
Deferred tax		
Origination and reversal of timing differences	<u>(4,576)</u>	<u>(2,169)</u>
Total tax charge	<u>274,015</u>	<u>82,269</u>

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:

	2021	2020
	£	£
Profit before taxation	<u>1,312,586</u>	<u>295,182</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	249,391	56,085
Tax effect of expenses that are not deductible in determining taxable profit	24,624	26,201
Permanent capital allowances in excess of depreciation	(1,345)	(4,202)
Depreciation on assets not qualifying for tax allowances	5,921	6,354
Deferred tax	<u>(4,576)</u>	<u>(2,169)</u>
Taxation charge for the year	<u>274,015</u>	<u>82,269</u>

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

9 Dividends

	2021 £	2020 £
Interim paid	282,320	152,320

10 Intangible fixed assets

	Goodwill £
Cost	
At 1 October 2020 and 30 September 2021	659,163
Amortisation and impairment	
At 1 October 2020	485,639
Amortisation charged for the year	117,525
At 30 September 2021	603,164
Carrying amount	
At 30 September 2021	55,999
At 30 September 2020	173,524

11 Tangible fixed assets

	Leasehold buildings £	Computer equipment £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 October 2020	54,352	177,258	125,842	357,452
Additions	-	5,014	1,496	6,510
Disposals	-	(25,730)	-	(25,730)
At 30 September 2021	54,352	156,542	127,338	338,232
Depreciation and impairment				
At 1 October 2020	52,134	150,157	77,685	279,976
Depreciation charged in the year	616	23,099	7,448	31,163
Eliminated in respect of disposals	-	(25,730)	-	(25,730)
At 30 September 2021	52,750	147,526	85,133	285,409
Carrying amount				
At 30 September 2021	1,602	9,016	42,205	52,823
At 30 September 2020	2,218	27,101	48,157	77,476

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

12 Fixed asset investments

	Notes	2021 £	2020 £
Investments in subsidiaries	13	17,106	-

Movements in fixed asset investments

	Shares in subsidiaries £
Cost or valuation	
At 1 October 2020	-
Additions	17,106
At 30 September 2021	17,106
Carrying amount	
At 30 September 2021	17,106
At 30 September 2020	-

13 Subsidiaries

Details of the company's subsidiaries at 30 September 2021 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct
Key Production EU SRL	Belgium	Music industry	Ordinary	100.00

Registered office addresses (all UK unless otherwise indicated):

1 36 Rue Saint-Laurent, Bruxelles, 1000, Belgium

The aggregate capital and reserves as per the management accounts for the period ending 30 September 2021 for the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
Key Production EU SRL	18,080	974

14 Stocks

	2021 £	2020 £
Work in progress	57,671	61,412

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

15 Debtors	2021	2020
Amounts falling due within one year:	£	£
Trade debtors	4,719,912	2,915,693
Other debtors	1,994,644	1,744,483
Prepayments and accrued income	66,451	83,749
	<u>6,781,007</u>	<u>4,743,925</u>

16 Creditors: amounts falling due within one year	2021	2020
	£	£
Trade creditors	2,614,542	1,498,868
Corporation tax	278,518	84,368
Other taxation and social security	351,817	757,832
Other creditors	340	400
Accruals and deferred income	1,257,809	409,881
	<u>4,503,026</u>	<u>2,751,349</u>

17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Balances:	Liabilities 2021 £	Liabilities 2020 £
Accelerated capital allowances	<u>9,543</u>	<u>14,119</u>
		2021 £
		14,119
		<u>(4,576)</u>
		<u>9,543</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 FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

18 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	48,215	88,065

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

19 Share capital

	2021	2020	2021	2020
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.

20 Financial commitments, guarantees and contingent liabilities

The company has provided a debenture to its bankers in respect of a duty deferment guarantee of £nil (2020: £10,000). The company has also provided a debenture to its bankers in respect of business credit cards of £35,000 (2020: £35,000). The amount outstanding on the business credit cards at 30 September 2021 was £7,793 (2020: £2,909).

21 Operating lease commitments

Lessee

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

	2021	2020
	£	£
Within one year	132,000	132,000
Between two and five years	319,000	451,000
	<u>451,000</u>	<u>583,000</u>

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

22 Related party transactions

Transactions with related parties

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

	Sales	
	2021	2020
	£	£
Entities over which the entity has control, joint control or significant influence	1,777,059	1,282,063

	Management fees	
	2021	2020
	£	£
Entities over which the entity has control, joint control or significant influence	679,035	570,840

The following amounts were outstanding at the reporting end date:

	2021	2020
	£	£
Amounts due to related parties		
Key management personnel	340	400

The following amounts were outstanding at the reporting end date:

	2021	2020
	£	£
Amounts due from related parties		
Entities over which the entity has control, joint control or significant influence	2,513,856	2,362,016

Other information

Remuneration of key management personnel

The company's key management personnel are considered to be the director. Her remuneration during the year is shown in note 6.

Dividends totalling £282,320 (2020: £153,320) were paid in the year in respect of shares held by the company's director.

23 Ultimate controlling party

The ultimate controlling interest is held by Ms K R Emanuel, who is the sole director and shareholder of the company.

KEY PRODUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

24 Cash generated from operations

	2021	2020
	£	£
Profit for the year after tax	1,038,571	212,913
Adjustments for:		
Taxation charged	274,015	82,269
Investment income	(1,153)	(2,707)
(Gain)/loss on disposal of tangible fixed assets	-	88
Amortisation and impairment of intangible assets	117,525	118,867
Depreciation and impairment of tangible fixed assets	31,163	33,440
Movements in working capital:		
Decrease/(increase) in stocks	3,741	(32,919)
(Increase)/decrease in debtors	(2,037,082)	679,763
Increase in creditors	1,557,527	207,949
Cash generated from operations	<u>984,307</u>	<u>1,299,663</u>

25 Analysis of changes in net funds

	1 October 2020	Cash flows	30 September 2021
	£	£	£
Cash at bank and in hand	1,431,035	595,083	2,026,118
	<u>1,431,035</u>	<u>595,083</u>	<u>2,026,118</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.