

**NEWBURY RACECOURSE ENTERPRISES LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

THURSDAY



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COMPANIES HOUSE

## COMPANY INFORMATION

<b>Directors</b>	D J Burke Lady Lloyd Webber M Leigh (Appointed 14 April 2020) C E Spencer (Resigned 30 April 2020) B T Stewart-Brown J M Thick
<b>Company secretary</b>	M Leigh
<b>Registered number</b>	04146183
<b>Registered office</b>	The Racecourse Newbury Berkshire RG14 7NZ
<b>Independent auditors</b>	KPMG LLP 2 Forbury Place 33 Forbury Road Reading RG1 3AD
<b>Bankers</b>	HSBC Bank Plc 6 Northbrook Street Newbury Berkshire RG14 1DJ
<b>Solicitors</b>	Pinsent Masons LLP 30 Crown Place London EC2A 4ES

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report and the financial statements for the year ended 31 December 2019.

**Business Model**

Newbury Racecourse Enterprises Ltd owns freehold land which is used for commercial rental purposes.

**Directors**

The directors who served during the year were:

D J Burke  
Lady Lloyd Webber  
M Leigh (Appointed 14 April 2020)  
C E Spencer (Resigned 30 April 2020)  
B T Stewart-Brown  
J M Thick

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Post Balance Sheet Events**

In early 2020, the existence of a new coronavirus (COVID 19) was confirmed, which has since spread across a significant number of countries, leading to disruption to businesses and economic activity that has been reflected in recent fluctuations in global stock markets. The Company considers the emergence and spread of COVID 19 to be a non-adjusting post balance sheet event. The broader political and economic uncertainty coupled with the potential future impact on the Company of the recent COVID 19 outbreak has been factored into the scenarios considered as part of the Company's adoption of the going concern basis in the preparation of the Company's financial statements (refer note 2.2 on page 8).

**Auditor**

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 414A and 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



**M Leigh**  
Secretary

Date: 09 September 2020

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019**

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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NEWBURY RACECOURSE ENTERPRISES LIMITED

### Opinion

We have audited the financial statements of Newbury Racecourse Enterprises Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of accounting policies in note 2.

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 UK accounting standards, including 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have 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 directors' conclusions, we considered the inherent risks to the company's business model 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.

### Directors' report

The directors are responsible for the directors' 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 directors' 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 directors' 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.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NEWBURY RACECOURSE ENTERPRISES LIMITED

### 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

### Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine 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 they either intend to liquidate the company or to cease operations, or have 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](http://www.frc.org.uk/auditorsresponsibilities).

### 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.



Robert Fitzpatrick (Senior Statutory Auditor)

for and on behalf of  
**KPMG LLP, Statutory Auditor**  
Chartered Accountants  
2 Forbury Place  
33 Forbury Road  
Reading  
RG1 3AD

Date: 10 September 2020

**STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
Turnover	3,226	24,255
<b>Gross profit</b>	<u>3,226</u>	<u>24,255</u>
Administrative expenses	(3,361)	(15,899)
Gain from changes in fair value of investment property	387,702	-
<b>Operating profit</b>	<u>387,567</u>	<u>8,356</u>
<b>Profit before tax</b>	<u>387,567</u>	<u>8,356</u>
Tax on profit	23	-
<b>Profit after tax</b>	<u><u>387,590</u></u>	<u><u>8,356</u></u>
Retained earnings at the beginning of the year	207,846	199,490
Profit for the year	387,590	8,356
<b>Retained earnings at the end of the year</b>	<u><u>595,436</u></u>	<u><u>207,846</u></u>

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of income and retained earnings.

The notes on pages 8 to 14 form part of these financial statements.



**BALANCE SHEET  
AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets		203,000	203,000
Investment property	8	1,500,000	1,112,298
		<u>1,703,000</u>	<u>1,315,298</u>
<b>Current assets</b>			
Debtors falling due within one year	10	7,500,193	7,500,170
Cash at bank and in hand		3,783	3,783
		<u>7,503,976</u>	<u>7,503,953</u>
Creditors: amounts falling due within one year	11	(908,539)	(908,404)
<b>Net current assets</b>		<u>6,595,437</u>	<u>6,595,549</u>
<b>Total assets less current liabilities</b>		<u>8,298,437</u>	<u>7,910,847</u>
<b>Net assets</b>		<u><u>8,298,437</u></u>	<u><u>7,910,847</u></u>
<b>Capital and reserves</b>			
Called up share capital	13	1,001	1,001
Share premium account		7,702,000	7,702,000
Profit and loss account		595,436	207,846
		<u><u>8,298,437</u></u>	<u><u>7,910,847</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**J M Thick**  
Director

