

Company Registration No. 01094729 (England and Wales)

CAPITA TRAVEL AND EVENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

CAPITA TRAVEL AND EVENTS LIMITED

COMPANY INFORMATION

Directors	J Parkhouse S N Taylor on behalf of Capita Corporate Director Limited I S Sandhu	(Appointed 10 July 2019)
Secretary	Capita Group Secretary Limited	
Company number	01094729	
Registered office	65 Gresham Street London United Kingdom EC2V 7NQ	
Auditor	KPMG LLP 15 Canada Square London E14 5GL	
Banker	Barclays Bank PLC 1 Churchill Place London E14 5HP	

CAPITA TRAVEL AND EVENTS LIMITED

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CAPITA TRAVEL AND EVENTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their Strategic Report and financial statements for the year ended 31 December 2019.

Review of the business

Capita Travel and Events Limited ("the Company") is a wholly owned subsidiary (indirectly held) of Capita plc. Capita plc along with its subsidiaries are hereafter referred to as "the Group". The Company operates within the Group's Capita Specialist Services division.

The principal activity of the Company continued to be that of travel agents. There have not been any significant changes in the Company's principal activities in the year under review. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

As shown in the Company's income statement on page 7, revenue has decreased from £46,424,561 in 2018 to £44,619,818 and operating profit has decreased from £11,001,708 in 2018 to £7,667,387 in 2019. The Company has reported a loss due to intercompany write off amounting to £17,076,709. The Company adopted IFRS 16 during the year which sets out the principles for the recognition, measurement, presentation and disclosure of leases. The Company has applied IFRS 16 using modified retrospective approach, the effect of which is explained in Note no. 7,11&26. The impact of the adoption of IFRS 16 is explained in Note 26.

The balance sheet on page 8 and 9 of the financial statements shows the Company's financial position at the year end. Net assets have decreased from £25,592,990 to £14,865,339. Details of amounts owed by/to its parent Company and fellow subsidiary undertakings are shown in notes 13 and 15 to the financial statements.

Key performance indicators used by Capita plc are operating margins, free cash flow, capital expenditure and return on capital employed. Capita plc and its subsidiaries manage their operations on a divisional basis and as a consequence, some of these indicators are monitored only at a divisional level. The performance of the Capita Specialist Services division of Capita plc is discussed in the Group's annual report which does not form part of this report.

Principal risks and uncertainties

The Company is subject to various risks and uncertainties during the ordinary course of its business many of which result from factors outside of its control. The Company's risk management framework provides reasonable (but cannot provide absolute) assurance that significant risks are identified and addressed. An active risk management process identifies, assesses, mitigates and reports on strategic, financial, operational and compliance risk.

The principal themes of risk for the Company are:

- *Strategic*: changes in economic and market conditions such as contract pricing and competition.
- *Financial*: significant failures in internal systems of control and lack of corporate stability.
- *Operational*: including recruitment and retention of staff, maintenance of reputation and strong supplier and customer relationships, operational IT risk, and failures in information security controls.
- *Compliance*: non-compliance with laws and regulations. The Company must comply with an extensive range of requirements that govern and regulate its business.

To mitigate the effect of these risks and uncertainties, the Company adopts a number of systems and procedures, including:

- Regularly reviewing operating conditions to be able to respond quickly to changes in market conditions.
- Applying procedures and controls to manage compliance, financial and operational risks, including adhering to an internal control framework.

Capita plc has also implemented appropriate controls and risk governance techniques across all of its businesses which are discussed in the Group's annual report which doesn't part form part of this report.

CAPITA TRAVEL AND EVENTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Section 172 Statement

The Company forms part of the Specialist Services division of the Group and Capita plc's section 172 statement applies to both the Division and the Company to the extent it relates to the Company's activities. Common policies and practices are applied throughout the Group via divisional management teams and a common governance framework. The following disclosure describes how the Directors have had regard to the matters set out in section 172(1a) to (f) and forms the Directors' statement required under section 414CZA of the Companies Act 2006.

Further details of the Group approach to each stakeholder are provided in Capita plc's section 172 statement which can be found on page 39 of Capita plc's Annual Report.

Stakeholder	Strategic issue	Engagement	Outcome	Principal decision*
Our people	Workforce engagement; organisational culture; employee net promoter score	People surveys; regular all-employee communications	Established managers' commitments; research into future of work	Application of standard Capita plc policies and procedures; refreshed purpose, values and behaviours
Clients and customers	Net promoter score; quality and sustainability; additional value	Client survey; regular meetings with key clients and customers	Receipt of regular detailed feedback summaries; application of standard Capita plc policies and procedures which includes the establishment of Group contract review committee to ensure delivery against contractual obligations	Collaboration with clients and customers on key contracts
Suppliers and partners	Payment practices	Capita plc holds regular meetings with Federation of Small Businesses; account management meetings with large suppliers	Application of Group payment policies including supplier charter; signatory to UK Prompt Payment Code (target 95% of supplier payments within 60 days)	
Society	Operating responsibly	Meetings, memberships and surveys of non-governmental organisations and charities	Group established responsible business strategy and responsible business committee; approval of third-party transaction guidelines; commitment to real living wage in 2020; enhanced family pay policies; Fair Tax Mark accreditation	Approval of new code of conduct

* Principal decisions are those that are material to the Group and/or significant to any of our key stakeholder groups.

On behalf of the board

J Parkhouse
Director

29 September 2020

CAPITA TRAVEL AND EVENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their Directors' report and Financial statements for the year ended 31 December 2019.

Results and dividends

The results for the year are set out on page 7.

