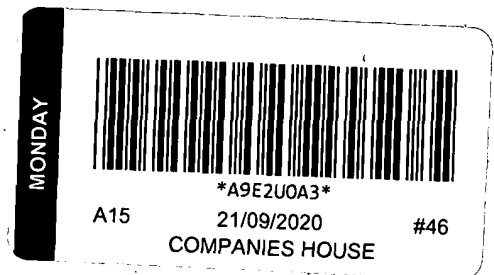


Cartus Limited

Registration number: 01431036

Cartus Limited

Annual report and financial statements
for the year ending 31 December 2019



Cartus Limited

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Cartus Limited

Company information

Directors R Abbott
D Pascoe
R Tucker

Company secretary R Tucker

Registered office Frankland Road
Blagrove
Swindon
Wiltshire
United Kingdom
SN5 8RS

Independent auditors PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
3 Forbury Place
23 Forbury Road
Reading, Berkshire
RG1 3JH

Cartus Limited

Strategic report

For the year ended 31 December 2019

Business review

Cartus Limited is a subsidiary of Cartus Holdings Limited. Cartus Holdings Limited is a wholly-owned subsidiary of Cartus Corporation in the USA, the premier provider of global outsourced employee relocation services. The ultimate parent and controlling party is Realogy Holdings Corp. Cartus Limited and its subsidiary undertakings (the UK Group) operations continue to be effectively integrated with its immediate parent; this provides a global operating platform, capable of providing high quality relocation services throughout the world.

Cartus Limited continues to lead the way in providing a range of premier services to meet clients' requirements to ensure their employees received the highest standard of support and services throughout their relocation. In 2019 Cartus Limited profit before taxation was below expectations due to global macroeconomic conditions including clients' restructuring and cost savings initiatives, resulting in fewer relocations and reduced benefit offerings.

During the year, turnover (the key performance indicator) was down from 2018 by 4.3% from £45.6m to £43.6m. This was mainly due to lower International Services revenue primarily associated with a reduction in client volume, mainly in our top four clients.

The Company closed the dormant entity Cartus II Limited. As part of the strike off plan, the dormant entity exchanged preference shares for ordinary shares and a dividend was declared with its immediate parent, Cartus Limited. Cartus Limited subsequently impaired its investment in the dormant entity as outlined in the financial statements and the notes following. The Company is waiting for Companies House to finalise the strike-off of the entity. Additional information is available in the notes following the financial statements.

In late 2019 Cartus Limited's ultimate parent, Realogy Holdings Corp ("Realogy"), entered into a Purchase and Sale Agreement for the acquisition of the global employee relocation business, Cartus Relocation Services, by North American Van Lines, Inc. (as assignee of SIRVA). SIRVA is a portfolio company of Madison Dearborn Partners, LLC ("MDP"). Realogy strongly believes that all conditions to SIRVA's obligations to effect the closing have been and continued to be satisfied. In late April 2020, SIRVA notified Realogy that it did not believe all conditions to closing had been or would be satisfied by the 30 April termination date under the Purchase Agreement. Subsequently, Realogy filed a lawsuit against affiliates of MDP and SIRVA for breach of contract and a claim seeking payment of the termination fee. On 8 August, 2020, Realogy entered into a confidential settlement agreement with SIRVA, Inc., SIRVA Worldwide, Inc. ("SIRVA Worldwide") and affiliates of Madison Dearborn Partners, LLC to mutually dismiss and release all claims related to the termination of the Purchase and Sale Agreement dated 6 November, 2019 with North American Van Lines, Inc. (as assignee of SIRVA Worldwide) for the sale of Cartus Corporation. Cartus Relocation Services remains a viable and fully supported subsidiary of Realogy.

Gross Profit was down £1.9m year on year due to a reduction in turnover as a result of lower volume. In 2019 there was an Operating profit (a key performance indicator) of £0.2m compared to an Operating loss of £2.1m in 2018. For the year net assets were down from 2018 by 85.1% from £10.4m to £1.5m, this was mainly due to a decrease in the amounts owed by group undertakings.

Key performance indicators

Locally, the Company utilises revenue and operating loss/profit variances as key indicators of overall performance. Comparisons are shown above.

Cartus Limited

Strategic report (continued)

For the year ended 31 December 2019

Principal risks and uncertainties

The directors of the Company manage the Company's risks at a US group level, rather than an individual business unit level. The financial risks are detailed in the Directors' report. Risks and uncertainties, in the context of the Realogy Group as a whole, are provided on pages 25 through to 51 of the Realogy Holdings Corp 2019 10-K Annual Report.

The outbreak of novel coronavirus (COVID-19) in early 2020 has affected business and economy activities around the world. The Company considers this outbreak to be a non-adjusting post balance sheet event as of 31 December 2019. Given the spread of the coronavirus, the range of potential outcomes for the global economy are difficult to predict at the current time. When it comes to our business, we are monitoring the COVID-19 outbreak developments closely. The Company follows guidance from the World Health Organization and the U.S. Centers for Disease Control and Prevention and abides by the requirements as activated by local governments. Similar to many other companies, COVID has impacted our business through lower revenues due to lower volumes. The Company had taken steps early on to partially offset some of the reduced earnings through cost saving initiatives such as temporarily reducing hours, pay, and furloughs. The Company reclaimed some of these costs under the Coronavirus Job Retention Scheme. The Company subsequently made a small population of employees redundant. As of the filing of the accounts, employee temporary measures have been restored back to pre-COVID levels. Moreover, the company has not experienced any receivable recoverability issues with customers.

From an employee wellbeing and business continuity perspective, we are proactively monitoring this outbreak and are maintain continuous dialogue with employees regarding its status. Periodic updates are being issued and guidance to all staff on preventative measures and on maintaining good physical and mental health is being provided.

