REGISTRAR

Company Registration No. 03379675 (England and Wales)

TT VISA SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

John Cumming Ross Limited
1st Floor, Kirkland House
11-15 Peterborough Road
Harrow
Middlesex
HA1 2AX

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TT VISA SERVICES LIMITED

COMPANY INFORMATION

Directors	Ms Y Talwar Mr P Damania (Appointed 9 March 2020)
Secretary	TMF Corporate Administration Services Limited
Company number	03379675
Registered office	C/O TMF Group 8th Floor 20 Farringdon Street London United Kingdom EC4A 4AB
Auditor	John Cumming Ross Limited Chartered Certified Accountants 1st Floor, Kirkland House 11-15 Peterborough Road Harrow Middlesex HA1 2AX

TT VISA SERVICES LIMITED

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TT VISA SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

The company's principal activity during the year continued to be that of a visa application centre processing visa applications on behalf of Immigration New Zealand and biometric testing for Canada. The company had a branch in Germany that closed during the year.

Going concern

At 31 December 2020 the company had net liabilities of £440,304 (2019: £91,652) and net current liabilities of £446,177(2019: £93,630). The financial statements are prepared on the going concern basis as VF Services (UK) Limited, a fellow group undertaking, has agreed to provide financial support to the company in order that it can continue to trade and meet its liabilities as they fall due.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr O J M De Canson	(Resigned 9 March 2020)
Ms Y Talwar	
Mr P Damania	(Appointed 9 March 2020)

Post reporting date events

There are no material events after the balance sheet date. Last year the company, along with all other companies in the group, was affected by the coronavirus pandemic however this situation is getting better.

Auditor

In accordance with the company's articles, a resolution proposing that John Cumming Ross Limited be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

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

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and the Company is therefore exempt from the requirement to prepare a Strategic Report.

On behalf of the board

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Ms Y Talwar

Director

Date: 11/05/2021

REGISTRAR

TT VISA SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

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). 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.

On behalf of the board

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Ms Y Talwar

Director

11/05/2021

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF TT VISA SERVICES LIMITED

Opinion
We have audited the financial statements of TT Visa Services Limited (the 'company') for the year ended 31 December 2020 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern
We draw attention to Note 1.2 in the financial statements, which indicate that the company's total liabilities exceeded its total assets by £440,304. As stated in Note 1.2, these events or conditions, along with other matters as set forth in Note 1.2, 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.

Other information
The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our audit:
- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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.

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.

Discussions were held with the directors with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. The outcomes of these discussions and enquiries were shared with the engagement team. During the engagement briefing it was considered where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- The laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards, Company law, Tax legislation and distributable profits legislation.
- Those laws and regulations considered to have a direct effect on the day to day operations of the company include General Data Protection Regulation (GDPR)
- It is considered that there are no laws and regulations for which non-compliance may be fundamental to the operating aspects of the business.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF TT VISA SERVICES LIMITED

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of board minutes; testing the appropriateness of entries in the nominal ledger, including journal entries; reviewing transactions around the year end of the reporting period; and the performance of analytical procedures to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. There is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with the ISAs (UK).

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Dilip Popatlal Unarket (Senior Statutory Auditor)
For and on behalf of John Cumming Ross Limited
Chartered Certified Accountants and Statutory Auditors
1st Floor, Kirkland House
11-15 Peterborough Road
Harrow, Middlesex
HA1 2AX

11\05\2021

TT VISA SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	2	674,893	2,760,127
Cost of sales		(891,369)	(2,404,316)
Gross (loss)/profit		(216,476)	355,811
Administrative expenses		(149,262)	(271,446)
Other operating income		17,086	1,793
Parent company loan write back	3	-	5,590,557
Operating (loss)/profit	4	(348,652)	5,676,715
Amounts written off investments	6	-	(617)
(Loss)/profit before taxation		(348,652)	5,676,098
Tax on (loss)/profit	7	-	-
(Loss)/profit and total comprehensive income for the financial year		(348,652)	5,676,098

TT VISA SERVICES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible fixed assets	8		5,872		1,977
Investments	9		1		1
			5,873		1,978
Current assets					
Debtors	11	210,779		415,973	
Cash at bank and in hand		81,636		360,296	
		292,415		776,269	
Creditors: amounts falling due within one year					
Creditors	12	738,592		869,828	
Taxation and social security		-		71	
		738,592		869,899	
Net current liabilities			(446,177)		(93,630)
Total assets less current liabilities			(440,304)		(91,652)
Capital and reserves					
Called up share capital	13		2		2
Profit and loss reserves			(440,306)		(91,654)
Total equity			(440,304)		(91,652)

The financial statements were approved by the board of directors and authorised for issue on 11/5/2021 and are signed on its behalf by:

Yumi Talwar

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Ms Y Talwar

Director

Company Registration No. 03379675

TT VISA SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2019	2	(5,767,752)	(5,767,750)
Year ended 31 December 2019:			
Profit and total comprehensive income for the year	-	5,676,098	5,676,098
Balance at 31 December 2019	2	(91,654)	(91,652)
Year ended 31 December 2020:			
Loss and total comprehensive income for the year	-	(348,652)	(348,652)
Balance at 31 December 2020	2	(440,306)	(440,304)

1 Accounting policies

Company information

TT Visa Services Limited is a private company limited by shares incorporated and domiciled in England and Wales. The registered office is C/O TMF Group, 8th Floor, 20 Farringdon Street, London, United Kingdom, EC4A 4AB. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with Companies Act 2006. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119 (a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

Where required, equivalent disclosures are given in the group accounts of Kiwi VFS Sub I S.a.r.l, a company incorporated in Luxembourg. The group accounts of Kiwi VFS Sub I S.a.r.l are available to the public and can be obtained from www.lbr.lu.

These financial statements present information about the company as an individual undertaking and not about its group. The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements as it is a wholly owned subsidiary of Kiwi VFS Sub I S.a.r.l., a company incorporated in Luxembourg which prepares consolidated financial statements.

1 **Accounting policies** **(Continued)**

1.2 Going concern

At the balance sheet date the company had net liabilities of £440,304 (December 2019 net liabilities £91,652). The coronavirus (Covid-19) pandemic has had a material impact on the travel industry and related services. From March 2020, many countries implemented measures to limit cross-border movement and to slow down public life in order to curtail the spread of Covid-19. As a consequence the company closed its visa application centre (VAC) for a period of time. After the first wave, starting from May 2020, the VAC and visa categories have gradually reopened in line with the easing of travel restrictions by client governments and local restrictions but since October 2020, there has been a second wave leading the company to operate with restricted services. At the end of the financial year 2020 the VAC continued to operate with reduced application volumes.

The company believes that the fundamental value drivers for the business remain intact and are supported by secular growth trends. VF Services (UK) Limited has confirmed that it will continue to provide such financial support as necessary to enable the company to meet its financial obligations as they fall due for a period of at least 12 months from the date of these financial statements. The directors are satisfied that VF Services (UK) Limited have sufficient available resources to provide such financial support despite economic uncertainties arising as a result of the outbreak of a coronavirus (COVID-19) based on management's assessment of cashflow forecasts with realistic assumptions and sensitivities for coronavirus (COVID-19). For this reason the directors consider it appropriate to prepare the financial statements on the going concern basis.

1.3 Turnover

The company's turnover is derived from its activities as a visa application processing centre. Revenue originates solely from the rendering of services and represents the aggregate amount of revenue receivable for services supplied in the ordinary course of business. Payment of the transaction price for all services is due immediately on receipt of the visa application. Revenue is recognised when the services are rendered which, in many instances, is coterminous with payment as the services are provided when the customer visits the visa application centre. Where payment is received in advance a contract liability is recognised until the services are rendered.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	25% per annum on a straight line basis
Plant and equipment	25% - 33.3% per annum on a straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

Useful lives are estimated taking into account the rate of technological change and intensity of use of assets and are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

1.5 Fixed asset investments

Investments in subsidiaries are held at cost less accumulated impairment losses.

1 Accounting policies **(Continued)**

1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible 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 in order to determine the extent of the impairment loss.

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 is estimated to be less than its carrying amount, the carrying amount of the asset 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 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 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.

1.7 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

1.8 Cash at bank and in hand

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Taxation

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 reporting end date.

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 goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1 Accounting policies **(Continued)**

1.10 Foreign exchange

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The company has a branch in Germany. The functional currency of the branch is Euro whilst the functional currency of the company is Pounds Sterling. The financial statements are presented in 'Pounds Sterling' (£).

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

The results and financial position of the branch (which has the currency of a non hyper-inflationary economy) that has a functional currency different from the presentation currency is translated into the presentation currency as follows:

(a) assets and liabilities for the balance sheet presented are translated at the closing rate at the date of that balance sheet ;

(b) income and expenses for the income statement are translated at average exchange rates and

(c) all resulting exchange differences are recognised in other comprehensive income.

1.11 Debtors

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.12 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.13 Share Capital

Ordinary shares are classified as equity.

2 Turnover

	2020	2019
	£	£
Turnover analysed by class of business		
Turnover	674,893	2,760,127

2 Turnover (Continued)

	2020	2019
	£	£
Turnover analysed by geographical market		
UK	674,893	2,760,127

3 Exceptional items

	2020	2019
	£	£
Parent company loan write back	-	5,590,557

During the previous year a loan of £5,590,557 due to the immediate parent undertaking, Biomet Services PTE. Ltd, was written back after being waived by the parent undertaking.

4 Operating (loss)/profit

	2020	2019
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses	63,301	1,336
Depreciation of property, plant and equipment	1,875	319

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020	2019
	Number	Number
Headquarters	2	2

The Directors are remunerated by another company in the group. They received no remuneration in respect of their qualifying services to the company.

6 Amounts written off investments

	2020	2019
	£	£
Other gains and losses	-	(617)

The investment in the subsidiary undertaking, TT Visa Services Inc., was impaired by £617 in the previous year.

7 Taxation

	2020	2019
	£	£

The charge for the year can be reconciled to the (loss)/profit per the profit and loss account as follows:

	2020	2019
	£	£
(Loss)/profit before taxation	(348,652)	5,676,098
Expected tax (credit)/charge based on a corporation tax rate of 19.00% (2019: 19.00%)	(66,244)	1,078,459
Effect of expenses not deductible in determining taxable profit	309	3,334
Income not taxable	-	(1,062,206)
Utilisation of tax losses not previously recognised	-	(13,807)
Unutilised tax losses carried forward	70,565	-
Permanent capital allowances in excess of depreciation	(4,630)	(5,780)
Taxation charge for the year	-	-

Taxable losses carried forward at the balance sheet date amounted to £4,470,176 (2019: £4,098,781).

The deferred tax asset has not been recognised on the grounds that the recoverability of the asset is relatively uncertain based on the management expectations that it will take some time for the tax losses to be relieved.

8 Tangible fixed assets

	Fixtures and fittings	Plant and equipment	Total
	£	£	£
Cost			
At 31 December 2019	116	218,262	218,378
Additions	5,770	-	5,770
At 31 December 2020	5,886	218,262	224,148
Accumulated depreciation and impairment			
At 31 December 2019	116	216,285	216,401
Charge for the year	1,110	765	1,875
At 31 December 2020	1,226	217,050	218,276
Carrying amount			
At 31 December 2020	4,660	1,212	5,872
At 31 December 2019	-	1,977	1,977

9 Investments

	Current		Non-current	
	2020	2019	2020	2019
	£	£	£	£
Investments in subsidiaries	-	-	1	1

The company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

Fair value of financial assets carried at amortised cost
Except as detailed below the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

Movements in fixed asset investments

	Shares in group undertakings
	£
Cost or valuation	
At 1 January 2020 & 31 December 2020	1
Carrying amount	
At 31 December 2020	1
At 31 December 2019	1

10 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct	% Held Voting
TT Visa Services Inc.	1120 19th Street, NW Suite 415, Washington DC 20036	Ordinary	100.00	100.00

11 Debtors

	2020	2019
	£	£
VAT recoverable	4,186	-
Amount owed by parent undertaking	6,215	30,856
Amounts owed by fellow group undertakings	62,286	39,490
Other debtors	121,006	345,627
Prepayments and accrued income	17,086	-
	210,779	415,973

Amounts due from the parent undertaking and fellow group undertakings are unsecured, interest free and repayable on demand.

12 Creditors

	2020	2019
	£	£
Trade creditors	944	16,943
Amount owed to parent undertaking	-	39,936
Amounts owed to subsidiary undertakings	31,989	23,364
Amounts owed to related parties	591,973	715,116
Accruals and deferred income	113,686	74,469
	738,592	869,828

Amounts due to the parent undertaking, subsidiaries and fellow group undertakings are unsecured, interest free and repayable on demand.

13 Share capital

	2020	2019
	£	£
Ordinary share capital		
Authorised, Issued, Allotted, Called up and fully paid		
2 Ordinary shares of £1 each	2	2

14 Controlling party

The company's immediate parent undertaking is Biomet Services PTE. Ltd, a company incorporated in Singapore whose registered office is 67 UBI Crescent, #06-01 Techniques Center, Singapore 408560. The company's ultimate parent undertaking is Kiwi Holding I S.a.r.l, a company incorporated in Luxembourg whose registered office is 26A Boulevard Royal, L-2449 rue Aldringen 23, L-1118. Luxembourg. The smallest and largest group in which the results of the company are consolidated is that headed by Kiwi VFS Sub I S.a.r.l., an intermediate parent undertaking within the group.

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Kiwi VFS Sub I S.à.r.l.
Consolidated financial statements for the year ended 31 December 2020

Consolidated financial statements

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MANAGEMENT REPORT

The Management Report has been prepared to provide information to the shareholders to assess how Management has performed their duties to promote the success of VFS Global. Where the report contains forward-looking statements, the management makes these in good faith based on information available to them at the date of approval of the report.

The Management Report has been prepared for VFS as a whole and therefore gives greater emphasis to matters, which are relevant to Kiwi VFS Sub I S.à.r.l (the "Company") and its subsidiaries (collectively "VFS Global" or "VFS" or "the Group") related to VFS business when viewed as a whole.

