

Chewton Rose Limited

**Director's report and financial
statements**

Registered number 08525285

Year ended 31 December 2019



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Director and officers

Director:

P A Smith

Registered office:

Colwyn House
Sheepen Place
Colchester
Essex
CO3 3LD

Auditor:

KPMG LLP
Chartered Accountants
Botanic House
100 Hills Road
Cambridge
CB2 1AR

Director's report

The director presents his report and the financial statements for the year ended 31 December 2019.

Director of the company

The director who held office during the year was as follows:

P A Smith

Proposed dividend

The director does not recommend the payment of a dividend (2018: *£nil*).

Business review

The principal activity of Chewton Rose is that of a traditional high street estate agent, providing a bespoke commission based service for owners of quality homes at the higher end of the market.

The key performance indicators for the business are turnover and profit before tax. The directors report a 30% decrease in turnover to £1.2m (2018 - £1.7m) in a market which remained challenging due to the general uncertainty created by Brexit which impacted consumer confidence and depressed property transaction volumes. After adjusting for the exceptional restructuring costs in both years, operating costs decreased by £0.7m, 32% in line with the decrease in turnover. The loss before tax was £484k (2018 £812k).

Political and charitable contributions

The company made no charitable contributions during the year (2018: *£nil*) and no political contributions (2018: *£nil*).

Disclosure of information to the auditor

The director who held office at the date of approval of this director's report confirms that, so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Going Concern

As a result of the COVID-19 pandemic, the directors have looked at plausible downside scenarios for the business in the event that there may be a second period of regional lockdowns and with no further government support. Based on this analysis, the directors are comfortable that the business remains a going concern. Further details on the going concern basis of preparation for the accounts are set out in note 1 of the financial statements on page 12.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Small company provisions

This report has been prepared in accordance with the small companies' exemption under Section 415A of the Companies Act 2006.

By order of the board on



P A Smith
Director

Date: 24 September 2020

Colwyn House
Sheepen Place
Colchester
Essex
CO3 3LD

Statement of director's responsibilities in respect of the Director's report and the financial statements

The director is responsible for preparing the Director's 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 he has elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

Under company law the director must not approve the financial statements unless he 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 estimates that are reasonable and prudent; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless he either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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 him to ensure that the financial statements comply with the Companies Act 2006. He is responsible for such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Botanic House
100 Hills Road
Cambridge
CB2 1AR
United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHEWTON ROSE LIMITED

Opinion

We have audited the financial statements of Chewton Rose Limited ("the company") for the year ended 31 December 2019, which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

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 loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The director has prepared the financial statements on the going concern basis as he does not intend to liquidate the company or to cease its operations, and as he has concluded that the company's financial position means that this is realistic. He has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the director's conclusions, we considered the inherent risks to the company's business model, including the impact of COVID-19, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHEWTON ROSE LIMITED *(continued)*

Director's report

The director is responsible for the director's report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the director's report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the director's report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was 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 director's report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Director's responsibilities

As explained more fully in the statement set out on page 3, the director is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 he either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHEWTON
ROSE LIMITED** *(continued)*

The purpose of our audit work and to whom we owe our responsibilities

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.

Mark Prince (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Botanic House
100 Hills Road
Cambridge
CB2 1AR

Date: 24 September 2020

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2019

	<i>Notes</i>	2019 £000	2018 £000
Turnover		1,169	1,668
Operating expenses		(1,618)	(2,449)
Operating loss	<i>2-4</i>	(449)	(781)
Interest receivable and similar income	<i>5</i>	2	3
Interest payable and similar charges	<i>6</i>	(37)	(34)
Loss before taxation		(484)	(812)
Tax on loss	<i>7</i>	(5)	-
Loss for the financial year		(489)	(812)
Total comprehensive loss for the financial year		(489)	(812)

Turnover and operating loss derive wholly from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

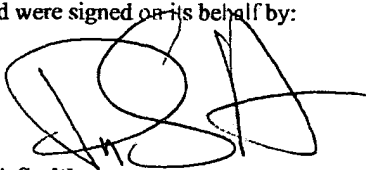
The notes on pages 10 to 17 form part of these financial statements.