During the year, the Company did not pay or propose any dividend (2018: fnil).

Directors

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

J Parkhouse

S N Taylor on behalf of Capita Corporate Director Limited

G McColm

(Resigned 16 January 2019)

I S Sandhu

(Appointed 10 July 2019)

Political donations

The Company made no political donations and incurred no political expenditure during the year (2018: fnil).

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Company's continues and that the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The Company participates in the Group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings, newsletters, email notices and intranet communications. These communication initiatives enable employees to share information within and between business units and employees are encouraged, through an open door policy, to discuss with management matters of interest to the employee and subjects affecting day to day operations of the Company. The Group's share incentive plan is designed to promote employee share ownership and to give employees the opportunity to participate in the future success of the Group.

Environmental matters

Capita plc recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities. The Company operates in accordance with group policies, which are described in the Group's annual report which does not form part of this report. Initiatives designed to minimise the Company's impact on the environment include safe disposal of waste, recycling and reducing energy consumption.

Auditor

KPMG LLP, having indicated its willingness to continue in office, will be deemed to be reappointed as auditor under section 487(2) of the Companies Act 2006.

CAPITA TRAVEL AND EVENTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The Directors are responsible for preparing the Strategic report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 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;
- 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the company's auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he might reasonably be expected to take as a Director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Qualifying third party indemnity provisions

The Company has granted an indemnity to the Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

On behalf of the board

J Parkhouse

Director

29 September 2020
65 Gresham Street, London
United Kingdom, EC2V 7NQ

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAPITA TRAVEL AND EVENTS LIMITED

Opinion

We have audited the financial statements of Capita Travel and Events Limited (“the company”) for the year ended 31 December 2019 which comprise the Income Statement, 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, including FRS 101 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.

Material uncertainty related to going concern

We draw attention to note 1.1 to the financial statements which indicates that the company is reliant on its ultimate parent undertaking, Capita plc, in regard to its ability to continue as a going concern. Under a severe but plausible downside scenario Capita plc may require completion of its planned disposal programme, which requires shareholder approval and approval from the group’s lenders. These agreements with third parties constitute a material uncertainty that may cast significant doubt on the company’s ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors’ report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and 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 strategic report and the directors’ report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CAPITA TRAVEL AND EVENTS 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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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.

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.

Simon Weaver (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square
London
E14 5GL
29 September 2020

CAPITA TRAVEL AND EVENTS LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Revenue	3	44,619,818	46,424,561
Cost of sales		(19,319,760)	(18,119,323)
Gross profit		25,300,058	28,305,238
Administrative expenses		(17,632,671)	(17,303,530)
Operating profit	4	7,667,387	11,001,708
Other income	5	4,083,577	-
Inter company write off		(17,076,709)	-
Impairment	12	(3,907,708)	-
Net finance (cost)/income	6	(6,432)	90
(Loss)/profit before tax		(9,239,885)	11,001,798
Income tax expense	8	(1,487,766)	(2,026,013)
Total comprehensive (expense)/income for the year		(10,727,651)	8,975,785

The income statement has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the income statement.

The notes on page 11 to 32 form an integral part of financial statements.

CAPITA TRAVEL AND EVENTS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
Non-current assets			
Property, plant and equipment	9	1,436,532	2,056,402
Intangible assets	10	10,219,913	8,137,945
Right of use asset	11	4,620	-
Investments in subsidiaries	12	2,670,513	6,578,213
Deferred tax	8	926,089	724,171
		<u>15,257,667</u>	<u>17,496,731</u>
Current assets			
Trade and other receivables	13	44,246,428	87,900,147
Cash	14	930,309	-
		<u>45,176,737</u>	<u>87,900,147</u>
Total assets		<u>60,434,404</u>	<u>105,396,878</u>
Current liabilities			
Trade and other payables	15	34,931,402	61,786,873
Deferred income	16	665,160	477,262
Financial liabilities	17	5,622,679	4,698,065
Lease liabilities	18	1,419	-
Provisions	19	302,573	-
Income tax payable		3,792,839	4,541,825
		<u>45,316,072</u>	<u>71,504,025</u>
Non-current liabilities			
Trade and other payables	15	-	7,985,954
Deferred income	16	250,000	-
Lease liabilities	18	2,993	-
Provisions	19	-	313,909
		<u>252,993</u>	<u>8,299,863</u>
Total liabilities		<u>45,569,065</u>	<u>79,803,888</u>
Net assets		<u>14,865,339</u>	<u>25,592,990</u>

CAPITA TRAVEL AND EVENTS LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
Capital and reserves			
Issued share capital	25	100,001	100,001
Share premium		180	180
Retained earnings		14,765,158	25,492,809
Total equity		14,865,339	25,592,990

The notes on pages 11 to 32 form an integral part of financial statements.

Approved by Board and authorised for issue on 29 September 2020

J Parkhouse
Director

Company Registration No. 01094729

CAPITA TRAVEL AND EVENTS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 January 2018	100,001	180	16,517,024	16,617,205
Total comprehensive income for the year	-	-	8,975,785	8,975,785
Contribution in respect of share based payment charge	-	-	(37,867)	(37,867)
Settlement of share based payment charge by intercompany	-	-	37,867	37,867
At 31 December 2018	100,001	180	25,492,809	25,592,990
Total comprehensive expense for the year	-	-	(10,727,651)	(10,727,651)
Contribution in respect of share based payment charge	-	-	(19,752)	(19,752)
Settlement of share based payment charge by intercompany	-	-	19,752	19,752
At 31 December 2019	100,001	180	14,765,158	14,865,339

Share capital

The balance classified as share capital is the nominal proceeds on issue of the Company's equity share capital comprising 100,001 ordinary shares.