Date: 09 September 2020

The notes on pages 8 to 14 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Share capital	Share premium	Profit and loss account	Total
	£	£	£	£
At 1 January 2019	1,001	7,702,000	207,846	7,910,847
Profit for the year	-	-	387,590	387,590
At 31 December 2019	<u>1,001</u>	<u>7,702,000</u>	<u>595,436</u>	<u>8,298,437</u>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Share capital	Share premium	Profit and loss account	Total
	£	£	£	£
At 1 January 2018	1,001	7,702,000	199,490	7,902,491
Profit for the year	-	-	8,356	8,356
At 31 December 2018	<u>1,001</u>	<u>7,702,000</u>	<u>207,846</u>	<u>7,910,847</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 1. General information

Newbury Racecourse Enterprises Limited is a private company, limited by shares, domiciled in England and Wales, registration number 04146183. The registered office is The Racecourse, Newbury, Berkshire, RG14 7NZ.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

Newbury Racecourse Enterprises Limited is consolidated in the financial statements of its parent, Newbury Racecourse plc. The consolidated financial statements of Newbury Racecourse plc are prepared in accordance with FRS 102, are available to the public and may be obtained from the address in note 16. Newbury Racecourse Enterprises Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements.

Exemptions have been taken in respect of the following disclosures;

- Financial instruments,
- Cash flow statement and related notes;
- Remuneration of key personnel; and
- Reconciliation of the number of shares outstanding from the beginning to the end of the period

The presentation currency of these financial statements is sterling.

The following principal accounting policies have been applied:

#### 2.2 Going concern

The directors have prepared cash flow forecasts for a period over the next 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, Newbury Racecourse plc, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Newbury Racecourse plc not seeking repayment of the amounts currently due to the group, which as at 31 December 2019 amounted to £905k, and providing additional financial support during that period. Newbury Racecourse plc has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts.

Consequently, the directors are 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 have prepared the financial statements on a going concern basis.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

The Board of the parent company, Newbury Racecourse plc, has undertaken a full and thorough review of the Group's cash flow forecasts and associated risks and sensitivities, over the next twelve months and through to April 2022. The extent of this review reflects the current economic climate, particularly COVID-19, as well as specific financial circumstances of the Group.

The Group has committed credit facilities, which are in place as an effective bridging facility through to April 2022, and the Board has concluded that it has a reasonable expectation that the Group has adequate resources, banking facilities and arrangements in place to continue in operational existence for the foreseeable future and therefore the going concern basis has been adopted in preparing the financial statements. The Group prepared a robust base case cash flow forecast and applied additional downside sensitivity analysis to reach this conclusion.

Nonetheless, as at the date of this report, the possible impact of COVID-19 provides a level of uncertainty as the situation for the racing industry and our other businesses continually changes. The Board continues to monitor this routinely and to develop detailed forecasts in response to the changing environment and through reviews of mitigation and contingency plans. Copies of the group financial statements are available from The Racecourse, Newbury, Berkshire, RG14 7NZ.

### **2.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Lease rental income is credited to the profit and loss account on a straight line basis over the term of the lease.

### **2.4 Current and deferred taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences and that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

### **2.5 Tangible fixed assets**

Tangible fixed assets are stated at cost, net of any depreciation or provision for impairment. Depreciation is not provided on freehold land.

### **2.6 Investment property**

Investment in properties are freehold interests which are held to earn rental income. Investment properties are recognised at fair value.

### **2.7 Impairment of assets**

Assets not carried at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

### **2.8 Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences and that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

### **2.9 Dividends**

Where dividends are declared, appropriately authorised (and hence no longer at the discretion of the Group) after the balance sheet date but before the relevant financial statements are authorised for issue, dividends are not recognised as a liability at the balance sheet date because they do not meet the criteria of a present obligation in FRS102.

### **2.10 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

## **3. Judgments in applying accounting policies and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There are no such significant judgements or estimates in the financial year ended 31 December 2019.

