

REGISTERED NUMBER: 02928209 (England and Wales)

CWT UK Group Ltd
Annual Report and Financial Statements
For the Year Ended 31 December 2021

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For the Year Ended 31 December 2021**

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CWT UK Group Ltd

**Officers and Professional Advisers
For the Year Ended 31 December 2021**

Directors:

R L H Turner
D Harman

Secretary:

A Gibbs

Registered office:

40 Bank Street 31st Floor
Canary Wharf
London
E14 5NR
United Kingdom

Registered number:

02928209 (England and Wales)

Auditor:

Deloitte LLP
Statutory Auditor
London
United Kingdom

CWT UK Group Ltd

Strategic Report

For the Year Ended 31 December 2021

The directors present their Strategic Report for the year ended 31 December 2021.

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

Principal activity

The principal activity of the Company is the provision of travel management services to the business community. A growing secondary activity is the provision of conference and event management. The Company will continue to concentrate on developing business travel markets in the UK as part of the CWT network.

Results and dividend

The financial position of the Company as at 31 December 2021 is set out on the Balance Sheet on page 17. The loss after taxation for the financial year amounted to the £4.6m (2020: loss after taxation of £7.8m).

No dividend was paid or proposed during the year or the prior year.

Review of the business

The Company saw a significant reduction to its operating activities as a result of the Covid-19 pandemic, with the recovery ongoing. The Company has ensured that its clients continue to receive a high level of service despite the government restrictions imposed in the early part of the year.

Gross sales were £0.16bn (2020: £0.25bn) and turnover of £21.7m of (2020: £32.3m) represented a decrease of 32.8% (2020: decrease of 66.5%) as a result of COVID-19 travel restrictions and lockdown measures.

The Company's key financial and other performance indicators during the year were as follows:

	2021	2020
	£	£
Gross margin (gross profit as a percentage of gross sales)	10.74%	10.06%
Operating profit margin (operating profit as a percentage of gross sales)	-3.08%	-3.74%
Net assets	21.5m	18.3m
Average number of employees	483	689

The going concern assumption has been assessed within note 2 of these financial statements.

- Gross margin has improved slightly in 2021 as a result of gross sales reducing significantly due to the pandemic, with gross profit showing less of a decline due to the maintenance of earnings from more consistent fixed-cost recharge income. In 2020, Q1 maintained slightly more gross trading activity as a result of business-as-usual activity prior to the start of the Covid-19 pandemic.
- Operating profit margin has continued in a negative position in 2021 due to the large negative impact seen on gross profit due to the Covid-19 pandemic.
- With the impact of the Covid-19 pandemic seen post-March 2020 there has been a reduction in the number of staff, with government furlough, and voluntary leave without pay (LWOP) schemes reducing the volume of staff present through the financial year 2021.
- Net assets have increased versus the prior year predominantly due to the reduction in pension liability for CWT UK Group Ltd.

The financial position at the end of 2021 reflected the significant impact seen on the Company throughout the year as a result of the worldwide pandemic resulting from the spread of the Covid-19 virus. The going concern assumption has been assessed within note 2 of these financial statements.

Section 172(1) statement

The Board of Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, and in good faith, would be most likely to promote the success of the Company for the benefit of the members as a whole, and in doing so have regard to a range of matters when making decisions for the long term. The Directors consider the potential impact of decisions on key stakeholders and take into account wider factors when considering the impact, the Company may have on the community and the environment.

Human Resources and Human Rights

The Company continues to be successful in retaining a high proportion of long-serving experienced staff, despite the recent effects of the pandemic. The Company's employment policy continues to follow all equal opportunity best practice, and to consult with employees via staff consultative committees.

We want a workforce that reflects and contributes to the diverse global community in which we do business. To deliver this consistently, our Global Diversity, Equity & Inclusion Taskforce is steering a multi-year strategy to engage all levels of the organization in promoting diverse and inclusive thinking across our policies, practices and processes. Sponsored by the Chief Human Resources Officer and led by the Vice President of Global Responsible Business and Diversity & Inclusion, the Taskforce leads programs and initiatives that foster an inclusive work environment rooted in our values. The Taskforce is also responsible for upholding and enforcing our Global Diversity, Equity and Inclusion Charter, which is publicly available, linked from the CWT responsible business report 2021.

Promoting gender equality is a key focus of the Company. At the end of 2021, 68% of our total employees were women, as well as 49% of all director-level roles and above and 50% of our Executive Leadership Team. In line with our commitment to gender equality, we fully endorse the United Nations Women's Empowerment Principles, which outline seven steps businesses can take to promote gender equality in the workplace and in society.

CWT have set-up a Global Anti-Human Trafficking Taskforce. Human trafficking is not only a violation of human rights, it is a significant threat to the safety and security of our travellers. We recognize that this issue is too big for one organization to solve, which is why CWT have taken a leadership position to raise awareness externally, engage employees internally, develop historic partnerships with organizations and embed it as a central focus of our Responsible Business activities.

For Learning & Development our overarching aim is to provide learning opportunities that support individual and organizational growth, and achieving this comes from connecting what we do with our corporate values. We apply the 70/20/10 learning model principles to our learning programs, in which 70% of learning is achieved by on-the-job exposure, 20% is derived from mentoring or coaching, and 10% is from attending our face-to-face or virtual learning opportunities. We believe this approach enables our people to gain greater insight into the skills needed to carry out their work and refine them. Each employee has access to My Learning, our global learning management system. From here, they can gain access to online training courses, topic-specific videos, and toolkits that provide support to those in leadership roles.

Employee Assistance Programmes (EAPs) – CWT's EAPs offer a range of services including information, advice, assessment, counselling and prevention and treatment for issues faced by employees that prevent them from being able to perform their best at work. The scope of services addresses the primary sources of stress for employees in the workplace, covering everything from fatigue and burnout to addiction, family and personal issues, and life circumstances. In the UK & Ireland this includes counselling, legal, medical and personal tax advice.

Clients

In 2021, we continued to enhance the CWT travel app and other products in our portfolio. Many of these include effective reporting tools so travel managers can make informed decisions about safety, security, and wellbeing. Innovative examples include:

- Safety & security alerts, powered by International SOS - we provide travel managers and security officers with email updates and notifications of disruptions and crises relating to destinations and travel plans
- myCWT web and mobile app
- Direct access to an expert – the myCWT app gives direct access to the expert advice of a CWT counsellor
- Tracking people through CWT AnswerIQ which offers a safety and security feature that makes it easy for clients to track down travellers anytime, anywhere, even during disruptions
- Crisis communications – our 24-hour service centre activates a crisis communication if a serious incident occurs

CWT UK Group Ltd

Strategic Report - continued For the Year Ended 31 December 2021

Section 172(1) statement - continued

Clients - continued

CWT remains committed to helping our clients reduce the environmental impact of their travel programs. Our efforts include:

- **Responsible travel consulting** – In 2020, CWT Solutions Group developed a responsible travel consulting program to help companies look beyond compliance and cost management. This new ECO framework, which covers Employee Wellbeing, Climate Impact and Organizational Performance, lets clients design travel programs that enhance bottom line figures in social, environmental and financial fields.
- **Emissions reporting** – Analytics, our business intelligence platform and reporting tool, analyzes CO2 emissions and provides our clients with environmental data after their trips.
- **Messaging for travellers** – Our Program Messenger tool can send customized messages to our client's travellers. These messages raise awareness about various environmental impact aspects of their travel purchasing decisions.

