

Company Registration No: 03425183

ASE CORPORATE EYECARE LIMITED

ANNUAL REPORT
31 DECEMBER 2019



ASE CORPORATE EYECARE LIMITED

COMPANY INFORMATION

DIRECTORS

Mr J Smith
Mr D Real - Firman
Mrs L Henry
Mrs L Hodges

SECRETARY

Velocity Company Secretarial Services Ltd

COMPANY NUMBER

03425183

REGISTERED OFFICE

Unit 14
Quarry Farm
Bodiam
East Sussex
TN32 5RA

INDEPENDENT AUDITOR

Mazars LLP
2nd Floor
6 Sutton Plaza
Sutton Court Road
Sutton
SM1 4FS

ASE CORPORATE EYECARE LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of ASE Corporate Eyecare Limited, together with the audited financial statements, for the year ended 31 December 2019.

These are the published financial statements of the company prepared in accordance Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

PRINCIPAL ACTIVITY

The principal activity of the company during the year continued to be that of the provision of corporate eye care.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,152,278 (2018: profit of £1,541,999). A dividend was paid during the year of £500,000 (2018: £nil).

DIRECTORS

The following directors held office during the year. If they were appointed or resigned during the year the date of this event has been shown below:

Mr J Smith
PJ Smith - resigned 7th March 2019
Mr D Real - Firman
Mrs L Henry - appointed 15th March 2019
Mrs L Hodges

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report. No claim or notice of claim in respect of these indemnities has been received in the period.

THE WITHDRAWAL OF THE UNITED KINGDOM FROM THE EUROPEAN UNION

The United Kingdom withdrew from the European Union on 31 January 2020 and entered into an Implementation Period which is scheduled to end on 31 December 2020. During this period, the trading relationship between the UK and the EU is expected to remain unchanged, however the terms of the future relationship between the UK and the EU from 1 January 2021 onwards are still unknown. As such, it is not possible to evaluate all the potential implications to the Company's trade, customers, suppliers, and the wider economy. However, we have worked on several contingency plans should a No Deal Brexit occur. We consider the ability to leverage our groups wider supply chain as a key advantage in managing such contingency plans. In addition, we have carefully studied the working capital requirements of the business, and have taken action where we feel appropriate to strengthen working capital. We have also taken steps to strengthen both our Information Technology systems, and our relationships with our freight forwarding partners to reduce the risk at the border for importing products.

We believe that our plans will minimise any potential risks occurring from Brexit as much as is practicably possible.

ASE CORPORATE EYECARE LIMITED

DIRECTORS' REPORT (Continued)

BUSINESS REVIEW

The performance for 2019 was solid with the year commencing positively with the re-award of a major military contract, which although on different terms still assisted with the overall sales position. In addition we were awarded a major contract for the Royal Navy. Due to changes to legislation our police authority clients added new service lines to their existing contracts.

2019 saw the integration of Infield Safety into the existing business model. However this raised a number of challenges including streamlining of business process, training of new personnel and review of pricing platforms. However this has ultimately proven to deliver additional revenue and open new market opportunities for upselling and cross selling.

Clients exhibited caution in light of the unknown impacts of Brexit and there has been a tendency to postpone projects.

FUTURE DEVELOPMENTS

The Infield Business will be further consolidated with additional products launched to target wider markets.

Exploration of more diverse product lines and different service delivery mechanisms are priority in order to ensure longevity and relevance in the marketplace.

Further development of our digital healthcare transformation projects will play a major role in enhancing the robustness and resilience of the business.

POST BALANCE SHEET EVENTS - COVID 19

The Covid 19 pandemic has led to largely reduced activity within the business. The business customers work in the field of Optics, which, other than for emergency activity, business has been suspended.

In order to preserve cashflow and Job retention during this time, we have utilised the Government's Furlough scheme. We are part of an international group, and are therefore well supported from a cash perspective. The group is well protected to deal with such risk, as it is a global organisation, able to leverage its assets across all continents. Having observed the business recoveries seen in other countries around Europe, as they ease their lockdown measures, we are confident that the UK Optics market will recover quickly.

We have continued to pay our suppliers, and collect monies from our customers during this time, and we have not seen a significant change in our Debt ledger ageing, as our customers have also supported us. As such, we are confident that the business will be able to trade successfully through and beyond the current Covid 19 Pandemic.