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Directors are required to explain how they have considered the interests of key stakeholders and the broader matters as set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the company. This includes considering the interest of other stakeholders, which will have an impact on the long-term success of the company.

As part of their orientation, a new Director receives a briefing on their duties and they can obtain professional advice on these, either from the Company Secretary or from an independent advisor. All Directors are encouraged to utilise external knowledge from workshops or online programs. As employees of the Company, the Directors are involved in the day-to-day operations and decision making related to business strategy, employees, and suppliers.

When making decisions, each Director considers, both individually and together, that they have acted in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. They have done so, in conjunction with their immediate parent company, Cartus Corporation, having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act in the decisions taken during the year ended 31 December 2019.

Cartus Limited

Strategic report (continued)

For the year ended 31 December 2019

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 (continued)

S172(1) (A) - The likely consequences of any decision in the long term

The Directors understand the relocation business and the industry in which we operate, including the challenges of navigating through ever changing business environments. The Company makes financially responsible decisions with the utmost consideration for all of our stakeholders – clients, customers, employees, suppliers, and shareholders alike. We focus on financial responsibility as every enterprise we touch, including our own, relies on our careful management to ensure consistency, security, and the optimal value of the services we provide. The Directors, along with the Cartus Corporation Executive Team, have taken the decisions they believe best support Cartus Limited's strategic goals. Among these are retaining clients, expanding business with existing clients, and signing new business. This was achieved through the continued emphasis on high quality customer service and service delivery, as well as ongoing technology innovations.

S172(1) (B) - The interests of the company's employees

The Directors recognize that the Cartus Limited employees are essential to our business and to the delivery of our strategic goals. The success of our business depends on attracting, motivating and retaining talented employees, ensuring that we remain a responsible employer with regard to pay and benefits, as well as health and safety. We value a positive workplace environment including diverse talent, leveraging inclusion and individuality as the foundation of our competitive advantage. The Directors take into account the effects of decisions on employees and the wider workforce, where relevant and feasible. Creating opportunities for our employees to get involved, build satisfying careers, balance life and work, and grow personally and professionally.

S172(1) (C) - The need to foster the company's business relationships with suppliers, customers and others

We value and are defined by our service. How we deliver is as important as what we deliver. As commitment to and awareness of service is part of every solution, large or small, and will always be the most visible, and personal benefit we bring. Delivering our strategy requires strong mutually beneficial relationships with our suppliers, customers and clients. Cartus Corporation, and by extension Cartus Limited, seeks the promotion and application of certain general principles in such relationships. The ability to promote these principles effectively is an important factor in the decision to enter into or remain in such relationships. This along with other standards are put forth in our Code of Ethics to which we hold our suppliers and ourselves accountable.

S172(1) (D) - The impact of the company's operations on the community and the environment

Cartus Corporation, including Cartus Limited, employees are dedicated and compassionate corporate citizens who support a wide variety of charities and organizations that work to improve our community and world. More information on this can be found within our 2019 Global Citizenship Report.

S172(1) (E) - The desirability of the company maintaining a reputation for high standards of business conduct

We value ethical behaviour. We conduct our business and ourselves with the utmost integrity. We comply with our internal and external commitments, and we make the ethical choice whenever there is a choice to be made. Our culture of integrity is absolute and non-negotiable. Annually the Cartus Corporation, including Cartus Limited, employees receive Ethics and Compliance training and certify to the Code of Ethics as out forth by its ultimate parent company, Realogy Holdings Corp. The Company Leadership periodically reviews these standards along with others such as its Human Rights Policy and Modern Slavery statement, to ensure that its high standards are maintained both within the Cartus Corporation, including Cartus Limited, business and the business relationships we maintain.

Cartus Limited

Strategic report (continued)

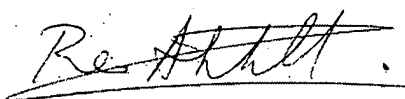
For the year ended 31 December 2019

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 (continued)

S172(1) (F) -The need to act fairly as between members of the company

After reviewing all relevant factors, the Directors consider which course of action best enables delivery of our strategy through the long-term, taking into consideration the impact on stakeholders through dialogue based on the mutual understanding of objectives. The board as a whole has a responsibility for ensuring that a satisfactory dialogue with its sole member takes place and that during the board's decision-making process the board has regard (amongst other matters) to the likely consequences of any decision in the long term.

Approved by the Board on 21 August 2020 and signed on its behalf by:



.....
R Abbott
Director

Cartus Limited

Directors' report

For the year ended 31 December 2019

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

Principal activities

The principal activity of the Company is the provision of relocation services to corporate and government clients.

Future developments

The Company will continue to concentrate on the signing of new clients, cross selling of products and the investment in technology to further enhance core services to offset the impact of lower existing client relocation volume.

Post balance sheet events

The outbreak of novel coronavirus (COVID-19) in early 2020 has affected business and economy activities around the world. The Company considers this outbreak to be a non-adjusting post balance sheet event as of 31 December 2019. Given the spread of the coronavirus, the range of potential outcomes for the global economy are difficult to predict at the current time. When it comes to our business, we are monitoring the COVID-19 outbreak developments closely. The Company follows guidance from the World Health Organization and the U.S. Centers for Disease Control and Prevention and abides by the requirements as activated by local governments. Similar to many other companies, COVID has impacted our business through lower revenues due to lower volumes. The Company had taken steps early on to partially offset some of the reduced earnings through cost saving initiatives such as temporarily reducing hours, pay, and furloughs. The Company reclaimed some of these costs under the Coronavirus Job Retention Scheme. The Company subsequently made a small population of employees redundant. As of the filing of the accounts, employee temporary measures have been restored back to pre-COVID levels. Moreover, the company has not experienced any receivable recoverability issues with customers.