Share premium

The amount paid to the Company by shareholders, in cash or other consideration, over and above the nominal value of the shares issued to them.

Retained earnings

Net profits kept to accumulate in the company after dividends are paid and retained in the business as working capital.

The notes on pages 11 to 32 form an integral part of these financial statements.

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

1.1 Basis of preparation

Capita Travel and Events Limited is a Company incorporated and domiciled in the United Kingdom.

The financial statements are prepared under the historical cost basis except where stated otherwise and in accordance with applicable accounting standards.

In determining the appropriate basis of preparation for the annual report and financial statements for the year ended 31 December 2019, the Directors are required to consider whether the Company will be able to operate within the level of available facilities and cash for the foreseeable future, being a period of at least 12 months following the approval of these accounts. The Directors have concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts, key uncertainties and sensitivities, including the potential impact of COVID-19 as set out below.

Since late March 2020, the Group and the Company have faced challenges and uncertainties due to the COVID-19 pandemic.

The Directors considered the potential impact of the COVID-19 outbreak on the Company. This analysis and outlook prepared is described below and assumes the COVID-19 outbreak continues for approximately six months resulting in a slower upturn in revenues through to 2021. There is forecast to be significant impact on revenue, however, following the detailed outlook analysis discussed below this has not changed the Directors conclusions over going concern. Additionally, the company has considered the benefits of the Government Job Retention Scheme, VAT payment deferral Scheme, and other cost saving initiatives all of which has helped mitigate the reduction in the Company's revenue.

The Company has been severely impacted by COVID-19. Revenue and EBITDA in 2020 is expected to fall significantly, primarily due to significant fall in the transactional volumes. Due to these challenging circumstances, the company is expected to make a loss in 2020. To enable a robust assessment of the medium term forecast financial performance the Directors commissioned an exercise in June 2020 to revisit the outlook to the end of 2021 ahead of the normal business plan process. The high level of uncertainty as to how the COVID-19 pandemic might evolve over the remainder of 2020 and into 2021, including whether or not there will be a second wave and what impact this may have on the operation of the business, makes precise forecasting challenging. There is a higher degree of uncertainty than would usually be the case in making the key judgements and assumptions that underpin the Company's financial forecasts.

In preparing this analysis the following key assumptions were used:

- gradual increase of total transaction value from the low point of lockdown by December 2020 and through-out 2021.
- conservative estimate of incremental flow of new business wins;
- no further Government financial support beyond what has already been confirmed;
- secondment of staff to other Group entities to save on payroll cost for the time business remains impacted; and
- additional cash support from Capita Group to meet the expected increase in working capital.

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.1 Basis of preparation (continued)

The bottom-up forecasts have been subject to review and challenge by management and the Directors. The forecasts include overlays for additional financial benefits that are expected to be driven by the Group transformation programme. These include sales growth together with margin improvements and further cost out targets. The Directors have approved the 2021 outlook which, on the assumption that the overlays are successfully delivered, supports the base case and time period assessed as part of the going concern review for these financial statements. In addition to the base case, the Directors considered severe but plausible downside scenarios, recognising there is execution risk associated with a transformation programme of such magnitude that has been impacted by the broader political and economic uncertainty introduced by COVID-19. Offsetting these risks the Directors have considered available mitigations within the direct control of the Company, including restructuring and limiting variable rewards. Finally, the assessment has considered the extent to which the Company is reliant on the Group.

The Company is reliant on the Group in respect of the following:

- provision of administrative support services and should the Group be unable to deliver these services, the Company would have difficulty in continuing to operate
- participation in the Group's notional cash pooling arrangements, of which £713,873 was advanced by the Company as at 31 August 2020. In the event of a default by the Group, the Company may not be able to access this facility;
- recovery of receivables of £1,423,108 from fellow Group undertakings as of 31 August 2020. If these receivables are not able to be recovered when forecast by the Company, then the Company may have difficulty in continuing to operate and
- additional funding that may be required if the Company suffers potential/continuing future losses.

The ultimate parent undertaking has stated that it will provide continuing financial support as necessary and to the extent it is able to do so.

Given the reliance the Company has on the Group, the Directors have considered the financial position of the ultimate parent undertaking as disclosed in its most recent financial statements, being for the six months ended 30 June 2020.

Ultimate parent undertaking - Capita plc

The Capita plc Board ('the Board') concluded that it was appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts, key uncertainties and sensitivities, including the potential impact of COVID-19, when preparing the Group's consolidated financial statements for the six months to 30 June 2020. These financial statements were approved by the Board on 17 August 2020 and are available on the Group's website (www.capita.com/investors).

To address the medium-term resilience of the Group, the Board have announced the planned disposal of the Education Software Services business ('ESS'). It is the Board's expectation that these funds will provide the necessary liquidity headroom to address any potential shortfalls arising in the downside scenarios evaluated, albeit with potentially limited covenant headroom as at 30 June 2021. It is also the Board's expectation that these funds will provide for compliance with all covenants although in certain circumstances this headroom is potentially limited at June 2021. The Board has confidence in the robustness of its primary mitigation (the ESS disposal) against the downside scenarios considered. ~~The Board has several other options which are being actively pursued to provide further resilience in the event of a downside scenario. These include additional disposals and a refinancing of short-term maturities.~~

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.1 Basis of preparation (continued)

Material uncertainty

The disposal of ESS is subject to shareholder and lender approval, both of which are outside the control of the Company. Accordingly, this gives rise to material uncertainty, as defined in auditing and accounting standards, relating to events and circumstances which may cast significant doubt about the Group's ability to continue as a going concern.

