

Clarity Travel Limited

Annual report and financial statements
For the year ended 31 December 2021
Registered number 07413801

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Contents

Strategic report	1
Directors' report	5
Statement of directors' responsibilities in respect of the annual report and the financial statements	7
Independent auditor's report to the members of Clarity Travel Limited	8
Statement of profit and loss and other comprehensive income	11
Statement of financial position	12
Statement of changes in equity	13
Notes to the financial statements	14

Strategic report

The Directors present their Strategic report on the affairs of the Company, together with the audited financial statements. This annual report covers the year ended 31 December 2021.

Business review and activities

Clarity Travel Limited is a wholly owned subsidiary of The Portman Travel Group Limited which is a subsidiary of Seera Group Holding, a company that is listed on the Saudi Arabia stock exchange. The principal activities of the Company are that of a travel agent operating in the corporate market.

In October 2021 the sports division was separated out from Clarity Travel Limited for better streamlining of divisional structure and focusing on sports as a growing standalone division.

During the year a subsidiary company, Ian Allan Travel Limited, transferred its trade and assets to Clarity Travel Limited and has been dissolved. The investment value in Ian Allan Travel Limited is now recognised as goodwill in the balance sheet as at 31 December 2021.

The COVID-19 pandemic has continuously disrupted business travel both nationally and internationally in 2021. The resulting travel restrictions have had a significant effect on the demand for business travel and, therefore, the financial results and business operations in 2021. The results for the Company show a pre-tax loss of £8,995,000 (2020 loss: £9,621,000) for the year and sales of £8,711,000 (2020: £11,382,000). At the balance sheet date, the Company has net assets of £2,787,000 (2020: £7,049,000).

The Company's primary duty has been to ensure the health and safety of its employees during the pandemic and therefore measures were put in place for most employees to be able to work from home and the Company has also taken advantage of, where appropriate, the government's Coronavirus Job Retention Scheme (CJRS).

The Company expects that the travelling restriction eased off by government in post year end will enable an eventual return to normal trading levels. The Company has considered its financial position, future forecasts and current cash available, and the business remains a going concern, as further explained in note 1.1.

Business environment

The Company specialises in the business travel industry using innovative software technology to deliver cost effective travel management services to their clients. Seera Group Holding have built up a strong and integrated worldwide network of travel operations which include the operations of the Company.

The business continues to see year on year growth across its client base with some industries returning to levels of travel seen in pre COVID 19 times. Growth is being seen through a combination of organic growth across the client base and new wins through tender processes. It remains to be seen whether all industries and therefore clients will return to pre COVID 19 levels of travel, but the business remains confident of growth on a year-on-year basis throughout the period of its current 3-year plan.

The Ukraine conflict has had no impact on revenue/trading activities of Clarity Travel Limited

Section 172 Companies Act 2006

This report sets out how the directors comply with the requirement of Section 172 Companies Act 2006 and how these requirements have impacted on the Board's decision making throughout 2021.

The key matters that the directors report on when undertaking their duties are:

The likely consequence of any decision in the long term.

The Company has a 3-year plan that the directors regularly monitor to ensure its implementation throughout the year using detailed reports on operating and financial performance. The business is operated within tight budgetary guidelines and, as part of the regular monitoring, looks out for external events that may materially impact the business and develops mitigation plans to offset any adverse impacts or take advantage of growth opportunities.

Strategic report (continued)

The interest of the Company's employees.

The Company's employees are fundamental to the long-term success of the business. The Company aims to be a responsible employer in the approach to pay and benefits the employees receive. All employees have objectives and personal development plans which enable them to further their careers within the business. An annual survey is conducted to measure the engagement of the employees and follow up plans are put in place to improve this on a yearly basis.

The need to foster the Company's business relationships with suppliers, customers and others.

Delivery of excellent service to our customers is key to the success of the business in order to retain, grow and acquire new business. The Company conducts regular client satisfaction surveys and monitors department performance against these surveys. Regular client events are held to enable an open and honest communication between the business and its clients in order to talk about innovations in the industry and give an opportunity to share ideas about how to minimise costs for our clients and maximise the efficiency of service delivery.

Section 172 Companies Act 2006 (continued)

The Company maintains excellent relationships with all its suppliers and conducts regular supplier reviews to monitor performance. A partnership model is operated with suppliers in order to encourage efficiencies and innovation that we are able to pass onto our customers in the form of better products, improved service and lower cost.

The impact of the Company's operations on the community and environment.

The Company encourages all its employees to get involved in community projects to improve the places where they live and work. The Company supports a specific charitable cause each year that is decided by employees and various events are held throughout the year in order to raise funds.

The desirability of the Company maintaining a reputation for high standards of business conduct.

The directors take the reputation of the Company seriously which is not limited to only operational and financial performance. The Company regularly reviews its Whistleblower and Ethics policy and ensures it remains appropriate as the business develops and grows.

The need to act fairly between members.

The intentions of the Board of Directors are to behave responsibly toward stakeholders and treat them fairly and equally so they too may benefit from the successful delivery of the Board's plan.

Strategy and future outlook

The ongoing Covid-19 pandemic has had a significant impact on the travel industry and the board is focused on ensuring that the Company can return to profitability in the medium to long term. The Company will continue to invest in innovative technology and market leading customer service while continuing to develop closer links with international partners to allow it to compete effectively and achieve significant organic growth. The board aims to maintain the development of the business with continuous productivity and efficiency gains.

Principal risks and uncertainties

The Company have identified principal risks and uncertainties that could potentially damage the current business model and future growth opportunities:

- Recruitment, development and retention of talented people – the development of an in-house Recruitment, Human Resources and Learning and Development function has ensured that we have programmes and initiatives that attract, retain and grow the best talent for the company.
- Geo-political events and natural disasters – The nature of our business operations exposes the Company to a wide range of geo-political risks and potential natural disaster scenarios. The Covid-19 pandemic is an example of this and presents an ongoing risk and uncertainty. To counter these risks the Company operates a flexible business model with the ability to react quickly to such events and offer clients alternative travel arrangements if required.

Strategic report (continued)

- Failure to respond to customer demand, significant market changes and adverse global economic factors – there are monthly senior management review meetings that monitor financial trends through forecasting and budgeting tools.
- Major health and safety incident – the Company ensures that there are regular fire drills, and a disaster recovery plan is tested routinely.
- Failure of IT infrastructure or internal control failure – IT plays a critical role in day to day operations and also to ensure a competitive edge in the marketplace. The Company recognises the importance and invests significantly in systems to ensure an efficient and secure service.