## **4. Turnover**

Turnover represents rental income receivable in the UK.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**5. Operating (loss)/profit**

The operating profit is stated after crediting:

	2019 £	2018 £
Lease income	<u>3,226</u>	<u>24,255</u>

Auditor's remuneration of £1,000 (2018: £1,000) is expensed and borne by Newbury Racecourse plc.

**6. Employees**

The Company has no employees other than the directors, who did not receive any remuneration (2018 - £NIL).

**7. Tangible Fixed Assets**

	Freehold land £
<b>Cost and net book value</b>	
At 1 January 2019 and 31 December 2019	<u>203,000</u>

**8. Investment property**

	Freehold investment property £
<b>Valuation</b>	
At 1 January 2019	1,112,298
Surplus on revaluation	387,702
<b>At 31 December 2019</b>	<u>1,500,000</u>

Investment in property relates to freehold interests held for the purpose of generating rental returns and is held at fair value.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**9. Taxation**

	2019 £	2018 £
<b>Total current tax</b>	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(26)	-
Changes to tax rates	3	-
<b>Total deferred tax</b>	<u>(23)</u>	<u>-</u>
<b>Taxation on profit on ordinary activities</b>	<u>(23)</u>	<u>-</u>

**Factors affecting tax credit for the year**

The tax assessed for the year is the same as (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018 - 19%) as set out below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>387,567</u>	<u>8,356</u>
Profit/(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	73,638	1,588
<b>Effects of:</b>		
Expenses not deductible for tax purposes	(1)	-
Non-taxable income	(73,663)	-
Group relief	-	(1,588)
Effect of changes in tax rates	3	-
<b>Total tax credit for the year</b>	<u>(23)</u>	<u>-</u>

**Factors that may affect future tax charges**

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the deferred tax asset as at 31 December 2019 has been calculated based on this rate. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly and increase the deferred tax asset by £3.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**10. Debtors**

	<b>2019</b> <b>£</b>	<i>2018</i> <i>£</i>
Trade debtors	169	169
Amounts owed by group undertakings	7,500,001	7,500,001
Deferred taxation	23	-
	<u>7,500,193</u>	<u>7,500,170</u>

**11. Creditors: Amounts falling due within one year**

	<b>2019</b> <b>£</b>	<i>2018</i> <i>£</i>
Amounts owed to parent company	905,039	904,904
Other creditors	3,500	3,500
	<u>908,539</u>	<u>908,404</u>

**12. Deferred taxation**

	<b>2019</b> <b>£</b>
Charged to profit or loss	23
<b>At end of year</b>	<u><u>23</u></u>

The deferred tax asset is made up as follows:

	<b>2019</b> <b>£</b>	<i>2018</i> <i>£</i>
Tax losses carried forward	23	-
	<u>23</u>	<u>-</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**13. Share Capital**

	2019 £	2018 £
10,000 (2018 - 10,000) Ordinary shares of £1.00 each	<u>10,000</u>	<u>10,000</u>
<b>Allotted, called up and fully paid</b>		
1,001 (2018 - 1,001) Ordinary shares of £1.00 each	<u>1,001</u>	<u>1,001</u>

**14. Financial commitments**

The company had nil financial commitments at the balance sheet date (2018: nil).

**15. Related Party Transactions**

As a wholly owned subsidiary undertaking of Newbury Racecourse plc, the company has taken advantage of the exemption under FRS 102 33.1A from disclosing transactions between entities, 100% or more of whose voting rights are controlled within the group.

**16. Ultimate Parent Company and Controlling Party**

The company's ultimate parent company and controlling party is Newbury Racecourse plc, a company registered in England and Wales. This is the smallest and largest group in which the company's results are consolidated. Copies of the group financial statements are available from The Racecourse, Newbury, Berkshire, RG14 7NZ.

**17. Post Balance Sheet Events**

In early 2020, the existence of a new coronavirus (COVID 19) was confirmed, which has since spread across a significant number of countries, leading to disruption to businesses and economic activity that has been reflected in recent fluctuations in global stock markets. The Company considers the emergence and spread of COVID 19 to be a non-adjusting post balance sheet event. The broader political and economic uncertainty coupled with the potential future impact on the Company of the recent COVID 19 outbreak has been factored into the scenarios considered as part of the Company's adoption of the going concern basis in the preparation of the Company's financial statements (refer to note 2.2 on page 8).