Balance Sheet
at 31 December 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible fixed assets	8	33	64
Current assets			
Debtors	9	138	104
Cash at banks and in hand		48	66
		<u>186</u>	<u>170</u>
Creditors: Amounts falling due within one year	10	<u>(7,041)</u>	<u>(6,603)</u>
Net current liabilities		<u>(6,855)</u>	<u>(6,433)</u>
Total assets less current liabilities		<u>(6,822)</u>	<u>(6,369)</u>
Provisions for liabilities	11	<u>(345)</u>	<u>(309)</u>
Net liabilities		<u>(7,167)</u>	<u>(6,678)</u>
Capital and reserves			
Called up share capital		-	-
Profit and loss account		<u>(7,167)</u>	<u>(6,678)</u>
Shareholders' deficit		<u>(7,167)</u>	<u>(6,678)</u>

These accounts have been prepared under the special provision in Part 15 of the Companies Act 2006 relating to small companies and in accordance with the provisions of Section 1A of FRS 102 – small entities.

These financial statements were approved and authorised by the board of directors on 24 September 2020 and were signed on its behalf by:


P A Smith
Director

Company registered number: 08525285

The notes on pages 10 to 17 form part of these financial statements.

Statement of Changes in Equity
for the year ended 31 December 2019

	Called up share capital £000	Profit and loss account £000	Total Equity £000
At 1 January 2018	-	(5,866)	(5,866)
Total comprehensive loss			
Loss for the year	-	(812)	(812)
	<hr/>	<hr/>	<hr/>
At 31 December 2018	-	(6,678)	(6,678)
	<hr/>	<hr/>	<hr/>
Total comprehensive loss			
Loss for the year	-	(489)	(489)
	<hr/>	<hr/>	<hr/>
At 31 December 2019	-	(7,167)	(7,167)
	<hr/>	<hr/>	<hr/>

The notes on pages 10 to 17 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Chewton Rose Limited (the "company") is a private company limited by shares incorporated, domiciled and registered in England and Wales in the UK. The registered number is 08525285.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the applicable accounting standards.

These financial statements were prepared in accordance with Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities) ("Section 1A of FRS 102") as issued in August 2014. The amendments to Section 1A of FRS 102 issued in July 2016 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Going concern

Notwithstanding net current liabilities of £6,855k and net liabilities of £7,167k as at 31 December 2019 and a loss for the year then ended of £489k, the financial statements have been prepared on a going concern basis which the director considers to be appropriate for the following reasons.

The Company is part of a Group, headed by the ultimate parent company VRS Investments Limited, and the Group is party to a £10m revolving credit facility and has utilised £8.75m as at the year end. These facilities, which are secured by a cross guarantee on a number of companies within the Group, were extended in July 2020 and now expire in September 2021. At the same time, the covenants were re-set, providing additional headroom that took account of the uncertainty at the outset of the pandemic. Current forecasts suggest that the Group will have more than sufficient funds to repay the existing loan when it expires but this will be re-assessed with the bank as would normally be the case in Q2 of 2021. Should a new facility be needed, the director would expect the bank to be supportive.

The COVID-19 pandemic has impacted most businesses, including the group. Management has prepared forecasts for the 16 months to 31 December 2021, including a severe but plausible downside scenario, to understand the potential impacts of COVID-19 based on the experienced downside subsequent to the year-end. This scenario does not impact the Group in such a way that liquidity levels would be unsustainable; however a covenant breach would be noted for one quarter. Despite this, net cash headroom of £14.0m at 31 March 2021, following the repayment of the loan, would be in place to enable the safe repayment of the outstanding facility at that time if necessary. For all other periods, there was no noted breach of covenants identified.

A severe but plausible downside scenario was run with an assumption that there would be a second national lockdown of two months starting in late 2020 having the same severity, duration and impact as the first but assuming no further government support. In addition, rent and supplier savings which were achieved during the first lockdown are assumed to be non-recurring in the second lockdown assumption. This simulation indicates that the Group will be able to finance its working capital from its available cash balances with assumed net cash headroom of £15.3m, at 30 September 2021, with forecast cash headroom for all periods to December 2021.