BUSINESS MODEL AND STRATEGY

Visa & Passport Processing Services

The visa outsourcing business model was pioneered by VFS and specifically, current CEO, Zubin Karkaria, in 2001 and up to the Covid-19 pandemic (the "Pandemic") in 2020, the industry has experienced significant growth. VFS is the market leader, driven by technological knowledge and experience of the mission critical nature of operations for clients, which has been developed over a number of years. Moreover, the multi-year nature of the contracts, high client retention rates and new business tender success rates ensure stability and more so drives growth with regards to financial performance of VFS. The outsourcing trend is expected to continue as governments increasingly rely on outsourcing providers to manage rising visa application numbers and as they benefit from VFS' global presence, expertise, flexibility and efficiency.

Whilst the Pandemic undoubtedly has and will continue to have a short-to-mid-term effect on the travel market, the long-term trend remains supportive of a resilient growth trajectory. This is coupled with favorable visa trends, driven by a global concern regarding security threats and background health (inc. vaccination & PCR) checks, migration control and increased outsourcing by governments, are expected to further strengthen attractiveness of visa outsourcing.

VFS has a full product suite offering across both traditional and digital visas, where VFS continues to refine its digital solutions with an aim to develop and launch innovative digital focused products and solutions. In 2020,VFS continued to grow its passport services business which provide governments the ability to outsource the processing of passport applications (new issues, renewals etc.) of expatriates living in overseas locations. Similar to the visa outsourcing market at inception, VFS believe there is a strong outsourcing opportunity within passport services and VFS is well placed to handle the front-end services given its track record and capability in visa services. Furthermore, VFS continue to expect synergistic benefits as this product would be serviced almost entirely from existing visa infrastructure. VFS is confident of continuing our market leadership in identifying and addressing technology and digital advancements of our core visa market whilst also addressing new product or user markets.

Despite the significant impact of the Pandemic, VFS' resilient business model, driven by the variety of visa categories available to applicants (including many non-discretionary categories including work, student and long-term settlement) as well as in-country citizen services passport and other consular services – has enabled VFS to recover its business more quickly. Furthermore, the exclusive nature of the majority of VFS' contracts places it in a stronger position as travel corridors continue to reopen post the pandemic compared to other businesses in the travel and travel related sectors. This is because travellers have to use VFS for these exclusive routes and VFS does not have to adjust the pricing of its services due to excess capacity as seen in other travel markets such as airline and hotel markets.

KEY DEVELOPMENTS DURING THE YEAR

2020 was an unprecedented year for all companies/groups, nonetheless those operating in the travel and travel related services sectors. VFS started 2020, with good momentum carried over from 2019. From robust travel volumes in January and February 2020, travel volumes came to a complete standstill as the world witnessed an unimaginable socio-economic crisis. In early March 2020, the World Health Organization (WHO) declared Novel Coronavirus, Covid-19, a global pandemic. Over 2 million lives were tragically lost to Pandemic in 2020, millions were infected and hundreds of millions of lives were disrupted. In mid-March 2020 due to increasing number of countries announcing lockdowns and travel bans, VFS were forced to suspend Visa Application Centre (VAC) operations. Globally VFS had to temporarily shut down its VACs up to May 2020.

The economic impact of the Pandemic has been disastrous, and the travel and tourism sector is perhaps the worst hit with most countries announcing lockdowns and strict travel restrictions/bans to contain the virus. Global tourism suffered its worst year on record in 2020, with international arrivals dropping by 74% according to the latest data from the World Tourism Organization (UNWTO). These measures directly impacted VFS's business.

VFS's immediate priorities were to safeguard the health and safety of staff and customers, and also to ensure the sustainability of the company's liquidity. Despite the scale and the severity of the Pandemic, VFS responded swiftly to ensure safety and business continuity. VFS introduced extensive health measures both in its offices and visa application centres to ensure the safety of its staff and at the same time ensure business continuity.

Various enhanced health and safety protocols and policies were implemented to drive greater awareness and ensure a safer work environment for its staff and for customers visiting its VACs. VFS Global launched its **"Work from Home"** programme in March 2020 which continues to run even up to today for all staff who do not mandatorily have to be in the office to carry out their responsibilities. VFS also launched an expansive **"Learn from Home"** initiative to upskill and refresh the skill sets of the staff by offering a range of online learning and development courses. About 81% of all employees enrolled for one or more courses during 2020.

To support and enhance VFS's liquidity position the management has implemented significant cost reduction actions and developed focused working capital and cash management strategies. With staff costs being its most significant operating cost, the management immediately sought to right-size the operational footprint in line with VFS's recovery outlook. VFS has reduced its headcount substantially and implemented salary reductions and furloughs across the organisation. The management also implemented significant cost saving actions in other areas through rental renegotiations and waivers, reduction in travel and marketing costs and renegotiation of professional service fees. A significant proportion of the cost saving actions are structural and permanent in nature, which will enhance the mid to long term profitability of VFS. Furthermore, VFS's liquidity was significantly strengthened through swift and decisive support from our owners and lenders.

VFS initiated multiple revenue enhancement actions via expanding the scope of and increasing sales of Value-Added Services (VAS) offerings. The management also initiated a focused dialogue with client governments to negotiate fee increases and obtain permissions for additional VAS products. The management's concentrated revenue enhancement efforts led to notable increase in revenue per application. The management is grateful to our client governments for their help and support during the crisis.

The management also launched our most significant and strategic project to date with the objective of transforming VFS business model to make it even more efficient, resilient, sustainable and profitable in the mid to long term. All these measures and initiatives taken, allow presenting the 2020 accounts under a going concern assumption.

In addition, VFS have launched several new products and initiatives in 2020, including an online booking service for Covid-19 tests. To date VFS offers this service across 40 countries and have registered over 40.000 bookings. This service also positions VFS strongly to offer other visa-related medical services to client governments in the future.

Considering the challenges and uncertainty faced in 2020, the management is pleased to confirm that VFS has performed admirably by both securing its short to mid-term liquidity by achieving and developing revenue enhancement, cost reduction and liquidity management strategies, whilst taking demonstrable actions to support the significant enhancement of profitability in the mid to long term.

As at 31 December 2020, VFS had 3,482 application centres (2019: 3,315) operating in 144 countries (2019: 146) serving 64 client governments (2019: 64). The Group processed over 7 million applications in 2020. Of our 64 client governments, we have served 44 for more than six years and 25 out of 44 for more than 11 years.

PERFORMANCE REVIEW

KEY PERFORMANCE INDICATORS

The Managers consider the following items to be key performance indicators ("KPIs") for VFS overall.

Operational and Financial Indicators (1)	12 months ending 31 Dec 2020	12 months ending 31 Dec 2019	2020 vs 2019 %
Operational Statistics			
Number of government clients (year-end)	64	64	-
Number of application centres (year-end)	3,482	3,315	5.0%
Applications processed (million)(2)	7.3	30.3	-75.9%
Number of employees (year-end)	7,773	11,437	-32.0%
Income Statement (in CHF m)			
Revenue and other operating income	239.6	749.6	-68.0%
EBITDA	-55.8	218.1	-125.6%
EBITDA Margin %	*-23.3%*	*29.1%*	*-5240bps*
EBITA	-113.6	155.6	-173.0%
EBITA Margin %	*-47.4%*	*20.8%*	*-6820bps*
Non-GAAP measures(3)			
Operating EBITDA	-39.8	240.0	-116.6%
Operating EBITDA Margin %	*-16.6%*	*32.0%*	*-4860bps*
Operating EBITA	-103.0	172.4	-159.8%
Operating EBITA Margin %	*-43.0%*	*23.0%*	*-6600bps*
Selected Balance Sheet Statistics			
Operating cash conversion ratio%(4)	NA	89.9%	NA

Notes

(1) The Indicators are not comparable on account of COVID-19

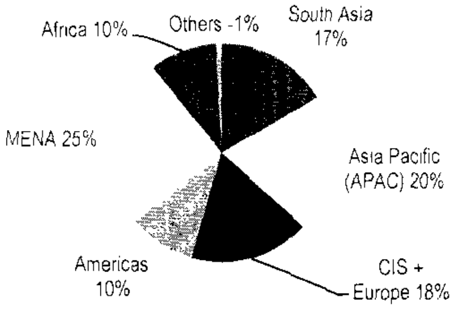
(2) Application count presented on a reported basis

(3) Non GAAP measures includes non-operating items which are one-off non-operational items (i.e. costs incurred for business acquisitions, start-up losses of new ventures, cost related to non-operating projects and non-operational Covid related costs) that were incurred during the reporting period (refer to note 30 of consolidated financial statements)

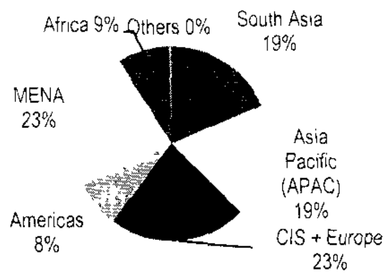
(4) Operating cash conversion ratio is calculated by dividing Operating Cashflow by Operating EBITDA less lease payments (including interest) (refer note 30 of consolidated financial statements), 2020 operating cash conversion is not calculated due to losses

VFS was significantly impacted by the Pandemic in 2020 with revenue and other operating income of CHF 239.6 million (2019: CHF 749.6 million). Visa applications processed in 2020 decreased to 7.3 million (2019: 30.3 million applications). Operating EBITA decreased sharply in financial year 2020 to CHF (103.0) million from CHF172.4 million in financial year 2019.

2020 REVENUES AND OTHER OPERATING INCOME IN % (CHF 240 million)



2019 REVENUES AND OTHER OPERATING INCOME IN % (CHF 750 million)



Source Based on full year view Management view

Overall VFS's revenues remain globally diversified with a larger proportional share in emerging markets where both the passport strength and penetration are low and outbound travel growth is higher. VFS's large presence in India, Russia, China and other emerging markets positions it strongly to take advantage of the growth rates projected for these source markets.

As at December 31 2020, VFS has 7,773 (2019: 11,437) employees.

FUTURE DEVELOPMENTS

VFS has seen a consistent increase in applicant counts since it restarted operations in May 2020. This has been driven by the easing of lockdowns, resumption of air travel and restarting of visa application acceptance by our clients. We have seen strong performance from several areas including land routes, non-discretionary visa categories (in particular work and student) and in-country services (in particular passport renewal applications).

Multiple Covid-19 vaccines have been approved by regulatory health authorities in last quarter of 2020 and rollout of the vaccines has commenced in all of our major markets like South Asia, Middle East and Europe. The management expects extant Q4 of 2020 volumes to carry into Q1 of 2021 before a modest recovery takes place during Q2 of 2021 that increases gradually during the second half of 2021, where the management has some resumption in discretionary travel (in particular leisure). VFS are already starting to see positive travel trends in markets which have vaccine rollouts firmly in place which will further support travel relaxation measures.

Conversely, a slower rollout of vaccines globally as well as reduced efficacy of vaccinations due to new strains of the virus, could reduce the recovery rate in 2021 and VFS could see additional travel restrictions being initiated, or where bans that have been previously lifted are reinstated due to resurgence of the virus. From December 2020 onwards, there have been instances where cases of Covid-19 have started to increase again after a period of decline.

No one has visibility into when remaining restrictions will be lifted, or any short or long-term changes to consumer travel behaviour patterns when travel restrictions, and other government restrictions and mandates are fully lifted. Accordingly, the full extent of the impact of the Covid-19 pandemic on VFS business operations, liquidity and financial condition are difficult to predict.

As per the management, the current expectations a full business recovery to pre-crisis levels is not expected until 2023 and the situation still remains quite volatile. The management is confident that once the vaccines are successfully rolled out globally, travel will recover sharply and continue its steady upward trajectory over the long term. The management believes its continuing cost discipline. improved structure and efficiency measures put in place will enable VFS to capitalise significantly on the sharp upswing in travel once travel restrictions are relaxed.

VFS structural growth drivers remain intact with international travel volumes continuing to grow and appetite for international travel remains strong, driven by economic growth and rising incomes across all major geographic regions, the rise of the middle class and passport penetration in emerging markets (in particular APAC and South Asia) and an increase in overall travel spend amid growing urbanisation and globalisation, and decreasing travel costs.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties, which are common to the Group and Company are:

Geopolitical and travel disruption

Travel facilitators such as VFS are exposed to inherent risk of incidents, which may impact travel demand and patterns. Incidents can include natural catastrophes. outbreak of disease or geopolitical instability. VFS serves 64 missions across 144 countries, enabling it to offset downturns in some destinations with strong performance in others in the case of country or region-specific disruptions. Nevertheless, slower global rollout of vaccines and second or third waves of the virus resulting from mutations may result in additional restrictions being initiated or re-initiated which could severely dent recovery prospects.

Consumer demand

Whilst VFS clients are sovereign governments, the end consumer or visa applicant drives demand for VFS services. Spending on travel is largely discretionary and price sensitive. Countries are at different stages in the economic cycle at any one time. In the case of recession or slowdown of general economic activity. consumers often cut back on travel spend. Changes in consumer demand may impact the group's short-term growth rates and margin expectations. However, the current macro environment across key regions (i.e. South Asia and MENA) is broadly positive. Moreover. VFS has operations in 144 countries enabling it to mitigate this risk to a large extent. VFS also serves applicants across a broad range of visa requirements including both discretionary (leisure, business) and non-discretionary (work. relocation, employment. religious) categories, which also mitigates the consumer demand risk.

Information Security and Data Protection

The Group has a responsibility to protect the confidentiality, integrity and availability of customer data as part of its operations. Furthermore, the global regulatory environment is changing with many countries enacting laws that require VFS to host data within the respective country boundaries. The Group maintain high standards of information security by undertaking regular IT security audits, periodic vulnerability assessment and penetration testing. VFS strictly adheres to a purging policy whereby information about an applicant which is classified as personally identifiable (e.g. full name, date of birth, passport number, street address, email address and phone numbers) is deleted after an agreed upon period of time (most commonly after the passport is returned to the applicant). VFS is compliant with relevant European legislation relating to data protection. including Directive 95/46/EC, GDPR and with the provisions contained within the EU Visa Code.