The Board is confident that the ESS disposal will be approved by shareholders and lenders, and based on this expectation believes that, even in a plausible but severe downside scenario, the Group will continue to have adequate financial resources to realise its assets and discharge their liabilities as they fall due over the period to 31 December 2021.

Conclusion

Although the Company has a reliance on the Group detailed above, even in a severe but plausible downside for both the Company and the Group, the Directors are confident the Company will continue to have adequate financial resources to realise its assets and discharge its liabilities as they fall due over the period to 31 December 2021. Consequently, the annual report and financial statements have been prepared on the going concern basis and do not include any adjustments which would be required if the going concern basis of preparation were to be deemed inappropriate.

However, as the Group's disposal of ESS is subject to shareholder and lender approval, both of which are outside the control of the Group, this gives rise to a material uncertainty relating to events and circumstances which may cast significant doubt about the Group and therefore also the Company's ability to continue as a going concern.

1.2 Compliance with accounting standards

The Company has applied FRS 101 - Reduced Disclosure Framework in the preparation of its financial statements. The Company has prepared and presented these financial statements by applying the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but made amendments, where necessary, in order to comply with The Companies Act 2006.

The Company's ultimate parent undertaking, Capita plc, includes the Company in its consolidated statements. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU (EU-IFRS) and are available to the public and may be obtained from Capita plc's website on <http://investors.capita.com>.

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.2 Compliance with accounting standards (continued)

In these financial statements, the Company has applied the disclosure exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital, Property, plant & equipment and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy;
- Disclosures in respect of the compensation of key management personnel;
- Disclosures in respect of IFRS 9.
- Certain disclosures as per IFRS 15.
- Certain disclosures as per IFRS 16.

As the consolidated financial statements of Capita plc include equivalent disclosures, the Company has also taken the disclosure exemptions under FRS 101 available in respect of the following disclosure:

- Certain disclosures required by IFRS 2 Share Based Payments in respect of Group settled share based payments;
- Certain disclosures required by IAS 36 Impairments of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company, in the current and prior periods including the comparative period reconciliation for goodwill; and
- Disclosures required by IFRS 7 Financial Instrument Disclosures.

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.3 Changes in accounting policies

Initial adoption of IFRS 16 Leases

IFRS 16 (effective 1 January 2019) replaces IAS 17 and sets out the principles for the recognition, measurement, presentation and disclosure of leases. The Company applied IFRS 16 using the modified retrospective approach, under which the Company has measured the right-of-use assets at the value of lease liability. Accordingly, the comparative information presented for 2018 has not been restated - i.e. it is presented, as previously reported under IAS 17 and related interpretations. The updated policy on IFRS 16 is set out in note 1.8.

On adoption of IFRS 16, the Company immediately recognised right of use asset representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. The impact of the adoption of IFRS 16 is explained in Note no. 7,11, 26.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 (effective 1 January 2019) addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. The Company has initially applied IFRIC 23 Uncertainty over Income Tax Treatments at 1 January 2019. The Company applies judgement in quantifying uncertainties over income tax treatments and has considered whether it should adjust its uncertain tax provisions in line with this new criteria. There is no impact on the Company's financial statements due to the application of IFRIC 23 (2018: £ nil).

In addition, the Company has adopted the new amendments to standards detailed below but they do not have a material effect on the Company's financial statements.

New amendments or interpretation	Effective date
Prepayment features with negative compensation (Amendments to IFRS 9)	1 January 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	1 January 2019
Plan amendment, curtailment or settlement (Amendments to IAS 19)	1 January 2019
Annual improvements to IFRS Standards 2015-2017 cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)	1 January 2019

1.4 Revenue recognition

Revenue is earned within the United Kingdom.

The revenue and profits recognised in any period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer.

In determining the amount of revenue and profits to record, and related balance sheet items (such as trade receivables, accrued income and deferred income) to recognise in the period, management is required to form a number of key judgements and assumptions.

Revenue is recognised either when the performance obligation in the contract has been performed (so 'point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer.

For all contracts, the Company determines if the arrangement with a customer creates enforceable rights and obligations. This assessment results in certain Master Service Agreements ('MSA's') not meeting the definition of a contract under IFRS 15 and as such the individual call-off agreements, linked to the MSA, are treated as individual contracts.

The Company enters into contracts which contain extension periods, where either the customer or both parties can choose to extend the contract or there is an automatic annual renewal, and/or termination clauses that could impact the actual duration of the contract. Judgement is applied to assess the impact that these clauses have when determining the appropriate contract term.

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.4 Revenue recognition (continued)

Transactional (Point in time) contracts

The Company delivers a range of services that are transactional services for which revenue is recognised at the point in time when control of the services has transferred to the customer. This may be when the customer obtains control of an asset or service in a contract with customer specified acceptance criteria.

Principal versus agent

The Company has arrangements with some of its customers whereby it needs to determine if it acts as a principal or an agent as more than one party is involved in providing the goods and services to the customer. The Company acts as a principal if it controls a promised good or service before transferring that good or service to the customer. The Company is an agent if its role is to arrange for another entity to provide the goods or services. Factors considered in making this assessment are most notably the discretion the Company has in establishing the price for the specified good or service, whether the Company has inventory risk and whether the Company is primarily responsible for fulfilling the promise to deliver the service or good.