Suppliers

Our stakeholders expect us to monitor Responsible Business practices within our supply chain. This helps us to reduce risks, strengthen our relationship with suppliers and clients, and enhance our own Responsible Business performance.

Launched in 2014, our Global Responsible Purchasing Taskforce provides strategic input to drive progress in ensuring that we are strengthening our purchasing decisions while enhancing the visibility we have on our suppliers' sustainability practices. In recent years CWT expanded the scope of the Taskforce to cover our trade suppliers. The Taskforce is sponsored by our Chief Legal Officer. It is overseen by our Global Responsible Business team in collaboration with our Global Sourcing team.

Key Objectives:

- Providing guidance on our purchasing strategy and operational support for the Responsible Purchasing program.
- Collaborating with key internal and external stakeholders to drive continuous progress.
- Promoting and championing responsible purchasing throughout CWT.

Business Conduct and Ethics

Conducting business in the right way is the clear focus of our Ethics and Compliance programme and the reason we are fully aligned to internationally recognized standards. Key priorities of the programme include business ethics and compliance, responsible purchasing, data privacy and information security. Our process starts with implementing ethical business conduct through a robust governance structure – supported by dedicated policies and training.

Our Code of Business Ethics and Conduct ('the Code') defines how we act and behave every day. It is the foundation of all CWT compliance policies and encourages our people to help address any ethical dilemmas they may encounter. Fundamentally, it helps us maintain the trust we have built with our employees, clients and suppliers.

The Code outlines the ethical standards we expect of our teams and contractors wherever we do business. This is reinforced through annual awareness training on topics such as anti-bribery, anti-corruption, nonretaliation, gifts and entertainment. As part of the training, every employee must read and understand all aspects of the Code to ensure they are acting in line with our business ethics and our strong stance on human rights.

Enabling stakeholders to raise concerns or questions is vital in making sure we behave ethically and can deal with issues fully and professionally. Available 24/7, our confidential Ethics Helpline connects callers (employees, clients and other third parties) to an experienced, independent operator in their own language. Concerns are logged by phone and/or through an online tool where they are addressed promptly. We also make use of a third-party provider to verify adherence to local privacy laws and reporting requirements.

Strategic Report - continued
For the Year Ended 31 December 2021

Section 172(1) statement - continued

Business Conduct and Ethics - continued

Our Compliance program is designed to detect and prevent violations of the law, respond to potential issues and proactively deter problematic behaviours and actions. To help everyone understand what is required and keep up to speed, our Compliance Policy Manual distils our policies into a single, easy-to-use publication. This empowers our people to make smart, informed decisions and be accountable for their actions, while meeting our ethics and compliance commitments. The manual was launched in 2018 alongside the refreshed Code of Business Ethics and Conduct and contains the following policies:

- Protection of personal data
- International Trade Compliance policy
- Anti-corruption policy
- Competitive Information policy
- Conflicts of Interest policy (including gifts and entertainment)
- Anti-money laundering

Climate Change and the Environment

As we state in our Global Environmental Charter, we are committed to environmental stewardship. Our approach aligns with the commitments we make as a signatory to the UN Global Compact's environmental principles and focuses on three core priorities:

- voluntarily measuring, reporting and reducing emissions;
- creating an environmentally-responsible culture;
 - through awareness-raising campaigns;
 - by promoting global and local actions that improve our environmental footprint; and
 - by encouraging employee-led environmental actions and initiatives.
- supporting our clients in implementing environmentally responsible solutions to tackle climate-related issues.

To ensure our strategy is consistently delivered, our global cross-functional Climate Taskforce drives the strategy forward.

Key objectives

- Help with implementing our long-term environmental objectives.
- Proposing and leading initiatives to reduce our environmental impact at global and local level – in line with the long-term objectives.
- Further reinforcing our offering of responsible products and services to help our customers meet their own environmental objectives.
- Collaborating on environmental topics with stakeholders throughout CWT's sphere of influence.

More detail on our responsible business actions, policies and milestones can be reviewed through the CWT Annual Responsible Business Report which is available on our website.

<https://www.mycwt.com/content/dam/vision/pdf/responsible-business-ethics/cwt-responsible-business-2021-report.pdf>

Future developments

CWT UK Group Ltd intends to continue acting as one of the major players in the travel agency business in the UK and continues to invest in its relationships with its employees, clients and other stakeholders. We have proven to be resilient in the face of the pandemic and we believe we are well placed for recovery.

Ownership and subsidiary undertaking of the Company

The ultimate owner of the Company is CWT Travel Holdings, Inc. The Company's immediate parent is CWT Holdco Limited.

The Company is the parent of Carlson Travel Network (UK) Limited and Wagons-Lits Travel UK Limited, both of which are incorporated in the United Kingdom and dormant, and of CWT Meetings & Events Ireland Limited (previously AC Events Limited), incorporated in Ireland.

CWT UK Group Ltd

Strategic Report - continued For the Year Ended 31 December 2021

Post balance sheet events

No post-balance sheet events creating a material impact on the 2021 financial statements have been identified prior to the signing of the documents.

The continuing situation in Russia and Ukraine is not expected to have a direct impact on the CWT UK Group Ltd business. The global CWT group has no owned operations in Russia, and the CWT Ukraine business is not material to global results. However, it is not yet known with any certainty what impact the energy supply crisis and the war in Russia and Ukraine may have on European and global economies.

The Company remains focused on its core strategies in the longer-term, and continues to invest towards these goals, as evidenced by the announcement of \$100M investment in the myCWT travel management platform in November 2021. However, with the reduced trading levels in YTD 2022 compared to the 2019 pre-pandemic baseline, CWT will remain focused on controlling expenditure, and managing working capital efficiently until there is more certainty around the emergence from the pandemic.

For Dormant entities (CTN and WLT), the strike of process has been finalized and they are dissolved by 5th of July 2022. Please see below company registration number for each: Carlson Travel Network (UK) Limited 02856034 and Wagons-Lits Travel UK Limited 02636668.

Principal risks and uncertainties section

The worldwide pandemic resulting from the spread of the COVID-19 virus, and the subsequent slow, protracted recovery has caused a significant interruption to the Company's business, beginning in March 2020. The Company management has taken decisive cost reduction and cash management actions to mitigate the impact on the CWT Group and Company's liquidity and financial position, including the CWT Group entering into a Chapter 11 process in the US in November 2021. In addition to the Group Chapter 11 process in late-2021, local actions have been taken to mitigate the volume reductions seen as a result of the pandemic and subsequent start of the recovery.

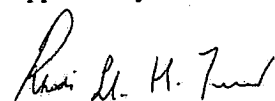
During UK lockdown periods the Company has demonstrated that its internal policies, procedures, and technology have allowed it to continue normally with remote working, continuing to support its clients and staff. The Directors anticipate further returns to office working as the impacts of the Covid-19 pandemic subside, but remote working remains an option for the longer term, aligned with government guidance.

Competition within the UK business travel market continues to be a risk to the company, with global pressure on travel spends causing potential market and margin reductions. The company addresses these risks by maintaining a diversified client portfolio, continuing to increase its range of offered services, forging stronger business relationships with both clients and suppliers, and being focused on managing its working capital.

Macro-economic conditions have a direct impact on client, and wider industry behaviours. The overall level of business travel activity can be negatively impacted by economic recessions or similar periods of reduced spending. Current economic predictions for the UK anticipate the current recession to last through 2023 which could negatively impact revenues in the UK market, further slowing the recovery from the Covid-19 pandemic.

Management continues to monitor developments closely so that swift action can be taken to update policies and procedures in response to the changing situation.