VFS has also implemented the 'Information Security Management System' (ISMS) and has been certified for ISO 27001:2013 standard for all visa application centres by an accredited certification body, TUV SUD: Germany.

Financial related risks

The Group's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables and lease liabilities. The Group's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Group also enters into derivative transactions for interest rate fluctuations. The hedge accounting policy is prepared to comply with the hedge accounting requirement under IFRS 9 "Financial Instruments".

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by the Corporate Treasury Department that advises on financial risks and the appropriate financial risk governance framework for the Group. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors of VFS Global AG (indirect subsidiary of the Company) reviews and agrees policies for managing each of these risks, which are summarised below:

1. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Key market risk includes interest rate risk and currency risk. Financial instruments are affected by market risk include borrowings, deposits, derivative financial instruments.

a) Interest rate risk

The Group is exposed to interest rate risk because it borrows funds at floating interest rates. The floating rate risk is managed by the group by the use of interest rate swap and cap contracts. Currently, hedging in place covers approximately 11.3% (2019: 52.6%) of the loan principal outstanding. The decrease in hedging is due to the closure of existing hedge contracts in 2020 and not renewed based on market circumstances. As a prudent strategy, Group has undertaken selective hedges to cover its near-term interest rate risk. In the present circumstances, interest rates are trading at their lowest levels due to global economic conditions. Hedging activities are evaluated regularly to align with the interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries. The major currencies giving rise to currency risk for the Group are the Pound sterling, US dollar, and Euro.

Most of the Group's operating income and expense exposure is naturally hedged by setting off receivables and payables. The currencies of debt are aligned with currencies of operational cash flows to mitigate currency risk on interest serving. The Group does not hedge against the foreign currency risks associated with its net investment in foreign entities or the related foreign currency translation of local earnings.

2. Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Credit risk from balances with bank is managed as per the Group's policy.

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Investments of surplus funds are made only with approved counterparties.

3. Liquidity risk

Liquidity risk is the risk that Group may be unable to meet its financial obligations when these become due for payment. The liquidity position of the Group is significantly influenced by the service fee collected on visa applications processed. Given the ongoing business environment risk and recovery profile of volumes, VFS is closely monitoring its liquidity to maintain it at adequate levels, with weekly and monthly reports to Chief Financial Officer and the use of several simulation and cash management tools. This is done partly by maintaining liquidity reserves to even out the usual fluctuations in liquidity levels and needs.

VFS did not undertake any research and development activities during the period and no Group entities owned shares or had voting rights in the Company during the period.

This report was approved and signed on behalf of the Board on 11 March 2021.

Ashish Patel
Head Commercial Operations

Thibaut Paillard
Head Accounting and Group Controller

Joost Mees

Joshua Stone
Manager

Joost Mees
Manager

pwc

Audit report

To the Shareholders of
Kiwi VFS SUB I S.à r.l.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Kiwi VFS SUB I S.à r.l. (the "Company") and its subsidiaries (the "Group") as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "*Commission de Surveillance du Secteur Financier*" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Emphasis of Matter

We draw attention to Note 2 to these consolidated financial statements, which indicates the significant impact of the Covid-19 (coronavirus) on the Group's operations, revenues and financial position. It also described actions taken and planned to manage those impacts with internal and external measures. Our opinion is not modified in respect of this matter.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the Management report but does not include the consolidated financial statements and our audit report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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.

Responsibilities of the Board of Managers for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group'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 Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit 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 the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers;

- conclude on the appropriateness of the Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The Management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

PricewaterhouseCoopers, Société coopérative
Represented by

Electronically signed by
Veronique Lefebvre

Véronique Lefebvre

Luxembourg, 11 March 2021

Consolidated statement of financial position

In CHF million

	Notes	31 Dec 2020	31 Dec 2019
Assets			
Non-current assets			
Property, plant and equipment	8	36.9	50.8
Right-of-use assets	9	81.7	108.7
Intangible assets	10	238.9	289.0
Goodwill	11	950.1	976.0
Investments accounted for using the equity method*	12		0.0
Deferred tax assets	7	17.6	9.0
Non-current financial assets	15	16.2	20.8
Non-current income tax receivables		5.3	6.7
Other non-current assets	16	-	13.2
Total non-current assets		**1,346.7**	**1,474.2**
Current assets			
Current financial assets			
Trade receivables	13	16.0	28.4
Cash and cash equivalents	14	135.3	86.7
Other current financial assets	15	20.5	24.3
Other current assets	16	19.1	26.9
Total current assets		**190.9**	**166.3**
Total assets		**1,537.6**	**1,640.5**
Equity and liabilities			
Non-current liabilities			
Non-current financial liabilities			
Non-current borrowings	17	944.7	820.4
Non-current lease liabilities	9	51.4	71.3
Other non-current financial liabilities	19	39.5	-
Other non-current liabilities	20	1.0	0.4
Deferred tax liabilities	7	61.3	74.4
Non-current provisions	21	14.9	14.8
Total non-current liabilities		**1,112.8**	**981.3**
Current liabilities			
Current financial liabilities			
Current borrowings	17	62.6	7.8
Trade and other payables	18	123.6	166.1
Current lease liabilities	9	40.4	35.4
Other current financial liabilities	19	20.1	76.4
Other current liabilities	20	47.3	37.9
Current tax liabilities		5.8	11.7
Current provisions	21	8.6	8.3
Total current liabilities		**308.4**	**343.6**
Total liabilities		**1,421.2**	**1,324.9**
Equity			
Share capital	22	15.9	15.9
Reserves	22	100.3	299.4
Equity attributable to owners of Kiwi VFS Sub I S.à.r.l		**116.2**	**315.3**
Non-controlling interests	23	0.2	0.3
Total equity		**116.4**	**315.6**
Total equity and liabilities		**1,537.6**	**1,640.5**

* amount is below rounding off norms adopted by the Group.

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

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Consolidated income statement

In CHF million

	Notes	2020	2019
Revenue	2	238 1	741.5
Other operating income	2	1.5	8.1
Application processing and support service expenses		(59.9)	(171.4)
Personnel expenses	3	(150.9)	(227.8)
Rent and facilities expenses		(17.3)	(32.4)
IT and communication expenses		(24.2)	(29.0)
Other operating expenses	4	(43.1)	(70.9)
Earnings/(loss) before financial result, taxes, depreciation and amortisation (EBITDA)		**(55.8)**	**218.1**
Depreciation	8/9	(57.8)	(62.5)
Amortisation of intangible assets acquired through business combination	10	(40.0)	(49.2)
Amortisation of other intangible assets	10	(6.5)	(5.8)
Impairment of other intangible assets	10	(4.3)	-
Earnings/(loss) before financial result and taxes (EBIT)		**(164.9)**	**100.6**
Financial result	6	(20.4)	(31.3)
Earnings/(loss) before taxes (EBT)		**(185.3)**	**69.3**
Income tax benefits/(expenses)	7	17.9	(31.6)
Net result/(loss)		**(167.4)**	**37.7**
Attributable to owners of Kiwi VFS Sub I S.à.r.l		(167.3)	37 7
Attributable to non-controlling interests*		(0.1)	0.0

* amount is below rounding off norms adopted by the Group.

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income

In CHF million

	Notes	2020	2019
Net result/(loss)		**(167.4)**	**37.7**
Other comprehensive income/(loss) (OCI)			
Items that may be reclassified to income statement			
Exchange differences on translation of foreign operations		(20.8)	(0.4)
Exchange differences on translation of foreign operations reclassified to consolidated income statement due to change in control		-	0.1
Cash flow hedge reserve**		0.4	0.2
Cost of hedging reserve**		(0.1)	0.1
Income tax benefits/(expenses) relating to these items*	7	0.0	0.0
Items that will not be reclassified to income statement			
Re-measurement of post-employment benefit obligations/(assets)	3	(13.0)	(0.1)
Income tax benefits/(expenses) relating to these items*	7	0.0	0.0
Total comprehensive income/(loss) for the year		**(200.9)**	**37.6**
Attributable to owners of Kiwi VFS Sub I S.à.r.l		(200.8)	37.6
Attributable to non-controlling interests*		(0.1)	0.0

* amount is below rounding off norms adopted by the Group.

** During the financial year 2020, for instruments that have been expired, the amount has been reclassified to consolidated income statement.

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

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Consolidated statement of changes in equity

In CHF million	Notes	Attributable to owners of the Company							Non-controlling interests*	Total equity
				Reserves						
		Share capital	Additional paid-in capital	Translation reserve	Cash flow hedges	Cost of hedging reserve	Other reserves/Retained earnings	Total		
Balance as at 1 January 2019		**15.9**	**143.2**	**(40.3)**	**(0.9)**	**-**	**157.6**	**275.5**	**0.0**	**275.5**
Comprehensive income/(loss) for the year:										
- Net result/(loss) for the year		-	-	-			37.7	37.7	-	37.7
- Exchange difference on translation of foreign operations		-	-	(0.3)			-	(0.3)	-	(0.3)
- Other comprehensive income	25	-	-	-	0.2	0.1	(0.1)	0.2	-	0.2
Total comprehensive income/(loss)		**-**	**-**	**(0.3)**	**0.2**	**0.1**	**37.6**	**37.6**	**-**	**37.6**
Capital contribution from owners in kind		-	-	-	-	-	1.3	1.3	-	1.3
Change in control of subsidiary	12	-	-	-	-	-	0.9	0.9	-	0.9
Non-controlling interests on acquisition of subsidiary	23	-	-	-	-	-	-	-	0.3	0.3
Balance as at 31 December 2019		**15.9**	**143.2**	**(40.6)**	**(0.7)**	**0.1**	**197.4**	**315.3**	**0.3**	**315.6**
Balance as at 1 January 2020		**15.9**	**143.2**	**(40.6)**	**(0.7)**	**0.1**	**197.4**	**315.3**	**0.3**	**315.6**
Comprehensive income/(loss) for the year										
- Net result/(loss) for the year		-	-	-	-	-	(167.3)	(167.3)	(0.1)	(167.4)
- Exchange difference on translation of foreign operations		-	-	(20.8)	-	-	-	(20.8)	-	(20.8)
- Other comprehensive income	3/25	-	-	-	0.4	(0.1)	(13.0)	(12.7)	-	(12.7)
Total comprehensive income/(loss)		**-**	**-**	**(20.8)**	**0.4**	**(0.1)**	**(180.3)**	**(200.8)**	**(0.1)**	**(200.9)**
Capital contribution from owners in cash	22	-	-	-	-	-	1.7	1.7	-	1.7
Balance as at 31 December 2020		**15.9**	**143.2**	**(61.4)**	**(0.3)**	**-**	**18.8**	**116.2**	**0.2**	**116.4**

* amount is below rounding off norms adopted by the Group.
The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Capital contribution in kind: During 2019 Kiwi IV has contributed net receivables from Kiwi VFS Sub II as capital contribution to the Company.

Nature and purpose of reserves:

Other reserve/retained earnings: includes, capital contribution in kind, net result/ (loss) for the year and distribution to owners.

Cash flow hedges: The Group uses hedging instruments as part of its management of interest rate risk associated with its borrowings, as described within note 25 (A) (i) and 25 (D). These include interest rate swap contracts, which are designated in cash flow hedge relationships. To the extent hedges are *effective; the change* in fair value of the hedging *instrument is recognised in the cash* flow hedge reserve.

Cost of hedging reserve: The Group designates the interest rate risk as hedging instruments in cash *flow hedge relationships*. The Group defers changes, the time *value element* of interest rate risk in the costs of hedging reserve.

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Consolidated statement of cash flows

in CHF million	Notes	2020	2019
Cash flows from operating activities			
Net result/(loss)		(167.4)	37.7
Income tax (benefits)/expenses	7	(17.9)	31.6
Financial result	6	20.4	31.3
Depreciation, amortisation and impairment	8/9/10	109.1	117.5
Allowance for credit loss	13	6.0	6.6
Loss on sale of property, plant and equipment		1.3	0.6
Other non-cash expenses/(income)		(3.8)	2.4
Operational foreign exchange loss unrealised		2.4	3.2
Changes in net working capital:			
- (Increase)/Decrease in financial assets		18.1	(30.2)
- (Increase)/Decrease in other assets		8.2	10.1
- Increase/(Decrease) in financial and other liabilities		(33.1)	25.0
- Increase/(Decrease) in provisions		0.5	1.1
Income taxes paid		(8.3)	(42.1)
Net cash inflow/(outflow) from operating activities		**(64.5)**	**194.8**
Cash flows from investing activities			
Purchase of property, plant and equipment		(12.4)	(25.5)
Purchase of intangible assets		(5.2)	(16.2)
Proceeds from disposal of property, plant and equipment*		0.0	1.2
Payment to acquire subsidiaries, net of cash acquired	1	-	(3.2)
Payment of contingent consideration to acquire subsidiaries	19	-	(16.2)
Investment in bank deposits (having maturity of more than three months)	15	(1.9)	(0.9)
Interest received		1.2	4.8
Net cash (outflow) from investing activities		**(18.3)**	**(56.0)**
Cash flows from financing activities			
Proceeds from financial debts	17	199.7	0.8
Repayment of financial debts	17	(1.1)	(4.1)
Capital contribution from owners	22	1.7	-
Lease payments (including interest)	9	(31.0)	(42.4)
Deferred payment to acquire non-controlling interests	23	(14.2)	(66.5)
Interest and other bank charges paid		(31.9)	(36.0)
Net cash inflow/(outflow) from financing activities		**123.2**	**(148.2)**
Currency translation		8.2	0.2
Net increase/(decrease) in cash and cash equivalents		**48.6**	**(9.2)**
Cash and cash equivalents at beginning of year		**86.7**	**95.9**
Cash and cash equivalents at end of the year	14	**135.3**	**86.7**

* amount is below rounding off norms adopted by the Group.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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Notes to the consolidated financial statements

Main accounting principles

1. General Information

Kiwi VFS Sub I S.à.r.l ("the Company") was established on April 07, 2017 and is domiciled in 26A, Boulevard Royal, L-2449 Luxembourg, R.C.S Luxembourg B 214.026. The Company is a fully-owned subsidiary of Kiwi Holding IV S.à.r.l ("Kiwi IV") since its incorporation.

