

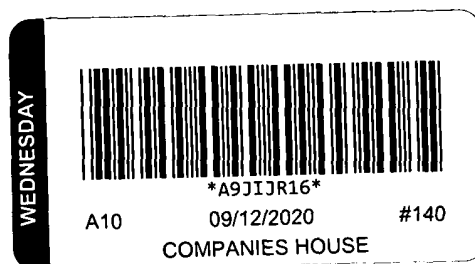
# ResiManagement Limited

Directors' Report and Financial Statements

Year Ended

31 December 2019

Company Number 08155459



# ResiManagement Limited

## Company Information

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<b>Directors</b>	G P C Mackay C A Hewitt G Turner N Jopling
<b>Company secretary</b>	Gravitas Company Secretarial Services Limited
<b>Registered number</b>	08155459
<b>Registered office</b>	5th Floor One New Change London England EC4M 9AF
<b>Independent auditor</b>	Ernst & Young LLP 400 Capability Green Luton LU1 3LU

# ResiManagement Limited

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# ResiManagement Limited

## Directors' Report For the Year Ended 31 December 2019

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The directors present their report and the audited financial statements for the year ended 31 December 2019 for ResiManagement Limited ("the Company").

### Principal activity

The Company provides management and administration services to companies and investors active in the affordable housing sector.

### Business review

During the year, the Company entered into management agreements with a number of new investment companies, broadening its client base and sources of revenue. The Company now manages over 4,000 properties.

### Future developments

Significant demand for shared ownership properties and government's commitment to extending home ownership via the Shared Ownership and Affordable Homes Programme 2016 to 2021 (SOAHP) creates significant opportunity for private investment in affordable housing.

As the number of properties managed by the Company continues to grow, the recurring management fees under long term management agreements also continue to grow.

### Going concern

The Company's business activities, together with the factors likely to affect future development are described above.

There are a range of contingent risks stemming from Covid-19. These include, but may not be limited to, staff shortages and rental default from funds that utilise the company's services which may lead to a loss of revenue or an inability to collect amounts due. Revenues come from property rental and related services that generally provide a range of protection against adverse scenarios and covers the administrative expenses necessarily incurred. The Directors will continue to monitor and take action to avoid or mitigate any such impacts on its business, which could include cost deferral or reduction.

In light of the Covid-19 pandemic, the Directors have reassessed the operational performance of the Company, including stress testing for adverse plausible impacts including a reduction in revenue following a slow down in property sourcing and the growth of the portfolio of funds that it services.

Whilst the full consequences of the pandemic and its effects cannot yet be known, the Directors believe that the liquidity position, business model, diversified revenue streams and the focus on risk mitigation combined with operational cash and funding reserves, offer a significant degree of protection.

The Directors have concluded that there is a reasonable expectation that the company has adequate resources to remain in operational existence for the foreseeable future. On this basis, the Directors continue to adopt the going concern basis for the preparation of the financial statements

### Directors

The directors who served during the year were:

G P C Mackay

C A Hewitt

G Turner (Appointed 10 April 2019)

N Jopling (Appointed 10 April 2019)

N A McAlpine-Lee (Resigned 25 November 2019)

B G Lochhead (Appointed 4 September 2019, resigned 23 June 2020)

# ResiManagement Limited

Directors' Report (continued)  
For the Year Ended 31 December 2019

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## Disclosure of information to auditor

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

Following the balance sheet date, COVID-19 has spread rapidly. Government has implemented significant restrictions on movement of people and trade in order to contain the further spread of the virus. The Company reaffirms that the operational performance of its business following the impact of COVID-19 has, to date, had only had a limited impact on the Company's cashflow.

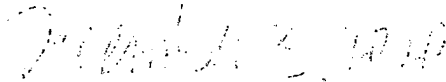
## Auditor

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

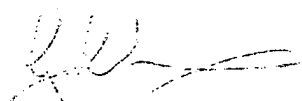
## Small companies note

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

This report was approved by the board on  
signed on its behalf.



and



G P C Mackay  
Director

# ResiManagement Limited

## Directors' Responsibilities Statement For the Year Ended 31 December 2019

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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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

# ResiManagement Limited

## Independent Auditor's Report to the Members of ResiManagement Limited

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### Opinion

We have audited the financial statements of ResiManagement (the 'company') for the year ended 31 December 2019 which comprise Statement of Comprehensive Income, the Statement of Financial Position, the Statement of changes in equity and the related notes 1 to 11, 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the 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 for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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.

# ResiManagement Limited

## Independent Auditor's Report to the Members of ResiManagement Limited (continued)

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### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of 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 the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.