Approved by the Board and signed on its behalf by:



R L H Turner - Director

40 Bank Street 31st Floor
Canary Wharf
London
E14 5NR
United Kingdom

Date: 28th April 2023

CWT UK Group Ltd

Directors' Report

For the Year Ended 31 December 2021

The directors present their Annual Report on the affairs of CWT UK Group Ltd (the 'Company'), together with the audited financial statements and Auditor's Report, for the year ended 31 December 2021.

Directors

The directors who held office during the year and up to the date of signing the financial statements except as noted, were as follows:

D Harman
R L H Turner
C Bowen (resigned 1 September 2021)

Dividends

Details of dividends can be found in the Strategic Report on page 2 by cross-reference.

Financial risk management objectives and policy

The Company is exposed to financial risk through its financial assets and liabilities. These include interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk.

The Company does not manage its financial risk by the use of financial derivative instruments.

Due to the nature of the Company's business and the assets and liabilities contained within the Company's Balance Sheet, the only financial risks the directors consider relevant to this Company are credit risk, cash flow and liquidity risk. Key management mitigates these risks by regular monitoring of the Company's working capital throughout the year.

Engagement with suppliers, customers and others

Details of engagement with suppliers, customers and others can be found within the Section 172(1) statement in the Strategic Report on pages 2 to 6 by cross-reference.

Principal risks and uncertainties

Details of principal risks and uncertainties can be found in the Strategic Report on page 6 by cross-reference.

Future developments

Details of future developments can be found in the Strategic Report on page 5 by cross-reference.

Political donations

No political donations (2020: £nil) have been made during the year.

Going concern

The Directors have noted consideration of the Covid-19 pandemic, the recovery, and future developments in the Strategic Report above.

Detailed cash forecasting analysis has been conducted, aligned to impairment reviews of the investment in the UK operating business, to consider future projections of earnings and company performance.

Whilst the directors believe that the assumptions made in arriving at the Company's base case forecast cash flows are appropriate they have also considered sensitised scenarios which include significant downside assumptions including the impact of a return to the significantly reduced trading volumes seen during the pandemic, and the reduction in revenues that this would entail.

The Company's liquidity position is inextricably linked to the liquidity position of other companies within the CWT Group, due to the nature of cash pooling arrangements that exist across the CWT Group. Consequently, to assess the liquidity position of the Company, the Directors have considered the wider operational, liquidity and funding impacts of the crisis on other companies within the Group who also form part of the pooling arrangements.

CWT UK Group Ltd

Directors' Report - continued For the Year Ended 31 December 2021

Going concern - continued

In order to preserve liquidity throughout the recent Covid-19 pandemic, the Company and the wider Group have taken the following measures:

- A significant element of the Company's cost base relates to wages and salaries. Where possible, staffing levels have been maintained to preserve customer service, but as a result of the volume reductions seen, restructuring actions and non-replacement of departed staff have reduced overall staff costs. With recent trading increases in 2022 however, operational staffing levels are increasing to service the elevated booking volumes.
- Capital expenditure on major projects has been re-phased or delayed.
- Fixed costs in areas such as property footprints have been right-sized for the organisational needs in the short to medium term.

The Directors locally, and globally have already taken a number of measures as described above to manage the Company's liquidity position. In the event of a return to more stringent measures to protect from future pandemic-related impacts, or economic downturns, the Directors have a range of measures which are within their control, to protect the company's liquidity position even further, including:

- Re-phasing of cash outflows with key suppliers and trade partners.
- Additional changes to working arrangements to reduce staff costs further
- Further additional liquidity injections from the Group which as a result of the Chapter 11 process has a much stronger liquidity position.

The Directors have prepared a trading cashflow forecast which covers the period until June 2024 from the date of approval of these financial statements, taking into account the mitigating actions that have already been agreed. Whilst there will not be a uniform return to operations, the forecast assumes a reduced, but gradual return to operations that has begun through 2022. Transactions are predicted to grow through the course of 2022, but return to pre-pandemic levels are expected to take longer.

With regard to this forecast, and other factors which may impact the Company's future liquidity position, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis. However, there is a comfort letter in place from CWT Travel Group, Inc. which commits to supporting CWT UK Group Ltd. as necessary for a period of 12 months from the signing of these financial statements. As with any Company placing reliance on other entities for financial support, the Directors' acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements they have no reason to believe that it will not do so.

Due to the timing of the going concern review for the 2022 CWT group audit, the Director's cannot obtain enough evidence at the date of accounts signing that the CWT Group, Inc. are in a position to support the Company for the full Going Concern review period. Therefore, there is a material uncertainty on the Company's ability to continue to trade that may cast a significant doubt on the Company's ability to be a Going Concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

As a result of the emergence from the Chapter 11 process, the stronger financial position of the global Company, combined with the comfort letter received from the direct and indirect owners of the Company the directors have prepared these accounts on a going concern basis.

Disabled employees

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

Employee involvement

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and Company. This is achieved through formal and informal meetings.

CWT UK Group Ltd

Directors' Report - continued For the Year Ended 31 December 2021

Post balance sheet events

No post-balance sheet events creating a material impact on the 2021 financial statements have been identified prior to the signing of the documents.

The continuing situation in Russia and Ukraine is not expected to have a direct impact on the CWT UK Group Ltd business. The global CWT group has no owned operations in Russia, and the CWT Ukraine business is not material to global results.

However, it is not yet known with any certainty what impact the energy supply crisis and the war in Russia and Ukraine may have on European and global economies.

The Company remains focused on its core strategies in the longer-term, and continues to invest towards these goals, as evidenced by the announcement of \$100M investment in the myCWT travel management platform in November 2021. However, with the reduced trading levels in YTD 2022 compared to the 2019 pre-pandemic baseline, CWT will remain focused on controlling expenditure, and managing working capital efficiently until there is more certainty around the emergence from the pandemic.

For Dormant entities (CTN and WLT), the strike of process has been finalized and they are dissolved by 5th of July 2022. Please see below company registration number for each: Carlson Travel Network (UK) Limited 02856034 and Wagons-Lits Travel UK Limited 02636668.

Directors' indemnities

The Company has maintained throughout the year, directors' and officers' liability insurance for the benefit of the Company, the directors and its officers. The Company has entered into qualifying third party indemnity arrangements for the benefit of all its directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

Energy and carbon reporting

We have reported on all significant sources of GHG emissions and energy usage as required under The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended.

GHG emissions and energy usage

The following table summarises GHG emissions and energy usage data for the period January 1st, 2021 to December 31st, 2021.

	UK	
	2021	2020*
Emissions from combustion of gas (Scope 1 - tons of CO2e)	0	4
Emissions from combustion of fuel for transport purposes (Scope 1 - tons of CO2e)	1	4
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 - tons of CO2e)	98	74
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3 - tons of CO2e)	0	0
	<hr/>	<hr/>
Total gross tCO2e based on above	99	82
	tons of	tons of
	CO2e	CO2e
	<hr/>	<hr/>
Energy consumption used to calculate emissions - kwh	459,194	-
Intensity measurement (tons of CO2e per £m revenue)	5	-

* for the period April 1st, 2019 to December 31st, 2020.

CWT UK Group Ltd

Directors' Report - continued For the Year Ended 31 December 2021

Reporting boundary and methodology

The reporting period covers the calendar year of 2021: from January 1st, 2021 to December 31st, 2021. Activity data from all CWT's United Kingdom (UK) sites that were active during the reporting period are included (7 active sites for 2021).

