Clarity Travel Limited

Annual report and financial statements
For the year ended 31 December 2020
Registered number 07413801

Contents

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 2020.

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.

The COVID-19 pandemic has disrupted business travel both nationally and internationally in 2020. The resulting travel restrictions have had a significant effect on the demand for business travel and, therefore, the financial results and business operations in 2020. The results for the Company show a pre-tax loss of £9,621,000 (2019 profit: £406,000) for the year and sales of £11,382,000 (2019: £28,107,000). At the balance sheet date, the Company has net assets of £7,049,000 (2019: £15,366,000).

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 rollout of the vaccine worldwide 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.

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 2020.
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.

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.

Strategic report *(continued)*

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 outbreak of the 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 with respect to changes in travel restrictions. 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.
- 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.

Strategic report *(continued)*

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, gross 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 2020 with revenue decreasing by £16,725k and EBITA reducing from earnings of £2,990k to a deficit of £7,626k.

	2020 £'000	2019 £'000
Revenue	**11,382**	28,107
EBITDA - see table below	**(7,626)**	2,990
Calculation - EBITDA		
Operating profit/(loss) for the period	**(9,431)**	696
Legal provision	**-**	1,200
Restructuring costs	**1,258**	624
Equity settled share based payment expenses	**15**	58
Depreciation of tangible assets (excluding IFRS16 adjustment)	**198**	148
Amortisation of intangible assets	**358**	288
IFRS16 adjustments		
Depreciation of right of use assets	**450**	369
Interest expense on leased liabilities	**76**	72
Lease rental adjustments	**(550)**	(465)
EBITDA	**(7,626)**	2,990

Approved by the board and signed on its behalf by

M Nevin
Director

Date 22nd July 2021

4th Floor Churchgate 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 2020.

Dividend

The Directors do not recommend the payment of a dividend *(2019: £nil)*.

Directors

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

Y Yousif
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 (2019: £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 2020. Note that this is the first year the Company has produced energy and carbon reporting and therefore comparative information is not presented.

	2020
Energy consumption used to calculate emissions (kWh):	**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	52.05
Emissions from purchased electricity	108.44
Total gross tCO2e based on the above:	**163.61**
Intensity ratio: Gross tCO2e / FTE	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 2020 to 31 December 2020. 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 2020, 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.

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
KPMG LLP ceased to hold office as auditor and 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 22nd July 2021

4th Floor Churchgate 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, relevant and reliable;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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 2020 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 International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- 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 6 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 IFRS, 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 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 23 July 2021

Statement of profit or loss and other comprehensive income
for the year ended 31 December 2020

	Notes	For the year ended 31 December 2020 £'000	For the year ended 31 December 2019 £'000
Revenue	*2*	**11,382**	28,107
Operating expense	*3*	**(20,813)**	(27,411)
Operating (loss)/profit		**(9,431)**	696
Finance expense	*7*	**(190)**	(290)
(Loss)/profit before taxation		**(9,621)**	406
Taxation	*8*	**1,637**	(84)
Total (loss)/profit for the year		**(7,984)**	322
Other comprehensive (deficit)/income			
Remeasurement of defined benefit liability	*18*	**(494)**	(527)
Movement on deferred tax relating to defined benefit liability	*13*	**141**	367
Total comprehensive (deficit)/income for the year		**(8,337)**	162

The revenue and results arose from continuing operations.

The notes on pages 13 to 33 form part of the financial statements.

Statement of financial position
as at 31 December 2020

	Notes	31/12/2020 £000	31/12/2020 £000	31/12/2019 £000	31/12/2019 £000
Non-current assets					
Property, plant and equipment	9	**637**		915	
Right of use assets	17	**924**		1,478	
Intangible assets	10	**1,260**		1,056	
Investment	11	**7,669**		7,669	
Deferred tax asset	13	**2,062**		564	
Total non-current assets			**12,552**		11,682
Current assets					
Trade and other receivables	12	**13,099**		36,402	
Cash and cash equivalents		**344**		3,591	
Total current assets			**13,443**		39,993
Total assets			**25,995**		51,675
Current liabilities					
Trade and other payables	14	**(13,473)**		(30,722)	
Provisions	15	**(1,189)**		(1,460)	
Lease liabilities	17	**(477)**		(553)	
Total current liabilities		**(15,139)**		(32,735)	
Non-current liabilities					
Provisions	15	**-**		(75)	
Lease liabilities	17	**(758)**		(1,158)	
Retirement benefit obligations	18	**(3,049)**		(2,341)	
Total liabilities			**(18,946)**		(36,309)
Net assets			**7,049**		15,366
Equity					
Called up share capital	16		**129**		124
Capital contribution	16		**660**		645
Retained earnings			**6,260**		14,597
Total equity			**7,049**		15,366

The notes on pages 13 to 33 form part of the financial statements.

