

Registered number: 02702869

**CAZENOVE & LOYD LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

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Cazenove & Loyd Limited
Financial Statements
For The Year Ended 30 June 2020

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Cazenove & Loyd Limited
Company Information
For The Year Ended 30 June 2020

Directors	Ms Henrietta Loyd Mr Christopher Wilmot-Sitwell Mr Carl Hobson
Secretary	Ms Henrietta Loyd
Company Number	02702869
Registered Office	Argon House Argon Mews London SW6 1BJ
Auditors	Just Audit Limited Strelley Hall, Main Street Strelley Nottingham Notts NG8 6PE

Cazenove & Loyd Limited
Balance Sheet
As at 30 June 2020

		2020		2019	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible Assets	3		36,160		39,190
Tangible Assets	4		37,775		48,989
Investments	5		101		101
			<u>74,036</u>		<u>88,280</u>
CURRENT ASSETS					
Debtors	6	1,258,771		1,678,465	
Cash at bank and in hand		<u>1,570,786</u>		<u>1,606,249</u>	
		2,829,557		3,284,714	
Creditors: Amounts Falling Due Within One Year	7	<u>(204,412)</u>		<u>(129,113)</u>	
NET CURRENT ASSETS (LIABILITIES)			<u>2,625,145</u>		<u>3,155,601</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,699,181</u>		<u>3,243,881</u>
Accruals and Deferred Income	8		<u>(2,281,494)</u>		<u>(2,353,815)</u>
PROVISIONS FOR LIABILITIES					
Deferred Taxation			<u>(2,400)</u>		<u>(4,700)</u>
NET ASSETS			<u>415,287</u>		<u>885,366</u>
CAPITAL AND RESERVES					
Called up share capital	9		30,000		30,000
Share premium account			26,473		26,473
Capital redemption reserve			5,237		5,237
Profit and Loss Account			<u>353,577</u>		<u>823,656</u>
SHAREHOLDERS' FUNDS			<u>415,287</u>		<u>885,366</u>

Cazenove & Loyd Limited
Balance Sheet (continued)
As at 30 June 2020

Directors' responsibilities:

- These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.
- In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the board of directors on 15 March 2021 and were signed on its behalf by:

H Loyd

Ms Henrietta Loyd
Director

C Wilmot-Sitwell

Mr Christopher Wilmot-Sitwell
Director

C Hobson

Mr Carl Hobson
Director

The notes on pages 4 to 11 form part of these financial statements.

Cazenove & Loyd Limited
Notes to the Financial Statements
For The Year Ended 30 June 2020

1. Accounting Policies

1.1. Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention and in accordance with FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland Section 1A Small Entities and the Companies Act 2006.

Preparation of consolidated financial statements

The financial statements contain information about Cazenove & Loyd Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 399(2) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

1.2. Going Concern

On 11 March 2020, COVID-19 was declared a pandemic by the World Health Organisation and most governments are taking restrictive measures to contain its further spread. These measures affect the free movement of people, upon which the Company's business as a tour operator relies. The suspension/ban on discretionary travel and international flights, as well as the closure of hotels, other forms of tourist accommodation and attractions had a significant impact on the Company in the last quarter of the financial year ended 30 June 2020. The Company's performance for the remainder of 2021 and into 2022 will largely depend upon the time taken to fully control COVID-19 and the easing/lifting of travel restrictions and social distancing measures that severely impact the tourism industry.

Principal risks and uncertainties

The risk factors described below are those which the directors believe are potentially significant but should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties facing the Company.

Covid-19:

Due to the Covid-19 global pandemic travel in the UK and to the rest of the world is currently restricted with strict social distancing and quarantine rules in place. However, the positive news is that the UK has already started a successful vaccination programme and the demographic of many of the Company's customers is such that they are among the first to receive the vaccine.

Regulatory risk:

The Company is exposed to various regulators, including the Civil Aviation Authority ("CAA"), which issues an Air Travel Organisers Licence ("ATOL"), which is required in order for the company to operate. This licence is renewed in March each year and is subject to assessments of fitness and financial criteria, the framework of which is available on the CAA website (www.caa.co.uk).

Commercial relationships:

The Company has well established and close relationships with customers and suppliers and the risk is spread across a number of suppliers in many geographical areas. However, if a relationship were lost or damaged with a major supplier this could have a detrimental effect on the business. The management team meets regularly with suppliers to maintain good working relationships and to understand the suppliers' financial position.

Information technology:

The Company is heavily reliant upon information technology. Investment is being made to ensure the Company has advanced and efficient systems in place, but there is a risk if there were to be a major failure - particularly if it were to affect selling systems. Procedures are in place to minimise the time a selling system is unavailable in the event of such failure.

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Cazenove & Loyd Limited
Notes to the Financial Statements (continued)
For The Year Ended 30 June 2020

1.2. Going Concern - continued

Material uncertainty related to going concern:

The Company had a net current asset position of £2,625k, with cash at bank of £1,571k as at 30 June 2020. As explained, the current COVID-19 pandemic has had an unprecedented impact upon the global economy and especially upon the travel industry. These problematic trading conditions, with business being interrupted in the Spring of 2020, have negatively impacted the Company's trading performance and led to the Company posting a loss for the year.