Aligning with best practice, GHG emissions are calculated in line with the internationally recognised GHG Reporting Protocol's Corporate Accounting and Reporting Standards. We have also followed the latest versions of the UK Government's Environmental Reporting Guidance to calculate the above disclosures. Emissions factors applied to calculate the total GHG emissions are provided by the UK Department for Environment, Food and Rural Affairs (DEFRA).

The intensity measurement is provided in tons of CO₂e per £m of revenue as it is the most appropriate ratio for CWT, especially enabling comparisons between countries and entities across the Group.

Activity context and evolution of emissions

As with all companies in the travel industry, the global COVID-19 pandemic heavily impacted CWT business operations. Therefore emissions for 2020 were calculated based on estimations from available data.

The last CWT UK site to consume natural gas closed in 2020 so there are no scope 1 related emissions from combustion of gas to be reported for 2021.

Scope 2 location-based emissions from purchased electricity slightly increased between 2020 and 2021, as teams made a partial return to offices, following the easing of pandemic restrictions.

Energy efficiency actions taken

During 2021, CWT's emissions were reduced compared to pre-pandemic levels due to an increase in home working and streamlining office space.

In 2021, CWT signed the Science Based Targets initiative and is now working to align its GHG emission reduction targets with the global 1.5 degree warming trajectory.

Auditor

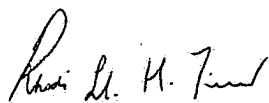
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor, and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



R L H Turner - Director

40 Bank Street 31st Floor
Canary Wharf
London
E14 5NR
United Kingdom

Date: 28th April 2023

CWT UK Group Ltd

Directors' Responsibilities Statement For the Year Ended 31 December 2021

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of CWT UK Group Ltd

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of CWT UK Group Ltd (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss Account;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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.

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which indicates that the Company's liquidity position is linked to the liquidity position of other companies within the CWT Group, due to the nature of cash pooling arrangements that exist across the CWT Group. The Directors cannot obtain enough evidence at the date of accounts signing that the Group are in a position to support the Company for the full Going Concern review period. As stated in note 2, these events or conditions, along with the other matters as set forth in note 2, 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.

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.

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.

Independent Auditor's Report to the Members of CWT UK Group Ltd - continued

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, 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.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Companies Act 2006, pensions, employment and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included GDPR and employment law.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in revenue recognition. Especially in relation to the recognition of the Service Line Agreement (SLA) and commercial fees income due to the judgement involved in the contracts.

To address this risk, we performed the following procedures:

- reviewed management's controls around the revenue recognition process;
- inspected the contracts; and
- formed an expectation for the amount of income that should be recognised for the year which was then compared to the actual income received.

Independent Auditor's Report to the Members of CWT UK Group Ltd - continued

Extent to which the audit was considered capable of detecting irregularities, including fraud - continued

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirement

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.

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 any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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.



Elizabeth Benson BSc ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom

Date: 28 April 2023

CWT UK Group Ltd

**Profit and loss account
For the Year Ended 31 December 2021**

	Note	2021 £	Restated (note 23) 2020 £
Turnover	4	21,717,486	32,341,055
Cost of sales		(4,898,467)	(7,592,855)
Gross profit		16,819,019	24,748,200
Administrative expenses		(24,923,273)	(39,096,319)
Other operating income	7	3,280,096	5,139,190
Operating loss		(4,824,158)	(9,208,929)
Investment income	8	40,882	28,395
Loss before interest		(4,783,276)	(9,180,534)
Finance costs	9	(998,347)	(925,976)
Loss before taxation	10	(5,781,623)	(10,106,510)
Taxation	11	1,138,404	2,241,612
Loss for the year		(4,643,219)	(7,864,898)

The above results were derived from continuing operations.

CWT UK Group Ltd

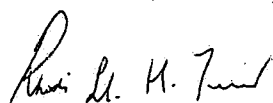
**Statement of Comprehensive Income
For the Year Ended 31 December 2021**

	Note	2021 £	2020 £
Loss for the year		<u>(4,643,219)</u>	<u>(7,864,898)</u>
Items that will not be reclassified subsequently to the profit and loss account:			
Actuarial gain/(loss) relating to the pension scheme	21	8,540,000	(11,770,770)
Deferred tax on actuarial gain/(loss)	16	(744,514)	2,464,380
Deferred tax - prior year		146	-
Other comprehensive profit/(loss)		<u>7,795,632</u>	<u>(9,306,390)</u>
Total comprehensive profit/(loss) for the year		<u><u>3,152,413</u></u>	<u><u>(17,171,288)</u></u>

CWT UK Group Ltd
Balance Sheet
As at 31 December 2021

		2021 £	Restated (note 23) 2020 £
	Note		
Fixed assets			
Tangible assets	12	184,351	552,982
Investment in subsidiaries	13	13,547,881	13,547,881
Loans to Group undertakings	14	20,252,395	16,159,338
Right-of-use asset	20	807,596	1,270,900
		<u>34,792,223</u>	<u>31,531,101</u>
Current assets			
Debtors: amounts falling due within one year	15	80,991,222	53,592,614
Cash at bank and in hand		2,104,459	88,926
		<u>83,095,681</u>	<u>53,681,540</u>
Current liabilities			
Creditors: Amounts falling due within one year	17	(70,274,922)	(31,865,935)
Lease liabilities	20	(520,350)	(842,917)
		<u>(70,795,272)</u>	<u>(32,708,852)</u>
Net current assets		<u>12,300,409</u>	<u>20,972,688</u>
Total assets less current liabilities		47,092,632	52,503,789
Non-current liabilities			
Creditors: amounts falling due after more than one year	18	(15,384,696)	(15,532,988)
Lease liabilities	20	(416,720)	(604,998)
Pension liability	21	(9,827,000)	(18,054,000)
		<u>(25,628,416)</u>	<u>(34,191,986)</u>
Net assets		<u>21,464,216</u>	<u>18,311,803</u>
Capital and reserves			
Called-up share capital	19	12,900,000	12,900,000
Profit and loss account		8,564,216	5,411,803
Shareholders' funds		<u>21,464,216</u>	<u>18,311,803</u>

The financial statements of CWT UK Group Ltd (registration number: 02928209) were approved by the Board of Directors and authorised for issue on 28th April 2023. They were signed on its behalf by:



R L H Turner - Director

CWT UK Group Ltd

**Statement of Changes in Equity
For the Year Ended 31 December 2021**

	Called-up share capital £	Profit and loss account £	Total £
Balance at 1 January 2020	12,900,000	22,583,091	35,483,091
Loss for the year	-	(7,864,898)	(7,864,898)
Other comprehensive loss	-	(9,306,390)	(9,306,390)
Total comprehensive loss	-	(17,171,288)	(17,171,288)
Balance at 31 December 2020	12,900,000	5,411,803	18,311,803
Loss for the year	-	(4,643,219)	(4,643,219)
Other comprehensive income	-	7,795,632	7,795,632
Total comprehensive income	-	3,152,413	3,152,413
Balance at 31 December 2021	12,900,000	8,564,216	21,464,216

CWT UK Group Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

1. General information

CWT UK Group Ltd (the Company) is a private company limited by shares incorporated in United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 6.

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of CWT Travel Group Inc. which are available to the public and can be obtained from the Trade Register of the Chamber of Commerce in Amsterdam.

Adoption of new and revised Standards

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7

In the prior year, the Company adopted the Phase 1 amendments Interest Rate Benchmark Reform — Amendments to IFRS 9/IAS 39 and IFRS 7. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the Company adopted the Phase 2 amendments Interest Rate Benchmark Reform — Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Company to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

The amendments are not relevant to the Company given that it does not apply hedge accounting to its benchmark interest rate exposures.