GOING CONCERN

The company meets its day-to-day working capital requirements through its cash reserves held and managed by the group treasury department. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current cash reserves. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company recognises the negative impact that COVID-19 will have on revenues in the short term, however the company has significant cash reserves on deposit with the parent company, Essilor International. The company therefore continues to adopt the going concern basis in preparing its financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the company's auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the company's auditor.

SMALL COMPANY PROVISIONS

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

By order of the board



Mrs L Hodges
Managing Director

8th September 2020

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ASE CORPORATE EYECARE LIMITED

OPINION

We have audited the financial statements of ASE Corporate Eyecare Limited (the 'company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS OF 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.

EMPHASIS OF MATTER – IMPACT OF THE OUTBREAK OF COVID 19 ON THE FINANCIAL STATEMENTS

In forming our opinion on the company financial statements, which is not modified, we draw attention to the directors' view on the impact of the COVID-19 as disclosed on page 3, and the consideration in the going concern basis of preparation of page 12.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy. Please refer to the note in the directors' report on page 3 regarding Covid 19

CONCLUSIONS RELATING TO GOING CONCERN

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

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

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ASE CORPORATE EYECARE LIMITED

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS AS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the director's responsibilities statement set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director's determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ASE CORPORATE EYECARE LIMITED

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF 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.

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

USE OF THE AUDIT 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.

Elisabeth Maxwell

Elisabeth Maxwell (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
2nd Floor, 6 Sutton Plaza,
Sutton Court Road
Sutton
SM1 4FS

Date Oct 12, 2020

ASE CORPORATE EYECARE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
REVENUE	4	3,844,337	4,148,074
Cost of sales		(1,301,191)	(1,332,225)
GROSS PROFIT		<u>2,543,146</u>	<u>2,815,849</u>
Other operating Income		125,004	125,004
Administrative expenses		(1,306,310)	(1,075,228)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND INCOME TAX	5	<u>1,361,840</u>	<u>1,865,625</u>
Finance income	7	59,342	39,389
Finance expense		(1,219)	(372)
PROFIT ON ORDINARY ACTIVITIES BEFORE INCOME TAX		<u>1,419,963</u>	<u>1,904,642</u>
Income tax expense on profit on ordinary activities	8	(267,685)	(362,643)
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME		<u><u>1,152,278</u></u>	<u><u>1,541,999</u></u>

STATEMENT OF FINANCIAL POSITION


AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Intangible assets	9	191,570	171,695
Tangible assets	10	81,862	52,201
		<u>273,432</u>	<u>223,896</u>
CURRENT ASSETS			
Stocks	11	548	1,495
Debtors	12	7,418,995	6,067,823
Cash at bank and in hand		336	432,239
		<u>7,419,879</u>	<u>6,501,557</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(1,192,264)	(886,668)
NET CURRENT ASSETS		<u>6,227,615</u>	<u>5,614,889</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,501,047</u>	<u>5,838,785</u>
Long term Liabilities	14	(18,000)	-
Provision for liabilities	15	(5,403)	(13,419)
NET ASSETS		<u>6,477,644</u>	<u>5,825,366</u>
CAPITAL AND RESERVES			
Called up share capital	16	5,000	5,000
Capital contribution reserve		20	20
Profit and loss account		6,472,624	5,820,346
SHAREHOLDERS' FUNDS		<u>6,477,644</u>	<u>5,825,366</u>

The notes on pages 10 to 27 are an integral part of these financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

These financial statements on pages 8 to 27 are approved by the board of directors and authorised for issue on 8th September 2020 and are signed on its behalf by:



Mrs L Hodges
Director

ASE CORPORATE EYECARE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Capital Redemption Reserve	Retained Earnings	Total Equity
	£	£	£	£
Balance as at 1 January 2018	5,000	20	4,278,347	4,283,367
Profit for the year	-	-	1,541,999	1,541,999
Total comprehensive income for the year	-	-	1,541,999	1,541,999
Dividends	-	-	-	-
Total transactions with owners	-	-	-	-
Balance as at 31 December 2018	5,000	20	5,820,346	5,825,366
Profit for the year	-	-	1,152,278	1,152,278
Total comprehensive income for the year	-	-	1,152,278	1,152,278
Dividends	-	-	(500,000)	(500,000)
Total transactions with owners	-	-	(500,000)	(500,000)
Balance as at 31 December 2019	5,000	20	6,472,624	6,477,644

Retained earnings

Cumulative profit and loss net of distributions to owners.