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Dividends and financial results

The results for the year are set out in the Profit and loss account on page 9. On 23 September 2019 the Company issued an allotment of 6,683,689 ordinary shares in the amount of £6,684k to Cartus Holdings Limited. Subsequently on 24 September 2019 the Company performed a capital reduction of £13,056k in order to create distributable reserves. On the same day, a dividend in specie was paid to Cartus Holdings Limited of £16,000k with Cartus Limited assigning £16,000k of intercompany debtors owed to them by Cartus Corporation to Cartus Holdings Limited. No final dividend has been proposed (2018: nil).

Cartus Limited

Directors' report (continued)

For the year ended 31 December 2019

Financial risks

The Company's activities do expose it to a number of financial risks including price risk, credit risk, liquidity risk and cash flow risk. The risk is minimized based on the Company's strategy of assessing each area and ensuring proper controls are in place and operating effectively.

The Company's policies on price risk, credit risk, liquidity risk and cash flow risk, and its exposure to these risks are set out below.

(a) Price risk

The Company undertakes careful planning and development around clients and service offerings, together with close co-operation with the wider Cartus group, in order to address the competitive price pressures that exist in its market place.

(b) Credit risk

The Company's principal financial assets are bank balances and trade receivables.

The Company's credit risk is primarily attributable to its trade receivables and as such the Company operates to a formal trade credit policy. 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 experience, is evidence of a reduction in the recoverability.

Credit risk has been strategically minimised through maintaining a balanced portfolio of customers spreading risk exposure over a wide range of industry sizes and segments. The Company also has credit underwriting procedures and monitoring and may request deposit payments in advance in certain credit risk scenarios. The portfolio proudly combines both SME and Blue Chip corporate clients together with a variety of Government Agencies.

The credit risk on liquid funds and short term investments is limited because the counterparties are banks with high credit-ratings assigned by international rating agencies.

(c) Liquidity risk

The Company's ownership structure provides the Company with the ability to maintain liquidity via funding from the wider Cartus group. The overdraft facility previously in place was eliminated in April 2020.

(d) Cash flow risk

Whilst the Company continues to enjoy an array of secure funding mechanisms, it also endeavours to mitigate its dependency thereon through sustained focus on controls such as day-to-day cash flow management and reporting, comprehensive operational forecasting and the provision of alternative delivery options where suitable; as such the Company's cash flow risks remain minimal.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

R Abbott

D Pascoe

R Tucker

I Payne (resigned 28 February 2020)

Cartus Limited

Directors' report (continued) For the year ended 31 December 2019

Indemnity of directors

The Company maintains liability insurance for its directors and officers. The Company has also provided an indemnity for its directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Employees

The Company is committed to ensuring that people with disabilities are supported and encouraged to apply for employment with the Company and to achieve progress through the Company. They will be treated so that they have an equal opportunity, so far as is justifiable, to be selected, trained and promoted. If an employee becomes disabled the Company will make every reasonable effort to consider and adapt the job and the workplace to meet their individual needs. Every reasonable effort will be made to enable disabled persons to be retained in the employment of the company.

The Company places considerable value on the involvement of its employees and continues to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group and company. This is achieved through formal and informal meetings, regular e-magazine publications, company videos, and a variety of other company news-email. Employees are consulted on significant matters affecting their current and future interests.

Employee engagement

Our employees are essential to our business and to the delivery of our strategic goals. Through recruitment, training and development, reward and recognition, diversity and inclusion, and ensuring our employees can fulfill their potential at work, we continue to build a strong and empowered workforce. While also ensuring we create opportunities for our employees to get involved, build satisfying careers, balance life and work, and grow personally and professionally. The skills, capabilities, and commitment of our employees is critical to ensuring the long-term success of our business. Effective employee engagement enables our employees to contribute to improving our business performance and assists us in creating an environment in which everyone can fulfill their potential. Our Directors and the management team engage with our employees by keeping them informed about what is happening across the business using a variety of methods, including company-wide Town Halls, leadership blogs, video updates, Yammer, email communications, our intranet site, and team meetings. It is also through some of these methods, as well as employee surveys, where we encourage our employees to share their thoughts, views and opinions.

Stakeholder engagement

As employees of the Company, the Directors are involved in the day-to-day operations and decision making related to business strategy, employees, and suppliers. In 2019, the Directors met throughout the course of the year to review and approve the financial results, the current year budget, and discuss the status of our strategic initiatives. The board members also report into the parent company, Cartus Corporation, through their respective functional area. The Directors strongly believe that Cartus Limited will only succeed by working with its clients, customers, suppliers and other stakeholders in conjunction with its employees. Working together is critical, particularly at a time when businesses are facing many issues, such as changing work environments.

Cartus Limited continues to build on its long track record of strong relationships and partnerships with our clients, suppliers, and employees.

Our clients and customers are our key focus. Ensuring a high quality experience of our services to our clients and their employees while maintaining our ethical standards is our goal every day. Understanding our clients and customers' needs is vital to determining our product offerings and how we invest in our technologies. Our Directors and management teams engage with our clients through regular dialogue and face-to-face meetings.

Cartus Limited

Directors' report (continued)

For the year ended 31 December 2019

Stakeholder engagement (continued)

Our suppliers are an extension of the quality service we deliver to our customers. It is important that the companies we work with to assist in the delivery of our services maintain the same level of commitment to excellence and ethics as we do at Cartus Limited and Cartus as a whole. We endeavor to maintain an effective and efficient supply chain, which allows us to deliver quality service to our customers, and by extension, our clients. Our Directors and management teams engage with our suppliers through annual events, performance reviews and regular dialogue and training.