Most of the Company's customers elected to move their 2020 bookings to a like for like holiday in 2021 or 2022, leading to a strong position in terms of advance bookings, or accepted a consumer protected refund credit note to be used against a future holiday. This has enabled the Company to maintain high levels of cash at bank.

The Company's cost structure is scalable for both downsize and upsize requirements. In response to the pandemic, the directors have made structural cost savings and the Company's overheads are under on-going review.

The directors have prepared cash flow forecasts for the period of 12 months from the date the financial statements are approved which reflect good operational liquidity throughout with the ongoing support of the Company's finances through the Coronavirus Business Interruption Loan provided by the Company's bankers drawn in August 2020. Under the terms of the loan, there are no interest or capital repayments due before August 2021.

The Company is also in the process of renewing its ATOL licence, which is due in March 2021 and is necessary for continued trading.

Notwithstanding it is extremely difficult to predict the overall outcome and impact of the Covid-19 pandemic at the date of this report, following the Government announcement of 22nd February 2021 in respect of the lifting of travel restrictions in May 2021, due to pent-up consumer demand together with the trade from the Company's international clients, there is a realistic prospect that trading will pick up in the second half of 2021. Under the downside scenario there is potentially a liquidity risk to the Company should restrictions continue beyond the Spring of 2021 and further financing, government or shareholder support is not obtained.

Consequently, the directors have a reasonable expectation that the Company will be able to continue operations and have sufficient funds and cash reserves to meet liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3. Turnover

Turnover comprises revenue recognised by the company in respect of holiday tours and related services supplied, excluding value added tax.

Revenue is recognised at the date of departure of a tour.

1.4. Intangible Fixed Assets and Amortisation - Other Intangible

Intangible fixed assets include bespoke software and development costs. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses. The costs are amortised over a period of 3 years. Intangible assets are assessed annually for indicators of impairment at the end of the reporting period.

Cazenove & Loyd Limited
Notes to the Financial Statements (continued)
For The Year Ended 30 June 2020

1.5. Tangible Fixed Assets and Depreciation

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost of the fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold	over the life of the lease
Fixtures & Fittings	at varying rates on cost

1.6. Leasing and Hire Purchase Contracts

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

1.7. Foreign Currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

1.8. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss account because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable timing differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible timing differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they related to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

1.9. Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Cazenove & Loyd Limited
Notes to the Financial Statements (continued)
For The Year Ended 30 June 2020

1.10. Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

2. Average Number of Employees

Average number of employees, including directors, during the year was as follows: 21 (2019: 19)

3. Intangible Assets

	Development Costs £
Cost	
As at 1 July 2019	89,608
Additions	15,661
As at 30 June 2020	<u>105,269</u>
Amortisation	
As at 1 July 2019	50,418
Provided during the period	18,691
As at 30 June 2020	<u>69,109</u>
Net Book Value	
As at 30 June 2020	<u>36,160</u>
As at 1 July 2019	<u>39,190</u>

Cazenove & Loyd Limited
Notes to the Financial Statements (continued)
For The Year Ended 30 June 2020

4. Tangible Assets

	Land & Property		
	Leasehold	Fixtures & Fittings	Total
	£	£	£
Cost			
As at 1 July 2019	47,827	134,581	182,408
Additions	-	5,409	5,409
As at 30 June 2020	<u>47,827</u>	<u>139,990</u>	<u>187,817</u>
Depreciation			
As at 1 July 2019	26,306	107,113	133,419
Provided during the period	4,783	11,840	16,623
As at 30 June 2020	<u>31,089</u>	<u>118,953</u>	<u>150,042</u>
Net Book Value			
As at 30 June 2020	<u>16,738</u>	<u>21,037</u>	<u>37,775</u>
As at 1 July 2019	<u>21,521</u>	<u>27,468</u>	<u>48,989</u>

5. Investments

	Unlisted £
Cost	
As at 1 July 2019	101
As at 30 June 2020	<u>101</u>
Provision	
As at 1 July 2019	-
As at 30 June 2020	<u>-</u>
Net Book Value	
As at 30 June 2020	<u>101</u>
As at 1 July 2019	<u>101</u>

Investments represents shares held in group undertakings.

Cazenove & Loyd Limited
Notes to the Financial Statements (continued)
For The Year Ended 30 June 2020

6. Debtors

	2020	2019
	£	£
Due within one year		
Trade debtors	1,007,284	1,450,906
Amounts owed by group undertakings	85,995	96,868
Other debtors	165,492	130,691
	<u>1,258,771</u>	<u>1,678,465</u>

The Covid-19 pandemic and restrictions on international travel have meant that most of the company's customers have elected to move their 2020 bookings to a like for like holiday in 2021 or 2022. This has been a constantly evolving situation since the balance sheet date, with restrictions being eased and tightened again, with a timetable for expected easing of restrictions having been recently announced. As at the date when these financial statements were authorised for issue the directors' best estimate is that £965,826 out of a total of £1,041,472 prepaid tour costs, included within trade debtors, related to tours now expected to depart in more than one year from the balance sheet date. As at 30 June 2019 £30,314 out of a total of £1,299,030 prepaid tour costs, included within trade debtors, related to tours due to depart in more than one year.