These financial statements of Clarity Travel Limited were approved by the board of directors on 22nd July 21 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 2020

	Called up share capital	Retained earnings	Capital Contribution	Total equity
	£000	£000	£000	£000
Balance at 31 December 2018	119	14,715	587	15,421
Effect on initial application of IFRS 16	-	(280)	-	(280)
Adjusted balance at 1 January 2019	119	14,435	587	15,141
Shares issued	5	-	-	5
Equity settled share based payment transactions	-	-	58	58
Profit for period and total comprehensive income for the period	-	162	-	162
Balance at 31 December 2019	124	14,597	645	15,366
Profit for period	-	(7,984)	-	(7,984)
Other comprehensive income	-	(353)	-	(353)
Total comprehensive income for the period	-	(8,337)	-	(8,337)
Transactions with owners recorded directly in equity				
Shares issued	5	-	-	5
Equity settled share based payment transaction	-	-	15	15
Balance at 31 December 2020	129	6,260	660	7,049

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 2020 with comparative to the previous year to 31 December 2019.

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 Churchgate 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 Director's report on page 4, the 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 2020. The loss of revenue in 2020 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 2020 and will continue to be impacted during 2021.

At 31 December 2020, the Company had cash of £0.34m and a £2.0m 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 2021, 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 2022. 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 2022. 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 a prolonged period of minimal trade with 2021 revenue in line with 2020. The monthly cashflow forecast to July 2022 has been kept at the rolling average of the previous 12 months in order to not build any optimism into the forecast and being similar conditions to 2020 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 2021.

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 2020, £3.2m was owed to PTGL and its subsidiaries and £2.1m 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 2022, 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 2022.

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 £34m 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 2022.

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

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.

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.

Notes to the financial statements *(continued)*

1. Significant accounting policies *(continued)*

1.5 Separately disclosed items

Separately disclosed 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 in 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 abilities 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.

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.

Notes to the financial statements *(continued)*

1. Significant accounting policies *(continued)*

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.

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.

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.

Notes to the financial statements *(continued)*

1. Significant accounting policies *(continued)*

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.

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 probably 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 2020, the Company applied and received government grants from the Coronavirus Job Retention Scheme. 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.

Notes to the financial statements *(continued)*

1. Significant accounting policies *(continued)*

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.

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.

Notes to the financial statements *(continued)*

1. Significant accounting policies *(continued)*

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.

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.

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.

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.

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.

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.

Notes to the financial statements *(continued)*

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

	2020	2019
	£000	£000
Service fees and commission	**9,770**	22,331
Overrides	**506**	2,125
Credit card income	**438**	1,695
GDS income	**668**	1,956
Rendering of services	**11,382**	28,107

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

Timing of transfer of goods or services	**2020**	2019
	£000	£000
Products and services transferred at a point in time	**11,382**	28,107

Primary Geographical markets by destination	**2020**	2019
	£000	£000
Europe	**8,753**	18,704
Worldwide	**2,629**	9,403
	11,382	28,107

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

	Note	**31 December 2020** **£000**	31 December 2019 £000
Receivables	12	**9,152**	32,693

Notes to the financial statements *(continued)*

3. Operating expenses and auditor's remuneration

Included in (loss)/profit is the following:

	2020	2019
	£000	£000
Administrative expense	5,436	6,421
Distribution costs	13,023	18,116
Restructuring costs	1,258	624
Depreciation	648	591
Amortisation	358	288
Fees payable to the company's auditor for the audit of the company's annual financial statements	90	171
Other – legal provision (note 15)	-	1,200
	20,813	27,411

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:

	2020	2019
	£000	£000
Wages and salaries	10,225	14,310
Social security costs	1,161	1,449
Other pension costs	476	567
Share based payments	15	58
Redundancy costs	1,213	204
	13,090	16,488

The Company operates defined contribution pension plans for employees. Contributions amounting to £38,107 were outstanding at 31 December 2020 *(2019: £59,536)*. 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 *(2019: £354,000)*.

The Company utilised the government's Coronavirus Job Retention Scheme and received grant income of £2,532k. Wages and salaries are presented net of this grant income.