The consolidated financial statements for the year ended December 31, 2020 covers the Company and all its subsidiaries (collectively "VFS Global" or "the Group") related to VFS business. In addition, the Group has also prepared consolidated financial statements for the year ended December 31, 2020 at VFS Global AG (VFSG).

VFS Global is the world's largest visa outsourcing and technology services specialist for governments and diplomatic missions worldwide. The Group manages the administrative and non-judgmental tasks related to visa, passport, identity management and other citizen services for its client governments. This enables the client governments to focus entirely on the critical task of assessment.

2. Basis of preparation

In order to fulfill the lender requirements in the context of the external debt, the consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as of December 31, 2020.

The consolidated financial statements comprise a consolidated statement of financial position, a consolidated income statement, a consolidated statement of comprehensive income, a consolidated statement of changes in equity, a consolidated statement of cash flows and the accompanying notes to the consolidated financial statements for the year ended December 31, 2020.

The consolidated financial statements are based on historical costs. Certain financial assets and financial liabilities are measured at fair value in the consolidated statement of financial position. Detailed disclosures on measurement are provided in the summary of significant accounting policies. These policies have been consistently applied to all the reporting periods presented, unless otherwise stated.

The Corona virus (Covid-19) has had a material impact on the travel industry and related services. From March 2020, many countries implemented measures to limit cross-border movement and to slow down public life in order to curtail the spread of Covid-19. As a consequence, VFS Group closed most of its visa application centres (VACs) in almost all of its source countries for weeks or even months. Since March 2020, due to restrictions of its client governments or local authorities in the source countries, the client governments have restricted the available visa categories and visa availability. After the first wave, starting from May 2020, VACs and visa categories have gradually reopened in line with the easing of travel restrictions by client governments and local restrictions in source countries. Furthermore, VFS Global's diversified and exclusive contract portfolio has supported the recovery of applicant volumes where local lockdowns have been lifted in 2020. In particular the split between ground and air routes as well as the wide variety of visa categories provided (including work, student, medical as well as tourism and business) has meant that applicant volumes have been steadily recovering on a consistent basis since May 2020. At the end of the financial year 2020, 50% of the VACs have been reopened but operate often with reduced application volumes. Late 2020 onwards, new strains of the virus appeared and the roll out of the vaccines started in certain regions.

The Covid-19 pandemic caused a material impact on VFS Group's operating and financial performance and its financial position. As a consequence, revenue for the financial year 2020 has decreased by 68% to CHF 238.1 million (2019: CHF 741.5 million), operating EBITDA has decreased from CHF 240.0 million in 2019 to CHF (39.8) million in 2020 and operating cash flow has decreased from CHF 177.6 million in 2019 to CHF (96.2) million in 2020 (refer note 30).

VFS Group reacted quickly and decisively to the outbreak of the Covid-19 crisis and the associated significant decline of application volumes and revenues, by initiating revenue enhancement measures, wide-ranging cost cutting and cash saving measures across all global operations and functions in order to conserve liquidity including:

- the support from client governments in the form of higher service fees, expanded value added services, reduced operational requirements or other concessions,
- the significant reduction in workforce,
- the suspension of pay increase and even temporary salary reductions across almost the entire workforce,
- the introduction of short time working hours in European and other countries,
- the negotiation of lease concessions from landlords to reduce, temporarily waive or defer lease payments,
- the re-negotiation of contracts with suppliers and business partners to reduce costs and change payment terms.
- the participation in local government support programs available in the source countries.
- and a substantial reduction in capital expenditure.

Measures implemented helped to reduce operating expenses (excluding application processing & support service expenses) significantly by 35% to CHF 235.5 million (2019: CHF 360.1 million).

To further assure the liquidity of the Group, the existing owners have provided additional facilities of CHF 143.1 million and third-party lenders (including the revolving credit facility available at Kiwi VFS Sub II S.a.r.l) have provided additional facility of CHF 46.3 million.

In addition, the Group has raised funds of CHF 8.9 million from local banks. The Group has received government backed loans of CHF 1.4 million in source countries. As at December 31, 2020, there is an undrawn facility of CHF 33.4 million (including revolving credit facilities of CHF 18.3 million) which will be available with the Group for its operations, bringing the total Group year-end available liquidity at CHF 168.7 million.

The Board of Directors of VFS Global AG (indirect subsidiary of the Company) and the management monitor liquidity and operating performance of the Group on a frequent and regular basis by means of daily tracking of applicant counts, ongoing cost monitoring and rolling liquidity projections and scenario planning. The management uses various internal and external reference points for its projections including: i) market estimates from reputed strategy consulting firm, ii) market estimate from airlines and travel associations such as International Air Transport Association (IATA) and iii) the expected timing of a successful Covid-19 vaccine rollout during the course of financial year 2021 and 2022. On this basis, the management expects extant Q4 of 2020 volumes to carry into Q1 of 2021 before a modest recovery takes place during Q2 of 2021 that increases gradually during the second half of 2021. This assumption is in line with the early roll out of the vaccines in financial year 2021.

VFS Global believes that the fundamental value drivers for the business remain intact and are supported by secular growth trends. A significant proportion of the cost savings and other initiatives planned and undertaken in response to Covid-19 are expected to have sustainable effect to strengthen the business also post the recovery and have a lasting positive effect on the Group's profitability. Based on the current knowledge of the

Group performance as of March 11, 2021 and the expected pattern of business recovery, the Company's Board of Managers and the management are of the opinion that the measures taken and financing received will assure the Group's ability to continue as a going concern.

The consolidated financial statements are presented in Swiss francs (CHF) and all the amounts disclosed in the consolidated financial statements and notes have been rounded to the nearest hundred thousand and are shown in CHF million unless otherwise stated.

The consolidated financial statements are authorised for issue on March 11, 2021 by the Company's Board of Managers and will be submitted for the approval of shareholders before April 11, 2021.

Adoption of new and amended accounting standards

(i) New standards issued

(a) The following new standards and amendments to standards have been issued and are applicable for the financial year beginning January 1, 2020. These changes to IFRS have been applied in these consolidated financial statements:

New Standards or amendment to standards and interpretations	Effective date	Application from
IFRS 16 – Covid-19 related Rent Concessions	June 1, 2020	Reporting year 2020
Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020	Reporting year 2020
Definition of a Business (Amendments to IFRS 3)	January 1, 2020	Reporting year 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	January 1, 2020	Reporting year 2020
Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	January 1, 2020	Reporting year 2020

None of these changes had any significant impact on these consolidated financial statements in their application except for rent concessions practical expedients issued as per IFRS 16. The Group has approached landlords for rental waivers and payment deferments for a certain period of time during the Covid-19 crisis. The majority of the landlords agreed with VFS proposals and accordingly the Group has accounted for all qualifying rent concessions satisfying the conditions provided in the practical expedient of IFRS 16 as variable lease payment in the consolidated income statement (refer note 9).

(b) The following new and revised standards and interpretations have been issued but are not yet effective. They have not been applied early in these consolidated financial statements. A preliminary assessment has been conducted by VFS Global management and the Group does not expect significant impact from new pronouncements issued but not yet effective.

Revisions and amendments of standards and interpretations	Effective date	Planned application
Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7) – Phase 2	January 1, 2021	Reporting year 2021

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	January 1, 2022	Reporting year 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	January 1, 2022	Reporting year 2022
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	January 1, 2022	Reporting year 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022	Reporting year 2022
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2023	Reporting year 2023

In the previous financial year 2019, the Group has applied the following International Financial Reporting Standards (IFRS), interpretations or requirements with effect from January 1, 2019:

- IFRS 16 – Lease accounting
- IFRIC 23 – Uncertainties over Income tax treatments
- Annual Improvements to IFRS standards 2015-2017 Cycle

Apart from IFRS 16 (refer note 9), none of these changes had any significant impact on these consolidated financial statements in their application.

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3. Summary of significant accounting policies

The following is the summary of significant accounting policies applied by the Group in preparing its consolidated financial statements:

(i) Principles of consolidation and equity accounting

Subsidiaries

Subsidiaries included in these consolidated financial statements are all entities over which the Company has direct or indirect control. The Group controls such an entity when it is exposed to, or has substantive rights to, variable returns from its involvement with the Group and has the ability to affect those returns through its power to direct the activities of the entities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

The acquisition method of accounting is used to account for business combinations by the Group which is explained in note 1.

Intercompany transactions, outstanding balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the net result/(loss) and equity of the subsidiaries are shown separately in the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and consolidated statement of changes in equity.

Joint arrangements

Under IFRS 11 - Joint Arrangements, investments in the joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has interests in joint ventures that are accounted for using the equity method as per IAS 28 – Investments in associates and joint ventures, after initially being recognised at cost in the consolidated statement of financial position.

Equity method

Joint ventures are entities which VFS Global jointly controls with a joint venture partner, and whereby VFS Global is involved in the management. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profit or losses of the investee in the consolidated income statement, and the Group's share of movements in the consolidated statement of comprehensive income of the investee in the consolidated statement of comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

Unrealised gains on transactions between the Group and the joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. The financial statements of the joint venture are prepared for the same reporting period as of the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note (xviii) below.

Change in ownership interests

Non-controlling interests are measured initially at their fair value or proportionate share of the acquirer's identifiable net assets at the date of acquisition. The measurement selection can be different for each acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted as equity transactions.

When the Group ceases to have control over a subsidiary previously included in these consolidated financial statements, it derecognises the assets and liabilities of the subsidiary and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in the consolidated income statement. Amounts previously recognised in the consolidated statement of comprehensive income that may be reclassified to the consolidated income statement are reclassified to the consolidated income statement. Any retained interest in the former subsidiary is remeasured to its fair value at the date when control is lost.

When the Group's share of losses in the equity accounted investment equals or exceeds the carrying amount of investment in joint venture, the Group does not recognise further losses, unless it has incurred obligations in respect of the joint venture.

When the Group acquires an additional stake in the joint ventures and the Group acquires control as per IFRS 10, the Group fair values the existing share in joint venture as per IFRS 3 and any fair value gain/loss is accounted for in the consolidated income statement.

The list of individual entities included within these consolidated financial statements which together form VFS Global is provided in note 29.

(ii) Current vs non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

(iii) Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Swiss francs (CHF) which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions on transaction date are translated into the functional currency using the exchange rates at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and loans advanced to related parties and others are presented in the consolidated income statement separately as non-operational foreign exchange gain/loss as part of financial result. All other foreign exchange gains and losses are presented in the consolidated income statement on net basis above earnings/(loss) before financial result and taxes (EBIT) in other operating income.

Non-monetary items that are measured at fair value in the foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss (FVTPL) are recognised in consolidated income statement as part of the fair value gain or loss and translation differences on non-monetary assets such as equities measured at fair value through other comprehensive income (FVOCI) are recognised in the consolidated statement of comprehensive income.

(c) Group companies

The result and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- *assets and liabilities for each financial position presented are translated at the closing rate at the date of that financial position,*
- *income and expenses for income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and*
- All resulting exchange differences are recognised in consolidated statement of comprehensive income.

When a foreign operation is sold, the associated exchange differences are reclassified to consolidated income statement, as part of financial result.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate of that financial position.

(iv) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, discount, value added taxes and amounts collected on behalf of third parties. Taxes and amounts received on behalf of governments are excluded from revenue.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Visa processing and other services

Revenue is recognised at the time of completion of services to the visa applicants. The performance obligation is satisfied once the completeness check is done and the documents are submitted to the government missions/embassies. The Group has an enforceable right to the payment on completion of services. The revenue is not recognised and is considered as contract liabilities until the services are provided to the visa applicants.

(b) Value added services (VAS)

Value added services include courier services, premium lounge, short messaging services (SMS) etc. Revenue is recognised upon the utilization of services by the visa applicants. As the performance obligation is satisfied at a point in time, revenue is recognised at the time of completion of these services. VAS are an integral part of visa processing services and revenue is measured in aggregate.

(c) Revenue from facility management company (FMC)

The primary responsibility of providing the visa processing services to the government missions/embassies lies with the Group. The Group remains the principal obligor for visa application centers operated under FMC arrangements. Therefore, the FMC is considered as the agent and the Group has recognised gross revenue in its consolidated income statement and the share of revenue due to FMC is presented as application processing and support service expenses. There are two exceptions to the above principles which are as follows:

(i) where the applicants have the ability to approach directly the government missions/embassies for the visa processing services, or

(ii) geographies where the Group cannot directly operate due to legal and regulatory constraints.

In the above exceptions, the Group recognises revenue on net basis in its consolidated income statement.

(d) Period of revenue contracts

The Group generally does not have any material contracts where the period between the provision of the services to the customer and payment by the customer exceeds twelve months. As a consequence the Group does not adjust any of the transaction prices for the time value of money.

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(v) Application processing and support service expenses

Application processing and support service expenses include all facility management company service charges/revenue share, courier fees, biometric expenses, cash collection agency charges, call centre, communication and other charges relating to application processing and support service.

(vi) Employee benefits

(a) Short-term obligations

Liabilities for wages, salaries including social security contributions, paid vacation and sickness-related absences, bonuses and non-monetary benefits that are expected to settle wholly within twelve months after the end of the reporting period in which the employees render the related service are recognised in respect of employee's service up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities will be settled.

The liabilities are presented as other liabilities in the consolidated statement of financial position.

(b) Post-employment obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

Defined contribution plans

The Group pays contributions to publicly or privately administered provident fund scheme, pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as personnel expenses when they are due.