Going concern

The directors have performed an assessment of the Company's ability to continue as a going concern and have received written confirmation of financial support from the Company's ultimate parent company, Realogy Holdings Corp., for a period of at least 12 months from the date of approval of these financial statements by the board of directors. As such, these financial statements have been prepared on the going concern basis.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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.

Disclosure of information to the auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- (a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of section 418 of the Companies Act 2006.

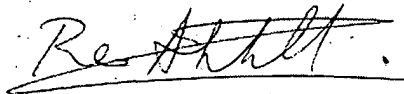
Cartus Limited

**Directors' report (continued)
For the year ended 31 December 2019**

Independent auditors

The auditors PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

Approved by the board of directors and signed on behalf of the board:

A handwritten signature in black ink, appearing to read 'R Abbott', is written over a horizontal line. The signature is cursive and somewhat stylized.

.....
R Abbott
Director

21 August 2020

Cartus Limited

Independent auditors' report to the members of Cartus Limited

Report on the audit of financial statements

Opinion

In our opinion, Cartus Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2019; the Profit and loss, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of Cartus Limited (continued)

Reporting on other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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:

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.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Cartus Limited

Independent auditors' report to the members of Cartus Limited (continued)

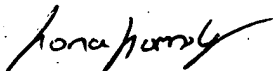
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



.....
Fiona Hornsby (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
26 August 2020

Cartus Limited

**Profit and loss account
For the year ended 31 December 2019**

| | | Year ended 31 December 2019 | Year ended 31 December 2018 |
|---|----------------|--|--|
| | Note(s) | £ 000 | £ 000 |
| Turnover | 4 | 43,588 | 45,558 |
| Cost of sales | | <u>(16,228)</u> | <u>(16,258)</u> |
| Gross profit | | 27,360 | 29,300 |
| Administrative expenses | | (27,599) | (31,375) |
| Other operating (losses)/gains | | <u>(1)</u> | <u>19</u> |
| Operating loss | 5 | (240) | (2,056) |
| Income from shares in group undertakings | 6,15 | <u>466</u> | <u>-</u> |
| Profit/(loss) before interest and taxation | | 226 | (2,056) |
| Interest receivable and similar income | 9 | 12 | 12 |
| Interest payable and similar expenses | 10 | <u>(212)</u> | <u>(180)</u> |
| Profit/(loss) before taxation | | 26 | (2,224) |
| Tax on profit/(loss) | 12 | <u>57</u> | <u>97</u> |
| Profit/(loss) for the financial year | | <u>83</u> | <u>(2,127)</u> |

The above results were derived from continuing operations.

The Company has no other comprehensive income or losses for the year other than the results above and therefore no separate statement of comprehensive income has been presented.

The notes on pages 17 to 31 form an integral part of these financial statements.

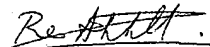
Cartus Limited

**Balance sheet
As at 31 December 2019**

| | Note | 31 December 2019 £ 000 | 31 December 2018 £ 000 |
|---|------|------------------------------|------------------------------|
| Fixed assets | | | |
| Intangible assets | 13 | 5 | 22 |
| Tangible assets | 14 | 554 | 535 |
| Investments | 15 | 62 | 32,991 |
| | | <u>621</u> | <u>33,548</u> |
| Current assets | | | |
| Debtors | 16 | 16,005 | 29,252 |
| Cash at bank and in hand | | 651 | 1,734 |
| | | <u>16,656</u> | <u>30,986</u> |
| Total assets | | <u>17,277</u> | <u>64,534</u> |
| Creditors: amounts falling due within one year | 17 | (15,729) | (54,090) |
| Net current assets/(liabilities) | | <u>927</u> | <u>(23,104)</u> |
| Total assets less current liabilities | | <u>1,548</u> | <u>10,444</u> |
| Net assets | | <u>1,548</u> | <u>10,444</u> |
| Capital and reserves | | | |
| Called up share capital | 18 | - | 6,372 |
| Profit and loss account | | 1,548 | 4,072 |
| Total shareholders' funds | | <u>1,548</u> | <u>10,444</u> |

The financial statements of Cartus Limited on pages 14 to 31 (registration number: 01431036) were approved by the Board of directors and authorised for issue on 21 August 2020.

They were signed on its behalf by:



R Abbott
Director

The notes on pages 17 to 31 form an integral part of these financial statements.

Cartus Limited

**Statement of changes in equity
For the year ended 31 December 2019**

| | Called-up Share capital £ 000 | Profit and Loss account £ 000 | Total Shareholders' Funds' £ 000 |
|------------------------------------|--|--|---|
| At 1 January 2018 | 6,372 | 5,689 | 12,061 |
| Loss for the financial year | - | (2,127) | (2,127) |
| Total comprehensive expense | - | (2,127) | (2,127) |
| Share based payments | - | 510 | 510 |
| At 31 December 2018 | <u>6,372</u> | <u>4,072</u> | <u>10,444</u> |

| | Called-up Share capital £ 000 | Profit and Loss Account £ 000 | Total Shareholders' Funds' £ 000 |
|-----------------------------------|--|--|---|
| At 1 January 2019 | 6,372 | 4,072 | 10,444 |
| Profit for the financial year | - | 83 | 83 |
| Total comprehensive income | - | 83 | 83 |
| Shares issued | 6,684 | - | 6,684 |
| Capital reduction | (13,056) | 13,056 | - |
| Dividends | - | (16,000) | (16,000) |
| Share based payments | - | 337 | 337 |
| At 31 December 2019 | <u>-</u> | <u>1,548</u> | <u>1,548</u> |

The notes on pages 17 to 31 form an integral part of these financial statements.