# ResiManagement Limited

## Independent Auditor's Report to the Members of ResiManagement Limited (continued)

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### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

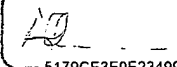
### Auditor's responsibilities for the audit of the financial statements

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

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

### Use of our report

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

DocuSigned by:  
  
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**Andrew Clewer** (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
Luton

**December 4, 2020**

# ResiManagement Limited

## Statement of Comprehensive Income For the Year Ended 31 December 2019

	2019 £	2018 £
Turnover	5,724,355	6,551,985
Administrative expenses	(5,068,031)	(3,715,540)
<b>Operating profit</b>	<b>656,324</b>	<b>2,836,445</b>
Interest receivable and similar income	74	117
Interest payable and similar expenses	(838)	-
<b>Profit before tax</b>	<b>655,560</b>	<b>2,836,562</b>
Tax on profit	(230,089)	781,126
<b>Profit for the financial year</b>	<b><u>425,471</u></b>	<b><u>3,617,688</u></b>

There was no other comprehensive income for 2019 (2018: £NIL).

The notes on pages 10 to 16 form part of these financial statements.

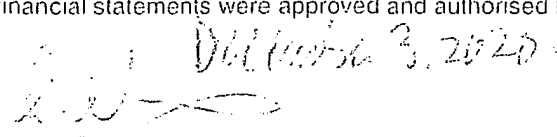
**ResiManagement Limited**  
Registered number:08155459

Statement of Financial Position  
As at 31 December 2019

	Note	2019 £	2018 £
<b>Current assets</b>			
Debtors: amounts falling due within one year	6	1,639,227	1,535,957
Cash at bank and in hand		269,988	304,199
		<u>1,909,215</u>	<u>1,840,156</u>
Creditors: amounts falling due within one year	7	(678,080)	(434,492)
<b>Net current assets</b>		<u>1,231,135</u>	<u>1,405,664</u>
<b>Net assets</b>		<u><u>1,231,135</u></u>	<u><u>1,405,664</u></u>
<b>Capital and reserves</b>			
Called up share capital	9	300	300
Profit and loss account		1,230,835	1,405,364
<b>Shareholders' funds</b>		<u><u>1,231,135</u></u>	<u><u>1,405,664</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

  
G P C Mackay,  
Director

The notes on pages 10 to 16 form part of these financial statements.

## ResiManagement Limited

### Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	300	1,010,172	1,010,472
<b>Comprehensive income for the year</b>			
Profit for the year	-	3,617,688	3,617,688
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>3,617,688</b>	<b>3,617,688</b>
<b>Contributions by and distributions to owners</b>			
Dividends: Equity capital	-	(3,222,496)	(3,222,496)
<b>Total transactions with owners</b>	<b>-</b>	<b>(3,222,496)</b>	<b>(3,222,496)</b>
<b>At 1 January 2019</b>	<b>300</b>	<b>1,405,364</b>	<b>1,405,664</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	425,471	425,471
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>425,471</b>	<b>425,471</b>
<b>Contributions by and distributions to owners</b>			
Dividends: Equity capital	-	(600,000)	(600,000)
<b>Total transactions with owners</b>	<b>-</b>	<b>(600,000)</b>	<b>(600,000)</b>
<b>At 31 December 2019</b>	<b>300</b>	<b>1,230,835</b>	<b>1,231,135</b>

The notes on pages 10 to 16 form part of these financial statements.

# ResiManagement Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 1. General information

ResiManagement Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page. The nature of the Company's operations and its principal activities are outlined in the Directors' Report.

### 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 Section 1A of 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 sometimes requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The presentation and functional currency is GBP. All amounts are rounded to the nearest £1.

The following principal accounting policies have been applied:

#### 2.2 Going concern

The financial statements have been prepared on a going concern basis. The directors have considered the Company's current and future prospects and its availability of financing via its existing undrawn committed overdraft and are satisfied that the Company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. In particular, the directors have modelled the potential financial and operational impacts the Company is facing as a result of COVID-19, which is impacting on demand, and the mitigating actions that are planned and available if required. This reasonably possible downside scenario does not result in the need for additional borrowing. For this reason, the directors continue to adopt the going concern basis of preparation for these financial statements.

#### 2.3 Turnover

Turnover comprises revenue recognised by the company in respect of transactional and management fees due under the agreements it has in place to provide property and administrative services.

#### 2.4 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

#### 2.5 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

# ResiManagement Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.6 Pensions

##### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

#### 2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### 2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.9 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

#### 2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

# ResiManagement Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 2. Accounting policies (continued)

#### 2.11 Financial instruments

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form.

The Company's cash at bank and in hand and trade and other debtors and its trade and other creditors and bank overdrafts are measured initially at the transaction price, including transaction costs, and subsequently at amortised cost using the effective interest method.

#### 2.12 Classification of shares as equity or debt

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

- there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and
- the instrument is a non-derivative that contains no contractual obligation to deliver a variable number of shares or is a derivative that will be settled only by the company exchanging a fixed amount of cash or other assets for a fixed number of the company's own equity instruments.

When shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet; measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the income statement.

#### 2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

#### 2.14 Capital expenditure

Costs in relation to the acquisition of computer equipment for individual use are expensed as incurred on the basis of their short economic useful lives and insignificant value.

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

The directors have made no significant judgements in preparing these financial statements.

### 4. Auditor's remuneration

	2019	2018
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>26,000</u>	<u>25,000</u>

# ResiManagement Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 5. Employees

The average monthly number of employees, including directors, during the year was 45 (2018 - 34).

### 6. Debtors

	2019 £	2018 £
Trade debtors	478,224	273,862
Other debtors	87,200	-
Prepayments and accrued income	201,555	159,758
Deferred taxation (note 8)	872,248	1,102,337
	<u>1,639,227</u>	<u>1,535,957</u>

### 7. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	-	42,433
Other taxation and social security	359,445	256,389
Other creditors	10,623	15,414
Accruals and deferred income	308,012	62,550
Dividends payable	-	57,706
	<u>678,080</u>	<u>434,492</u>



# ResiManagement Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 8. Deferred taxation

	2019 £
At beginning of year	1,102,337
Debited to profit or loss	(230,089)
At end of year	<u>872,248</u>

The deferred tax asset is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	8,195	-
Tax losses carried forward	864,053	1,102,337
	<u>872,248</u>	<u>1,102,337</u>

The tax losses are expected to be recoverable against future taxable profits. Approximately £700,000 of the deferred tax asset is recoverable in more than one year.

### 9. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
10,000 (2018 - 10,000) 'A' Ordinary shares of £0.01 each	100	100
10,000 (2018 - 10,000) Convertible shares of £0.01 each	100	100
10,000 (2018 - 10,000) Preference shares of £0.01 each	100	100
	<u>300</u>	<u>300</u>

# ResiManagement Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 9. Share capital (continued)

The 3 classes of shares derive their names from the way in which they participate in any dividends or capital distribution.

The company dividend policy is to distribute all distributable profits to shareholders, subject to retaining sufficient cash to meet the operational needs of the business.

The Preference Shares have preferential rights to dividends and on capital distribution. They carry no voting or redemption rights and are non-cumulative. Preference share dividends are calculated by reference to a formula, linked to the company turnover in the relevant period and prevailing tax rates, up to a cap. Once the sum of all Preference Share dividends paid have reached the cap, no further Preference Share dividends will be payable.

The 'A' Ordinary Shares carry voting and capital distribution rights. There are no redemption rights.

The Convertible Shares carry no voting or redemption rights. Each Convertible Share will convert to one Deferred Share on the conversion date of 17 December 2034. The Deferred Shares may then be redeemed by the company at any time for £0.01 for all the Deferred Shares registered in the name of each holder.

Following calculation of any Preference Share dividend, dividends on the 'A' Ordinary Shares and the Convertible Shares will be paid using all remaining distributable profits and must be paid 93% to 'A' Ordinary Shareholders and 7% to Convertible Shareholders. If there are no Convertible Shares in issue 100% is paid to the 'A' Ordinary Shareholders.

Decisions are taken at meetings of the Board by a simple majority of the votes of the directors. Where there is equality of votes the Chairman of the Board has the casting vote. Certain strategic and operational Board and Shareholder matters require approval by the 'A' Ordinary Shareholders holding at least 72% of the 'A' Ordinary Shares in issue. These include changes to dividend policy, lending arrangements and share issue.

# ResiManagement Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 10. Transactions with directors

	2019 £	2018 £
<b>Management/consultancy fees</b>		
C A Hewitt	167,767	184,860
N A McAlpine-Lee	134,000	295,200
G Turner	10,000	-
N Jopling	<u>8,510</u>	<u>-</u>

Recharges from G P C Mackay & Co, an entity related to G P C Mackay, in the year amounted to £157,785 (2018 - £57,459) £9,872 was payable at 31 December 2019.

Dividends for 2019 totalling £600,000 (2018 - £2,581,921) comprising preference dividends were declared and paid as follows

The preference dividends amounted to £600,000 (2018 - £1,516,196) and were paid, of which G P C Mackay received the full amount.

The convertible dividends amounted to £Nil (2018 - £74,601).

The ordinary dividends amounted to £Nil (2018 - £991,124).

Key management personnel are considered to be the above directors who have authority and responsibility for planning, directing and controlling the activities of the company.

Total Directors remuneration for the year was £128,300 (2018: £Nil).

### 11. Post balance sheet events

In February and March 2020, a total of £500,000 was loaned to a director of the company. The loan is interest free and repayable on demand.

Following the balance sheet date, COVID-19 has spread rapidly. Government has implemented significant restrictions on movement of people and trade in order to contain the further spread of the virus. The Company reaffirms that the operational performance of its business following the impact of COVID-19 has, to date, had only had a limited impact on the Company's cashflow.