Defined benefit plans

The main defined benefit plan relevant for the Group relates to the Swiss pension plan. The plan is funded by VFS Global Investment AG (VFSGI) (employer) and the employees. A smaller funded plan exists in India and un-funded plans exist in United Arab Emirates (UAE), Kingdom of Saudi Arabia (KSA) and other countries. The Group's net asset/obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefits employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets and is presented as net liabilities or net assets in the consolidated financial statements.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of reductions in future contributions to the benefit plan or coverage of potential higher future liabilities. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses on a defined benefit liability, the return on plan assets (excluding interest) and the effect of an asset ceiling (excluding interest), are recognised immediately in the consolidated statement of comprehensive income. The Group determines the net interest expense/ (income) on the net defined benefit liability/ (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/ (asset), taking into account any changes in the net defined benefit liability/ (asset) during the period as a result of contributions and benefit payments. The net interest expense and other expenses related to defined benefit plans are recognised in the consolidated income statement.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past services or the gain or loss on curtailment is recognised in the consolidated income statement or consolidated statement of comprehensive income based on change in plan benefits. The Group recognise gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(c) Restructuring cost

Restructuring cost as defined by law or agreed with the employee, are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognise restructuring costs at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognise costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(d) Deferred bonus incentive

The Group has created a deferred bonus incentive scheme to retain high performing employees who are high on critical and scarcity scale. The scheme is part of other long-term employee benefits and the proportionate cost has been recognised as personnel expenses in the consolidated income statement. Benefits falling due more than 12 months after the end of reporting period are discounted to present value.

(vii) Government grants

Grants from government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions. Government grants shall be recognised in consolidated income statement on a systematic basis over the periods in which the Group recognise as expenses, the related costs for which the grants are intended to compensate. Government grants received in the form of loans at below-market rate of interest are recognized and measured in accordance with IFRS 9. These government grants are received due to Covid-19 impact on the people and business

(viii) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees,
- lease payments to be made under reasonably certain extension options are also included in the

measurement of the liability,

- *the exercise price of a purchase option* if *the lessee is reasonably certain* to *exercise* that option and,
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined from the lease contract, otherwise using the individual entity's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities,
- any lease accruals/prepayments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- *restoration cost.*

The lease liabilities are subsequently remeasured by increasing the carrying amount to reflect interest on the lease liabilities, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Any amount on account of re-measurement of lease liabilities is adjusted to the right-of-use assets. Where the carrying amount of the right-of-use assets is reduced to zero and there is a further *reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re*-measurement in the consolidated income statement.

Right-of-use assets are subsequently measured at amortised cost less any accumulated depreciation, accumulated impairment losses, if any, and adjusted for any remeasurement of the lease liabilities. The right-of-use assets are depreciated using the straight-line method from the transition/commencement date over the shorter of lease terms or useful lives of right-of-use assets and the depreciation is recognised in *the consolidated income statement.* Any change in *the lease liabilities* due to *variable* lease payments that are based on index or rate are adjusted in the right-of-use assets.

The right-of-use assets are also subject to impairment following the accounting policies described in section (xviii) impairment of non-financial assets.

Payments associated with short-term leases (shorter than twelve months, provided there is no purchase options) of premises and others and all leases of low-value assets such as equipment on lease are recognised on a straight-line basis as an expense in the consolidated income statement.

Lease payments including interest are shown as cash outflows from financing activities in the Consolidated statement of cash flows.

(ix) Financial result

Financial result includes profit/loss on sale of subsidiaries, financial income, financial expenses, fair value *gain/loss on acquisition of investments accounted for using equity method, gain/loss due to change in* control and change in contingent consideration for acquisitions.

(x) Income taxes

Income taxes are comprised of current and deferred tax. They are recognised in the consolidated income statement, except to the extent that they relate to items recognised in other comprehensive income in which case they are recognised in the consolidated statement of comprehensive income.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rates of each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. The management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) of respective countries that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax base of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax liabilities on undistributed profits of subsidiaries are recognised, unless dividend payments to the owner are not planned for the foreseeable future. The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the financial position date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(xi) Property, plant and equipment (PPE)

Recognition and measurement

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Where an item of property, plant and equipment comprises major components having different useful lives they are accounted for as separate property, plant and equipment item.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated income statement during the reporting period in which they are incurred.

The depreciation methods and periods used by the Group are disclosed in note 8.

The asset's residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing sale proceeds with carrying amount. These amounts are included in the consolidated income statement.

(xii) Intangible assets

(a) Goodwill

Goodwill is measured as described in note (xiii) business combination. In respect of joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment in the joint venture. Goodwill is not amortised, but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating unit (CGU) for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The unit is identified at the lowest level at which goodwill is monitored for internal management purposes (refer note 11).

(b) Other intangible assets

Other intangible assets comprise acquired and self-developed software, licences and similar rights such as brand, customer relationship, etc. acquired in a business combination. Intangible assets acquired in a business combination are recognised separately from goodwill if they are subject to contractual or legal rights or are separately transferable and their fair value can be reliably estimated at acquisition date. Separately acquired intangible assets are shown at historical cost and amortised based on estimated useful lives. Intangible assets are stated at cost less accumulated amortisation and impairment losses.

The amortisation method and periods used by the Group are disclosed in note 10.

The asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(xiii) Business combination

The acquisition method of accounting is used to account for all business combinations. The consideration transferred for the acquisition of a business includes the.

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interests in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. The Group recognises pre-existing equity interest fair value gain/loss on acquisition of business in the consolidated income statement.

Acquisition-related costs are recognised in the consolidated income statement as incurred.

The excess of the
- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any pre-existing equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the consolidated income statement as a bargain purchase.

(xiv) Financial assets

Classification:

The Group classifies its financial assets in the following measurement categories:

a) Those to be measured subsequently at fair value (either through the consolidated statement of comprehensive income, or through the consolidated income statement), and

b) Those measured at amortised cost.

Initial recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are recognised in the consolidated income statement.

Subsequent measurements

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into the following categories:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in financial result using the effective interest rate method.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets where cash flow represents solely payments of principal and interest are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income (OCI), except for

the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the consolidated income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated income statement. Interest income from these financial assets is included in financial result using the effective interest rate method.

- **Fair value through profit and loss (FVTPL)**: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit and loss. Interest income from these financial assets is included in financial result.

Equity instruments

The Group subsequently measures all equity investments at fair value through profit and loss account (FVTPL). Where the Group's management has elected the irrevocable option to present fair value gains and losses on equity investments in the consolidated statement of comprehensive income instead of the consolidated income statement, there is no subsequent reclassification of fair value gains and losses from OCI to consolidated income statement. Upon sale of equity instruments measured as FVOCI, the cumulative gains and losses previously recognised in OCI are transferred to retained earnings.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions as well as other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Deposits with maturity above three months are shown in other financial assets.

Trade receivables

Trade receivables are recognised initially at their transaction price and subsequently measured at amortised cost using the effective interest method, which includes the deduction of expected credit losses. Refer note below on impairment of financial assets for description of the Group's impairment policies.

Loans

Loans are initially recorded at fair value and subsequently carried at amortised cost using the effective interest rate method.

De-recognition of financial assets

A financial asset is derecognised only when:

- the contractual rights to the cash flows from the financial asset expire,
- the Group has transferred a financial asset in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset, and
- the group retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and fair value through other comprehensive income. The Group measures loss allowances at an amount equal to lifetime ECLs, except for financial assets for which credit risk has not increased significantly since initial recognition; these are measured at 12-month ECLs.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires lifetime ECLs to be recognised from initial recognition of the trade receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group formulates a 'base-case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing additional economic scenarios and considering the relative probabilities of the outcome.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due. The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the financial assets.

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Write-off

The gross carrying amount of a financial asset is written off on a case-by-case basis when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(xv) Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in consolidated income statement over the period of the borrowings using the effective interest method.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated income statement.

(xvi) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.

(xvii) Derivative and hedging activities

The Group enters into derivative contracts to manage its exposure to interest rate through interest rate swaps

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so the nature of the item being hedged and the type of hedge relationship designated.

The Group designates their interest rate swaps as cash flow hedges of interest rate risk associated with the variable interest rate borrowings.

At the inception of hedging transaction, the Group documents the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. At the inception, the Group documents its risk management objective and strategy for undertaking various hedge transactions of each hedge relationship.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 24. Movements in the hedging reserve in shareholders' equity are shown in the consolidated statement of comprehensive income. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than twelve months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than twelve months.

Cash flow hedges that qualify for hedge accounting

The Group only designates the intrinsic value of the derivative instrument for hedging. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement, within other operating expenses. Time value component of the hedging instrument is recognised in the cost of hedging reserve within equity and amortised over the period of the contract in the consolidated income statement.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects the consolidated income statement, is recognised as financial result in the consolidated income statement.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and costs of hedging that were reported in equity are immediately reclassified to the consolidated income statement.

Hedge ineffectiveness is recognised in the consolidated income statement within other operating expenses.

(xviii) Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in the consolidated income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The annual impairment test is based on the VFS Global cash generating units (CGU). The CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Group is considered as a single cash generating unit as this is the lowest level at which monitoring is performed by the Group.

(xix) Fair value measurement

The Group measures financial instruments such as derivatives and certain investments at fair value at each financial position date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either

- In the principal market for the asset or liability or
- *In the absence of a principal market, in the most advantageous market for the asset or liability.*

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated statement of financial position on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at *the end of each reporting period.*

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(xx) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalised as a part of the cost of that asset until such time the assets are substantially ready for their intended use as intended by the management. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

(xxi) Provisions, contingent liabilities and capital commitment

Provisions

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense as part of financial result.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised in the consolidated statement of financial position but are disclosed separately.

Capital commitment

A capital commitment is a possible obligation that arises from the contracts or purchase orders issued to parties for acquiring non-current assets i.e. capital expenditure or purchase of equity shares; but it is not recognised as the event is not triggered as at date of consolidated statement of financial position and hence are disclosed separately.

(xxii) Dividends

Financial liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

(xxiii) Non GAAP financial measures

The following alternative financial performance measures (non-IFRS) have been used as the management believes that they are useful supplemental measures of performance and liquidity for investors, securities

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analysts and other interested parties. The alternative performance measures may not be comparable to similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of operating result, performance or liquidity under IFRS. The management monitors these non GAAP financial measures on a consolidated level.

(a) Earnings/(loss) before financial result, taxes, depreciation and amortisation (EBITDA)

The Group has elected to present EBITDA which represents net result/(loss) before financial result, income tax expenses, depreciation, amortisation and impairment.

(b) Earnings/(loss) before financial result and taxes (EBIT)

The Group has elected to present EBIT which represents net result/(loss) before financial result and income tax expenses.

(c) Operating earnings/(loss) before financial result, taxes, depreciation and amortisation (Operating EBITDA)

The Group has elected to present Operating EBITDA which represents EBITDA (as defined in (a) above) adding back or deducting non-operational expenses and income. During the financial year 2020, Covid-19 has impacted the business of the Group and some additional cost has been incurred to restart the operations. The Group has also taken certain additional measures which were considered as non-operating costs. Accordingly, these costs were adjusted during the year to see the real operating performance of the Group. Non-operational expenses and income (Items) can be categorised as below:

- Consulting and advisory expenses related to acquisitions and disinvestments,
- Consulting and advisory expenses related to projects and activities that are rare in occurrence,
- Start-up losses for new ventures / business initiatives (for a period of not more than two years),
- Consulting and advisory costs or other expenses related to restructuring,
- Non-operating costs or income for non-recurring items (e.g. legacy and former holding costs),
- Cost incurred due to impact of Covid-19 on business (restart of operations of VACs including sanitisation costs, surrender of premises, employee restructuring, impairment of assets etc.).

(d) Operating earnings/(loss) before financial result, taxes and amortisation (Operating EBITA)

The Group has elected to present Operating EBITA which represents EBITDA (as defined in (a) above) less depreciation, amortisation of other intangible assets (other than intangible assets acquired through business combination) and impairment of other intangible assets adding back or deducting non-operational expenses and income.

(e) Operating Cash Flow and Cash Conversion ratio

The Group has elected to present Operating Cash Flow which represents Operating EBITDA (as defined in (c) above) deducting additions in purchase of property, plant and equipment and other intangible assets deducting lease payments (including interest) adding back or deducting change in Net Working Capital as per the consolidated statement of financial position. Cash Conversion ratio further presents Operating Cash Flow as a percentage of Operating EBITDA less lease payments (including interest).

(f) Net Debt

The Group has elected to present Net Debt which represents non-current and current borrowings including lease liabilities and deducting cash and cash equivalents.

(g) Change in Net Working Capital as per consolidated statement of financial position

The Group has elected to present change in Net Working Capital as per the consolidated statement of financial position. The current assets include trade receivables, other current financial assets and other current assets. add/less amount payable/receivable from holding companies. The current liabilities include trade and other payables and other current liabilities. The Net Working Capital is the difference between current assets and current liabilities. The change in Net Working Capital is calculated by comparing Net Working Capital of current year with Net Working Capital of previous year.

4. Key judgements, management estimates and assumptions

When preparing the consolidated financial statements, the management must make decisions, estimates and assumptions that have an impact on income, expenses, assets and liabilities. The actual result may differ from these management estimates. Estimates and underlying assumptions are reviewed on an on-going basis and are based on past findings and various other factors. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based, or as a result of new information or additional experience. Such changes are recognised in the consolidated income statement in the period in which the estimate is revised.

The key assumptions about the future and key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next twelve months are described below. On the basis of the information currently available, they are considered to be appropriate.

In the process of applying the Group's accounting policies, the management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

(i) Key Judgements

(a) Revenue recognition

The performance obligation is satisfied once the completeness check is done and the documents are submitted to the government missions/embassies and thus having an enforceable right to the payment on completion of services (refer note 2 for more details).

Under operation model involving FMC, the service fee is shared between the Group and the FMC through back-to-back contractual arrangements. Under these arrangements, the primary responsibility of providing the visa processing services to the government missions/embassies lies with the Group and revenue has been recognised on gross basis.

However, there are two exceptions where the principal obligations shift to FMC and revenue has been recognised on net basis by the Group:

(i) where the applicants have the ability to approach directly the government missions/embassies for the visa processing services, or
(ii) geographies where the Group cannot directly operate due to legal and regulatory constraints.