Cartus Limited

Notes to the financial statements For the year ended 31 December 2019

1 General information

The Company is a private company limited by share capital incorporated in England and domiciled in the United Kingdom.

The address of its registered office is:

Frankland Road
Blagrove
Swindon
Wiltshire
SN5 8RS
United Kingdom

The nature of the Company's operations and its principal activities are set out in the Directors' report on page 3.

2 Accounting policies

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Basis of preparation

These financial statements are prepared on a going concern basis and under historical cost convention.

Cartus Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the following exemptions available to it:

- from preparing a statement of cash flows under FRS 102 paragraph 1.12(b);
- from the financial instruments disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29;
- from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7;
- Related party transactions entered into between two or more members of a group (for wholly-owned subsidiaries); and
- a reconciliation of the number of shares outstanding at the beginning and end of the year;
- from disclosing share based payment arrangements, required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23, concerning its own equity instruments.

The functional currency of Cartus Limited is considered to be pounds sterling because that is currency of the primary economic environment in which the Company operates.

Going concern

The directors have performed an assessment of the Company's ability to continue as a going concern and have received written confirmation of financial support from the Company's ultimate parent company, Realogy Holdings Corp., for a period of at least 12 months from the date of approval of these financial statements by the board of directors. As such, these financial statements have been prepared on the going concern basis.

Cartus Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

2 Accounting policies (continued)

Consolidated financial statements

The Company is a wholly-owned subsidiary of Cartus Holdings Limited and of its ultimate parent, Realogy Holdings Corp. It is included in the consolidated financial statements of Realogy Holdings Corp. which are publicly available. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

Intangible assets

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of between three and five years, on a straight line basis.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

| <i>Asset class</i> | <i>Amortisation method and rate</i> |
|--------------------|-------------------------------------|
| Software | 3 to 5 years |

Tangible assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Management assess tangible fixed assets for indicators of impairment on an annual basis.

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

| <i>Asset class</i> | <i>Depreciation method and rate</i> |
|--|-------------------------------------|
| Leasehold improvements and furniture, fittings and equipment | 3 to 5 years |

Impairment of non-financial assets

Tangible assets and investments are reviewed for impairment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised at the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

Cartus Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

2 Accounting policies (continued)

Financial instruments

(i) Financial assets

Basic financial assets, including debtors, amounts owed by group undertakings and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

ii) Financial liabilities

Basic financial liabilities, including creditors, bank loans, and amounts owed to fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Investments

Investments are held at cost less a provision for any impairment.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total profit as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end, and that are expected to apply to the reversal of the timing difference.

Cartus Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

2 Accounting policies (continued)

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Company's activities and also includes on-charged relocation expenses. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the Company.

The company recognizes revenue when:

- (i) the amount of revenue can be reliably measured;
- (ii) it is probable that future economic benefits will flow to the entity; and
- (iii) specific criteria have been met for each of the Company's activities.

International Services

For international outsourcing fees, turnover is recognised two months from the date of service activation, based on a weighted average calculation, as the majority of the service is delivered in the first two months. The ongoing support occurs monthly during the assignment and the fee is generally recognised monthly from the date of service activation. Service activation occurs after the transferee has accepted the service. International Destination service fees are recognised at completion of services, generally three months after activation.

Rebates

The Company earns rebate turnover from estate agents, which is recognised at the time the underlying property completes, and turnover from other third-party service providers where the Company earns a rebate or commission, which is recognised at the time of completion of services.

Rental fees

Rental fees are recognised on a straight-line basis over the term of the contract.

On-charged services

Certain services are provided to customers where the Company engages certain third party suppliers to perform the service on the Company's behalf. In certain cases the costs incurred from the suppliers are recharged directly through to customers and because the Company is acting as principal in this arrangement, the turnover is recognised gross of such supplier costs at the time of the cost being incurred.

Other revenue

Other revenue consists of several smaller service fees, the majority of which consist of the following:

UK domestic outsourcing fees - turnover is recognised four months from the date of service activation of the management fee to coordinate the homesale services, based on a weighted average calculation of the time it takes to deliver the homesale service.

Household goods fees - turnover is recognised upon completion of the transfer of the goods to the pre-determined destination by the removalists.

Network fees - earned from estate agents who are members of our agent network. The fees are recognised at completion of the delivery of the service.

Other revenue - consists of other service fees which the Company earns for various activities associated with the homesale process. These fees are recognised at the completion of the delivery of the service.

Cartus Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

2 Accounting policies (continued)

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. All foreign exchange gains and losses are presented in the profit and loss account within 'Other operating (losses)/gains'.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

The Company has no finance leases.

Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Share based payments

The ultimate parent company operates a number of equity-settled, share-based compensation plans under which the entity receives services from employees as consideration for equity instruments (restricted stock units) of the entity. The fair value of the employee services received in exchange for the grant of stock-based awards is recognised as an expense in the books of the participating subsidiary and the credit is taken to profit and loss account. The total amount to be expensed over the vesting period is determined by reference to the fair-value of the stock-based awards granted. Expected forfeitures are included in assumptions about the number of stock-based awards that are expected to vest.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, with maturities of three months or less.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or restricted stock units are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Notes to the financial statements (continued)
For the year ended 31 December 2019

2 Accounting policies (continued)

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Annual bonus plan

The ultimate parent company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting estimates and assumptions

The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are addressed below.

Revenue recognition (deferral of revenue)

For domestic services the Company recognises UK home purchase service fees on a percentage completion basis and UK Domestic Outsourcing turnover four months from the date of service activation. For International services the Company recognises International Outsourcing turnover two months from the date of service activation (based on a weighted average calculation) and International Destination service fees, if billed at activation, are deferred three months. Service activation occurs after the transferee has accepted the service. The estimation of deferral period requires the combination of assumptions including historical actual delivery and specific terms of the contract. Management assess the deferral period periodically to ensure the assumption still holds.