Financial risks management

The Company is subject to risks related to liquidity and cash flows risks, credit risk and counterparty credit risks within the framework of its business operation.

Liquidity and cash flow

The Company uses its annual budget and planning process to predict and manage expected future liquidity. Cash forecasting is regularly reviewed and updated on a regular basis.

Credit risk

The Company's principal financial assets are trade and other receivables. The Company's credit risk is primarily attributable to these trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparts and customers. The Company is exposed to credit risk in relation to deposits and trade and other receivables. The maximum exposure in respect of each of these items at the balance sheet date is their carrying value. The Company assesses its counterparty exposure in relation to the investment of surplus cash and undrawn credit facilities. The Company uses published credit ratings and share price performance in the previous 30-day period to assess counterparty strength and therefore to define the credit limit for each counterparty.

Key performance indicators

The Company's directors believe that analysis using key performance indicators for the company is necessary for the development, performance, and position of the business of the company. The key performance indicators used by the business are comparing revenue, operating margin and earnings before tax, interest and depreciation (EBITDA) before restructuring costs to the previous year. The Covid-19 pandemic has had a significant impact on performance in 2021 with revenue decreasing by £2,671k however adjusted EBITDA improved from earnings deficit of £7,626k to a deficit of £6,501k.

	2021 £'000	2020 £'000
Revenue	8,711	11,382
Operating margin	(8,770)	(9,431)
Adjusted EBITDA - see table below	(6,502)	(7,626)
<u>Calculation - EBITDA</u>		
Operating loss for the period	(8,770)	(9,431)
Depreciation of tangible assets (excluding IFRS16 adjustment)	165	198
Amortisation of intangible assets	406	358
Depreciation of right of use assets (IFRS 16 adjustment)	354	450
EBITDA	(7,845)	(8,425)
Restructuring costs	1,822	1,258
Equity settled share-based payment expenses	-	15
Interest expense on leased liabilities (IFRS 16 adjustment)	54	76
Lease rental adjustments (IFRS 16 adjustment)	(533)	(550)
Adjusted EBITDA	(6,502)	(7,626)

Clarity Travel Limited
Annual report and financial statements
For the year ended 31 December 2021

Approved by the board and signed on its behalf by

A handwritten signature in black ink, appearing to read 'M Nevin', is positioned above the printed name and title.

M Nevin
Director

Date 28th July 2022

4th Floor Broadhurst House
56 Oxford Street
Manchester
M1 6EU

Directors' report

The Directors present their report on the affairs of Clarity Travel Limited together with the financial statements and auditor's report for the year ended 31 December 2021.

Dividend

The Directors do not recommend the payment of a dividend (2020: £nil).

Directors

The Directors who held office during the year and subsequently were as follows:

Y Yousif - Resigned on 30 July 2021
M Nevin
A Al Dawood
R Walsh

Company Secretary

M Nevin

Equal opportunities

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status and offers appropriate training and career development for disabled staff. If members of staff become disabled, the company continues employment wherever possible and arranges retraining.

Employees

The company is also committed to providing employees with information on matters of concern to them on a regular basis, so that the views of employees can be taken into account when making decisions that are likely to affect their interests. In the period the company has held regular briefing meetings, supplemented by a range of staff magazines to encourage the involvement of employees. Surveys are held regularly as a means of measuring the effectiveness of the ways in which staff are managed and follow up plans put in place.

Political and charitable contributions

The company made no political or charitable donations or incurred any political expenditure during the period (2020: £nil).

Energy and carbon reporting

In accordance with part 15 of the Companies Act 2006, the Company's energy use and associated greenhouse gas emissions have been included in the directors' report for the year ending 31st December 2021.

	2021	2020
Energy consumption used to calculate emissions (kWh):	263,472	693,367
Emissions from the combustion of gas	-	3.12
Emissions from business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel	9.12	52.05
Emissions from purchased electricity	48.04	108.44
Total gross tCO2e based on the above:	57.15	163.61
Intensity ratio: Gross tCO2e / FTE	0.16	0.32

Methodology

The data presented above represents the energy use and emissions for which Clarity Travel Limited is responsible for the period 1 January 2021 to 31 December 2021. Data on the use of gas and electricity has been collected using meter readings and energy use from business travel has been collected through a combination of mileage claims on the employee expense system and fuel usage on fuel cards. The government greenhouse gas reporting conversion factors have been used to convert the usage volumes to the reported figures above. Energy use is presented in Gross Calorific Value kWh and emissions are presented in Tonnes of CO2 equivalent (tCO2e).

Directors' report (*continued*)

Energy and Carbon Reporting (*continued*)

Energy Efficiency Action

The Company is committed to providing a framework for the establishment of objectives that aim to reduce the elements of the business that have significant impacts on the environment, and to ensure they are monitored and regularly reviewed. The Group has achieved ISO 50001 Energy Management and ISO 14001 Environmental Management certifications through demonstrating a commitment to continuous improvement over time and specified year-on-year reduction targets. During 2021, the Company has been focused on meeting these targets to reduce the amounts of electricity used per sqm of office space occupied and to reduce CO2 emission levels of the company's vehicles. Furthermore, the Company is performing a review of both ISO 50001 and ISO 14001 objectives and action plans to reflect future homeworking arrangements and to ensure that the energy and environmental objectives are designed so that the Company effectively minimizes its impact on the environment.

During the year six office units out of twelve were closed and there was no usage of gas and electricity in these premises which resulted in improvement in CO2 emission figures. The number of office units are halved compared to 2020.

Matters of strategic importance

Key risks and uncertainties and future developments have been included in the separate Strategic Report in accordance with Section 414c (11) of the Companies Act 2006.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

RSM UK Audit LLP were appointed as auditor in accordance with Section 485 of Companies Act 2006.