This assessment of control requires judgement in particular in relation to certain service contracts. An example, is the provision of certain recruitment and learning services where the Company may be assessed to be agent or principal dependent upon the facts and circumstances of the arrangement and the nature of the services being delivered.

Where the Company is acting as a principal, revenue is recorded on a gross basis. Where the Company is acting as an agent, revenue is recorded at a net amount reflecting the margin earned.

1.5 Goodwill

Goodwill is stated at cost less accumulated impairment losses. It is not amortised but is tested annually for impairment which is in accordance with FRS 101.A2.8. This is not in accordance with the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the period and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

1.6 Software development

Software development is valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over the estimated useful life of between 5 to 15 years.

1.7 Property plant and equipment

Property, plant and equipment are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings leasehold improvements	over the period of the lease
Fixtures, fittings & equipment	3 - 5 years

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.8 Leasing

The Company leases various assets comprising land and building and equipment.

On adoption of IFRS 16 (effective 1 January 2019), the company has elected to grandfather the assessment of which arrangements are leases. Contracts not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. The determination whether an arrangement is, or contains, a lease is based on whether the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The following sets out the Company's lease accounting policy for all leases with the exception of leases with low value and term of 12 months or less which we have taken the exemption in the standard. These are expensed to the income statement.

At the inception of the lease, the Company recognises a right-of-use asset and a lease liability. A lease liability is recognised in the balance sheet at the present value of minimum lease payments determined at the inception of the lease. A right-of-use asset of equivalent value is also recognised. Right-of-use assets are depreciated using the straight-line method over the shorter of estimated life or the lease term. Depreciation is included within the line item administrative expenses in the income statement.

The Company as a lessee - Right-of-use assets and lease liabilities

Right-of-use assets are measured at cost, which comprised the initial amount of the lease liability adjusted for any lease payments made at or before the adoption date, less any lease incentives received at or before the adoption date. Depreciation is included within administrative expenses in the income statement. Right-of-use assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be fully recoverable. Right-of-use assets exclude leases with a low value and term of 12 months or less. These leases are expensed to the income statement as incurred.

Lease liabilities are measured at amortised cost using the effective interest rate method. Lease payments are apportioned between a finance charge and a reduction of the lease liability based on the constant interest rate applied to the remaining balance of the liability. Interest expense is included within the line item net finance costs in the consolidated income statement.

The lease payments comprise fixed payments, including in-substance fixed payments such as service charges and variable lease payments that depend on an index or a rate, initially measured using the minimum index or rate at inception date. The payments also include any lease incentives and any penalty payments for terminating the lease, if the lease term reflects the lessee exercising that option. Lease liability is adjusted for any prepayment

The lease term determined comprises the non-cancellable period of the lease contract. Periods covered by an option to extend the lease are included if the Company has reasonable certainty that the option will be exercised and periods covered by the option to terminate are included if it is reasonably certain that this will not be exercised.

The lease liability is subsequently remeasured (with a corresponding adjustment to the related right-of-use asset) when there is a change in future lease payments due to a renegotiation or market rent review, a change of an index or rate or a reassessment of the lease term. Payments associated with leases that have a term of less than 12 months or are of low value are recognised as an expense in the income statement as incurred.

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.9 Financial Instruments

Investments and other financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date (that is, the date on which the Company commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial Instruments (continued)

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the income statement as applicable.

(iv) Impairment

The Company assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within current financial liabilities.

1.10 Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.11 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.12 Pension

The Company participates in a number of defined contribution schemes and contributions are charged to the profit and loss account in the year in which they are due. These schemes are funded and the payment of contributions is made to separately administered trust funds. The assets of these schemes are held separately from the Company. The Company remits monthly pension contributions to Capita Business Services Limited, a fellow subsidiary undertaking, which pays the Group liability centrally. Any unpaid contributions at the year end have been accrued in the accounts of that Company.

1.13 Taxation

Tax on the profit or loss for year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income.

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 is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from the initial recognition of goodwill;
- except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised, except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

1.14 Provisions Tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Provisions are recognised for liabilities of uncertain timing or amount 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 determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.15 Share-based payments

The Company participates in various share option and share save schemes operated by Capita plc, the ultimate parent undertaking. Details of these schemes are contained in the Group's annual report.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an option pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the ultimate parent company.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense, attributable to the Company, since the previous balance sheet date is recognised in the income statement and settled with Capita plc, the ultimate parent undertaking.

In accordance with IFRS 2, share option awards of the ultimate parent Company's equity instruments in respect of settling grants to employees of the Company are disclosed as a charge to the profit and loss account and a credit to equity. The Company's policy is to reimburse its ultimate parent Company through the intercompany account for charges that are made to it. Hence the credit to equity has been eliminated, rather reflecting a credit to inter-Company which better describes the underlying nature of the transaction.

1.16 Group accounts

The financial statements present information about the Company as an individual undertaking and not about its Group. The Company has not prepared Group accounts as it is fully exempt from the section 400 the Companies Act 2006 as it is a subsidiary undertaking of Capita plc, a Company incorporated in England and Wales, and is included in the consolidated accounts of that Company.

1.17 Foreign exchange

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

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires the Directors to make judgements and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported income and expense during the reported periods. Although these judgements and assumptions are based on the Directors' best knowledge of the amount, events or actions, actual results may differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the measurement and impairment of goodwill and investments. The Company determines whether goodwill is impaired on an annual basis and thus requires an estimation of the value in use of the cash generating units to which the intangibles assets are allocated. This involves estimation of future cash flows and choosing a suitable discount rate. The Company determines whether investments are impaired based on any impairment indicators. This involves estimation of the enterprise value of the investee which is determined based on the greater of discounted future cash flows at a suitable discount rate or through the recoverable value of investments held by the investee Company. The Company has made judgements in adopting IFRS 16 such as; determining contracts in scope for IFRS 16, determining the interest rate used for discounting of future cash flows, and the lease term.