Carrying value of investment

Where an indication of impairment is identified, the directors are required to consider whether the carrying value of its investments is supported by the discounted cash flows of its subsidiary. The directors consider the latest plans and forecasts of its subsidiary and the discount rate applied.

Cartus Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

4 Turnover

Turnover, which excludes value added tax, arises from the Company's principal activity of the provision of property and relocation services. All the Company's turnover arises in the United Kingdom.

Analysis of turnover by category:

| | Year ended 31 December 2019 | Year ended 31 December 2018 |
|------------------------|--------------------------------|--------------------------------|
| | £ 000 | £ 000 |
| International services | 29,209 | 31,516 |
| On-charged services | 11,539 | 11,285 |
| Rebates | 1,088 | 1,135 |
| Rental fees | 348 | 412 |
| Other revenue | 1,404 | 1,210 |
| | <u>43,588</u> | <u>45,558</u> |

5 Operating Loss

Operating loss is stated after charging/(crediting):

| | Year ended 31 December 2019 | Year ended 31 December 2018 |
|-----------------------------------|--------------------------------|--------------------------------|
| | £ 000 | £ 000 |
| Amortisation expense (note 13) | 18 | 459 |
| Impairment of goodwill | - | 679 |
| Depreciation expense (note 14) | 245 | 275 |
| Operating lease expense (note 19) | 813 | 817 |
| Other operating gains | (17) | (19) |
| | <u>(17)</u> | <u>(19)</u> |

6 Income from shares in group undertakings

| | Year ended 31 December 2019 | Year ended 31 December 2018 |
|-----------------|--------------------------------|--------------------------------|
| | £ 000 | £ 000 |
| Dividend Income | <u>466</u> | <u>-</u> |

During the year the Company received a dividend in specie of £33.4m from Cartus II Limited, a wholly owned subsidiary. A reduction in the underlying investment of £32.9m was recognised, resulting in a net return of £0.5m from these two transactions (see note 15).

Cartus Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

7 Directors' remuneration

The directors' remuneration for the year was as follows:

| | Year ended 31 December 2019 | Year ended 31 December 2018 |
|--------------------------------------|--------------------------------|--------------------------------|
| | £ 000 | £ 000 |
| Emoluments | 680 | 661 |
| Share based payments | 139 | 308 |
| Defined contributions pension scheme | 38 | 38 |
| | <u>857</u> | <u>1,007</u> |

During the year the number of directors who were receiving benefits and share incentives was as follows:

| | Year ended 31 December 2019 | Year ended 31 December 2018 |
|--|--------------------------------|--------------------------------|
| | No. | No. |
| Share based payments | 4 | 4 |
| Accruing benefits under defined contribution pension schemes | 4 | 4 |

In respect of the highest paid director

| | Year ended 31 December 2019 | Year ended 31 December 2018 |
|--------------------------------------|--------------------------------|--------------------------------|
| | £ 000 | £ 000 |
| Emoluments | 233 | 218 |
| Share based payments | 117 | 117 |
| Defined contributions pension scheme | 10 | 14 |

8 Staff costs

The average monthly number of employees (including executive directors) was:

| | Year ended 31 December 2019 | Year ended 31 December 2018 |
|---------------------|--------------------------------|--------------------------------|
| | No. | No. |
| Directors | 4 | 4 |
| Sales and marketing | 4 | 6 |
| Administration | 371 | 415 |
| | <u>379</u> | <u>425</u> |

Their aggregate remuneration comprised:

| | Year ended 31 December 2019 | Year ended 31 December 2018 |
|------------------------------|--------------------------------|--------------------------------|
| | £ 000 | £ 000 |
| Wages and salaries | 12,488 | 12,835 |
| Social security costs | 1,337 | 1,399 |
| Other pension costs | 447 | 418 |
| Share based payment expenses | 338 | 510 |
| | <u>14,610</u> | <u>15,162</u> |

Cartus Limited

**Notes to the financial statements (continued)
For the year ended 31 December 2019**

9 Interest receivable and similar income

| | Year ended 31 December 2019 | Year ended 31 December 2018 |
|---------------|--|--|
| | £ 000 | £ 000 |
| Bank interest | <u>12</u> | <u>12</u> |

10 Interest payable and similar expenses

| | Year ended 31 December 2019 | Year ended 31 December 2018 |
|--|--|--|
| | £ 000 | £ 000 |
| Amounts payable in respect of bank overdraft | <u>212</u> | <u>180</u> |

11 Auditors' remuneration

Fees payable to PricewaterhouseCoopers LLP and their associates for the audit of the Company's annual financial statements were £104,450 (2018: £115,000).

12 Tax on profit/(loss)

The tax credit comprises:

| | Year ended 31 December 2019 | Year ended 31 December 2018 |
|---|--|--|
| | £ 000 | £ 000 |
| UK corporation tax | - | - |
| Adjustments in respect of prior years | <u>(9)</u> | <u>(171)</u> |
| Deferred Tax | <u>(9)</u> | <u>(171)</u> |
| Arising from origination and reversal of timing differences | (54) | 50 |
| Adjustments in respect of prior years | - | 29 |
| Effect of changes in tax rates | 6 | (5) |
| Total deferred tax | <u>(48)</u> | <u>74</u> |
| Total tax on profit/(loss) | <u>(57)</u> | <u>(97)</u> |

Cartus Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

12 Tax on profit/(loss) (continued)

Tax assessed for the year is lower (2018: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2019 of 19% (2018: 19%). The differences are explained below:

| | Year ended 31 December 2018 | Year ended 31 December 2018 |
|--|--------------------------------|--------------------------------|
| | £ 000 | £ 000 |
| Profit/(loss) before taxation | <u>26</u> | <u>(2,224)</u> |
| Tax on profit at standard UK corp. tax rate of 19% (2018: 19%) | 5 | (422) |
| Effects of | | |
| Non-deductible costs | 6,328 | 306 |
| Income not taxable | (6,345) | - |
| Group relief | 10 | 181 |
| Adjustment from previous periods | (9) | (143) |
| Share based payments | (52) | (14) |
| Effects of changes in tax rates | 6 | (5) |
| Tax credit for the year | <u>(57)</u> | <u>(97)</u> |

Factors that may affect future tax charges

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides for a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 6 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the year-end date. In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the deferred tax balance by 11%.