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

	2020	2019
	No.	No.
Management and administration	507	559

5. Directors' remuneration

	2020	2019
	£000	£000
Remuneration	-	169
Pension contributions	-	15
	-	184

Notes to the financial statements *(continued)*

5. Directors' remuneration *(continued)*

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 £314,000 (2019: £274,000) and pension contributions of £25,000 (2019: £11,000) specifically in respect of services to the Company. In 2019 one of these directors were paid by the Company as per the table above.
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

25,000 class B ordinary shares were granted on 24 May 2017 to the operational directors of the Company. The B shares are economically similar to share options. These shares shall vest 50% on the date of issue and the remaining balance in three equal tranches on the first, second, and third anniversaries from the date of issue. The weighted average exercise price of the shares is £26.38.

Each B ordinary shareholding is entitled to 5% of the total voting rights of the Company. On return of capital, the B ordinary shares receive the subscription price paid first then in respect of the balance, participants will be entitled to receive the following equity value of the Company being:

- Up to £24m - zero.
- Between £24m - £40m = 20% of returns over £24m a maximum of £3.2m if £40m is reached.
- Above £40m - 25% of returns in excess of this hurdle

The Monte Carlo model was used to carry out the valuation and the inputs applied to the model were:

- Risk free rate - to arrive at the risk free rate the UK nominal spot curve was used.
- Exercise price was valued at £nil as the participants paid a nominal value for the shares.
- Share price valuation – as the company is unlisted a desktop valuation was required. A high level multiples based valuation was performed.
- Dividend yield – was assumed as £nil as the Company does not expect to pay a dividend over the expected life of the B shares.
- Expected volatility rates were applied to the share price in line with IFRS 2. As the Company is not listed the volatility estimate has been calculated by reference to comparable listed companies. The historical volatilities for the same group of companies has been calculated using our multiples analysis, measured over 4.4 years historical period ended on the valuation date. Overall the volatility figure of 30% was selected.
- Based on these assumptions and inputs the share based expense for the period amounted to £14,542 *(2019: £58,287).*

7. Finance expense

	2020	2019
	£000	£000
Interest on pension scheme liabilities	**430**	383
Expected return on pension scheme assets	**(384)**	(343)
Pension interest	**46**	40
Debt factor interest payable	**68**	157
Interest expense on leased liabilities	**76**	93
Total	**190**	290

Notes to the financial statements *(continued)*

8. Taxation

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

	2020	2019
	£000	£000
Analysis of charge in period		
UK corporation tax	-	75
Adjustment in respect of prior periods	(280)	(18)
Group relief payable	-	156
Total current tax	(280)	213
Deferred tax (see note 13)		
Deferred tax – current period items	(854)	44
Adjustments in respect of prior periods	(462)	(142)
Movement on deferred tax relating to pension liability	(41)	(31)
Total taxation on ordinary activities	(1,637)	84

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 *(2019: lower)* than the standard rate or corporation tax in the UK 19% *(2019: 19%)*. The differences are explained below.

	2020	2019
	£000	£'000
Current tax reconciliation		
Profit/(loss) before tax	(9,621)	406
Current tax at 19% *(2019: 19%)*	-	77
Effects of:		
Expenses not deductible for tax purposes	-	45
Deferred tax effect of change in tax rate	-	(11)
Adjustments to tax charge in respect of previous periods	(742)	(160)
Adjustments to tax charge in respect of current period	(854)	-
Payment for group relief	-	156
Movement on deferred tax relating to pension liability	(41)	(31)
Permanent differences	-	8
Tax (credit)/charge for the period	(1,637)	84

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 2020 has been calculated based on the rate of 19% being the rate substantively enacted at the balance sheet date.

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 2020	1,725	62	136	1,115	202	3,240
Adjustment	(154)	-	-	-	-	(154)
Additions	-	-	-	75	169	244
Disposals	-	-	-	-	(40)	(40)
Transfers	-	-	-	-	(261)	(261)
At 31 December 2020	**1,571**	**62**	**136**	**1,190**	**70**	**3,029**
Accumulated depreciation						
At 1 January 2020	(340)	(30)	(45)	(432)	-	(847)
Charge for the period	(401)	(6)	(46)	(195)	-	(648)
Adjustment	27	-	-	-	-	27
Disposals	-	-	-	-	-	-
At 31 December 2020	**(714)**	**(36)**	**(91)**	**(627)**	**-**	**(1,468)**
Carrying amount						
At 31 December 2019	1,385	32	91	683	202	2,393
At 31 December 2020	**857**	**26**	**45**	**563**	**70**	**1,561**