(b) Property, plant and equipment, right-of-use assets, goodwill and intangible assets

The impairment review is performed for property plant and equipment, right-of-use assets and intangible assets which include goodwill, brands. customer relationships etc. Goodwill is reviewed at least annually for impairment. Impairment testing for property, plant and equipment, right-of-use assets and intangible assets is reviewed if there is an indication of impairment. To assess if any impairment exists, estimates are made of the future cash flows expected to result from the use of the asset and its eventual disposal. Actual outcomes could vary significantly from such estimates of discounted future cash flows.

The uncertainty about the future cash flows is reflected by different probability-weighted cash flow projections that represent the management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset or CGU.

Weighted cash flow projections

The Group has assessed the internal and external reports for the preparation of future cash flows and developed a range of best estimates of when business returns to pre-Covid levels. In the most probable scenario this is in Q1 of 2023 and in the second most probable in Q1 of 2024 and the least probable in Q4 of 2022. The applied weighting is 60 %, 30 % and 10 %, respectively.

The Group has initiated certain cost savings activities which will be continued in the coming years and will provide better EBITDA margins in the future years.

Factors such as changes in the presence or absence of competition, slower recovery from Covid-19 technical obsolescence or lower than anticipated revenue from cash-generating unit with capitalised goodwill could result in shortened useful lives or impairment (refer note 8, 9,10 and 11 for more details).

(ii) Other management estimates and assumptions

(a) Assessment of control

Due to legal and regulatory constraints, the Group holds less than 50% stake in a few of the subsidiaries. Even though the Group owns less than 50% of the voting rights in these subsidiaries, the Group is exposed to, or has right to; variable returns from its involvement with these entities and has the ability to affect those returns through its power to direct the activities of these entities. (refer note 29 for more details).

(b) Income and deferred taxes

Significant estimates are required in determining the current and deferred tax assets and liabilities. Some of these estimates are based on interpretations of existing tax laws and regulations of a wide range of tax jurisdictions. The management believes that these estimates are reasonable and that the recognised liabilities for income-tax-related uncertainties are adequate. Various internal and external factors may have favourable or unfavourable effects on income tax assets and liabilities. These factors include, but are not limited to, changes in tax laws and regulations or their interpretation, and changes in tax rates. Any such changes that arise could impact the current and deferred income tax assets and liabilities recognised in the consolidated statement of financial position in future periods. Furthermore, in order to determine whether tax loss carry forwards may be carried as assets, it is first necessary to critically assess the probability of future taxable profits to offset them. Such profits depend themselves on a variety of influencing factors and developments (refer note 7 for more details).

(c) Useful lives of intangible assets

The Group reviews the useful life of intangible assets at the end of each reporting period. This reassessment may result in a change in amortisation pattern in future periods (refer note 10 for more details).

(d) Employee benefits

For the purpose of inclusion of the Swiss pension plan, significant estimates are required in determining the relevant service costs. (refer note 3 for more details).

(e) Lease liabilities (refer note 9 for more details)

(i) Lease term

The Group has its majority of lease contracts for visa application centres (VACs) and offices across the globe apart from a few lease contracts for equipment and vehicles. In determining the lease term for the lease contracts, the management considers all facts and circumstances that create an economic incentive to exercise an extension option.

For lease contracts of visa application centres, the most relevant factors impacting the individual lease extension option are:

- If the visa application centre is used for multiple client governments operations, then the Group is reasonably certain to extend (or not terminate)
- If the visa application centre is used for single client government operations, then the Group is reasonably certain to not extend (terminate)
- Otherwise, the Group considers other factors including contract with the client governments (open ended), auto renewal term of lease contracts, significant leasehold improvements and costs relating to the termination of the lease etc.

Extension options in office lease contracts have been included in the lease liabilities, as the Group has incurred the significant cost for leasehold improvements.

Most extension options in equipment and vehicles lease contracts have not been included in the lease liabilities, as the Group could replace the assets without incurring significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise). The assessment is only revised if a significant event or a significant change in circumstances occurs, which affects the initial assessment, and the same is within the control of the Group.

(ii) Discount rate for lease payments

Lease payments are discounted using the interest rate implicit in the lease contracts if that rate can be determined from the lease contracts. If the discount rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate for the entities in the Group, the management considers the following computation methodology:

- Interest rates for European corporate bonds of similar rated companies, since the tenure of the third-party financing of the Group is not similar to leasing arrangements across the Group,
- Adjusted the above to reflect the similar term, payment structure, credit risk and the cross-currency swaps to equate the same to currency in which lease contracts are entered into, and
- Applied interest rate parity to determine the discount rate for respective currency.

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1. Business combination

(i) Summary of acquisition in financial year 2020

The Group has not acquired any new business during financial year 2020.

(ii) Summary of acquisitions in financial year 2019

The Group has entered into share purchase agreements with majority of the shareholders of Tharakan Web Innovation Private Ltd ("Docswallet") in 2019 and consequently has acquired 90.6% of the issued share capital of Docswallet. The date of control has been determined as August 23, 2019.

Docswallet, incorporated in India, is a provider of digital wallet solution which meets emerging trends in document verification. Docswallet provides a secure ecosystem designed for governments, corporations and other institutions to directly connect, distribute and share sensitive (and verified) documents belonging to individuals.

This acquisition strengthens the VFS Group product portfolio and provided a best in class and scalable solution which can be deployed in sectors like education, financial services, healthcare and travel. This will also accelerate the development and growth of visa services including attestation and verification services which is in line with the Group's strategy.

Details of the purchase consideration, the net assets acquired and goodwill arising on acquisition are as follows.

Purchase consideration (refer to (a) below):

in CHF million	**Total**
Percentage acquired	90.6%
Consideration paid	3.3
Total purchase consideration	**3.3**

The assets and liabilities recognised at fair value as a result of the acquisition are as follows:

in CHF million	**Total**
Property, plant and equipment*	0.0
Other non-current assets*	0.0
Trade and other receivables	0.1
Cash and cash equivalents	0.1
Deferred tax assets*	0.0
Other current assets	0.3
Trade and other payables	(0.1)
Other current liabilities	(0.5)
Net identified assets acquired	**(0.1)**
Goodwill	3.7
Net assets acquired	**3.6**
Less: Non-controlling interests (NCI)	0.3
Net assets acquired excluding NCI	**3.3**
Consideration paid	**3.3**

* amount is below rounding off norms adopted by the Group

The resulting goodwill largely reflects the value of synergies and future earnings, which the Group expects to generate from the acquisition and the knowledge of the workforce acquired. Goodwill will not be deductible for tax purpose.

The fair value of the acquired trade and other receivables is CHF 0.1 million which is equal to the gross contractual amount. None of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

The Group has elected to measure the non-controlling interests at its fair value. The fair value is based on the value of Docswallet determined for the acquisition (refer note 24).

The acquired business of Docswallet contributed revenue and other operating income of CHF 0.3 million and net loss of CHF 0.1 million to the Group from the date of acquisition to December 31, 2019.

If the acquisition of Docswallet had occurred on January 1, 2019 and if the consolidated income statement would have been presented for full year ended December 31, 2019, the unaudited consolidated revenue and other operating income from the aforesaid acquisition for the year ended December 31, 2019 would have been CHF 1.0 million and net profit for the year ended December 31, 2019 would have been CHF 0.2 million.

The Group incurred acquisition and integration related costs of CHF 0.1 million as a result of the acquisition of Docswallet. These are included in 'other operating expenses'.

(a) Purchase consideration – cash outflow

In CHF million	Total
Outflow of cash to acquire subsidiaries, net of cash acquired	
Cash consideration	3.3
Less: Balances acquired	
Cash and cash equivalents	(0.1)
Net outflow of cash – investing activity	**3.2**

The amount paid for the acquisition of Docswallet is final and no further change has been made to the consideration in 2020.

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2. Revenue and other operating income

In CHF million	2020	2019
Revenue	238.1	741.5
Other operating income	1.5	8.1
Total income	**239.6**	**749.6**

Other operating income includes income from other sources and net operational foreign exchange gains.

Revenue earned through facility management companies (FMC) amounts to CHF 50.1 million (2019: CHF 160.0 million).

The revenue from contract with customers is recorded at a point in time.

(i) Revenue recognised in relation to contract liabilities:

In CHF million	2020	2019
Revenue recognised that was included in opening contract liabilities	11.3	11.7

ii) Unsatisfied long term contract liabilities:

In CHF million	2020	2019
Aggregate amount of transaction price for contracts that are partially or fully unsatisfied as at December 31.	-	0.4

All contracts are for the period of one year or less.

3. Personnel expenses

(a) Salaries and other staff costs

In CHF million

	2020	2019
Salaries	115.4	181.0
Contribution to social securities	13.6	19.1
Restructuring costs	2.9	-
Other staff costs	19.0	27.7
Total Personnel expenses	**150.9**	227.8

Contributions to social securities comprise employer contribution/ benefit plan charges such as provident fund, gratuity, pension etc.

Other staff costs include costs related to contract staff, leave travel allowance, medical, canteen, training and seminar expenses etc.

Government grants (e.g. subsidies during short-time work) primarily attributable to the reimbursement of salaries of CHF 5.3 million are reported as a reduction of salaries.

(b) Number of employees

The average number of employees (excluding contract staff) of the Group during the year is 9,999 (2019: 11,009).

(c) Share based payments

Managers working within the Group are allowed to invest in indirect shareholder (holding entities), as co-investors along with the lead investor. If and to the extent that a manager ceases his employment before the occurrence of an exit event (so called leaver event) the manager grants to an indirect shareholders the right to purchase and acquire all of his equity investments (leaver shares). The purchase price for the leavers shares will be determined, depending on the reasons for and timing of leaving, as the higher or lower of the fair market value of the leaver shares or the cost of these equity investments. The Group has no obligation to settle the entitlements at any time (neither in the case of an exit of manager nor in the case of a leaver event as specified in the employment contract) since an indirect shareholder will settle it. The award is accounted for as equity settled share based payment transaction according to IFRS 2. Since the managers had to pay for the fair market value of the shares in course of the accession, no quantifiable benefits were granted. The fair value of the shares has been based on the valuation performed by the lead investor. Therefore, no expenses have to be recognised at any time by the Group.

(d) Deferred bonus incentive scheme

The Group has created a deferred bonus incentive scheme to retain high performing employees who are high on critical and scarcity scale. The expenses for the period are shown as part of salaries (refer note 20)

(e) Employee benefit obligations

The Group incurs costs for retirement benefit plans in accordance with prevailing regulations in the countries in which it operates. The material defined benefit plans of the Group are managed in Switzerland. They constitute 96% of the defined benefit obligation and 99% of the plan assets.

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Swiss pension plans

The Group organises the occupational pension provisions of its former employees, retired under the previous Kuoni Group, against the consequences of old age, disability and death within the framework of pension funds that are legally and financially separated from the employer. The pension assets are entirely separated from the assets of the relevant employing company, but also from the assets of the policyholders.

The foundation board of the pension fund is the most senior management body and consists of a number of former employees and an employer representative. It takes decisions on the content of the pension regulations (e.g. the insured benefits), the financing of the pension (e.g. employer and employee premiums) and on the management of the assets (e.g. investing the pension funds).

The pension fund is entered in the register for occupational pension plans and is subject to a cantonal supervisory authority or the Federal Social Insurance Office directly for supervisory purposes depending on their geographical area of activity.

During the financial year 2020, the number of employees have decreased in Swiss entities and accordingly service costs have also decreased. Therefore, the management assesses that circumstances have materially changed from 2019 and the use of the employer contribution reserve uncertain. Consequently, the employer contribution reserve amounting to CHF 13.2 million capitalised as at 31 December 2019 has been accounted through consolidated statement of comprehensive income.

Pension plans in other countries

In addition to the Swiss pension plans, the Group has a defined benefit gratuity plan in India being of funded nature which requires contributions to be made to a separately administered fund. The Group also has unfunded defined benefit gratuity plan in United Arab Emirates (UAE) and Kingdom of Saudi Arabia (KSA) and certain other countries.