Approved by the Board and signed on its behalf by



M Nevin
Director

Date 28th July 2022

4th Floor Broadhurst House
56 Oxford Street
Manchester
M1 6EU

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Strategic report, 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 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the members of Clarity Travel Limited

Opinion

We have audited the financial statements of Clarity Travel Limited (the 'company') for the year ended 31 December 2021 which comprise the Statement of Profit and Loss and Other Comprehensive Income, Statement of Financial position, Statement of Changes in Equity, and Notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework (Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- 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. 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have 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 strategic report or the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 101, the Companies Act 2006, tax compliance regulations, and the use of the government grants. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities, and evaluating advice received from internal/external tax and legal advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to Air Travel Organiser's License, the Civil Aviation Authority and the Association of British Travel Agents. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and valuation of investments as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied in the valuation of investments using the assistance of a valuation specialist.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

RSM UK Audit LLP

IAN BELL (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street, London, EC4A 4AB

Date 28 July 2022

**Statement of profit or loss and other comprehensive income
for the year ended 31 December 2021**

		For the year ended 31 December 2021	For the year ended 31 December 2020
	Notes	£'000	£'000
Revenue	2	8,711	11,382
Operating expense	3	(17,481)	(20,813)
Operating loss		(8,770)	(9,431)
Finance expense	7	(225)	(190)
Loss before taxation		(8,995)	(9,621)
Taxation	8	2,233	1,637
Total loss for the year		(6,762)	(7,984)
Other comprehensive deficit			
Remeasurement of defined benefit liability	18	2,946	(494)
Movement on deferred tax relating to defined benefit liability	13	(446)	141
Total comprehensive deficit for the year		(4,262)	(8,337)

The revenue and results arose from continuing operations.

The notes on pages 14 to 35 form part of the financial statements.

**Statement of financial position
as at 31 December 2021**

	Notes	31/12/2021 £000	31/12/2021 £000	31/12/2020 £000	31/12/2020 £000
Non-current assets					
Property, plant and equipment	9	1,230		637	
Right of use assets	17	599		924	
Intangible assets	10	5,711		1,260	
Investment	11	2,868		7,669	
Deferred tax asset	13	3,521		2,062	
Total non-current assets			13,929		12,552
Current assets					
Trade and other receivables	12	23,111		13,099	
Cash and cash equivalents		-		344	
Total current assets			23,111		13,443
Total assets			37,040		25,995
Current liabilities					
Trade and other payables	14	(28,323)		(13,473)	
Provisions	15	(485)		(1,189)	
Lease liabilities	17	(307)		(477)	
Total current liabilities		(29,115)		(15,139)	
Non-current liabilities					
Intercompany loans	14	(4,342)		-	
Lease liabilities	17	(476)		(758)	
Retirement benefit obligations	18	(320)		(3,049)	
Total non-current liabilities		(5,138)		(3,807)	
Total liabilities			(34,253)		(18,946)
Net assets			2,787		7,049
Equity					
Called up share capital	16	129		129	
Capital contribution	16	660		660	
Retained earnings		1,998		6,260	
Total equity		2,787		7,049	

The notes on pages 14 to 35 form part of the financial statements.

These financial statements of Clarity Travel Limited were approved by the board of directors on and were signed on its behalf by:



M Nevin
Director

Company registered number: 07413801

**Statement of changes in equity
for the year ended 31 December 2021**

	Called up share capital	Retained earnings	Capital Contribution	Total equity
	£000	£000	£000	£000
Balance at 31 December 2019	124	14,597	645	15,366
Adjusted balance at 1 January 2020	124	14,597	645	15,366
Shares issued	5	-	-	5
Equity settled share based payment transactions	-	-	15	15
Profit for period and total comprehensive income for the period	-	(8,337)	-	(8,337)
Balance at 31 December 2020	129	6,260	660	7,049
Profit for period	-	(6,762)	-	(6,762)
Other comprehensive income	-	2,500	-	2,500
Total comprehensive income for the period	-	(4,262)	-	(4,262)
Transactions with owners recorded directly in equity				
Shares issued	-	-	-	-
Equity settled share based payment transaction	-	-	-	-
Balance at 31 December 2021	129	1,998	660	2,787

Notes to the financial statements

1. Significant accounting policies

Accounting date

The financial statements for the Company are made up for the year to 31 December 2021 with comparative to the previous year to 31 December 2020.

Reporting entity

Clarity Travel Limited is a private company limited by shares and registered and domiciled in England and Wales. The address of the Company's registered office is 4th Floor Broadhurst House, 56 Oxford Street, Manchester, England, M1 6EU. The nature of the Company's operations and its principal activities are set out in the strategic report. The Company is a subsidiary company and is included within the audited consolidated financial statements of The Portman Travel Group Limited, a company incorporated in England and Wales, which will be prepared in accordance with International Financial Reporting Standards and filed with the Registrar of Companies. These financial statements are presented in pound sterling which is the currency of the primary economic environment in which the Company operates.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

- The requirements of IAS 7 Statement of Cash Flows;
- Certain disclosures required by IFRS 15 Revenue from Contracts with Customers;
- IAS 24 Related Party Disclosures in respect of transactions with wholly owned subsidiaries;
- IAS 1 Presentation of Financial Statements disclosures in respect of capital management;
- IAS 24 Related Party Disclosures in respect of the compensation of Key Management Personnel;
- IAS 24 Related Party Disclosures of transactions with a management entity that provides key management personnel services to the Company. Therefore, no related party note has been included in the financial statements for this period.

As the consolidated financial statements of The Portman Group Travel Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share-based payments;
- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* in respect of the cash flows of discontinued operations;
- 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 certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

Notes to the financial statements (*continued*)

1. Significant accounting policies (*continued*)

Basis of preparation

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about the group.

The financial statements have been prepared under the historical cost convention.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.14.

The principal accounting policies adopted are set out below:

1.1 Going concern

The financial statements have been prepared on the going concern basis which the directors consider to be appropriate for the following reasons.

As mentioned in the strategic report on page 1, the ongoing Covid-19 pandemic has resulted in local and international travel restrictions with resounding implications for the wider economy and business environment. This has had a significant effect on demand for business travel and will continue to do so beyond 2021. The loss of revenue in 2021 has been partly mitigated by cost control measures and by utilising the UK government Coronavirus Job Retention Scheme. As a result, the Company's financial results and business operations have been adversely impacted in 2021. However, government has eased off the travelling restrictions in post year end which will have a positive impact on trading.

At 31 December 2021, the Company had a £11.3m availability on an invoice discounting facility. The discounting facility is a form of secured lending with an annual renewal term. The facility is to be formally renewed in November 2022, although the lender has confirmed their willingness and intention to continue offering the facility on the same terms until at least the end of July 2023. This is expected to benefit the company in terms of meeting cashflow needs for the near future.