Property, plant and equipment include right of use assets (note 17) as follows:

	Land and buildings	Short term leasehold	Motor vehicles	Furniture, fittings and equipment	Assets under construction	Total
At 31 December 2019	1,385	-	91	2	-	1,478
At 31 December 2020	**857**	**-**	**45**	**22**	**-**	**924**

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

Notes to the financial statements *(continued)*

10. Intangible assets

	Computer software
Cost	**£000**
Balance at 31 December 2019	1,523
Additions	301
Disposals	-
Transfers	261
Balance at 31 December 2020	2,085
Amortisation	
Balance at 31 December 2019	(467)
Amortisation charge for the period	(358)
Disposals	-
Balance at 31 December 2020	(825)
Carrying amount	
At 31 December 2019	1,056
At 31 December 2020	**1,260**

11. Fixed asset investments

	Loans to group undertakings	Shares in group undertakings	Total
	£000	**£000**	**£000**
Cost			
At 31 December 2019	2,868	4,801	7,669
Additions	-	-	-
At 31 December 2020	2,868	4,801	7,669
Provisions			
At 31 December 2020	-	-	-
Net book value			
At 31 December 2019	2,868	4,801	7,669
At 31 December 2020	2,868	4,801	7,669

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. At the period end, Clarity Travel Limited has provided an undertaking to not recall the loan within one year. The loan has no fixed repayment term. No interest is charged on the loan but management is satisfied that impact of this is not material.

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.

Notes to the financial statements *(continued)*

11. Fixed asset investments *(continued)*

The investments are made up as follows:

	2020	2019
	£000	£000
Portman Group Holdings Limited	**2,868**	2,868
Ian Allan Travel Limited	**4,801**	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
Ian Allan Travel Ltd	4th Floor Churchgate House 56 Oxford Street, Manchester, M1 6EU	England	100%	Business Travel Management

The investment in Portman Group Holdings Limited, which is held at cost, is £2,868,000 (*2019: £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 2019. Its aggregate capital and reserves at that date was (£3,827,000) (*2018: £2,088,000).*

The investment in Ian Allan Travel Limited, which is held at cost, is £4,801,000 (*2019: £4,801,000*). The most recent period for which financial statements have been prepared for Ian Allan Travel Limited is the year ended 31 December 2019. Its aggregate capital and reserves at that date was £1,054,538 (30 November 2018*: £6,496,000)*

In the opinion of the directors the investments in the Company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

12. Trade and other receivables

	31 December 2020	31 December 2019
	£000	£000
Trade receivables	**9,152**	33,986
VAT receivable	**294**	625
Other receivables	**701**	287
Amounts owed by group undertakings	**1,273**	686
Prepayments	**1,582**	818
Corporation tax receivable	**97**	-
	13,099	36,402

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 2020	31 December 2019
	£000	£000
Beginning of period	564	68
Adjustment in respect of prior years	503	142
Taxation (charge)/credit	854	(13)
Defined pension credit - SOCIE	141	367
End of period	**2,062**	564

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

	Accelerated tax depreciation	Other	Losses	Total
	£000	£000	£000	£000
Balance at 31 December 2019	8	712	(156)	564
Adjustment in respect of prior years	67	280	156	503
Timing differences	45	17	933	995
Balance at 31 December 2020	**120**	**1,009**	**933**	**2,062**

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

14. Trade and other payables

	31 December 2020	31 December 2019
	£000	£000
Trade payables	5,696	17,488
Social security and other taxes	317	453
Accruals	1,158	2,272
Other payables	912	4,675
Corporation tax payable	-	12
Amounts owed to group undertakings	5,390	5,822
	13,473	30,722

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 £187,000 (2019: £4,363,000) secured against trade receivables.

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

Notes to the financial statements *(continued)*

15. Provisions

	Dilapidations Provision	VAT Provision	Redundancy Provision	Other Provision	Total
	£000	**£000**	**£000**	**£000**	**£000**
Balance at 31 December 2019	142	125	70	1,198	1,535
Provisions made during the year	-	-	-	-	-
Provisions used during the year	(69)	(125)	(70)	(82)	(346)
Provisions reversed during the year	-	-	-	-	-
Balance at 31 December 2020	**73**	**-**	**-**	**1,116**	**1,189**
Current	73	-	-	1,116	1,189
Non-current	-	-	-	-	-
Balance at 31 December 2020	**73**	**-**	**-**	**1,116**	**1,189**

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 is a provision for an uninsured tour operator liability realised by the failure of Thomas Cook. The case was settled post year end in line with the provisions made.