Capital redemption reserve

The nominal value of shares repurchased and still held at the end of the reporting period.

ASE CORPORATE EYECARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

The principal activity of the company during the year was the provision of corporate eyecare.

The company is a private company and is incorporated and domiciled in the UK. The address of its registered office is Unit 14, Quarry Farm, Bodiam, East Sussex, TN32 5RA.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The following disclosure exemptions from the requirements of IFRS have been adopted in the preparation of these financial statements, in accordance with FRS 101:

- Comparative information has not been given in respect of:
 - (i) a reconciliation of the carrying amount of each class of tangible assets at the beginning of the period;
 - (ii) a reconciliation of the carrying amount of each class of intangible assets at the beginning of the period;
- The requirement to produce a third statement of financial position when applying a change in accounting policy, retrospective restatement or reclassification.
- The requirement to disclose information relating to the company's objectives, policies and processes for managing capital.
- The requirement to publish a Statement of Cash Flows.
- Disclosure of the categories of financial instrument and nature and extent of risks arising on these financial instruments.
- The requirement to disclose compensation for key management between short term employee benefits and post-employment benefits.
- The requirements to disclose related party transactions entered into between two or more, wholly owned, members of a group.
- The requirement to disclose the future impact of a new IFRS in issue but not effective at the reporting date.

ASE CORPORATE EYECARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

2.2 GOING CONCERN

The company meets its day-to-day working capital requirements through its cash reserves, which are managed in conjunction with the group treasury department. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current access to cash reserves. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company recognises the negative impact that COVID-19 will have on revenues in the short term, however the company has significant cash reserves on deposit with the parent company, Essilor International. The company therefore continues to adopt the going concern basis in preparing its financial statements.

2.3 FOREIGN CURRENCIES

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. All other foreign exchange gains and losses are presented in the income statement within 'Administrative expenses.'

2.4 TANGIBLE ASSETS

All tangible assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line and reducing balance method to allocate their cost amounts to their residual values over their estimated useful lives, as follows:

Fixtures and fittings	10% on straight line
Software	33% on straight line
Equipment	20% on straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative costs in the income statement.

ASE CORPORATE EYECARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2.5 INTANGIBLE ASSETS

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Website Development

Cost associated with the development of the new website are capitalised as they are incurred. When the website is brought into use the cost will be amortised over the expected lifetime of the asset which is three years.

2.6 STOCKS

Stocks are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling costs.

2.7 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

ASE CORPORATE EYECARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2.8 FINANCIAL INSTRUMENTS

Financial assets

The company classifies its financial assets as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those which mature greater than 12 months after the end of the reporting period, which are classified as non-current assets. Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Debtors

Debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Cash at bank and in hand

Cash at bank and in hand includes cash in hand and deposits held on call with banks.

Financial liabilities

Financial liabilities are recognised initially at fair value and, are subsequently measured at amortised cost using the effective interest method.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

2.9 IMPAIRMENT OF FINANCIAL ASSETS

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2.10 SHARE CAPITAL

Ordinary shares are classified as equity.

2.11 CURRENT AND DEFERRED INCOME TAX

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

ASE CORPORATE EYECARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2.11 CURRENT AND DEFERRED INCOME TAX (Continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is recognised on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is released or the deferred income tax liabilities is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.12 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes.

Services provided by the company have a single performance obligation as providing access to services to its customers, and as such, the associated revenues are recognised over time.

2.13 FINANCE INCOME

Finance income is recognised using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as finance income. Finance income on impaired loan and receivables is recognised using the original effective interest rate.

2.14 LEASES

The company has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

Policies applicable from 1 January 2019

The Company as a lessee

The company assesses whether a contract is or contains a lease, at inception of the contract. The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

ASE CORPORATE EYECARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

2.14 LEASES (Continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position and is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

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2.14 LEASES (Continued)

The depreciation starts at the commencement date of the lease. As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The company has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.15 ADOPTION OF NEW AND REVISED STANDARDS

Impact of initial application of IFRS 16 Leases

In the current year, the company has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 2.14. The impact of the adoption of IFRS 16 on the company's financial statements is described below. The date of initial application of IFRS 16 for the company is 1 January 2019. The company has applied IFRS 16 using the cumulative catch-up approach which:

- Requires the company to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.
- Does not permit restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

Impact of the new definition of a lease

The company has made use of the practical expedient available on transition to IFRS 16 not to assess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the company has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the company.