The directors have reviewed cash flow forecasts for the Company for the period to July 2023. In preparing those forecasts they have considered the ongoing impacts of Covid-19 and potential scenarios. Specifically, they have considered a scenario which assumes that there will be an improvement in trade as government has eased off travelling restrictions in post year end. 2022 revenue is in line with pre-pandemic level. The monthly cashflow forecast to July 2023 has been kept at the rolling average of the previous 12 months revenue in order to not build any optimism into the forecast and being similar conditions to 2021 with no significant improvements in the lifting of travel restrictions or assumption that travel will return to 2019 levels. This indicates a positive cashflow situation over the forecast period. Furthermore, the company has earmarked further potential cost saving measures should the situation not improve over the remainder of 2022.

In reviewing these forecasts, the directors have concluded that the Company will have sufficient funds to meet its liabilities as they fall due for that period.

The Company holds balances due to a fellow group company, The Portman Travel Group Limited ("PTGL"), which is the immediate parent undertaking of the Company, as well as a balance due to the ultimate parent, Seera Holding Group ("SHG"). At 31 December 2021, £8.56m was owed to PTGL and its subsidiaries and £2.39m was owed to SHG. The forecasts indicate that the Company is reliant on PTGL providing financial support by agreeing not to require repayment of the Company's intercompany borrowings from PTGL.

Clarity Travel Limited is part of the wider Portman Travel Group Limited ("PTGL"), all companies in the UK group have committed to a cross guarantee with fellow UK group companies. As part of the cross guarantee between fellow UK group companies, each group company has indicated its intention to make available such funds as are required by fellow UK group companies to meet their financial obligations for the period covered by the forecasts to July 2023, subject to the group company remaining compliant with its obligations under the terms of their Air Travel Organisers' Licences, and that it does not intend to seek repayment of the amounts due at the balance sheet date for the period covered by the forecasts to July 2023.

Notes to the financial statements *(continued)*

1. Significant accounting policies *(continued)*

1.1 *Going concern (continued)*

PTGL is itself reliant on Seera holding Group ("SHG"), which is the ultimate parent undertaking of PTGL, by way of a £47m long term loan, Seera holding Group ("SHG") has indicated its intention not to require repayment of PTGL's long term intercompany borrowings from SHG for at least until the end of December 2023.

1.2 *Tangible assets and depreciation*

Fixed assets are stated at historical cost, net of accumulated depreciation and any provision for impairment. Where costs are incurred as part of the start-up or commissioning of an item of property, plant or equipment, and that item is available for use but incapable of operating in the manner intended by management without such a start-up or commissioning period, then such costs are included within the cost of the item. Costs that are not directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by the management are charged to the Statement of Profit and Loss as incurred.

Depreciation is calculated on a straight line basis and aims to write down their cost to their estimated residual value over their expected useful lives as follows:

Land & buildings	over the term of the lease
Furniture, fixtures and fittings	3 - 10 years
Computer Hardware	3 - 5 years
Short-term leasehold improvements	over the term of the lease

The residual values and useful economic lives are reviewed, and adjusted if appropriate, at each balance sheet date. Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset.

The gain or loss on disposal of property, plant and equipment is calculated as the difference between the proceeds received and the net book value of the asset on disposal and is recognised on the date of disposal in operating profit.

1.3 *Intangible assets and amortisation*

Intangible assets are carried at cost less accumulated amortisation and are tested for impairment where there is an indication that the carrying value may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs and value in use.

Amortisation is charged over the assets useful life as follows:

Computer software	5 years
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The gain or loss on disposal of computer software is calculated as the difference between the proceeds received and the net book value of the asset on disposal and is recognised on the date of disposal in operating profit.

Goodwill

Goodwill arising on the acquisition of a business combination is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based. Any impairment loss for goodwill is recognised directly to the income statement.

Notes to the financial statements *(continued)*

1. Significant accounting policies *(continued)*

1.4 Revenue

Revenue, which is stated net of value added tax, predominantly represents amounts invoiced to third parties for the rendering of travel management services including service fees earned from clients, management fees, revenue and commissions from suppliers. Under IFRS 15 revenue for the rendering of travel management services is recognised when the underlying transaction is contracted with the supplier. Revenue relating to commission is recognised at the point of the underlying transaction, unless the commission covers multiple transactions, at which point revenue is recognised at completion of the contract. The directors have concluded that the balance of risks and rewards in respect of travel management services is such that the company is acting as agent and consequently revenue recognised in the Income Statement from such transactions is the relevant agent remuneration.

1.5 Exceptional items

Exceptional items, namely items that are material either because of their size or their nature, and which are non-recurring, are presented within their relevant income statement category, but highlighted through separate disclosure. The separate reporting of exceptional items helps provide a full understanding of the Company's underlying performance.

Items which are included within the exceptional category may include:

- profit/(losses) on disposal of assets or businesses and cost of acquisition;
- costs of integration of significant acquisitions and other major restructuring programmes;
- significant goodwill or other asset impairments;
- material write-down of assets/reassessment of accruals, reflecting a more cautious evaluation in the light of current trading and economic conditions (excluding errors or prior year items);
- other individually material items that are unusual because of their size, nature or incidence.

1.6 Taxation

Tax represents the sum of tax currently payable and deferred tax. Tax is recognised in the statement of profit and loss unless it relates to an item recognised directly in equity, in which case the associated tax is also recognised directly in equity.

Tax currently payable is provided on taxable profits based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Provision is made for deferred tax so as to recognise all temporary differences which have originated but not reversed at the balance sheet date that result in an obligation to pay more tax, or a right to pay less tax, in the future, except as set out below. This is calculated on a non-discounted basis by reference to the average tax rates that are expected to apply in the relevant jurisdictions and for the periods in which the temporary differences are expected to reverse.

Deferred tax assets are assessed at each balance sheet date and are only recognised to the extent that their recovery against future taxable profits is probable. Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

1.7 Share-based payment transactions

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

Notes to the financial statements (continued)

1. Significant accounting policies (continued)

1.7 Share-based payment transactions (continued)

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

1.8 Foreign currency

Transactions in currencies other than the functional currency of the Company are translated at the exchange rate at the date of transaction. Foreign currency monetary assets and liabilities held at the period end are translated at period end exchange rates. The resulting exchange gain or loss is recognised in other comprehensive income.