Deferred tax

| | Year ended 31 December 2019 | Year ended 31 December 2018 |
|---|--------------------------------|--------------------------------|
| | £ 000 | £ 000 |
| At 1 January | 61 | 135 |
| Adjustments in respect of prior years | - | (29) |
| Deferred tax charged to profit and loss account | 48 | (45) |
| At 31 December | <u>109</u> | <u>61</u> |

Deferred tax is attributable to capital allowances

Cartus Limited**Notes to the financial statements (continued)
For the year ended 31 December 2019****13 Intangible assets**

| | Software £ 000 |
|---------------------------------|---------------------------|
| Cost or valuation | |
| At 1 January 2019 | 248 |
| Additions | 1 |
| At 31 December 2019 | <u>249</u> |
| Accumulated amortization | |
| At 1 January 2019 | 226 |
| Amortisation charge | 18 |
| At 31 December 2019 | <u>244</u> |
| Net book value | |
| At 31 December 2019 | <u>5</u> |
| At 31 December 2018 | <u>22</u> |

14 Tangible assets

| | Leasehold improvements £ 000 | Fixtures and fittings £ 000 | Total £ 000 |
|---------------------------------|---|--|------------------------|
| Cost or valuation | | | |
| At 1 January 2019 | 332 | 1,393 | 1,725 |
| Additions | 217 | 47 | 264 |
| At 31 December 2019 | <u>549</u> | <u>1,440</u> | <u>1,989</u> |
| Accumulated depreciation | | | |
| At 1 January 2019 | 248 | 942 | 1,190 |
| Charge for the year | 48 | 197 | 245 |
| At 31 December 2019 | <u>296</u> | <u>1,139</u> | <u>1,435</u> |
| Net book value | | | |
| At 31 December 2019 | <u>253</u> | <u>301</u> | <u>554</u> |
| At 31 December 2018 | <u>84</u> | <u>451</u> | <u>535</u> |

Cartus Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

15 Investments

| Subsidiaries | £ 000 |
|--|--------|
| Cost or valuation | |
| At 1 January 2019 and 31 December 2019 | 32,991 |
| Provisions for impairment | |
| At 1 January 2019 | - |
| Charge for the year | 32,929 |
| 31 December 2019 | 32,929 |
| Net book value | |
| At 31 December 2019 | 62 |
| At 31 December 2018 | 32,991 |

Investments in group undertakings are stated at cost less impairment.

During the year the Company received a dividend in specie of £33.4m from Cartus II Limited, a wholly owned subsidiary. An impairment of £32.9m has been recognized as expense on the P&L in the year. The dividend in specie and impairment have been offset within the profit and loss statement. Cartus II Limited is in a period of winding up and therefore the investment has been impaired in full as the carrying value is not supported by its underlying net assets.

All subsidiaries are incorporated in England and Wales, are wholly-owned by the Company and are listed below. The share capital of these subsidiaries comprises £1 ordinary shares.

Details of undertakings

| Subsidiary undertakings | Activity |
|--------------------------------------|---|
| Cartus Financing Limited* | Provision of finance to government agencies for employee relocation |
| Cartus II Limited * | Dormant |
| Cartus Business Answers (No. 2) plc* | Dormant |
| Cartus UK plc* | Dormant |

*Registered office: Frankland Road, Blagrove, Swindon, Wiltshire, United Kingdom, SN5 8RS.

Cartus Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

16 Debtors

| | 31 December 2019 £ 000 | 31 December 2018 £ 000 |
|------------------------------------|------------------------------|------------------------------|
| Trade debtors, net of provision | 6,354 | 3,818 |
| Unbilled trade debtors | 2,855 | 1,948 |
| Amounts owed by group undertakings | 3,364 | 20,257 |
| Advances on houses | 230 | 713 |
| Other debtors | 451 | 791 |
| Deferred tax asset (note 12) | 135 | 61 |
| Corporation tax receivable | 422 | 318 |
| Prepayments and accrued income | 2,194 | 1,346 |
| | <u>16,005</u> | <u>29,252</u> |

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. All other debtors are considered to be recoverable within one year.

Advances on houses comprise the provision of finance for employee relocation.

A dividend in specie of £16,000k was paid to Cartus Holdings Limited during the year, with Cartus Limited assigning £16,000k of intercompany debtors owed to them by Cartus Corporation to Cartus Holdings Limited. This assignment reduced the amount owed by group undertakings by £16,000k.

17 Creditors: amounts falling due within one year

| | 31 December 2019 £ 000 | 31 December 2018 £ 000 |
|------------------------------------|------------------------------|------------------------------|
| Loans and borrowings | 8,479 | 5,965 |
| Trade creditors | 300 | 965 |
| Amounts owed to group undertakings | 1,471 | 41,391 |
| Other creditors | 1,507 | 1,427 |
| Deferred tax liability (note 12) | 26 | - |
| Other taxation and social security | 393 | 435 |
| Accruals and deferred income | 3,553 | 3,907 |
| | <u>15,729</u> | <u>54,090</u> |

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The Company had a £10,000,000 bank overdraft facility that was repayable on demand and secured by a bank letter of credit. Interest was calculated monthly in arrears and payable on amounts owing at 2.5% per annum over 1 month UK LIBOR rate. This facility was canceled in April 2020.