3 Revenue

The total revenue of the Company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

4 Operating (loss)/profit

	2019	2018
	£	£
Operating profit for the year is stated after charging:		
Net foreign exchange loss	10,890	42,631
Depreciation of property, plant and equipment	848,273	911,422
Loss on disposal of property, plant and equipment	38,421	-
Amortisation of intangible assets	771,163	422,855
Operating lease rentals - plant and machinery	233,670	506,647
Operating lease rentals - other assets	3,212	816,369
Depreciation of right-of-use-assets	1,460	-

Audit fees are borne by the ultimate parent undertaking, Capita plc. The audit fee for the current period was £21,167 (2018: £21,150). The Company has taken advantage of the exemption provided by regulations 6(2)(b) of The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 not to provide information in respect of fees for other (non-audit) services as this information is required to be given in the company accounts of the ultimate parent undertaking, which it is required to prepare in accordance with the Companies Act 2006.

5 Investment income

	2019	2018
	£	£
Income from shares in group undertakings	4,083,577	-
	<u>4,083,577</u>	<u>-</u>
	<u><u>4,083,577</u></u>	<u><u>-</u></u>

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

6	Net finance costs/(income)	2019	2018
		£	£
	Interest on bank deposits	6,257	(744)
	Interest on leases liabilities	175	-
	Other interest expense	-	654
		<u>6,432</u>	<u>(90)</u>
		<u><u>6,432</u></u>	<u><u>(90)</u></u>
7	Leases under IFRS 16		2019
			£
	Interest expense on lease liabilities		175
	Expenses relating to short-term leases		236,882
8	Income tax		
	The major components of income tax expense for the years ended 31 December 2019 and 2018 are:		
		2019	2018
		£	£
	Current tax		
	UK corporation tax	1,643,809	2,089,538
	Adjustments in respect of prior periods	42,195	179,049
		<u>1,686,004</u>	<u>2,268,587</u>
	Deferred tax		
	Origination and reversal of temporary differences	(148,836)	30,795
	Adjustments in respect of prior periods	(49,402)	(273,369)
		<u>(198,238)</u>	<u>(242,574)</u>
	Total tax charge reported in the income statement	<u><u>1,487,766</u></u>	<u><u>2,026,013</u></u>

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

8 Income tax (continued)

The reconciliation between tax charge and the accounting profit multiplied by the UK corporation tax rate for the years ended 31 December 2019 and 31 December 2018 are as follows:

	2019	2018
	£	£
(Loss)/profit before tax	(9,239,885)	11,001,798
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2018:19.00%)	<u>(1,755,578)</u>	<u>2,090,342</u>
Taxation impact of factors affecting tax charge:		
Non taxable income	(775,880)	-
Expenses not deductible for tax purposes	4,008,921	33,614
Impact of changes in statutory tax rates	17,510	(3,623)
Adjustments in respect of current income tax of prior periods	42,195	179,049
Adjustments in respect of deferred income tax of prior periods	(49,402)	(273,369)
Total tax adjustments	<u>3,243,344</u>	<u>(64,329)</u>
Total tax charge reported in the income statement	<u>1,487,766</u>	<u>2,026,013</u>

	Balance sheet		Income Statement	
	2019	2018	2019	2018
	£	£	£	£
Deferred tax asset				
Decelerated capital allowances	882,295	592,431	(286,185)	(186,214)
Other timing differences	43,794	131,740	87,947	(56,360)
Net deferred tax asset	<u>926,089</u>	<u>724,171</u>		
Deferred tax charge/(credit) to income statement			(198,238)	(242,574)
Charge from other group companies			(3,679)	(40,082)
Total deferred tax charge/(credit)			<u>(201,917)</u>	<u>(282,656)</u>

A deferred tax asset of £54,956 (2018: £54,148) has been unrecognised in the statutory accounts due to uncertainty of future use. A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 31 December 2019 has been calculated based on this rate. 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. If this rate change had been substantively enacted at the current balance sheet date the deferred tax asset would have increased by £108,951.

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

9 Property, plant and equipment

	Land and buildings leasehold improvements t£	Fixtures, fittings & equipment £	Total £
Cost			
At 1 January 2019	2,992,625	2,159,888	5,152,513
Additions	11,111	255,713	266,824
Disposals	(364,730)	(40,293)	(405,023)
Asset retirement	(243,894)	(1,185,453)	(1,429,347)
At 31 December 2019	2,395,112	1,189,855	3,584,967
Depreciation and impairment			
At 1 January 2019	1,727,295	1,368,816	3,096,111
Disposals	(334,895)	(31,707)	(366,602)
Depreciation	331,001	517,272	848,273
Asset retirement	(243,894)	(1,185,453)	(1,429,347)
At 31 December 2019	1,479,507	668,928	2,148,435
Net book value			
At 31 December 2018	1,265,330	791,072	2,056,402
At 31 December 2019	915,605	520,927	1,436,532