The retirement benefit plans are governed by the regulatory laws of the respective countries. As per the regulatory laws, the employee who has completed specific years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

The following tables summarise the components of net benefit expense recognised in the consolidated income statement and the funded status and amounts recognised in the statement of financial position:

Net benefit expense (recognised in consolidated income statement):

in CHF million

	2020	2019
Current service cost	1.8	2.2
Interest (income) / expense	0.4	0.2
Administrative expenses	-	0.2
Net benefit expense	**2.2**	**2.6**

Statement of other comprehensive income:

In CHF million

	2020	2019
Actuarial losses / (gains) on experience	0.5	3.0
Actuarial losses / (gains) on assumptions	1.5	8.8
Return on plan assets, excluding amounts included in interest – net (income)/expense	(3.8)	(17.0)
Change in asset ceiling, excluding amounts included in interest expense	14.8	5.3
Total actuarial losses / (gains) recognised in statement of comprehensive income	**13.0**	0.1

Changes in the present value of the defined benefit obligation are as follows:

In CHF million

	31 Dec 2020	31 Dec 2019
Defined benefit obligation at the beginning of the year	**162.0**	156.9
Interest cost	0.5	1.2
Current service cost	1.8	2.2
Benefits paid	(10.5)	(10.0)
Actuarial losses / (gains) on experience	0.5	3.0
Actuarial losses / (gains) on assumptions	1.5	8.8
Exchange difference	(0.5)	(0.1)
Defined benefit obligation at the end of the year	**155.3**	162.0

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

In CHF million

	31 Dec 2020	31 Dec 2019
Fair value of plan assets at the beginning of the year	**228.5**	219.6
Interest income	0.2	1.4
Administration expenses	-	(0.2)
Employer contribution	0.2	0.2
Return on planned asset excluding amounts included in interest income	3.8	17.0
Benefits paid	(9.2)	(9.5)
Fair value of plan assets at the end of the year	**223.5**	**228.5**
Actual return on plan asset at the end of the year	0.2	8.5

Change in the Unrecognised asset due to the asset ceiling during the year

In CHF million

	31 Dec 2020	31 Dec 2019
Unrecognised asset, beginning of the year	**58.6**	52.9
Interest on unrecognised asset recognised in the income statement	0.1	0.4
Other changes in unrecognised asset due to the asset ceiling	14.8	5.3
Unrecognised asset, end of the year	**73.5**	58.6

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Categories of plan assets are as follows:

	31 Dec 2020	31 Dec 2019
For Swiss plan		
Listed shares	8.8%	7.8%
Listed bonds	70.1%	63.9%
Listed indirect investments in real estate	4.2%	4.0%
Liquidity	13.4%	20.8%
Mortgages	0.1%	0.1%
Insurance contracts	2.8%	2.8%
Others	0.6%	0.6%
Total	100.0%	100.0%
For India plan		
Insurer managed funds	100%	100%

Movement in the net asset recognised in the statement of financial position are as follows:

in CHF million	31 Dec 2020	31 Dec 2019
Opening net liability/(asset)	**(7.9)**	(9.8)
Net benefit expense recognised	2.2	2.6
Benefits paid	(1.3)	(0.5)
Re-measurements – OCI	13.0	0.1
Exchange difference	(0.7)	(0.3)
Net liability/(asset) recognised in the statement of financial position	**5.3**	(7.9)

The net asset/ (liability) disclosed above relates to funded and unfunded plans as follows:

in CHF million	31 Dec 2020	31 Dec 2019
Present value of funded obligation	150.6	157.0
Fair value of plan assets	(223.5)	(228.5)
Unrecognised asset due to the asset ceiling	73.5	58.6
Deficit / (excess) of funded asset	**0.6**	(12.9)
Present value of unfunded obligations	4.7	5.0
Total defined benefit obligation	**5.3**	(7.9)
Net defined benefit asset (refer note 16)	-	13.2
Net defined benefit (liability) (refer note 21)	(5.3)	(5.3)

The principal assumptions used in determining gratuity obligations for the Group's plans are shown below:

31 Dec 2020	**Swiss**	**India**	**UAE**	**Nigeria**	**Philippines**	**Indonesia**	**KSA**
Discount rate	0.0%	5.5%	4.8%	14.0%	5.2%	7.8%	1.2%
Future salary increase*	-	8.5%	4.0%	13.0%	7.0%	8.0%	4.0%

* no salary increase assumed for 2021

31 Dec 2019	**Swiss**	**India**	**UAE**	**Nigeria**	**Philippines**	**Indonesia**	**KSA**
Discount rate	0.1%	7.2%	3.9%	14.0%	5.2%	8.0%	4.0%
Future salary increase	-	8.5%	4.0%	13.0%	7.0%	8.0%	4.0%

The assumptions for discount rate and future salary increase are based on the prevailing economic environment of each country wherever the obligation exists for the Group. The assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each country

A quantitative sensitivity analysis for significant assumption is as shown below:

In CHF million

Assumptions	31 Dec 2020		31 Dec 2019	
Discount rate	**Increase**	**(Decrease)**	**Increase**	(Decrease)
Impact on defined benefit obligations (for Swiss pension plan, sensitivity is based on 25 bps and for other pension plan sensitivity is 50 bps)	(4.2)	4.3	(4.3)	4.4
Future salary increase	**50 bps increase**	**50 bps (decrease)**	**50 bps increase**	50 bps (decrease)
Impact on defined benefit obligations (for Swiss pension plan, there are no active employees)	0.3	(0.3)	0.2	(0.2)

The above sensitivity analysis is based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the consolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior year.

Risk exposure

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility and changes in bond yields:	The plan liabilities are calculated using a discount rate set with reference to yield curve from the risk free zero coupons. If plan assets underperform this yield, this will create a deficit. A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans assets holdings.
Inflation risks:	The Group's obligations are linked to salary inflation and higher inflation will lead to higher liabilities.
Life expectancy:	The Group's obligation is to provide benefits for the life of the member, so increase in life expectancy will result in an increase in the plans' liabilities.

The expected maturity analysis of undiscounted defined benefit plan is as follows:

In CHF million	31 Dec 2020
Between 0 and 5 years	49.3
Between 5 and 10 years	39.3
Beyond 10 years	72.9
Total expected payments	**161.5**
Expected contribution in the next year	0.2

The weighted average duration of the defined benefit plan obligation (net) at the end of the reporting period is 10.4 years (31 Dec 2019: 12.9 years).

4. Other operating expenses

In CHF million

	2020	2019
Legal and professional*	20.5	27.5
Travel expenses	2.9	14.9
Other expenses	19.7	28.5
Total	**43.1**	**70.9**

Other expenses include allowance / reversal for credit loss on trade receivables, bad debts written off, intangible assets written off, advances written off, marketing and advertising expenses, net loss on sale of property plant and equipment and other miscellaneous expenses.

* Legal and professional expenses include audit fees as mentioned below:

In CHF million

	2020	2019
Total fees of audit for the consolidated financial statements	0.9	1.1
Total fees of audit by non -PwC companies	0.3	0.4
Total fees for other non-audit services	0.5	0.8
Total audit fees	**1.7**	**2.3**

5. Disposal of subsidiaries

In CHF million

	2020	2019
Loss on disposal of subsidiaries	-	0.2
Loss on sale of subsidiaries	**-**	**0.2**

The Group has disposed of the following interests in subsidiaries in 2019:

In CHF million

	Seawave Curacao N.V.	Variety Future Services s.r.o.	Open World Solution B.V
Date of disposal	January 28, 2019	January 28, 2019	January 28, 2019
Cash consideration*	0.0	-	-
Stake sold	100%	100%	100%

* amount is below rounding off norms adopted by the Group.

The carrying value of net identifiable assets disposed of amounted to CHF Nil (2019: CHF 0.2 million) at respective dates, resulting in a loss on disposal of CHF Nil (2019: CHF 0.2 million).

The cash consideration of Seawave Curacao N.V. includes the consideration for Variety Future Services s.r.o. and Open World Solution B.V. as they are subsidiaries of Seawave Curacao N.V. The entities are sold together to the third party.

6. Financial result

In CHF million

	2020	2019
Interest income	1.6	5.4
Financial income	**1.6**	**5.4**
Interest expenses and bank charges	(42.5)	(42.5)
Interest expenses on lease liabilities	(7.2)	(8.5)
Non-operational exchange gain /(loss) (net)*	27.7	15.6
Financial expenses	**(22.0)**	**(35.4)**
Loss on sale of subsidiaries (refer note 5)	-	(0.2)
Fair value gain / (loss) on acquisition of investments accounted for using equity method (refer note 12)	-	(0.9)
Change in contingent consideration for acquisitions (refer note 19)	-	(0.2)
Total financial result	**(20.4)**	**(31.3)**

* includes entities share in OCI (exchange difference on translation of foreign operations) reclassified to the consolidated income statement on change in control in 2019.

Interest income consists of interest received on time deposits placed with banks and interest unwinding on security deposits.

Interest expenses and bank charges consist of interest paid on loans taken from banks and related parties (refer note 26), interest on deferred consideration for non-controlling interests and other bank charges.

7. Income taxes

This note provides an analysis of the Group's income tax expenses, shows what amounts are recognised directly in equity and how the income tax expenses are affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

Income tax expenses

In CHF million	2020	2019
Current year expenses	(4.9)	(40.6)
Changes in estimates related to prior years – (expenses)/income (net)	0.5	0.3
Current tax expenses	**(4.4)**	**(40.3)**
(Decrease)/increase in deferred tax assets	8.6	0.4
Decrease/(increase) in deferred tax liabilities	13.7	8.3
Deferred tax (expenses)/ income	**22.3**	**8.7**
Income tax benefits/(expenses)	**17.9**	**(31.6)**

The Company is incorporated in Luxembourg but almost all of the operations of the Group are located in various countries outside of Luxembourg with their differing tax laws and rates. As the Group's consolidated income is predominantly earned outside of Luxembourg, corporate income tax in foreign jurisdictions largely determines the weighted-average global tax rate of the Group. The weighted-average tax rate is calculated by aggregating earning before tax or loss in each country in which the Group operates multiplied by the respective country's statutory income tax rate. The weighted average tax rate is 15.5% for the financial year 2020 (2019: 19.2%). As the interest-bearing debt is predominantly issued at the level of holding companies without income from business operations, the taxable income in the operating business entities is not largely reduced by the corresponding interest expenses. The weighted-average effective tax rate will vary from year to year depending on the earnings mix by country and changes in statutory tax rates of respective country.

Analysis of tax rate

The main elements contributing to the difference between the Group's weighted average tax rate as explained above and the effective tax rate are as below:

In CHF million	2020	2019***
Earnings/(loss) before taxes	(185.3)	69.3
Tax benefits/(expenses) using the weighted average tax rate	28.7	(13.3)
Non-tax-deductible expenses	(6.7)	(4.1)
Tax-free income^	5.4	2.9
Effect of overseas tax rates **	0.0	7.4
Effect of overseas withholding tax on dividends and others	(1.1)	(12.7)
Tax effect from current losses, not eligible for recognition as assets	(13.7)	(13.5)
Deferred tax reversal on undistributed earnings in Group's subsidiaries	4.2	1.4
Tax effect on fair value gain on acquisition of investment accounted using equity method	-	(0.2)
Utilization of tax loss carry forwards not recognized in the income statement	0.6	0.4
Tax income for prior years	0.5	0.3
Others*	(0.0)	(0.2)
Income tax benefits/(expenses)	**17.9**	**(31.6)**
Effective tax rate	9.7%	45.6%

*amount is below rounding off norms adopted by the Group

** coming from jurisdictions where there are tax holidays or income tax rates are lower/higher than Company's weighted average tax rate
*** the numbers for the previous year have been realigned considering weighted average tax rates for comparative purpose
^ coming from jurisdictions where certain income are exempt from taxes

The Group has a substantial business presence in many countries and is therefore subject to different income and expense items that are non-taxable (permanent differences) or taxed at different rates in those tax jurisdictions. This results in a difference between our applicable tax rate and effective tax rate, as shown in the table above.

As at 31 December 2020, the Group has CHF 9.7 million (December 31, 2019: CHF 1.6 million) as deferred tax assets on losses that can be carried forward. The losses were triggered by the Covid-19 pandemic which is considered as temporary impact on business and the Group expects to be able to use these deferred tax assets against earnings in the foreseeable future.

Deferred tax assets have not been recognised for an unused tax carry forward in respect of certain loss-making group entities since currently it is not considered probable that sufficient future taxable profits will be available against which the tax losses can be utilised. If the Group was able to recognise all unrecognised deferred tax assets, the earnings for the year would increase by CHF 13.7 million (December 31, 2019: CHF 13.5 million) which would lead to a reduction in effective tax rate of the Group.

The Group has the following unrecognised tax loss carry forwards which will expire in future years:

In CHF million	31 Dec 2020	31 Dec 2019
Up to 1 year	0.1	1.3
1 to 5 years	11.1	3.3
Over 5 years	11.5	4.8
Unlimited	33.0	5.7
Total	**55.7**	15.1

Deferred taxes changed as follows:

In CHF million	2020	2019
Deferred tax assets	9.0	8.7
Deferred tax liabilities	(74.4)	(82.7)
Deferred tax liabilities as at 1 January (net)	**(65.4)**	**(74.0)**
Changes recognised in the consolidated income statement (net)	22.3	8.7
Changes through OCI*	0.0	0.0
Currency translation differences	(0.6)	(0.1)
Deferred tax liabilities as at 31 December (net)	**(43.7)**	**(65.4)**
Deferred tax assets	17.6	9.0
Deferred tax liabilities	(61.3)	(74.4)

* amount is below rounding off norms adopted by the Group

Deferred taxes are derived from the below table of statement of financial position items:

In CHF million	Deferred tax assets 31 Dec 2020	Deferred tax liabilities 31 Dec 2020	Deferred tax assets 31 Dec 2019	Deferred tax liabilities 31 Dec 2019
Trade and other receivables	0.7	-	-	-
Property, plant and equipment/right-of-use assets	5.1	(0.5)	5.1	(1.2)
Intangible assets	0.3	(57.4)	-	(65.6)
Accrued expenses and provisions	1.8	-	2.3	-
Recognised tax losses	9.7	-	1.6	-
Deferred taxes deriving from timing differences (net)	**17.6**	**(57.9)**	**9.0**	**(66.8)**
Tax effect on undistributed retained earnings of subsidiaries	-	(3.4)	-	(7.6)
Total	**17.6**	**(61.3)**	**9.0**	**(74.4)**

At December 31, 2020, the recognised deferred tax liability is CHF 3.4 million (December 31, 2019: CHF 7.6 million) for taxes that would be payable on the undistributed retained earnings of the Group's subsidiaries.

Deferred tax liability has not been recognised on currency translation of the financial statements of the Group's overseas subsidiaries as the liability will only crystallise in the event of disposal of any of its Group entities and no such material disposal is expected in the foreseeable future.