Impact of the initial application of COVID-19-Related Rent Concessions Amendment to IFRS 16

In the prior year, the Group early adopted Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021.

In March 2021, the IASB issued Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reductions in lease payments originally due on or before 30 June 2022. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

As the Company has no COVID-19 related rent concessions in either year, the application of amendment to IFRS 16 has had no impact on the financial position, financial performance or disclosures of the Company.

CWT UK Group Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

1. General information - continued

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

2. Accounting policies

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, certain disclosure in respect of revenue from contracts with customers, impairment of assets, certain related party transactions, and certain disclosure requirements in respect of leases.

Where relevant, equivalent disclosures have been given in the group accounts of CWT Travel Group Inc.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

Basis of preparation: Going concern assumption

The Directors have noted consideration of the Covid-19 pandemic, the recovery, and future developments in the Strategic Report above. Detailed cash forecasting analysis has been conducted, aligned to impairment reviews of the investment in the UK operating business, to consider future projections of earnings and company performance.

Whilst the directors believe that the assumptions made in arriving at the Company's base case forecast cash flows are appropriate they have also considered sensitised scenarios which include significant downside assumptions including the impact of a return to the significantly reduced trading volumes seen during the pandemic, and the reduction in revenues that this would entail.

The Company's liquidity position is inextricably linked to the liquidity position of other companies within the CWT Group, due to the nature of cash pooling arrangements that exist across the CWT Group. Consequently, to assess the liquidity position of the Company, the Directors have considered the wider operational, liquidity and funding impacts of the crisis on other companies within the Group who also form part of the pooling arrangements.

**Notes to the Financial Statements - continued
For the Year Ended 31 December 2021**

2. Accounting policies - continued

Basis of preparation: Going concern assumption - continued

In order to preserve liquidity throughout the recent Covid-19 pandemic, the Company and the wider Group have taken the following measures:

- A significant element of the Company's cost base relates to wages and salaries. Where possible, staffing levels have been maintained to preserve customer service, but as a result of the volume reductions seen, restructuring actions and non-replacement of departed staff have reduced overall staff costs. With recent trading increases in 2022 however, operational staffing levels are increasing to service the elevated booking volumes.
- Capital expenditure on major projects has been re-phased or delayed.
- Fixed costs in areas such as property footprints have been right-sized for the organisational needs in the short to medium term.

The Directors locally, and globally have already taken a number of measures as described above to manage the Company's liquidity position. In the event of a return to more stringent measures to protect from future pandemic-related impacts, or economic downturns, the Directors have a range of measures which are within their control, to protect the company's liquidity position even further, including:

- Re-phasing of cash outflows with key suppliers and trade partners.
- Additional changes to working arrangements to reduce staff costs further
- Further additional liquidity injections from the Group which as a result of the Chapter 11 process has a much stronger liquidity position.

The Directors have prepared a trading cashflow forecast which covers the period until June 2024 from the date of approval of these financial statements, taking into account the mitigating actions that have already been agreed. Whilst there will not be a uniform return to operations, the forecast assumes a reduced, but gradual return to operations that has begun through YTD 2022. Transactions are predicted to grow through the course of 2022, but return to pre-pandemic levels are expected to take longer.

With regard to this forecast, and other factors which may impact the Company's future liquidity position, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis. However, there is a comfort letter in place from CWT Travel Group, Inc. which commits to supporting CWT UK Group Ltd. as necessary for a period of 12 months from the signing of these financial statements. As with any Company placing reliance on other entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements they have no reason to believe that it will not do so.

Due to the timing of the going concern review for the 2022 CWT group audit, the Director's cannot obtain enough evidence at the date of accounts signing that the CWT Group, Inc. are in a position to support the Company for the full Going Concern review period. Therefore, there is a material uncertainty on the Company's ability to continue to trade that may cast a significant doubt on the Company's ability to be a Going Concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

As a result of the emergence from the Chapter 11 process, the stronger financial position of the global Company, combined with the comfort letter received from the direct and indirect owners of the Company the directors have prepared these accounts on a going concern basis.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Notes to the Financial Statements - continued
For the Year Ended 31 December 2021

2. Accounting policies - continued

Tangible assets

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives on the following bases:

Asset class	Depreciation method and rate
Plant and equipment.	20% on a straight-line basis

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Impairment of tangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the Financial Statements - continued
For the Year Ended 31 December 2021

2. Accounting policies - continued

Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the years presented.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

2. Accounting policies - continued

Leases - continued

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and financial statements for any identified impairment loss as described in the 'impairment of tangible and intangible assets' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the administrative expenses line item.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit pension schemes, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside profit or loss and presented in the statement of total recognised gains and losses.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

The scheme closed to future accrual and to contributions from existing employees on 1 October 2009.

Tax

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Profit and Loss Account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Notes to the Financial Statements - continued
For the Year Ended 31 December 2021

2. Accounting policies - continued

Tax - continued

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on 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, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the Profit and Loss Account, except when it relates to items charged or credited in other comprehensive income in which case the deferred tax is also dealt with in other comprehensive income.

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

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

Foreign currencies

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

**Notes to the Financial Statements - continued
For the Year Ended 31 December 2021**

2. Accounting policies - continued

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Turnover is reduced for estimated customer returns, rebates and other similar allowances.

In accordance with its role as intermediary, turnover is recorded at the margin earned rather than the amount invoiced to customers. However, where the Company acts as a principal, turnover and cost of sales are recorded at gross level.

As a memorandum disclosure in the strategic report, Gross Sales represent the total gross value of all our charges to clients and business partners for services provided by the Company, as opposed to the margin earned in its role as intermediary under the Company's turnover definition above. The Company reports total transaction value since the directors believe that it reflects more accurately the cash flow within the Company. It is also a widely used measure of company size within the travel sector.

Turnover is wholly derived from the Company's principal activity conducted in the United Kingdom.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in other operating income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income. The income has been recognised within other operating income and further detail is provided within note 7.

Investment income

Dividend income is recognised in profit or loss on the date that the group's right to receive payment.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets held by the Company are classified as 'loans and trade receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of the initial recognition. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Notes to the Financial Statements - continued
For the Year Ended 31 December 2021

2. Accounting policies - continued

Financial instruments - continued

Recognition and measurement

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the 'interest receivable and similar income' line item.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade debtors and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade debtors and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Notes to the Financial Statements - continued
For the Year Ended 31 December 2021

2. Accounting policies - continued

Financial instruments - continued

Impairment of financial assets - continued

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Notes to the Financial Statements - continued
For the Year Ended 31 December 2021

2. Accounting policies - continued

Financial instruments - continued

Impairment of financial assets - continued

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).
- Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade debtors, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account and does not reduce the carrying amount of the financial asset in the Balance Sheet.

2. Accounting policies - continued

Financial instruments - continued

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Financial liabilities measured subsequently at amortised cost

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to the Financial Statements - continued
For the Year Ended 31 December 2021

3. Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements in applying the Company's accounting policies

The directors do not consider there to be any critical judgements which have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The directors do not consider there to be any assumptions concerning the future, nor other key sources of estimation uncertainty which have a heightened risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Turnover

The analysis of the Company's revenue for the year which arises in the United Kingdom is as follows:

	2021	2020
	£	£
Sale of services	21,717,486	32,341,055

An analysis of the Company's turnover by geographical market is set out below:

	2021	2020
	£	£
Turnover UK	21,717,486	32,341,055

5. Staff costs

Administrative expenses include:

	2021	Restated (note 23) 2020
	£	£
Wages and salaries	10,653,527	18,231,715
Social security costs	1,132,663	1,795,178
Other pension costs	556,853	887,022
	12,343,043	20,913,915

The presentation of government grants has been restated for the year ended 31 December 2020. See note 23.