10 Intangible fixed assets

	Goodwill £	Software Development £	Total £
Cost			
At 1 January 2019	5,583,700	6,226,847	11,810,547
Additions	-	2,853,131	2,853,131
Asset retirement	-	(37,470)	(37,470)
31 December 2019	5,583,700	9,042,508	14,626,208
Amortisation and impairment			
At 1 January 2019	115,800	3,556,802	3,672,602
Amortisation	-	771,163	771,163
Asset retirement	-	(37,470)	(37,470)
At 31 December 2019	115,800	4,290,495	4,406,295
Net book value			
At 31 December 2018	5,467,900	2,670,045	8,137,945
At 31 December 2019	5,467,900	4,752,013	10,219,913

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 Right of Use Assets

Net Book Value	2019 Equipment £
At 1st January	-
Adoption of IFRS 16 (refer note 26)	6,080
Depreciation charged during the year	(1,460)
At 31st December	4,620

12 Investment in subsidiaries

Cost	£
At 1 January 2019	10,810,667
Additions during the year	8
Disposal	(3,907,710)
At 31 December 2019	6,902,965
Impairment	
At 1 January 2019	4,232,454
Impairment during the year	3,907,708
Disposal	(3,907,710)
At 31 December 2019	4,232,452
Net book value	
At 31 December 2019	2,670,513
At 31 December 2018	6,578,213

Notes:- At 31 December 2019, we tested the impairment of investments held by Capita Travel and Events Limited by comparing the recoverable value against the carrying value. Accordingly, there is an impairment of £1,299,999 on NYS Holdings Limited & £2,607,709 on NYS Corporate Ltd.

Details of the Company's direct subsidiaries at 31 December 2019 are as follows:

Company name	Country of registration or incorporation	Ordinary shares held (%)	Nature of business
Booking Services International Limited*	England and Wales	100%	Hotel Programme
BSI Group Limited*	England and Wales	100%	Dormant
Expotel Hotel Reservations Limited*	England and Wales	100%	Hotel, travel and event management
International Travel Group Limited*	England and Wales	100%	Dormant
NYS Corporate Ltd*	England and Wales	100%	Specialist Events, Conference and Corporate Travel Management
Venues Events Management Limited*	England and Wales	100%	Event management

* 65 Gresham Street, London, United Kingdom, EC2V 7NQ.

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Investment in subsidiaries

(Continued)

Details of the Company's indirect subsidiaries at 31 December 2019 are as follows:

Company	Country of registration or incorporation	Ordinary shares held (%)	Nature of business
---------	--	--------------------------	--------------------

Latemeetings.com Limited*	England and Wales	100%	Dormant
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*65 Gresham Street, London, United Kingdom, EC2V 7NQ.

During the year, the Company sold its investments in Entrust Education Services Limited and NYS Holdings Limited for a consideration of £2 and £1 respectively.

13 Trade and other receivables

Current	2019 £	2018 £
Trade receivables	30,539,661	30,776,115
Other receivables	232,418	23,493
Accrued income	11,340,145	17,230,690
Prepayments	1,346,890	1,575,861
Amounts due from parent & fellow subsidiary undertaking	787,314	38,293,988
	<u>44,246,428</u>	<u>87,900,147</u>

The trade receivables and accrued income balances include amounts relating to pass through revenue .

14 Cash

	2019 £	2018 £
Cash at bank and in hand	930,309	-
	<u>930,309</u>	<u>-</u>

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

15 Trade and other payables

Current	2019	2018
	£	£
Trade payables	25,439,669	19,446,923
Other payables	12,987	11,015
Other taxes and social security	951,248	1,070,546
Accruals	7,776,373	7,643,372
Amounts due to parent and fellow subsidiary undertaking	751,125	33,615,017
	<u>34,931,402</u>	<u>61,786,873</u>

Non-current	2019	2018
	£	£
Amounts due to parent and fellow subsidiary undertaking	-	7,985,954
	<u>-</u>	<u>7,985,954</u>

16 Deferred income

	2019	2018
	£	£
Current		
Deferred income	665,160	477,262
	<u>665,160</u>	<u>477,262</u>
Non-current		
Deferred income	250,000	-
	<u>250,000</u>	<u>-</u>

17 Financial liabilities

	2019	2018
	£	£
Current		
Overdrafts	5,622,679	4,698,065
	<u>5,622,679</u>	<u>4,698,065</u>

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

18 Lease Liabilities

	2019 £	2018 £
Current		
Lease liability	1,419	-
	<u>1,419</u>	<u>-</u>
Non Current		
Lease liability	2,993	-
	<u>2,993</u>	<u>-</u>

In calculating the lease liability to be recognised on adoption, the Group used a weighted average incremental borrowing rate at 1 January 2019 of 3.63%.

	2019 £
Operating lease commitments at 31 December 2018 disclosed under IAS 17*	6,489
Operating lease commitment restated for 31 December 2018	259
Discounted using the incremental borrowing rate at 1 January 2019	436
Lease liabilities recognised at 1 January 2019	5,794
Of which	
Current	1,383
Non Current	4,411

	2019 £
Maturity analysis - Contractual undiscounted cash flows	
Less than one year	1,557
One to two years	1,557
More than two years	1,557
Total undiscounted lease liabilities at 31 December	4,671

*Before the adoption of IFRS 16, the Company was recognised the lease commitments for certain properties which were not registered in the name of the Company.

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

19 Provisions

Non-current	Property provision £	Restructuring provision £	Total £
As at 1 January 2019	149,999	163,910	313,909
Transfer to current	(149,999)	(163,910)	(313,909)
	<u> </u>	<u> </u>	<u> </u>
As at 31 December 2019	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Current	Property provision £	Restructuring provision £	Total £
As at 1 January 2019			
Transfer from non current	149,999	163,910	313,909
Additions	200,001	-	200,001
Release	-	(74,552)	(74,552)
Utilisation	(82,191)	(54,594)	(136,785)
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2019	267,809	34,764	302,573
	<u> </u>	<u> </u>	<u> </u>

Property provision

The Company is required to perform repairs on leased properties prior to the properties being vacated at the end of the lease term. Dilapidation provisions for such costs are made where a legal obligation is identified and the liability can be reasonably quantified.