1.9 Financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for expected credit loss. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the expected credit loss measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Financial assets at amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. The investments in Ian Allan Travel Limited reclassified as goodwill on dissolution of Ian Allan Travel Limited as customer database is transferred to Clarity Travel Limited (the company) and the customers have carried on business with the company.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the financial statements (continued)

1. Significant accounting policies (continued)

1.9 Financial instruments (continued)

Financial assets are derecognised when the company transfers the financial asset or when the contractual rights expire. Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Equity investments at fair value

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

Financial liabilities at amortised cost

Financial liabilities are classified as measured at amortised cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Impairment

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month expected credit losses. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

1.10 Employee benefits

Pension benefits

Pension benefits for employees are met by payments to a defined contribution pension fund. A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Pension costs charged against profits in respect of the company's defined contribution scheme represent the amount of the contributions payable to the schemes in respect of the accounting period.

The Company also operates a defined benefit pension scheme, which was transferred to the Company on 1 April 2019 from Portman Travel Limited, a fellow subsidiary company. On the advice of an independent qualified actuary, contribution payments are made to the scheme to ensure that the scheme's assets are sufficient to cover future liabilities. Pension scheme assets are measured using market values. Pension scheme liabilities are measured, using the projected unit method and discounted at the rate of return on an AA rated corporate bond of equivalent term. Any increase in the present value of the liabilities of the fund expected to arise from employee service is charged against operating profit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income/expense. Actuarial gains and losses are recognised in the statement of comprehensive income.

Notes to the financial statements (continued)

1. Significant accounting policies (continued)

1.10 Employee benefits (continued)

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

1.11 Provisions

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

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

1.12 Government grants

During 2021, the Company continued to receive government grants from the Coronavirus Job Retention Scheme until September 2021. The grants were received monthly from the government based on the previous month's furlough claim. The payroll expense is presented net of the amounts claimed from the Coronavirus Job Retention Scheme.

1.13 Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component the lease is recognised, along with one or more other lease or non-lease components. The Company accounts for only the lease component. The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Notes to the financial statements *(continued)*

1. Significant accounting policies *(continued)*

1.13 Leases (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the transition date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets (<£5k) and short-term leases (<12 months). The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

1.14 Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Judgments have to be made on an individual revenue stream as to whether it is most appropriate to recognise revenue at a gross cost to the consumer or on a net commission receivable basis. This judgement centres around the transfer of control within the transaction and as to whether the service is provided or to arrange the service based on the principal versus agent.

Notes to the financial statements (continued)

1. Significant accounting policies (continued)

1.14 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

GMP equalisation

The Lloyds Bank GMP equalisation case in 2020 ruled that there is an additional liability regarding individual transfer payments to factor in that benefits were not equalised at that time. The directors concluded that this would have an immaterial impact on the estimated liability, with this judgement based on knowledge of the historic transfer level activity and benchmarking against the additional liability that was accounted for following the 2018 GMP equalisation ruling.

External regulatory requirements

The group currently holds an Air Travel Organiser's Licence (ATOL), issued by the Civil Aviation Authority (CAA), which is subject to an annual renewal process leading up to 1 October each year. It is required by the company in order to offer air inclusive holidays to customers. The CAA grants this licence on the basis of meeting agreed financial criteria. Clarity Travel Limited has complied with these requirements during the periods presented and up to the date of signing these financial statements. The directors see no reason why the ATOL will not be renewed in September 2022 on substantially the same terms and conditions as currently agreed with the CAA

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are disclosed below.

- The provision made in respect of supplier debit balances has been calculated on the basis that the supplier has been overpaid identified by reviewing the aged debt reports and consideration of whether the supplier is used for future trade.
- The recoverability of intercompany receivables is dependent on the continued going concern of the respective fellow subsidiary undertakings

Deferred tax asset

The deferred tax asset includes an amount relating to carried forward losses that are deemed recoverable against the future profits of the Company. This deferred tax asset has been determined based on an estimate of the future profitability of the Company over the next two years.

Carrying value of investments and goodwill and impairment consideration

The carrying values of intangibles and goodwill are assessed by the company using forward looking forecasts and an appropriate discount rate. There is an element of estimation uncertainty due to the use of reasonable assumptions of future cashflows and discount rate and in preparing the forecasts.

Reclassification of assets

During the year Ian Allan Travel Limited was dissolved, company in which Clarity Travel Limited had investments in, on dissolution of Ian Allan Travel Limited the customers database was transferred to Clarity Travel Limited (the company). All the customers continued business with the company and therefore the investments reclassified as goodwill in balance sheet as at 31 December 2021.

Discount rates used to determine the carrying amount of the Group's defined benefit obligation

The determination of the Company's defined benefit obligation depends on certain assumptions, which include selection of the discount rate. These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Company's financial statements within the next year. Further information on the carrying amounts of the Group's defined benefit obligation and the sensitivity of those amounts to changes in discount rate are provided in note 18.

Notes to the financial statements (continued)

1. Significant accounting policies (continued)

1.14 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Discount rates used to determine the carrying amount of right of use assets and lease liabilities

For leases applicable after 1 January 2019, the discount rate applied is based on IBR (Income Based Repayment) base for invoice discounting and risk free growth rate. With no implicit borrowing rate existing, an estimate of a company specific cost of borrowing has been calculated using the applicable rate in the Company's discounting facility, adjusted by the variation in risk free gilt yields with respect to maturity dates.

2. Revenue

Revenue represents service fees earned from clients, management fees, revenue and commissions from suppliers. The revenue is stated net of value added tax and is generated from the rendering of travel management services whilst acting as an agent for business customers.

In the following table, revenue is disaggregated by major product service lines, primary geographical market and timing of revenue recognition

	2021	2020
	£000	£000
Service fees and commission	7,859	9,770
Overrides	768	506
Credit card income	50	438
GDS income	34	668
Rendering of services	<u>8,711</u>	<u>11,382</u>

GDS income is a financial reward based on the volume of air sector sales.

Timing of transfer of goods or services	2021	2020
	£000	£000
Products and services transferred at a point in time	<u>8,711</u>	<u>11,382</u>

Primary Geographical markets by destination	2021	2020
	£000	£000
Europe	7,218	8,753
Worldwide	1,493	2,629
	<u>8,711</u>	<u>11,382</u>

The following table provides information about opening and closing receivables with customers.