CWT UK Group Ltd

**Notes to the Financial Statements - continued
For the Year Ended 31 December 2021**

5. Staff costs - continued

Employees

The average number of employees during the year was as follows:

	2021	2020
	No.	No.
Staff	<u>483</u>	<u>689</u>
	2021	2020
	£	£
Directors' emoluments		
Directors' remuneration	110,137	138,877
Pension contributions	<u>7,461</u>	<u>7,730</u>
	<u>117,598</u>	<u>146,607</u>

There was only one category of employees during the year and prior year.

Retirement benefits are accruing to no directors (2020: none) under a defined benefit scheme. No employer contributions (2020: £nil) were paid to the scheme during the year.

6. Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2021	2020
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>92,200</u>	<u>77,500</u>
Total audit fees	<u>92,200</u>	<u>77,500</u>
- Taxation compliance	28,500	28,500
- Other assurance work	-	-
- Other services	-	5,300
Total non-audit fees	<u>28,500</u>	<u>33,800</u>

The accounts preparation services have moved from Deloitte to Gravita.

CWT UK Group Ltd

Notes to the Financial Statements - continued
For the Year Ended 31 December 2021

7. Other operating income

	2021	Restated (note 23) 2020
	£	£
Income received under the Coronavirus Job Retention Scheme	3,280,096	5,139,190
	<u>3,280,096</u>	<u>5,139,190</u>

In 2021, government grants of £3,280,096 (2020: £5,139,190) were received as part of a Government initiative to provide immediate financial support as a result of the impact of lockdown measures implemented during the global pandemic. There are no future related costs in respect of these grants which were received solely as compensation for payroll costs incurred in the year. A prior year balance of £5,139,190 has been restated from 'Staff Costs' to 'Other income'. See note 23.

8. Investment income

	2021	Restated (note 23) 2020
	£	£
Other finance income	40,882	28,395
	<u>40,882</u>	<u>28,395</u>

9. Finance costs

	2021	Restated (note 23) 2020
	£	£
Interest on loan to Group undertakings	768,035	694,195
Interest on others	138,500	62,277
Interest expenses on lease liabilities	91,812	169,504
	<u>998,347</u>	<u>925,976</u>

10. Loss before taxation

Loss on ordinary activities before taxation is stated after charges/(credits):

	2021	Restated (note 23) 2020
	£	£
Depreciation - owned assets (see note 12)	404,075	470,926
Depreciation - right-of-use assets (see note 20)	631,631	1,229,540
Redundancy payments	162,217	1,173,037
Operating lease expense - plant and machinery	6,569	4,156
Loss on disposal of plant and equipment	52,634	188,452
(Profit)/loss on lease modification	(16,112)	8,260
	<u>1,236,104</u>	<u>2,074,371</u>

CWT UK Group Ltd

Notes to the Financial Statements - continued For the Year Ended 31 December 2021

11. Taxation

Tax for the year in the Profit and Loss Account:

	2021 £	2020 £
Current taxation		
UK corporation tax	(380,000)	(2,083,780)
UK Corporation tax adjustment to prior periods	9,954	-
Effect of changes in tax rates	<u>(370,046)</u>	<u>(2,083,780)</u>
Deferred tax:		
Current year	(669,560)	(221,106)
Adjustments in respect of prior periods	(5,593)	-
Effect of changes in tax rates	<u>(93,205)</u>	<u>63,274</u>
Total deferred tax	<u>(768,358)</u>	<u>(157,832)</u>
Total tax on loss	<u><u>(1,138,404)</u></u>	<u><u>(2,241,612)</u></u>
Other comprehensive income items		
Deferred tax current year charge	744,514	(2,464,380)
Deferred tax - prior year	<u>(146)</u>	<u>-</u>
Total tax on loss	<u><u>744,368</u></u>	<u><u>(2,464,380)</u></u>

Factors affecting tax expense

In the Spring Budget 2021 the UK Government announced that the main rate of corporation tax will increase to 25% with effect from 1 April 2023. This change was substantially enacted on 24 May 2021. Accordingly the closing deferred tax balances at 31 December 2021 have been re-measured using the 25% rate to the extent that the deductible or taxable temporary differences will reverse post 1 April 2023. The impact of this re-measurement is a deferred tax charge which has been recorded in the income statement for the year.

Tax reconciliation

The tax assessed for the year is the same as (2020 - lower) the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £	2020 £
Loss before income tax	<u>(5,781,623)</u>	<u>(10,106,510)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	(1,098,508)	(1,920,237)
Effects of:		
Prior period adjustment	4,361	(399,500)
Tax rate changes	(93,205)	19,669
Expenses not deductible for tax purposes	48,948	58,455
Transfer pricing adjustments	<u>-</u>	<u>1</u>
Taxation for the year	<u><u>(1,138,404)</u></u>	<u><u>(2,241,612)</u></u>

CWT UK Group Ltd

**Notes to the Financial Statements - continued
For the Year Ended 31 December 2021**

12. Tangible fixed assets

	Plant and equipment £
Cost	
At 1 January 2021	8,618,658
Additions	88,080
Disposals	(780,034)
	<u>7,926,704</u>
At 31 December 2021	
Depreciation	
At 1 January 2021	8,065,676
Charge for year	404,077
Eliminated on disposal	(727,400)
	<u>7,742,353</u>
At 31 December 2021	
Net book value	
At 31 December 2021	<u>184,351</u>
At 31 December 2020	<u>552,982</u>

13. Investments in subsidiaries

	Shares in group undertakings £
Cost	
At 1 January 2021 and 31 December 2021	<u>13,547,881</u>
Net book value	
At 31 December 2021	<u>13,547,881</u>
At 31 December 2020	<u>13,547,881</u>

Name of undertakings	Registered office	Country of registration	Description of shares	Proportion held by the company	Principal activity
CWT Meetings & Events Ireland Limited	Jefferson House, Eglinton Road, Donnybrook, D04 H9T7 DUBLIN 4, Ireland	Ireland	Ordinary shares	100%	Provision of travel management services

CWT UK Group Ltd

Notes to the Financial Statements - continued For the Year Ended 31 December 2021

13. Investments in Subsidiaries - continued

Name of undertakings	Registered office	Country of registration	Description of shares	Proportion held by the company	Principal activity
Wagons-Lits Travel UK Limited	40 Bank Street 31st Floor, Canary Wharf, London, England, E14 5NR	England and Wales	Ordinary shares	100%	Provision of travel management services
Carlson Travel Network (UK) Limited	40 Bank Street 31st Floor, Canary Wharf, London, England, E14 5NR	England and Wales	Ordinary shares	100%	Provision of travel management services

The principal place of business of the Company's subsidiary undertaking is at the same address as its registered office.

For further details on the entities stricken off, refer to the post balance sheet events section of the Strategic Report on page 5.

14. Loans to Group undertakings

	Loan to Group undertakings £
Cost	
At 1 January 2021	16,159,338
Additions	4,093,057
Eliminated disposals	-
At 31 December 2021	<u>20,252,395</u>

No impairments have been provided for in the year in relation to these balances.

All intercompany balances are legally repayable on demand but the nature of the loans to group undertakings is longterm assets which are not intended to be recalled within the next 12 months. There is no interest on the loans to Group undertakings balances.