16. Called up share capital

	31 December 2020		31 December 2019	
Authorised share capital	***No.***	**£000**	*No.*	£000
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 2020				31 December 2019		
Allotted, called up and fully paid		**Issued**	**ESOP**	**Total**		Issued	ESOP
	No.	**£000**	**£000**	**£000**	No.	£000	£000
A Ordinary shares of £1 each	***100,000***	***100***	**-**	**100**	100,000	100	-
B1 Ordinary shares of £1 each	**12,500**	**12**	**288**	**300**	10,416	11	279
B2 Ordinary shares of £1 each	**8,750**	**9**	**200**	**209**	7,291	7	183
B3 Ordinary shares of £2 each	**3,750**	**8**	**172**	**180**	3,125	6	183
	125,000	**129**	**660**	**789**	120,832	124	645

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).

The share capital has increased by £4,791 due to the annual incremental vested value of B ordinary shares.

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 2020	1,385	91	2	1,478
Additions	-	-	23	23
Adjustment in respect of prior year	(127)	-	-	(127)
Depreciation charge for the year	(401)	(46)	(3)	(450)
Balance at 31 December 2020	857	45	22	924

Lease liabilities	2020	2019
	£000	£000
Current	477	553
Non-current	758	1,158
	1,235	1,711

Amounts recognised in profit or loss

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

	2020	2019
	£000	£000
Interest expense on lease liabilities	76	94
Expenses relating to leases of low-value assets	11	14

Cash outflow from lease payments

	2020	2019
	£000	£000
Total cash outflow for leases	550	471

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 (2019 – £523,000).

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)	**2020**	2019
	£000	£000
Defined benefit obligation	**(22,180)**	(20,599)
Plan assets	**19,131**	18,258
Net pension liability	**(3,049)**	(2,341)

Movement in present value of defined benefit obligation	**2020**	2019
	£000	£000
Opening defined benefit obligation at 1 January 2020	**20,599**	17,924
Total current service cost	**58**	26
Interest cost	**430**	383
Remeasurement: actuarial (gain)/losses	**1,805**	2,656
Employee contributions	**10**	9
Benefit payments	**(722)**	(399)
At 31 December 2020	**22,180**	20,599

Movement in fair value of plan assets	**2020**	2019
	£000	£000
Opening assets at 1 January 2020	**18,258**	15,952
Interest income	**384**	343
Return on plan assets in excess of interest income	**858**	2,129
Company contributions	**453**	344
Employee contributions	**10**	9
Benefit payments	**(722)**	(399)
Expenses paid	**(110)**	(120)
At 31 December 2020	**19,131**	18,258

Notes to the financial statements *(continued)*

18. Retirement benefit obligations *(continued)*

Expense recognised in the profit and loss account	**2020**	2019
	£000	£000
Current service cost	**58**	26
Net interest on net defined benefit liability	**46**	40
Scheme administration expenses	**110**	120
Total expense recognised in profit and loss	**214**	186

The fair value of the plan assets and the return on those assets	**2020** *Fair value*	2019 *Fair value*
	£000	£000
Equities	**11,131**	10,227
Government debt	**1,761**	1,677
Corporate bonds	**6,195**	6,219
Other (cash and cash equivalents)	**44**	135
	19,131	18,258
Actuarial return on plan assets for the period	**873**	2,472

Principal actuarial assumptions (expressed as weighted averages)	**2020**	2019
	%	%
Discount rate	**1.40%**	2.10%
Rate of price inflation (RPI)	**2.60%**	2.70%
Rate of price inflation (CPI)	**1.90%**	2.00%
Future salary increases	**2.35%**	2.45%
Future pension increases	**2.60%**	2.65%
Life expectancy: Male (current age 45)	**89.5**	89.5
Life expectancy: Male (current age 65)	**87.9**	87.9
Life expectancy: Female (current age 45)	**91.4**	91.4
Life expectancy: Female (current age 65)	**89.6**	89.6

The latest finalised valuation of the plan was carried out at 5 April 2019.

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 2020. 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.

	2020
	£000
Discount rate - +25 basis points	**(23,253)**
Future inflation - +25 basis points	**(21,071)**
Post-retirement mortality assumption - +1 year age rating	**(23,193)**

Funding

The Company expects to pay £424k in contributions to its defined benefit plan in 2021 i.e. the next annual reporting period. The weighted average duration of the defined benefit obligation at the end of the reporting period is 19 years.

19. Contingent liabilities

The Company does not have any contingent liabilities *(2019: 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 *(2019: 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.