		31 December 2021	31 December 2020
	Note	£000	£000
Receivables	12	<u>16,993</u>	<u>9,152</u>

Notes to the financial statements *(continued)*

3. Operating expenses and auditor's remuneration

Included in (loss)/profit is the following:

	2021	2020
	£000	£000
Administrative expense	4,222	5,436
Distribution costs	10,377	13,023
Restructuring costs	1,822	1,258
Depreciation	519	648
Amortisation	406	358
Fees payable to the company's auditor for the audit of the company's annual financial statements	135	90
	<u>17,481</u>	<u>20,813</u>

There were no non-audit fees payable to the company's auditor and its associates in respect of either year.

4. Staff numbers and costs

The aggregate payroll costs of employees were as follows:

	2021	2020
	£000	£000
Wages and salaries	8,804	10,225
Social security costs	920	1,161
Other pension costs	403	476
Share based payments	-	15
Redundancy costs	249	1,213
	<u>10,376</u>	<u>13,090</u>

The Company operates defined contribution pension plans for employees. Contributions amounting to £35,333 were outstanding at 31 December 2021 (2020: £38,107). The Company also operates a defined benefit scheme which was transferred from Portman Travel Limited, a fellow subsidiary entity, in the prior year. The total amount of contributions to the defined benefit scheme paid during the year amounted to £424,000 (2020: £424,000).

The Company utilised the government's Coronavirus Job Retention Scheme and received grant income of £1,167k (2020: £3,354k). Wages and salaries are presented net of this grant income.

The average number of employees during the year is shown below:

	2021	2020
	No.	No.
Management and administration	<u>349</u>	<u>507</u>

Notes to the financial statements *(continued)*

5. Directors' remuneration

Two directors were paid by a fellow subsidiary company for qualifying services to the group. It is not possible to apportion these emoluments which total £334,000 (2020: £314,000) and pension contributions of £35,000 (2020: £25,000) specifically in respect of services to the Company.

There are two other Directors who are paid by the ultimate parent company and it is not possible to apportion those emoluments specifically in respect of services to the Company.

6. Employee benefits

Share based payment transactions

There were no share-based payments for the year (2020: £14,542).

7. Finance expense

	2021	2020
	£000	£000
Interest on pension scheme liabilities	306	430
Expected return on pension scheme assets	(266)	(384)
Pension interest	40	46
Debt factor interest payable	131	68
Interest expense on leased liabilities	54	76
Total	225	190

8. Taxation

Total tax expense recognised in the profit and loss account was as follows.

	2021	2020
	£000	£000
<i>Analysis of charge in period</i>		
UK corporation tax	(328)	-
Adjustment in respect of prior periods	-	(280)
Group relief payable	-	-
Total current tax	(328)	(280)
<u>Deferred tax (see note 13)</u>		
Deferred tax – current period items	(1,968)	(854)
Adjustments in respect of prior periods	-	(462)
Movement on deferred tax relating to pension liability	73	(41)
Total taxation on ordinary activities	(2,223)	1,637

Adjustment to tax charge in respect of prior periods relates to overpayments of corporation tax recovered in the year. The tax charge for the period is lower (2020: lower) than the standard rate of corporation tax in the UK 19% (2020: 19%). The differences are explained below.

Notes to the financial statements (continued)

8. Taxation (continued)

	2021	2020
	£000	£'000
<i>Current tax reconciliation</i>		
Profit/(loss) before tax	(8,995)	(9,621)
Current tax at 19% (2020: 19%)	-	-
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	-
Deferred tax effect of change in tax rate	-	-
Adjustments to tax charge in respect of previous periods	-	(742)
Adjustments to tax charge in respect of current period	(2,296)	(854)
Payment for group relief	-	-
Movement on deferred tax relating to pension liability	73	(41)
Permanent differences	-	-
Tax (credit)/charge for the period	(2,223)	(1,637)

The main rate of corporation tax is 19%. In the Finance Bill 2021, it was announced that the UK tax rate will remain at the current 19% and increase to 25% for the financial year beginning 1 April 2023. Therefore, the deferred tax at 31 December 2021 has been calculated based on the rate of 19% up to 31 March 2023 and 25% for losses available from 1 April 2023.

Notes to the financial statements (continued)

9. Property, plant and equipment

	Land and buildings	Short term leasehold	Motor vehicles	Furniture, fittings and equipment	Assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 January 2021	1,571	62	136	1,190	70	3,029
Adjustment	-	-	26	-	-	26
Additions	-	-	5	274	892	1,171
Disposals	-	-	-	(353)	(2)	(355)
Transfers	-	-	-	-	(38)	(38)
At 31 December 2021	1,571	62	167	1,111	922	3,833
Accumulated depreciation						
At 1 January 2021	(714)	(36)	(91)	(627)	-	(1,468)
Charge for the period	(295)	(7)	(48)	(270)	-	(620)
Adjustment	-	-	(7)	(85)	-	(92)
Disposals	-	-	-	175	-	175
At 31 December 2021	(1,009)	(43)	(146)	(807)	-	(2,005)
Carrying amount						
At 31 December 2020	857	26	45	563	70	1,561
At 31 December 2021	562	19	21	304	922	1,828
Property, plant and equipment include right of use assets (note 17) as follows:						
At 31 December 2020	857	-	45	22	-	924
At 31 December 2021	562	-	20	17	-	599

Transfers from assets under construction are to computer software (note 10).

Notes to the financial statements (continued)

10. Intangible assets

	Computer software	Goodwill	Total
Cost	£000	£000	£000
Balance at 31 December 2020	2,085	-	2,085
Additions	21	4,801	4,822
Disposals	-	-	-
Transfers	38	-	38
Balance at 31 December 2021	2,144	4,801	6,945
Amortisation			
Balance at 31 December 2020	(825)	-	(825)
Amortisation charge for the period	(409)	-	(409)
Disposals	-	-	-
Balance at 31 December 2021	(1,234)	-	(1,234)
Carrying amount			
At 31 December 2020	1,260	-	1,260
At 31 December 2021	910	4,801	5,711

11. Fixed asset investments

	Loans to group undertakings	Shares in group undertakings	Total
Cost	£000	£000	£000
Balance at 31 December 2020	2,868	4,801	7,669
Additions	-	-	-
Disposals	-	(4,801)	(4,801)
Balance at 31 December 2021	2,868	-	2,868
Provision			
Balance at 31 December 2021	-	-	-
Carrying amount			
At 31 December 2020	2,868	4,801	7,669
At 31 December 2021	2,868	-	2,868

Clarity Travel Limited acquired 100% of the share capital of Portman Group Holdings Limited on 1 November 2016. The amount paid for the share capital was £1. As part of the acquisition, Clarity Travel Limited provided consideration of £2.9m in respect of a loan to Portman Group Holdings Limited.