2.15 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

Impact on Lessee Accounting

Former operating leases

IFRS 16 changes how the company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet. Applying IFRS 16, for all leases (except as noted below), the company:

- Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii)
- Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.
- Lease incentives (e.g. rent free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36. For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other expenses' in profit or loss. The company has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

- The company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The company has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under IAS 37 in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review.
- The company has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The company has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

Financial impact of initial application of IFRS 16

The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 January 2019 is 1.22%.

The table below shows the operating lease commitments disclosed applying IAS 17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

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Under IAS 17 Leases were accounted for as follows:

Finance leases

The Company leases land and buildings and motor vehicles. Rental contracts are typically made for fixed periods of 10 years for land and buildings, 2 years for equipment and 4 years for motor vehicles but may have extension options.

2.15 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative standalone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Operating lease - lessee

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Impact on retained earnings as at 1 January 2019

	£'000
Operating lease commitments at 31 December 2018	104
Short-term leases and leases of low-value assets	(43)
Effect of discounting the above amounts	61
Finance lease liabilities recognised under IAS 17 at 31 December 2018	-
Present value of the variable lease payments that depend on a rate or index	-
Present value of the lease payments due in periods covered by extension options that are included in the lease term and not previously included in operating lease commitments	-
Lease liabilities recognised at 1 January 2019	61

The company has recognised £61k of right-of-use assets and £61k of lease liabilities upon transition to IFRS 16. The difference is recognised in retained earnings.

2.16 DIVIDEND DISTRIBUTION

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

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2.17 STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED IN THE CURRENT FINANCIAL YEAR ENDED 31ST DECEMBER 2019

IFRS16 is a new accounting standard that is effective for the year ended 31st December 2019 and has had a material impact on the company (see note 10). The company had to change its accounting policies as a result of adopting IFRS16 and elected to adopt the modified retrospective approach to recognise the cumulative effect of initially applying the new standard on the 1st January 2019. The other amendments did not have a material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

3. JUDGEMENTS AND ESTIMATES

The company makes judgements and assumptions concerning the future which impacts the application of accounting policies and reported amounts. The accounting estimates resulting from these judgements and assumptions seldom equal the actual results but are based on historical experiences and future expectations.

The financial statements include a material accrual for the expense associated with servicing eye care vouchers outstanding at the balance sheet date. The total accrued is included in note 13.

4. REVENUE

All of the company's revenue, for the current and prior periods, is generated from within the United Kingdom and relates to the provision of corporate eye care and administration of a flu vaccination contract.

5. OPERATING PROFIT

	2019	2018
	£	£
Operating profit is stated after charging:		
Wages and salaries	564,739	518,128
Social security costs	64,119	59,749
Other share benefits	5,978	6,643
Pension contributions	25,075	12,450
Benefit in kind	-	2,615
Staff costs	<u>659,911</u>	<u>599,585</u>
Operating lease charges	37,991	54,616
Audit fees payable to the company's auditor	16,000	15,500
Loss on disposal of fixed assets	13,573	-
Depreciation expense on right of use assets	29,000	7,000
Interest expense on lease liabilities	1,000	-

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6. EMPLOYEES

	2019 Number	Restated 2018 Number
The average monthly number of persons (including directors) employed by the company during the year was:		
Finance	3	3
Customer services	7	8
Sales	6	3
Other	5	6
	<u>21</u>	<u>20</u>

Directors' remuneration	2019 £	2018 £
Aggregate remuneration	75,750	170,826
Pension Contributions	8,450	4,846
Benefits in kind	807	-
	<u>85,007</u>	<u>175,672</u>