On 23 September 2019 the Company issued an allotment of 6,683,689 ordinary shares in the amount of £6,684k to Cartus Holdings Limited reducing the amounts owed to group undertakings by the same amount. During the year the Company also received a dividend in specie of £33,395k from Cartus II Limited, a wholly owned subsidiary, resulting in a further decrease in the amounts owed to group undertakings.

Cartus Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

18 Called up share capital

Allotted, called-up and fully paid shares

| | 31 December 2019 | | 31 December 2018 | |
|---------------------------|------------------|-------|------------------|-------|
| | No. 000 | £ 000 | No.000 | £ 000 |
| Ordinary shares of £ each | - | - | 6,372 | 6,372 |

On 23 September 2019 the Company issued an allotment of 6,683,689 ordinary shares in the amount of £6,684k to Cartus Holdings Limited. Subsequently on 24 September 2019 the Company performed a capital reduction of £13,056k in order to create distributable reserves. On the same day, a dividend in specie was paid to Cartus Holdings Limited of £16,000k with Cartus Limited assigning £16,000k of intercompany debtors owed to them by Cartus Corporation to Cartus Holdings Limited. No final dividend has been proposed (2018: nil).

The Company's other reserves are as follows:

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

19 Obligations under operating leases

The total of future minimum lease payments is as follows:

| | 2019 | 2018 |
|----------------------|--------------|--------------|
| | £ 000 | £ 000 |
| Within one year | 773 | 773 |
| In two to five years | 612 | 1,385 |
| | <u>1,385</u> | <u>2,158</u> |

The amount of non-cancellable operating lease payments recognised as an expense during the year was £813,000 (2018: £817,000).

20 Employee benefits

Pension commitments

The Company participates in a defined contribution scheme, which is independently run and managed. The cost of contributions to the scheme amounted to £447,000 (2018: £418,000). The amount outstanding at 31 December 2019 was £81,000 (2018: £89,000).

21 Share-based payments

The Company's ultimate parent entity, Realogy Holdings Corp. ("Realogy"), operates equity based share schemes: performance share units and two types of restricted stock units. Each scheme has vesting periods of 3 years from grant date and vesting requirements based on Realogy's financial performance. The company recognizes an equity-settled share-based payment expense based on a reasonable allocation of total charge for the group. This allocation is the total charge for the group pro-rated for the number of participating employees of the company.

Cartus Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

22 Parent and ultimate parent undertaking

The immediate parent company is Cartus Holdings Limited, a company incorporated in England and Wales.

The ultimate parent undertaking and controlling party is Realogy Holdings Corp., a company incorporated in the USA. Realogy Holdings Corp. is the smallest and largest group to consolidate these financial statements at 31 December 2019.

The consolidated financial statements of the ultimate parent undertakings can be obtained from:

Realogy Holdings Corp.
175 Park Avenue
Madison, NJ 07940 USA

23 Post balance sheet events

The outbreak of novel coronavirus (COVID-19) in early 2020 has affected business and economy activities around the world. The Company considers this outbreak to be a non-adjusting post balance sheet event as of 31 December 2019. Given the spread of the coronavirus, the range of potential outcomes for the global economy are difficult to predict at the current time. When it comes to our business, we are monitoring the COVID-19 outbreak developments closely. The Company follows guidance from the World Health Organization and the U.S. Centers for Disease Control and Prevention and abides by the requirements as activated by local governments. Similar to many other companies, COVID has impacted our business through lower revenues due to lower volumes. The Company had taken steps early on to partially offset some of the reduced earnings through cost saving initiatives such as temporarily reducing hours, pay, and furloughs. The Company reclaimed some of these costs under the Coronavirus Job Retention Scheme. The Company subsequently made a small population of employees redundant. As of the filing of the accounts, employee temporary measures have been restored back to pre-COVID levels. Moreover, the company has not experienced any receivable recoverability issues with customers.

From an employee wellbeing and business continuity perspective, we are proactively monitoring this outbreak and are maintain continuous dialogue with employees regarding its status. Periodic updates are being issued and guidance to all staff on preventative measures and on maintaining good physical and mental health is being provided.

In late 2019 Cartus Limited's ultimate parent, Realogy Holdings Corp ("Realogy"), entered into a Purchase and Sale Agreement for the acquisition of the global employee relocation business, Cartus Relocation Services, by North American Van Lines, Inc. (as assignee of SIRVA). SIRVA is a portfolio company of Madison Dearborn Partners, LLC ("MDP"). Realogy strongly believes that all conditions to SIRVA's obligations to effect the closing have been and continued to be satisfied. In late April 2020, SIRVA notified Realogy that it did not believe all conditions to closing had been or would be satisfied by the 30 April termination date under the Purchase Agreement. Subsequently, Realogy filed a lawsuit against affiliates of MDP and SIRVA for breach of contract and a claim seeking payment of the termination fee. On 8 August, 2020, Realogy entered into a confidential settlement agreement with SIRVA, Inc., SIRVA Worldwide, Inc. ("SIRVA Worldwide") and affiliates of Madison Dearborn Partners, LLC to mutually dismiss and release all claims related to the termination of the Purchase and Sale Agreement dated 6 November, 2019 with North American Van Lines, Inc. (as assignee of SIRVA Worldwide) for the sale of Cartus Corporation. Cartus Relocation Services remains a viable and fully supported subsidiary of Realogy.