The Group has indicated that it does not intend to seek repayment of any amounts currently due from group companies and will provide support if needed for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the director acknowledges that there can be no certainty that this support will continue although, at the date of approval of these financial statements, he has no reason to believe that it will not.

The director has assessed the Group's ability to provide this support and is satisfied, based on the significant net cash available, that the Group has the ability to provide the support available.

Based on the above, the director is confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore has prepared these financial statements on a going concern basis.

Notes (continued)

1 Accounting policies (continued)

Cash flow statement

The director has taken advantage of the exemption in Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

Turnover comprises commission and fees receivable excluding VAT and is all earned in the United Kingdom. Commission earned on sales of property is recognised on exchange of contracts.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items in taxation computations in periods different to those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities have not been discounted to reflect the time value of money.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The company assesses at each reporting date whether tangible fixed assets are impaired. Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Asset class	Depreciation method and rate
Leasehold property improvements	20% straight line per annum
Fixtures and fittings	25% straight line per annum
Office equipment	25% - 33.33% straight line per annum

Operating leases

Rental costs under operating leases are charged to profit and loss account on a straight line basis over the lease term.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Pensions

The company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period to which they relate.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Notes (continued)

2 Expenses and auditor's remuneration

Included in profit/loss are the following charges:

	2019 £000	2018 £000
Operating lease charges	56	74
Auditor's remuneration - audit of these financial statements	5	5
Depreciation of tangible fixed assets	32	36
Exceptional items		
Costs associated with cost reduction and restructuring programme	127	242
	<u>127</u>	<u>242</u>

Amounts receivable by the company's auditor and its associates in respect of services to the company and its associates, other than the audit of the company's financial statements, have not been disclosed as the information is required to be disclosed on a consolidated basis in the consolidated financial statements of the company's immediate parent, Spicerhaart Group Limited.

3 Staff numbers and cost

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2019 No	2018 No
Administration and support	6	7
Sales and others	13	14
	<u>19</u>	<u>21</u>

The aggregate payroll costs were as follows:

	2019 £000	2018 £000
Wages and salaries	584	741
Social security costs	72	81
Staff pensions	11	9
	<u>667</u>	<u>831</u>

Contracts of employment are held with Spicerhaart Group Services Limited, another wholly owned subsidiary within the group. The director deems it more appropriate to recognise and disclose the costs associated with the employees in the company to which their services relate.

4 Director's remuneration

	2019 £000	2018 £000
Director's remuneration	14	15

Notes (continued)

5 Interest receivable and similar income

	2019 £000	2018 £000
Bank interest receivable	2	3
	<u>2</u>	<u>3</u>

6 Interest payable and similar charges

	2019 £000	2018 £000
Interest on balances with group undertakings	37	34
	<u>37</u>	<u>34</u>

7 Taxation

Analysis of charge in year:

	2019 £000	2018 £000
<i>UK corporation tax</i>		
Adjustments in respect of prior periods	5	-
	<u>5</u>	<u>-</u>
Total current tax	5	-
	<u>5</u>	<u>-</u>
Tax on loss	5	-
	<u>5</u>	<u>-</u>

The company has the following unrecognised deferred tax asset.

	2019 £000	2018 £000
Accelerated capital allowances	85	82
	<u>85</u>	<u>82</u>

Factors affecting the tax charge for the current and prior year

The effective rate for 2019 is 19%, the weighted average of the applicable corporation tax rates in the year. The effective rate for 2018 was 19%.

Notes (continued)

7 Taxation (continued)

Factors affecting the tax charge for the current and prior year (continued)

The total tax charge (2018: charge) is higher (2018: higher) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £000	2018 £000
<i>Reconciliation of effective tax rate</i>		
Loss before taxation	(484)	(812)
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19% (2018: 19%)	(92)	(154)
<i>Effects of:</i>		
Fixed asset differences	1	1
Group relief surrendered	88	132
Adjustments in respect of prior periods – current tax	5	-
Deferred tax not recognised	3	-
Unexplained difference	-	21
	<hr/>	<hr/>
Total tax charge included in profit and loss	5	-
	<hr/>	<hr/>

Factors affecting the future tax charge

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. In the 11 March 2020 Budget, it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge.