7. FINANCE INCOME

	2019 £	2018 £
Interest on group loans	59,342	39,389
	<u>59,342</u>	<u>39,389</u>

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8. INCOME TAX

	2019	2018
	£	£
Current tax:		
UK Corporation tax on profits of year/period	275,931	363,748
Adjustment in respect of prior years	-	-
Total current tax	<u>275,931</u>	<u>363,748</u>
Deferred tax:		
Origination and reversal of timing differences - current year	(8,016)	(1,105)
Adjustments in respect of prior years	-	-
Effect of tax rate change on opening balance	(230)	-
Total deferred tax	<u>(8,246)</u>	<u>(1,105)</u>
Tax on profit on ordinary activities	<u>267,685</u>	<u>362,643</u>

Factors affecting tax charge for the year/period

The tax assessed for the year is lower (2018: higher) than the effective rate of corporation tax as explained below:

	2019	2018
	£	£
Profit on ordinary activities before tax	1,419,963	1,904,642
Profit on ordinary activities multiplied by the effective rate of corporation tax 19% (2018: 19%)	269,793	361,882
Effects of:		
Adjustments in respect of prior years	(2,393)	-
Income not taxable	(545)	-
Disallowable items	399	630
Other adjustments	431	131
Tax charge for the period	<u>267,685</u>	<u>362,643</u>

The UK Budget 2020 announced that the corporation tax rate was to be held at 19% rather than reduced to 17% with effect from 1 April 2020 as previously enacted. This provision was substantially enacted on 17 March 2020, after the end of the accounting period, and so deferred tax closing balances have been calculated at 17%.

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9. INTANGIBLE ASSETS

	Computer Software £	Website £	Total £
Cost:			
At 1 January 2019	352,550	-	352,550
Additions	56,500	9,000	65,500
Disposals	(104,700)	-	(104,700)
At 31 December 2019	<u>304,350</u>	<u>9,000</u>	<u>313,350</u>
Accumulated depreciation:			
At 1 January 2019	(180,855)	-	(180,855)
Charge for the year	(45,625)	-	(45,625)
Disposals	104,700	-	104,700
At 31 December 2019	<u>(121,780)</u>	<u>-</u>	<u>(121,780)</u>
Net book value:			
At 31 December 2019	<u>182,570</u>	<u>9,000</u>	<u>191,570</u>
At 31 December 2018	<u>171,695</u>	<u>-</u>	<u>171,695</u>

Intangible assets amortisation is recorded in administrative expenses in the statement of comprehensive income. The database software is amortised over ten years of which six are remaining.

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10. TANGIBLE ASSETS

	Leased Equipment £	Leased Assets Buildings £	Fixtures and Fittings £	Computer Equipment £	Total £
Cost:					
As at 31 December 2018	-	-	96,015	80,581	176,596
IFRS16	21,000	49,000	-	-	70,000
At 1 January 2019	<u>21,000</u>	<u>49,000</u>	<u>96,015</u>	<u>80,581</u>	<u>246,596</u>
Additions	11,000	-	2,402	14,724	28,126
Disposals	-	-	(71,078)	(49,501)	(120,579)
At 31 December 2019	<u>32,000</u>	<u>49,000</u>	<u>27,339</u>	<u>45,804</u>	<u>154,143</u>
Accumulated depreciation:					
As at 31 December 2018	-	-	(71,320)	(53,075)	(124,395)
IFRS16	(2,000)	(5,000)	-	-	(7,000)
At 1 January 2019	<u>(2,000)</u>	<u>(5,000)</u>	<u>(71,320)</u>	<u>(53,075)</u>	<u>(131,395)</u>
Charge for the year	(7,000)	(22,000)	(2,994)	(15,897)	(47,891)
Disposals	-	-	63,504	43,501	107,005
At 31 December 2019	<u>(9,000)</u>	<u>(27,000)</u>	<u>(10,810)</u>	<u>(25,471)</u>	<u>(72,281)</u>
Net book value:					
At 31 December 2019	<u>23,000</u>	<u>22,000</u>	<u>16,529</u>	<u>20,333</u>	<u>81,862</u>
At 31 December 2018	<u>-</u>	<u>-</u>	<u>24,695</u>	<u>27,506</u>	<u>52,201</u>

There are liabilities shown in the balance sheet to the value of £45,000 (2018: £Nil), in respect of lease liabilities related to the right of use assets. The company leases several assets including buildings and IT equipment. The average lease term is 3 years.