CWT UK Group Ltd

**Notes to the Financial Statements - continued
For the Year Ended 31 December 2021**

15. Debtors: amounts falling due within one year

	2021	2020
	£	£
Trade debtors	7,598,545	6,287,901
Amounts owed by Group undertakings	40,707,655	38,554,392
Other debtors	448,932	7,068
Corporation tax receivable	2,062,037	1,617,465
Deferred tax asset (see note 16)	4,047,045	4,023,054
Deposits	24,641,506	-
Prepayments and accrued income	1,485,502	3,102,734
	<u>80,991,222</u>	<u>53,592,614</u>

Amounts owed by Group undertakings are payable on demand, unsecured and interest free.

16. Deferred tax asset

The following are the major deferred tax liabilities and assets recognised by the Company and movements there on during the current and prior reporting period.

	Accelerated tax depreciation	Retirement benefit obligations	Tax losses	Total
	£	£	£	£
At 1 January 2020	238,052	1,162,800	-	1,400,852
Charge/(credit) to profit or loss	57,969	56,525	43,329	157,823
Charge to other comprehensive income	-	2,464,380	-	2,464,380
At 1 January 2021	296,021	3,683,705	43,329	4,023,055
Prior year adjustment	-	49,069	(43,329)	5,740
Charge/(credit) to profit or loss	45,073	(491,641)	1,209,332	762,764
Charge to other comprehensive income	-	(744,514)	-	(744,514)
	<u>341,094</u>	<u>2,496,619</u>	<u>1,209,332</u>	<u>4,047,045</u>

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes.

	2021	2020
	£	£
Deferred tax assets	<u>4,023,055</u>	<u>4,023,055</u>

The deferred tax asset has arisen on the defined benefit scheme deficit and will be utilised as the pension deficit unwinds.

CWT UK Group Ltd

Notes to the Financial Statements - continued For the Year Ended 31 December 2021

17. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	13,659,736	14,284,997
Amounts owed to Group undertakings	50,356,056	10,754,551
Social security and other taxes	2,532,933	3,234,156
Accrued expenses	3,726,197	3,592,231
	<u>70,274,922</u>	<u>31,865,935</u>

£18,552,434 (2020: £7,553,512) of amounts owed to Group undertakings comprises an interest-bearing intra-group loan, made under a cash pooling arrangement, which commenced in August 2002. The interest rates applicable to this amount are subject to change on a daily basis and do not form part of a long-term agreement.

There is no interest payable on other related party balances.

18. Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Amounts owed to Group undertakings	14,407,731	14,407,731
Accruals and deferred income	976,965	1,125,257
	<u>15,384,696</u>	<u>15,532,988</u>

There is no interest payable on related party balances.

19. Called up share capital

The authorised share capital of the Company is £12,906,100 divided into 6,450,000 "A" Shares of £1 each, 6,450,000 "B" Shares of £1 each and 10,000 Preference Shares of 61p each.

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021	2020
			£	£
6,450,000	Ordinary shares A	£1 each	6,450,000	6,450,000
6,450,000	Ordinary shares B	£1 each	6,450,000	6,450,000
			<u>12,900,000</u>	<u>12,900,000</u>

There are no differences in rights between the 'A' and 'B' ordinary shares. Neither carry a right to fixed income.

The Company's other reserves are as follows:

Profit and Loss Account

The Profit and Loss Account represents cumulative profits or losses, including other comprehensive income, net of dividends paid and other adjustments.

CWT UK Group Ltd

**Notes to the Financial Statements - continued
For the Year Ended 31 December 2021**

20. Right-of-use-assets

	Buildings £
Cost	
At 1 January 2021 (as restated - note 23)	2,957,579
Additions	-
Disposals	(768,684)
Modification ROUA	249,657
	<u>2,438,552</u>
At 31 December 2021	<u>2,438,552</u>
Depreciation	
At 1 January 2021 (as restated - note 23)	1,686,679
Charge for the year	631,631
Eliminated on disposal lease	(687,354)
	<u>1,630,956</u>
At 31 December 2021	<u>1,630,956</u>
Carrying amount	
At 31 December 2021	<u>807,596</u>
At 31 December 2020	<u>1,270,900</u>

The Group leases several assets including buildings, plants, IT equipment. The average lease term is 6.01 years (2020: 4.4 years). The lease modification represents the extension of the lease term.

	2021 £	Restated (note 23) 2020 £
Analysed as		
Non-current	416,720	604,998
Current	520,350	842,917
	<u>937,070</u>	<u>1,447,915</u>

Lease liabilities

	2021 £	Restated (note 23) 2020 £
Due within one year	520,350	842,917
Between one and five years	416,720	604,998
	<u>937,070</u>	<u>1,447,915</u>
At 31 December 2021	<u>937,070</u>	<u>1,447,915</u>

Right-of-use assets and lease liabilities have been restated for the year ended 31 December 2020. The impact on the cost at 1 January 2021 of right-of-use assets was a reduction of £1,215,807 and the impact on accumulated depreciation at 1 January 2021 of right-of-use assets was a reduction of £1,162,116. See note 23.

CWT UK Group Ltd

Notes to the Financial Statements - continued For the Year Ended 31 December 2021

21. Pensions and similar obligations

Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Company in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The total cost charged to the profit and loss account of £1,067,397 (2020: £1,351,818) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. As at 31 December 2021, contributions of £158,704 (2020: £255,459) due in respect of the current reporting period had not been paid over to the schemes and are included in other creditors.

Defined benefit pension scheme

The Company participates in a group defined benefit scheme. Historically some employees were provided with monthly purchase benefits through this scheme. On 1 October 2009 the scheme was closed to future accrual, and for contributions for existing employees.

There is no contractual agreement or stated policy for charging the net defined benefit cost and, therefore, the ultimate parent company, which is the sponsoring employer of the scheme, recognises the whole of the scheme surplus or deficit in its financial statements. In accordance with IAS 19 (Revised 2011), the Company recognises a cost equal to its contribution payable for the period, which in the year ended 31 December 2021 was £9,827,000 (year ended 31 December 2020: £18,054,000).

Further details of the group defined benefit scheme are in the consolidated financial statements of the ultimate parent company, which are available as disclosed in note 25 below.

CWT UK Pension Plan

The Company operates a defined benefit pension scheme for UK employees, the CWT UK Pension Plan (the Plan). This fund is closed to new entrants. The assets of the Plan are held a separate trustee administered fund which is subject to regular actuarial valuations every three years. A formal valuation of the Plan was undertaken as at 5 April 2020.

The latest formal valuation of the Scheme has been updated by a qualified independent actuary.

The amount recognised in the Balance Sheet are as follows:

	2021	2020
	£	£
Fair value of scheme assets	39,397,000	38,389,000
Present value of scheme liabilities	(49,224,000)	(56,443,000)
Defined benefit pension (deficit)	<u>(9,827,000)</u>	<u>(18,054,000)</u>

CWT UK Group Ltd

**Notes to the Financial Statements - continued
For the Year Ended 31 December 2021**

21. Pensions and similar obligations - continued

Scheme assets

Changes in the fair value of scheme assets are as follows:

	2021	2020
	£	£
Fair value at start of year	38,389,000	36,252,000
Expected return on assets	1,615,000	1,999,000
Employer contributions	500,000	1,045,000
Benefits paid	(1,077,000)	(1,309,000)
Interest income	529,000	755,000
Administrative expenses paid from plan assets	(559,000)	(353,000)
	<u>39,397,000</u>	<u>38,389,000</u>

Analysis of assets

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2021	2020
	%	%
Equity instruments	29.83	30.08
Debt instruments	28.19	27.72
Property	-	1.48
Cash	4.95	5.24
Others	37.03	35.48

Actual return on scheme assets

	2021	2020
Actual return on scheme assets	<u>(2,144,000)</u>	<u>(2,754,000)</u>

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

The overall expected return on assets assumption is derived as the weighted average of the expected returns from each of the main asset classes.