8 Tangible fixed assets

	Leasehold property improvements £000	Fixtures and fittings £000	Office equipment £000	Total £000
Cost				
At 1 January 2019	109	123	42	274
Additions	-	3	-	3
Disposals	(69)	(83)	(34)	(186)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	40	43	8	91
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 2019	89	87	34	210
Charge for the year	9	18	5	32
Eliminated on disposal	(69)	(81)	(34)	(184)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	29	24	5	58
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2019	11	19	3	33
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	20	36	8	64
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

9 Debtors

	2019 £000	2018 £000
Trade debtors	83	46
Prepayments and accrued income	55	58
	<u>138</u>	<u>104</u>

10 Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	13	4
Amounts owed to group undertakings	6,912	6,454
Other taxes and social security	33	58
Accruals and deferred income	76	80
Other creditors	7	7
	<u>7,041</u>	<u>6,603</u>

11 Provisions for liabilities

	Dilapidations provisions £000	Onerous lease provisions £000	Total £000
At 1 January 2019	75	234	309
Additional provision made during the year	20	107	127
Utilised during the year	-	(91)	(91)
	<u>95</u>	<u>250</u>	<u>345</u>
At 31 December 2019	95	250	345

The company recognises a provision for the estimated costs for dilapidations that may become payable under the terms of the current leasehold property contracts at the end of the lease. The costs are accrued over the life of the lease and reassessed each year. It is expected that £48k will be payable within one year of the balance sheet date.

A provision has been recognised for expected losses as a result of unutilised leasehold properties. The provision is calculated based on the future lease commitments less any future income derived from the property. It is expected that £87k will be payable within one year of the balance sheet date.

12 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charged to the profit and loss account for the year represents contributions payable by the company to the scheme and amounted to £11,406 (2018: £9,297).

Notes (continued)

13 Operating leases

Annual commitments under non-cancellable operating leases are as follows:

	2019 £000	2018 £000
<i>Operating leases which expire:</i>		
Less than one year	213	242
Between one and five years	391	519
More than five years	123	200
	<hr/> 727 <hr/>	<hr/> 961 <hr/>

14 Related party transactions

The company has taken advantage of the exemption in Section 1A of FRS102 paragraph 1AC.35 "Related Party Disclosures" from disclosing transactions with wholly owned members of the group.

15 Ultimate parent company and parent company of larger group

The company is controlled by P A Smith by virtue of his shareholding in the ultimate parent company.

The ultimate parent company is VRS Investments Limited, registered at Colwyn House, Sheepen Place, Colchester, Essex, CO3 3LD. The smallest group for which consolidated accounts are prepared is Spicerhaart Group Limited. Copies of the consolidated group accounts of Spicerhaart Group Limited can be obtained at the company's office address Colwyn House, Sheepen Place, Colchester, Essex, CO3 3LD.

16 Significant judgements and estimates

Provisions

The company recognises dilapidations and onerous lease provisions in relation to its leasehold land and buildings. See note 11 for further details. Amounts recognised as provisions should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Provisions should be reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision should be reversed.

The key assumptions in calculating the provisions are the discount rate used, the estimation of any future income from the currently unoccupied branches and the estimated cost of dilapidations arising, following negotiations with the landlord.

Trade receivables

The impairment of trade receivables (which is netted against current trade receivable balances) represents estimated losses resulting from the inability of customers to make required payments. The estimates are based on specific identification of probable bad debts, ageing of accounts receivable balances and other known factors. If the financial situation of a customer deteriorates, resulting in an impairment of their ability to make payments, additional provision may be required.

The key assumptions in calculating the impairment of trade receivables are the estimated likelihood of default of individual customers on individual invoices and the estimated probability of a debt becoming irrecoverable once it reaches a certain age.

Notes *(continued)*

17 Subsequent events

In response to the COVID-19 pandemic the company put in place home working for all employees with little disruption to the business... Management took advantage of government support measures and acted swiftly to eliminate costs, ensuring that the company was able to trade through the pandemic.

There were no material adjusting or non-adjusting events as a result of COVID-19.