Restructuring provision

Restructuring provision represents the cost of reducing role count where there is a constructive obligation created through communication to affected employees which has crystallised a valid expectation that roles are at risk.

20 Employee benefits

Contributions in respect of the defined contribution schemes payable by the Company during the year amounted to £1,272,666 (2018: £1,198,362).

21 Employees

The average monthly number of employees (including non-executive directors) year were:

	2019 Number	2018 Number
Management and administration	234	214
Operational and distribution	486	533
	<u> </u>	<u> </u>
	720	747
	<u> </u>	<u> </u>

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

21 Employees (Continued)

Their aggregate remuneration comprised:

	2019	2018
Employee costs	£	£
Wages and salaries	19,130,552	18,799,166
Social security costs	1,866,686	1,861,013
Pension costs	1,272,666	1,198,362
Shared based payments	19,752	37,867
	<u>22,289,656</u>	<u>21,896,408</u>

22 Controlling party

The Company is a wholly owned subsidiary undertaking of Capita Travel and Events Holdings Limited, a company incorporated in England & Wales.

The Company's ultimate parent undertaking is Capita plc, a company incorporated in England and Wales. The accounts of Capita plc are available from the registered office at 65 Gresham Street, London, United Kingdom, EC2V 7NQ.

23 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	332,936	325,551
Company pension contributions to defined contribution schemes	15,683	23,100
	<u>348,619</u>	<u>348,651</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes is 1 (2018-1).

One director was paid by the company. Other directors have not provided qualifying services to the Company and are paid by other companies within the Capita Group. Such remuneration has not been allocated to the Company. Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019	2018
	£	£
Remuneration for qualifying services	263,200	325,551
Company pension contributions to defined contribution schemes	12,636	23,100
	<u>275,836</u>	<u>348,651</u>

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

24 Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Nature of Transaction	Name of Company	Year	Fellow Subsidiary	Total
			£	£
Purchase of Goods/ Services				
	Axelos Limited	December 31, 2019	17,160	17,160
		December 31, 2018	-	-
	Fera Science Limited	December 31, 2019	548	548
		December 31, 2018	-	-
	Total	December 31, 2019	17,708	17,708
		December 31, 2018	-	-
			£	£
Sales of Goods/Services				
	Capita Glamorgan Consultancy Limited	December 31, 2019	12,172	12,172
		December 31, 2018	12,223	12,223
	Urban Vision Partnership Limited	December 31, 2019	50,674	50,674
		December 31, 2018	51,063	51,063
	Fera Science Limited	December 31, 2019	340,726	340,726
		December 31, 2018	338,825	338,825
	Axelos Limited	December 31, 2019	760,526	760,526
		December 31, 2018	716,848	716,848
	Total	December 31, 2019	1,164,098	1,164,098
		December 31, 2018	1,118,959	1,118,959
Closing balance of Related Parties				
Nature of Transaction	Name of Company	Year	Fellow Subsidiary	Total
			£	£
Trade Receivables				
	Urban Vision Partnership Limited	December 31, 2019	100	100
		December 31, 2018	4,519	4,519
	Capita Glamorgan Consultancy Limited	December 31, 2019	425	425
		December 31, 2018	1,016	1,016
	Axelos Limited	December 31, 2019	1,852	1,852
		December 31, 2018	111,673	111,673
	Fera Science Limited	December 31, 2019	777	777
		December 31, 2018	28,264	28,264
	Total	December 31, 2019	3,154	3,154
		December 31, 2018	145,472	145,472

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

25 Issued share capital	2019 Numbers	2018 Numbers	2019 £	2018 £
Allotted, called up and fully paid				
Ordinary shares of £1 each				
At 1 January	100,001	100,001	100,001	100,001
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December	100,001	100,001	100,001	100,001
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Share capital

The nominal proceeds on issue of the Company's equity share capital, comprising £1 ordinary shares.

26 Reconciliation of opening balance at 1 January 2019

The following is a reconciliation of the extract of the balance sheet line items from IAS 17 to IFRS 16 at 1 January 2019:

	Carrying amount - 31 December 2018 £	Impact on adoption of IFRS 16 £	IFRS 16 carrying amount at 1 January 2019 £
Assets			
Right-of-use assets (a)	-	6,080	6,080
Liabilities			
Lease liabilities			
Current (b)	-	1,383	1,383
Non-current (b)	-	4,411	4,411

a) Right-of-use assets: non-current assets have been impacted due to recognition of right-of-use assets on 1 January 2019. Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the adoption date less any lease incentives received at or before the adoption date (reclassified on the opening balance sheet).

b) Lease liabilities: Financial liabilities have been impacted due to the recognition of lease liabilities. This liability is initially measured at the present value of the lease payments that are not paid at the adoption date, discounted using the Group's incremental borrowing rate. The lease payments comprise fixed payments, including in-substance fixed payments such as service charges and variable lease payments that depend on an index or a rate, initially measured using the minimum index or rate at commencement date. The lease liabilities have been classified between current and non-current.

27 Post balance sheet events

On 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which the Directors have assessed in considering the going concern assumption.

For the Company's 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. The Directors have assessed that there is no material impact on the recognition and measurement of assets and liabilities as a result of this subsequent event.