7. Creditors: Amounts Falling Due Within One Year

	2020	2019
	£	£
Other taxes and social security	81,524	28,196
Other creditors	122,888	100,917
	<u>204,412</u>	<u>129,113</u>

8. Accruals and Deferred Income

	2020	2019
	£	£
Accruals and deferred income	2,281,494	2,353,815
	<u>2,281,494</u>	<u>2,353,815</u>

The Covid-19 pandemic and restrictions on international travel have meant that most of the company's customers have elected to move their 2020 bookings to a like for like holiday in 2021 or 2022. This has been a constantly evolving situation since the balance sheet date, with restrictions being eased and tightened again, with a timetable for expected easing of restrictions having been recently announced. As at the date when these financial statements were authorised for issue the directors' best estimate is that £2,181,396 out of a total of £2,281,495 deferred income, related to tours now expected to depart in more than one year from the balance sheet date. As at 30 June 2019 £115,318 out of a total of £2,353,815 deferred income related to tours due to depart in more than one year.

Cazenove & Loyd Limited
Notes to the Financial Statements (continued)
For The Year Ended 30 June 2020

9. Share Capital

			2020	2019
Allotted, Called up and fully paid			30,000	30,000
	Value	Number	2020	2019
	£		£	£
Allotted, called up and fully paid				
Ordinary A shares	1	28,288	28,288	25,398
Ordinary B shares	1	1,712	1,712	4,602
		30,000	30,000	30,000

On 12 September 2019 the company purchased 3,065 of its Ordinary B shares for the sum of £250,000.

On 18 December 2019 the company reissued 2,890 Ordinary A shares and 175 Ordinary B shares at their nominal value of £1 each.

10. Contingent Liabilities

As at the date when these financial statements were authorised for issue the value of payments on account made to suppliers and included within debtors was £1,041,472. The directors' best estimate was that of the £1,041,472, £965,826 was in respect of travel currently scheduled to take place in more than a year from the balance sheet date. Providers of holiday and travel services are exposed to the inherent risk of failure in their key suppliers. This is heightened by the industry convention of paying advance deposits to suppliers in order to secure flights, transfers and accommodation at the time of booking. This is more apparent during the pandemic, whereby suppliers are also experiencing limited operational activity. The Company's risk is spread across a number of suppliers in many different countries. Further, prepayments are monitored on a timely and sufficiently granular basis to manage our financial exposure to justifiable levels. However, should one or more of the suppliers fail then the company would need to cover the cost of an alternative supplier in order to fulfil the commitment to the customer. At the time of approving the financial statements no provision is considered necessary by the directors.

11. Other Commitments

The company has indicated its willingness to provide financial support, as required, to its subsidiary, Dreamsmith Events Limited, for the foreseeable future.

The total of future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings	
	2020	2019
	£	£
Within 1 year	122,000	85,400
Between 1 and 5 years	199,267	284,667
	321,267	370,067

Cazenove & Loyd Limited
Notes to the Financial Statements (continued)
For The Year Ended 30 June 2020

12. General Information

Cazenove & Loyd Limited is a private company, limited by shares, incorporated in England & Wales, registered number 02702869. The registered office is Argon House, Argon Mews, London, SW6 1BJ.

The presentation currency of the financial statements is the Pound Sterling (£).

13. Summary audit opinion

The auditor's report for the period was unqualified.

The senior statutory auditor was Rachel Davis BA FCA, for and on behalf of Just Audit Limited.

The auditor's report contained an emphasis of matter paragraph and a material uncertainty relating to going concern paragraph as below:

Emphasis of matter – potential effect of COVID-19 pandemic

We draw attention to note 10 to the financial statements which describes a contingent liability due to the impact of COVID-19. As at the date when these financial statements were authorised for issue the value of payments on account made to suppliers and included within debtors was £1,041,472, of which £965,826 was in respect of travel currently scheduled to take place in more than a year from the balance sheet date. Should one or more of the suppliers suffer financial failure, then the company faces a contingent liability to cover the additional cost of an alternative supplier in order to fulfil the commitment to customers. At the time of approving the financial statements no provision is considered necessary by the directors. Our opinion is not modified in respect of this matter.

Material Uncertainty Relating to Going Concern

We draw your attention to note 1.2 of the accounts which explains the directors' assessment of going concern taking into account the current circumstances of the COVID-19 pandemic which makes it difficult for any business, particularly in the travel industry, to predict the various potential consequences on the company's cashflow and availability of resources. As explained in note 1.2, despite these uncertainties the directors have a reasonable expectation that the Company will be able to continue operations and have sufficient funds and cash reserves to meet liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Consequently, taking these factors into account, we consider that these factors indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.