Clarity Travel Limited acquired 100% of the share capital of Ian Allan Travel Limited in 2019. The amount paid for the share capital was £4.8m. The company was dissolved in the year and the client list transferred to Clarity Travel Limited which is included in intangible assets.

Notes to the financial statements (continued)

11. Fixed asset investments (continued)

The investments are made up as follows:

	2021	2020
	£000	£000
Portman Group Holdings Limited	2,868	2,868
Ian Allan Travel Limited	-	4,801

Name of company	Registered office address	Country of incorporation	% ownership of ordinary shares	Principal Activity
Portman Group Holdings Ltd	5 Hargreaves Court Dyson Way Stafford ST18 0WN	England	100%	Business Travel Management

The investment in Portman Group Holdings Limited, which is held at cost, is £2,868,000 (2020: £2,868,000). The most recent period for which financial statements have been prepared for Portman Group Holdings Limited is the year ended 31 December 2021. Its aggregate capital and reserves at that date was £1,001k (2020: £1,001k).

12. Trade and other receivables

	31 December 2021	31 December 2020
	£000	£000
Trade receivables	16,993	9,152
VAT receivable	325	294
Other receivables	1,430	701
Deferred tax assets (see note 13)	3,521	2,062
Amounts owed by group undertakings	1,233	1,273
Prepayments	2,802	1,582
Corporation tax receivable	328	97
	26,632	15,161

The directors consider that the carrying amount of trade and other receivables is approximate to their fair value.

Notes to the financial statements (continued)

13. Deferred tax asset

There are no offset deferred tax assets or liabilities in these financial statements.

The gross movement on the deferred income tax account is as follows:

	31 December 2021 £000	31 December 2020 £000
Beginning of period	2,062	564
Adjustment in respect of prior years	-	503
Taxation (charge)/credit	1,968	854
Defined pension credit - SOCIE	(509)	141
End of period	3,521	2,062

Movements on the deferred taxation assets and liabilities are as follows:

	Accelerated tax depreciation £000	Other £000	Losses £000	Total £000
Balance at 31 December 2020	120	1,009	933	2,062
Timing differences	36	(675)	509	(130)
Increase in future tax rate	-	-	1,589	1,589
Balance at 31 December 2021	156	334	3,031	3,521

Other relates to deferred tax on defined benefit pension shortfall and IFRS 16 transitional adjustment.

14. Trade and other payables

	31 December 2021 £000	31 December 2020 £000
Current liabilities		
Trade payables	7,127	5,696
Social security and other taxes	227	317
Accruals	3,612	1,158
Other payables	6,571	912
Bank overdrafts and loans	4,179	-
Corporation tax payable	-	-
Amounts owed to group undertakings	6,607	5,390
	28,323	13,473

The amounts owed to Group undertakings are unsecured, payable on demand and interest free.

Other payables include amounts advanced under an invoice discounting facility of £5,165k (2020: £187k) secured against trade receivables. Included in other payables is £462k (2020: £238K) payable to BSP.

The directors consider that the carrying amount of trade and other payables is approximate to their fair value.

Non-current liabilities

31 December 2021 31 December 2020
£000 £000

Amounts owed to group undertakings and related parties

4,341

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Notes to the financial statements (continued)

15. Provisions

	Dilapidations Provision	Other Provision	Total
	£000	£000	£000
Balance at 31 December 2020	73	1,116	1,189
Provisions made during the year	70	-	70
Provisions used during the year	(73)	(701)	(774)
Provisions reversed during the year	-	-	-
Balance at 31 December 2021	70	415	485
Current	70	415	485
Non-current	-	-	-
Balance at 31 December 2021	70	415	485

The dilapidation provision has been provided for legacy properties where the leases are expected to expire over the next five years and for which the Company is liable. There was a provision for an uninsured tour operator liability realised by the failure of Thomas Cook. The case was settled in the year in line with the provisions made.

16. Called up share capital

	31 December 2021		31 December 2020	
	No.	£000	No.	£000
<i>Authorised share capital</i>				
A Ordinary shares of £1 each	100,000	100	100,000	100
B1 Ordinary shares of £1 each	12,500	12	12,500	12
B2 Ordinary shares of £1 each	8,750	9	8,750	9
B3 Ordinary shares of £2 each	3,750	4	3,750	4
	125,000	125	125,000	125

	31 December 2021				31 December 2020		
	No.	Issued £000	ESOP £000	Total £000	No.	Issued £000	ESOP £000
<i>Allotted, called up and fully paid</i>							
A Ordinary shares of £1 each	100,000	100	-	100	100,000	100	-
B1 Ordinary shares of £1 each	12,500	12	288	300	12,500	12	288
B2 Ordinary shares of £1 each	8,750	9	200	209	8,750	9	200
B3 Ordinary shares of £2 each	3,750	8	172	180	3,750	8	172
	125,000	129	660	789	125,000	129	660

Notes to the financial statements (continued)

16. Called up share capital (continued)

On 24th May 2017, the Company increased the Authorised share capital by issuing new B shares and on that date half of those shares were allotted and vested to the operational directors of the Company.

The A and B ordinary shareholders will rank *pari passu* for payment of dividends and the distribution of any surplus of assets after payment of liabilities on the winding up of the Company, once the Company reach an equity value of £24,000,000. A and B shareholders are entitled to one vote per ordinary share. All other rights, including dividend rights are determined by the Board of Directors at their discretion.

The B ordinary shares were valued in accordance with IFRS 2 (see note 6).

17. Leases

Right-of-use assets

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 9):

	Land and buildings	Motor Vehicles	Office Equipment	Total
	£000	£000	£000	£000
Balance at 1 January 2021	857	45	22	924
Additions	-	-	-	-
Adjustment in respect of prior year	-	19	-	19
Depreciation charge for the year	(295)	(44)	(5)	(344)
Balance at 31 December 2021	<u>562</u>	<u>20</u>	<u>17</u>	<u>599</u>

Lease liabilities

	2021	2020
	£000	£000
Current	307	477
Non-current	477	758
	<u>784</u>	<u>1,235</u>

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	2021	2020
	£000	£000
Interest expense on lease liabilities	54	76
Expenses relating to leases of low-value assets	-	11

Cash outflow from lease payments

	2021	2020
	£000	£000
Total cash outflow for leases	<u>525</u>	<u>550</u>

Notes to the financial statements (continued)

18. Retirement benefit obligations

The Company maintains pension plans for all eligible employees.