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2021	2020
	£	£
Present value start of year	56,443,000	43,092,000
Interest cost	783,000	891,000
Benefits paid	(1,077,000)	(1,309,000)
Demographic assumption	543,000	-
Effect of changes in financial assumptions	(1,379,000)	14,150,000
Effect of experience adjustments	(6,089,000)	(381,000)
	<u>49,224,000</u>	<u>56,443,000</u>

Notes to the Financial Statements - continued
For the Year Ended 31 December 2021

21. Pensions and similar obligations - continued

Principal actuarial assumptions

The principal actuarial assumptions at the balance sheet date are as follows:

	2021	2020
	%	%
Discount rate	1.8	1.4
Price inflation (RPI)	3.4	3.0
Price inflation (CPI)	3.0	2.5
Deferred pension revaluation	3.0	2.5
	<u> </u>	<u> </u>

Post retirement mortality assumptions

	2021	2020
	Years	Years
Longevity at age 65 current pensioners:		
- Men	22.4	22.3
- Woman	24.8	24.3
	<u> </u>	<u> </u>
Longevity at age 65 in 25 years:		
- Men	24.1	24.1
- Woman	26.5	26.2
	<u> </u>	<u> </u>

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and life expectancy. The sensitivity analyses below have been determined on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate were 0.25% lower, the defined benefit obligation would be £53,022,000 (2020: £60,877,000). If the discount rate were 0.25% higher, the defined benefit obligation would be £45,714,000 (2020: £52,341,000).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated. To determine the sensitivity of the defined benefit obligation to the changes in discount rate, a method equivalent to that used to determine the defined benefit obligation has been used. The methodology for the sensitivity analysis is consistent with last year's analysis.

The average duration of the defined benefit obligation at the end of the reporting period is 29.6 years (2020: 30.18 years). The Company expects to make a contribution of £500,000 (2020: £1,045,000) to the defined benefit scheme during the next financial year.

The value of the pension fund is exposed to risk with shifts seen in equity and financial markets. The Trustees of the pension fund mitigate these risks by taking advice on investments from external advisors, and diversifying the portfolios in which the fund assets are invested. Therefore, if any one area of equity and financial markets devalues significantly the risk to the fund is minimised.

Notes to the Financial Statements - continued
For the Year Ended 31 December 2021

21. Pensions and similar obligations - continued

Amounts recognised in the profit and loss account

	2021	2020
	£	£
Amounts recognised in other finance costs		
Interest on obligation	(783,000)	(891,000)
Interest income on plan assets	529,000	755,000
	<u>(254,000)</u>	<u>(136,000)</u>
Other finance costs	(254,000)	(136,000)
	<u>(559,000)</u>	<u>(353,000)</u>
Administrative expenses and/or taxes	(559,000)	(353,000)
	<u>(813,000)</u>	<u>(489,000)</u>
Total recognised in the Profit and Loss Account	(813,000)	(489,000)
Actuarial gain/(loss) relating to the pension scheme	8,540,000	(11,770,770)
	<u>7,727,000</u>	<u>(12,259,770)</u>
Total recognised in the Profit and Loss Account and Other Comprehensive Income	<u>7,727,000</u>	<u>(12,259,770)</u>

Current service costs and expenses paid on behalf of the scheme are included within administrative expenses. Interest on obligation and expected return on scheme assets are included within other finance income. The remeasurement of the net defined benefit liability is included in the Statement of Comprehensive Income.

22. Contingent liabilities

At the balance sheet date, the Company had entered into, either directly or by way of third parties, guarantee arrangements concerning its principal business activities totalling £nil (2020: £34,500).

The Company has guaranteed the indebtedness of certain other companies in the Group. The Company has provided 100% of its share capital as security against this debt. The directors are not aware of any event of default that would require it to satisfy guarantees.

23. Prior year adjustments

The comparatives have been restated to show government grants of £5,139,190 previously presented under staff costs in administrative expenses to be presented under other income to accurately reflect the nature of the balance.

During the year it was identified that disposals/expired leases in the prior year had been incorrectly presented in the carrying amount of right-of-use assets and within lease liabilities. The cost, accumulated depreciation and lease liabilities have been restated for the year ended 31 December 2020.

The impact on the lines affected in the profit and loss account at the year ended 31 December 2020 are as follows:

	Previously reported	Adjustment for government grants	Adjustment for right-of-use assets	Restated
	£	£	£	£
Administrative expenses	(33,954,341)	(5,139,190)	(2,788)	(39,096,319)
Other operating income	-	5,139,190	-	5,139,190
Finance costs	(928,764)	-	2,788	(925,976)
	<u>(34,883,105)</u>	<u>0</u>	<u>0</u>	<u>(34,883,105)</u>

The restatements have no effect on net profit.

CWT UK Group Ltd

Notes to the Financial Statements - continued For the Year Ended 31 December 2021

23. Prior year adjustments - continued

The impact on the lines affected in the balance sheet at the year ended 31 December 2020 are as follows:

	Previously reported £	Adjustment for government grants £	Adjustment for right-of-use assets £	Restated £
Right-of-use assets	1,324,591	-	(53,691)	1,270,900
Current liabilities: Lease liabilities	(842,917)	-	-	(842,917)
Non-current liabilities: Lease liabilities	(658,688)	-	53,691	(604,997)

The restatements have no effect on net assets.

24. Post balance sheet events

No post-balance sheet events creating a material impact on the 2021 financial statements have been identified prior to the signing of the documents.

The continuing situation in Russia and Ukraine is not expected to have a direct impact on the CWT UK Group Ltd business. The global CWT group has no owned operations in Russia, and the CWT Ukraine business is not material to global results.

However, it is not yet known with any certainty what impact the energy supply crisis and the war in Russia and Ukraine may have on European and global economies.

The Company remains focused on its core strategies in the longer-term, and continues to invest towards these goals, as evidenced by the announcement of \$100M investment in the myCWT travel management platform in November 2021. However, with the reduced trading levels in YTD 2022 compared to the 2019 pre-pandemic baseline, CWT will remain focused on controlling expenditure, and managing working capital efficiently until there is more certainty around the emergence from the pandemic.

For Dormant entities (CTN and WLT), the strike of process has been finalized and they are dissolved by 5th of July 2022. Please see below company registration number for each: Carlson Travel Network (UK) Limited 02856034 and Wagons-Lits Travel UK Limited 02636668.

25. Ultimate controlling party

In the opinion of the directors, the Company's ultimate parent company and ultimate controlling party is CWT Travel Holdings Inc., a Company incorporated in the United States. The parent undertaking of the only group, which includes the Company and for which group accounts are prepared, is CWT Travel Group Inc. as at 31 December 2021. The registered office address of CWT Travel Group Inc. is 251 Little Falls Drive, Wilmington, DE 19808, USA. Copies of the group financial statements of CWT Travel Group Inc. are available from the Trade Register of the Chamber of Commerce in Amsterdam. The registered office address of CWT Travel Holdings Inc is 251 Little Falls Drive, Wilmington, DE 19808, USA. CWT Holdco Limited is the immediate parent of the Company.