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11. STOCKS	2019	2018
	£	£
Finished goods for resale	548	1,495

There is no significant difference between the replacement cost of finished goods for resale and their carrying amounts.

12. DEBTORS	2019	2018
	£	£
Due within one year:		
Trade debtors	525,111	900,403
Amounts owed by group undertakings	6,843,609	5,072,846
Other debtors	50,275	94,574
	<u>7,418,995</u>	<u>6,067,823</u>

Amounts owed by the parent company include an intercompany loan of £5 million which is due within for repayment on 8 July 2020 and attracts interest of 1.06931% per annum. Accumulated interest is paid at maturity. The balance of the intercompany loan and cash pooling facility with the parent company is £1,735,772. Interest on this was £52,587. There is also £55,251 which relates to outstanding intercompany debtors.

13. CREDITORS: AMOUNTS FALLING DUE IN LESS THAN ONE YEAR	2019	2018
	£	£
Bank overdraft	146,927	-
Trade creditors	179,068	180,570
Amounts owed to group undertakings	274,176	69,167
Corporation tax	91,852	213,714
Taxation and social security	151,050	164,909
Accruals and deferred income	322,191	258,308
Lease liability less than 1 year	27,000	-
	<u>1,192,264</u>	<u>886,668</u>

14. LEASE LIABILITIES	2019	2018
	£	£
Analysed as:		
Non - current	18,000	33,000
Current	27,000	29,000
	<u>45,000</u>	<u>62,000</u>

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14. LEASE LIABILITIES (Continued)

MATURITY ANALYSIS	2019 £	2018 £
Within one year	27,000	29,000
1 – 2 years	3,000	33,000
2 – 3 years	5,000	-
3 – 4 years	5,000	-
4 – 5 years	5,000	-
Over 5 years	-	-
	<u>45,000</u>	<u>62,000</u>

15. PROVISIONS FOR LIABILITIES

The provision for deferred tax consists of the following deferred tax liabilities:

	Accelerated Capital Allowances £
At 1 January 2019	13,419
Adjustment in respect of prior years	(2,393)
Deferred tax charge to statement of comprehensive income for the period	(5,623)
At 31 December 2019	<u>5,403</u>

16. SHARE CAPITAL	2019 £	2018 £
Allotted, issued and fully paid: 5,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

17. RELATED PARTY TRANSACTIONS

At the balance sheet date the company was owed £6,843,609 (2018: £5,072,846) by its parent company, Essilor International. During the year, the company advanced loan payments of £1,750,876 (2018: advanced £1,400,000) and received loan interest of £52,587 (2018: £39,389).

During the year, the company also made sales amounting to £159,404 (2018: £191,802) to Essilor International, £49,251 (2018: £49,834) of which is outstanding at the balance sheet date. Sales of £6,000 (2018: £Nil) were made to Essilor Ltd of which £6,000 (2018: £Nil) was outstanding at the balance sheet date.

During the year, the company made purchases from Essilor International of £198,353 (2018: £66,818) of which £132,597 (2018: £Nil) was outstanding at the year end. Purchases of £479,275 (2018: £485,959) were made from BBGR Limited, a fellow subsidiary undertaking, of which £141,579 (2018: £69,166) remained outstanding at the balance sheet date. Purchases of £132

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17. RELATED PARTY TRANSACTIONS

(2018: £145) were made from Infield UK. There was nothing outstanding at the balance sheet date (2018: £ Nil). Purchases of £77,157 (2018: £Nil) were made from Infield Europe, a fellow subsidiary undertaking, of which £Nil (2018: £Nil) remained outstanding at the balance sheet date

18. CAPITAL COMMITMENTS

£20,000 (2018: £20,000) of expenditure has been committed to, but has not yet been incurred. This is in relation to the development of the new database, of which costs so far have been capitalised during the year.

19. ULTIMATE CONTROLLING PARTY

The immediate and ultimate parent undertaking, and controlling party, is Essilor International S.A. which is incorporated France. The largest and smallest group in which the results of ASE Corporate Eyecare Limited are consolidated is that of Essilor International S.A. Copies of the financial statements of Essilor International S.A. can be obtained from 147, Rue de Paris, 94227 Charenton, Cedex, France.

20. POST BALANCE SHEET EVENTS - COVID 19

The directors' assessment of the effects of the Covid 19 are referred to in the directors' report on page 2.