The Company operates defined contribution pension plans for certain employees. The assets of the plans are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds and amounted to £424,000 (2020 – £424,000).

The defined benefit pension scheme ("the Plan") was acquired by the Company in April 2019 from Portman Travel Limited, a fellow subsidiary company. The Plan funds are administered by trustees and are independent of Company finances, was closed to new entrants in January 2002.

The key characteristics of the Plan is to hold:

- 15% in UK equities
- 40% in overseas equities
- 10% in index linked gilts
- 35% in Corporate bonds

The Trustees of the Plan manage investment risks, including credit and market risk, within agreed risk limits which are set taking into account the Plan's strategic investment objectives.

The plan is subject to independent valuations at least every three years, on the basis of which the qualified actuary certifies the rates of the employer's contributions which, together with the specified contributions payable by the employees and proceeds from the plan's assets, are expected to fund the benefits payable under the plan.

Net pension (liability)	2021	2020
	£000	£000
Defined benefit obligation	(20,982)	(22,180)
Plan assets	20,662	19,131
Net pension liability	(320)	(3,049)
Movement in present value of defined benefit obligation	2021	2020
	£000	£000
Opening defined benefit obligation at 1 January 2021	22,180	20,599
Total current service cost	25	58
Interest cost	306	430
Remeasurement: actuarial (gain)/losses	(942)	1,805
Employee contributions	6	10
Benefit payments	(593)	(722)
At 31 December 2021	20,982	22,180
Movement in fair value of plan assets	2021	2020
	£000	£000
Opening assets at 1 January 2021	19,131	18,258
Interest income	266	384
Return on plan assets in excess of interest income	1,563	858
Company contributions	441	453
Employee contributions	6	10
Benefit payments	(593)	(722)
Expenses paid	(152)	(110)
At 31 December 2021	20,662	19,131

Notes to the financial statements (continued)

18. Retirement benefit obligations (continued)

Expense recognised in the profit and loss account

	2021	2020
	£000	£000
Current service cost	25	58
Net interest on net defined benefit liability	40	46
Scheme administration expenses	152	110
Total expense recognised in profit and loss	217	214

The fair value of the plan assets and the return on those assets

	2021	2020
	Fair value	Fair value
	£000	£000
Equities	9,390	11,132
Government debt	3,168	1,761
Corporate bonds	7,888	6,195
Other (cash and cash equivalents)	216	44
	20,662	19,131

Actuarial return on plan assets for the period

	1,531	873
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Principal actuarial assumptions (expressed as weighted averages)

	2021	2020
	%	%
Discount rate	1.90%	1.40%
Rate of price inflation (RPI)	3.05%	2.60%
Rate of price inflation (CPI)	2.35%	1.90%
Future salary increases	2.80%	2.35%
Future pension increases	3.00%	2.60%
Life expectancy: Male (current age 45)	89.4	89.5
Life expectancy: Male (current age 65)	87.8	87.9
Life expectancy: Female (current age 45)	91.3	91.4
Life expectancy: Female (current age 65)	89.6	89.6

The latest finalised valuation of the plan was carried out at 10 January 2022.

The benefit obligations at the reporting date have been based on a projection of the results of the latest valuation, carried out by a qualified independent actuary. This projection involves rolling forward the results at the earlier date allowing for interest on the liabilities, the accrual of further benefits by active members, the actual benefits paid out and an estimate of the effect of any changes in the actuarial assumptions. All other experience during the projection, apart from investment returns, contributions, benefit payments, administrative expenses and insurance premiums, was assumed to be in line with the assumptions

The COVID-19 pandemic has had a significant impact on asset markets and corporate bonds yields, which are key to the IAS19 assessment of the net pension asset or liability. In particular, global equity markets have seen significant falls in 2021. AA corporate bond yields, used to set the IAS19 discount rate, have been highly volatile. Long term inflation expectations, used to project future benefit payments, have also fallen. The net impact of the above is expected to have led to a deterioration in the Company's net pension liability since the balance sheet date, with the impact of unfavourable liability assumptions aggregating with the drop in value of the scheme assets.

Notes to the financial statements *(continued)*

18. Retirement benefit obligations *(continued)*

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises what the defined benefit obligation at the end of the reporting period would have increased/decreased to as a result of the quoted change in the respective assumptions.

	2021
	£000
Discount rate - +25 basis points	(19,982)
Future inflation - +25 basis points	(20,342)
Post-retirement mortality assumption - +1 year age rating	(20,042)

Funding

The Company expects to pay £424k in contributions to its defined benefit plan in 2022 i.e., the next annual reporting period. The weighted average duration of the defined benefit obligation at the end of the reporting period is 18 years.

19. Contingent liabilities

The Company does not have any contingent liabilities (2020: nil).

20. Reserves

Retained Earnings

This reserve comprises all current and prior year retained profits and losses after deducting any distributions made to the company's shareholders.

Capital Contribution

This reserve comprises the capital contributions made by the operational directors of the Company in relation to the share based payments scheme (note 6).

21. Capital and other financial commitments

There were no contracts placed for future capital expenditure not provided in the financial statements (2020: nil). The Company however provides a cross guarantee in respect of travel industry bonds to a group subsidiary, in the normal course of business. All guarantees are provided by means of an insurance policy, consistent with the prior period.

The Company is party to a cross guarantee with Portman Travel (Ireland) Limited in respect of the invoice discounting facility held by the Company.

22. Ultimate controlling party

The Company is a subsidiary of The Portman Travel Group Limited which is incorporated in England and Wales.

Seera Group Holding, incorporated and registered in Saudi Arabia, is regarded by the directors as the Company's ultimate parent undertaking and ultimate controlling party.

The smallest group in which the results of the company are consolidated is that of Portman Travel Group Limited. The largest group in which the results of the Company are consolidated is that of which Seera Group Holding. The consolidated financial statements of Portman Travel Group Limited may be obtained from Elegant House, Sandpiper Way, Chester Business Park, CH4 9QE.