8. Property, plant and equipment

In CHF million

	Construction work-in-progress	Fixtures and equipment **	Other tangible assets	Total tangible assets
Cost as at 1 January 2019	**4.7**	**59.7**	**14.8**	79.2
Additions	1.5	15.9	8.1	25.5
Acquisitions on account of business combinations (refer note 1)*	-	0.0	-	0.0
Disposals	-	(5.1)	(2.0)	(7.1)
Transfers	(4.0)	4.0	-	-
Currency translation differences	0.1	(0.8)	(1.1)	(1.8)
Cost as at 31 December 2019	**2.3**	**73.7**	**19.8**	95.8
Accumulated depreciation as at 1 January 2019	**-**	**(16.9)**	**(11.2)**	(28.1)
Depreciation	-	(18.2)	(5.6)	(23.8)
Disposals	-	3.4	1.9	5.3
Currency translation differences	-	0.5	1.1	1.6
Accumulated depreciation as at 31 December 2019	**-**	**(31.2)**	**(13.8)**	(45.0)
Net book value as at 31 December 2019	**2.3**	**42.5**	**6.0**	50.8
Cost as at 1 January 2020	**2.3**	**73.7**	**19.8**	95.8
Additions	1.2	5.5	5.8	12.5
Disposals	(0.1)	(4.7)	(0.7)	(5.5)
Transfers	(2.2)	2.2	-	-
Currency translation differences	(0.1)	(12.2)	(3.9)	(16.2)
Cost as at 31 December 2020	**1.1**	**64.5**	**21.0**	86.6
Accumulated depreciation as at 1 January 2020	**-**	**(31.2)**	**(13.8)**	(45.0)
Depreciation	-	(13.4)	(5.2)	(18.6)
Disposals	-	3.6	0.6	4.2
Currency translation differences	-	6.8	2.9	9.7
Accumulated depreciation as at 31 December 2020	**-**	**(34.2)**	**(15.5)**	(49.7)
Net book value as at 31 December 2020	**1.1**	**30.3**	**5.5**	36.9

* amount is below rounding off norms adopted by the Group
** includes leasehold improvements

Other tangible assets mainly consist of IT assets and vehicles.

During the financial year 2020, the Group has surrendered various leased premises based on its revised business plan and accordingly related furniture, fixtures and leasehold improvements have been disposed.

Depreciation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of the items of property, plant and equipment concerned.

The estimated useful lives are as follows:

	Years
Leasehold Improvements	5-10*
Fixtures and equipment	3-5
IT Hardware, office equipment and vehicles (Other tangible assets)	3-5

* 10 years or actual contract life, whichever is less

The asset's residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting date. Please refer to significant accounting policies note (xi) for more details.

9. Leases

The Group has lease contracts for premises, vehicles, furniture and equipment. Lease contracts are typically made for fixed periods ranging from 1 year to 14 years including extension options wherever applicable as described in (a) below.

Effective January 1, 2019 on adoption of IFRS 16, as per modified simplified transition approach, leases are now recognised as the right-of-use assets, measured at the amount equal to the lease liabilities on the transition date, adjusted by the amount of any lease accruals/prepayments. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the time of transition.

Each lease payment is allocated between the principal payment of lease liabilities and interest expense on the lease liabilities. The interest expense is charged to the consolidated income statement over the lease term by using the effective rate of interest methodology. The right-of-use assets are depreciated on a straight-line basis over the lease term.

(a) The lease terms and accounting thereof

Lease term is negotiated on an individual contract basis and contains a wide range of different terms and conditions. The lease contracts do not impose any covenants other than the security interest in the leased assets that are held by the lessor. Leased assets are not to be used as security for borrowing purposes.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the initial lease liabilities until the event occurs. The adjustments to lease payments based on change in index or rate and the lease liabilities are reassessed and adjusted against the right-of-use assets.

Extension and termination options are included in a number of lease contracts for various office premises and visa application centres having varying terms escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. These terms are negotiated by the management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. The management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. Refer note 4(ii)(e)(i) Key judgements, management estimates and assumptions in the significant accounting policies for details.

(b) Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

In CHF million	Premises	Others	Total right-of-use assets
Cost as at 1 January 2019	**115.3**	**0.3**	**115.6**
Additions	28.2	3.9	32.1
Disposals	(1.0)	-	(1.0)
Currency translation differences*	0.7	0.0	0.7
Cost as at 31 December 2019	**143.2**	**4.2**	**147.4**
Accumulated depreciation as at 1 January 2019	-	-	-
Depreciation	(38.0)	(0.7)	(38.7)
Disposals	0.1	-	0.1
Currency translation differences	(0.1)	-	(0.1)

Accumulated depreciation as at 31 December 2019	(38.0)	(0.7)	(38.7)
Net book value as at 31 December 2019	105.2	3.5	108.7
Cost as at 1 January 2020	**143.2**	**4.2**	**147.4**
Additions	30.8	0.6	31.4
Disposals*	(23.9)	(0.0)	(23.9)
Currency translation differences*	(14.4)	0.0	(14.4)
Other Adjustments	(0.4)	-	(0.4)
Cost as at 31 December 2020	**135.3**	**4.8**	**140.1**
Accumulated depreciation as at 1 January 2020	**(38.0)**	**(0.7)**	**(38.7)**
Depreciation	(38.2)	(1.0)	(39.2)
Disposals*	11.8	0.0	11.8
Currency translation differences*	7.7	0.0	7.7
Accumulated depreciation as at 31 December 2020	**(56.7)**	**(1.7)**	**(58.4)**
Net book value as at 31 December 2020	**78.6**	**3.1**	**81.7**

* amount is below rounding off norms adopted by the Group

Others include vehicles, fixtures and equipment.

(c) Lease liabilities

Set out below are the carrying amounts of lease liabilities recognised and the movements during the year:

In CHF million	31 Dec 2020	31 Dec 2019
Balance as at 1 January	**106.7**	110.4
Addition:		
New leases during the year	31.3	32.1
Interest expenses	7.2	8.5
Less:		
Lease payments (including interest)	(31.0)	(42.4)
Rent concessions	(5.2)	-
Disposal	(11.3)	(0.9)
Currency translation differences	(5.9)	(1.0)
Balance as at 31 December	**91.8**	**106.7**
Non-current	51.4	71.3
Current	40.4	35.4
Total lease liabilities	**91.8**	**106.7**

The maturity analysis of lease liabilities is disclosed in note 25.

(d) *Amount recognised in the consolidated income statement*

The consolidated income statement shows the following amounts relating to IFRS 16

In CHF million

	2020	2019
Depreciation on right-of-use assets		
Premises	(38.2)	(38.0)
Others	(1.0)	(0.7)
Total depreciation on right-of-use assets	**(39.2)**	**(38.7)**
Interest expense on lease liabilities (part of financial result)	(7.2)	(8.5)
Expense relating to short-term leases (part of rent and facilities expenses)	(2.7)	(5.7)
Government grants received for rental expense (part of rent and facilities expenses)	0.1	-
Expense relating to leases of low-value assets that are not shown above as short-term leases (part of rent and facilities expenses)*	(0.0)	(0.0)

* amount is below rounding off norms adopted by the Group

During the financial year 2020, the Group has surrendered various leased premises based on its revised business plan and accordingly related right-of-use-assets and lease liabilities have been disposed. The additional cost incurred on surrendered premises is accounted under rental and facilities expenses in the consolidated income statement.

As at 31 December 2020, potential future cash outflows of CHF 13.4 million (2019: CHF 17.9 million) (undiscounted) have not been included in the lease liabilities as per below table:

In CHF million	31 Dec 2020	31 Dec 2019
Not reasonably certain that the leases will be extended (or not terminated).	13.3	16.7
Towards short-term leases	0.1	0.5
Leases not yet commenced but to which the Group is committed.	-	0.7
Total	**13.4**	**17.9**

(e) Amount recognised in the consolidated income statement regarding the rent concessions

During the financial year 2020, the IASB has provided optional practical expedient for lessees from assessing whether a rent concession related to Covid-19 is a lease modification. The practical expedient only applies to rent concessions for lessees occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

- the change in lease payments result in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change,
- any reduction in lease payments affect only payments originally due on or before 30 June 2021,
- there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying rent concessions from January 1, 2020 The Group has accounted for rent concessions of CHF 5.2 million during the financial year 2020 as variable lease payments and as a reduction from rent and facilities expenses.

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10. Intangible assets

In CHF million

	Customer Relationships	Brands	IT Software	Intangible under development	Total intangible assets
Cost as at 1 January 2019	**277.5**	**120.3**	**21.0**	**7.0**	**425.8**
Additions	-	-	13.9	5.3	19.2
Disposals/ Write off	-	-	(0.2)	(2.4)	(2.6)
Transfers	-	-	1.1	(1.1)	-
Currency translation differences*	0.7	-	0.4	0.0	1.1
Cost as at 31 December 2019	**278.2**	**120.3**	**36.2**	**8.8**	**443.5**
Accumulated amortisation as at 1 January 2019	**(70.9)**	**(15.5)**	**(12.7)**	**-**	**(99.1)**
Amortisation	(43.2)	(6.0)	(5.8)	-	(55.0)
Disposals	-	-	0.1	-	0.1
Currency translation differences	(0.3)	-	(0.2)	-	(0.5)
Accumulated amortisation as at 31 December 2019	**(114.4)**	**(21.5)**	**(18.6)**	**-**	**(154.5)**
Net book value as at 31 December 2019	**163.8**	**98.8**	**17.6**	**8.8**	**289.0**
Cost as at 1 January 2020	**278.2**	**120.3**	**36.2**	**8.8**	**443.5**
Additions	-	-	2.2	1.0	3.2
Transfer	-	-	6.4	(6.4)	-
Currency translation differences	(1.8)	-	(3.3)	(0.6)	(5.7)
Cost as at 31 December 2020	**276.4**	**120.3**	**41.5**	**2.8**	**441.0**
Accumulated amortisation as at 1 January 2020	**(114.4)**	**(21.5)**	**(18.6)**	**-**	**(154.5)**
Amortisation	(33.9)	(6.1)	(6.5)	-	(46.5)
Impairment	-	-	(4.8)	-	(4.8)
Currency translation differences	1.3	-	2.4	-	3.7
Accumulated amortisation as at 31 December 2020	**(147.0)**	**(27.6)**	**(27.5)**	**-**	**(202.1)**
Net book value as at 31 December 2020	**129.4**	**92.7**	**14.0**	**2.8**	**238.9**

* amounts below rounding off norms adopted by the Group

During the financial year 2020, the Group has impaired certain intangible assets based on revised business plan due to the impact of Covid-19 and accordingly an amount of CHF 4.8 million has been accounted in the consolidated income statement as impairment of other intangible assets.

Amortisation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of the items of other intangible assets concerned.

The estimated useful lives are as follows:

	Years
Brands	5-20*
Customer relationships	1-10*
IT software	3-5

* determined as per purchase price allocation report and the management evaluation.

The asset's residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting date. Refer to significant accounting policies note (xii)(b) for more details.

11. Goodwill

In CHF million

	2020	2019
Cost as at 1 January	**976.0**	961.6
Additions (refer note 1)	-	3.7
Currency translation differences	(25.9)	10.7
Cost as at 31 December	**950.1**	976.0

The carrying amount of cash-generating units (CGU) (refer note xviii of summary of significant accounting policies) to which goodwill is allocated is tested at least annually for impairment, or if indicators or conditions suggest that its carrying amount can no longer be recovered. An impairment loss is recognised for the amount by which the goodwill's carrying value exceeds its recoverable amount.

The recoverable amount of the CGU of the Group is based on a value-in-use calculation, which is determined from cash flow projections that are themselves based on the latest business plan approved by the management and presented to the Board of Directors of VFS Global AG (indirect subsidiary of the Company) and a terminal year equal to the last year forecasted cash flow in the business plan. This plan includes the latest management estimates on revenue and margin trends and on projected operating costs. The future savings resulting from initiatives not started in financial year 2020 or requiring future investments have been excluded from the cash flows prepared for the impairment test.

During the financial year 2020, the uncertainty about the future cash flows is adjusted by different probability-weighted cash flow projections that represent the management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset or CGU and accordingly, the Group has used weighted cash flow projections for the business plan (refer note 4(i)(b) Key judgements, management estimates and assumptions in the significant accounting policies for details).

The discount rate has been calculated on the basis of the weighted average capital costs of the Group, with regard to country and currency-specific risks relating to cash flows.

The Group is considered as a single CGU and accordingly the carrying value allocated is CHF 950.1 million (December 31, 2019: CHF 976.0 million). The following assumptions are used for assessing value in use.

	31 Dec 2020	31 Dec 2019
Terminal growth rate	1.3%	1.5%
Tax rate	26.8%	26.0%
Pre-tax discount rate	12.6%	12.0%
Post-tax discount rate	9.9%	9.5%

The result of the valuation confirmed that no impairment charge is required in financial year 2020 and 2019.

The management has determined the values assigned to each of the above key assumptions as follows

Assumption	Approach used to determine the values
Revenue growth	Revenue has been adjusted until the end of 2023 when the business is expected to recover to pre Covid-19 levels. Average organic annual growth rate over the next two-year forecast period starting from 2024; based on current industry trends including long term

	inflation forecasts for each territory. Further, due to the uncertainties in the current environment weighted scenarios have been used to determine the cash flows (refer 4(i)(b)) of significant accounting policies).
EBITDA growth	Based on revenue optimization measures and cost initiatives taken during 2020, EBITDA margin is expected to increase till 2025
Annual capital expenditure	Expected cash costs in the CGUs. No major capex has been envisaged during the 2021. Starting from 2022, the capex is based on the historical experience of the management and the planned refurbishment expenditure. No incremental revenue or cost savings are assumed in the value-in-use model as a result of this expenditure.
Terminal growth rate	This is average growth rate used to extrapolate cash flow beyond the five-year forecast period. The rates are as per travel industry standards.
Pre-tax discount rates	Reflect specific risks relating to the countries in which the group operates.

The management believes that any reasonably possible changes in key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

Sensitivity analysis

The management conducted sensitivity analysis for the Group (CGU) based on:

- Business recovery assumptions: one scenario forecasts a quicker recovery due to the accelerated vaccine roll out, another scenario forecasts a slower recovery pace due to the new strains (refer note 4(i)(b) Key judgements, management estimates and assumptions in the significant accounting policies for details)
- Sensitivities on revenues and profitability. a decrease of the revenues by 10% (all operating costs being kept unchanged) impacts the value in use by (27%) and a decrease of EBITDA margin by 5% impacts the value in use by (17%).
- Sensitivity on discount rate: an increase in post-tax discount rates by 100 basis point will impact value in use by (12%).

None of the sensitivities considered leads to any impairment charge for the financial year 2020.

The assessment of the recoverable amount of goodwill allocated is most sensitive to the achievement of the budget of 2021 and the business plan of 2022-2025. Budget and business plan comprise forecast of revenue, personnel expenses and other operating expenses based on current and anticipated market conditions that have been considered and approved by the management and presented to the Board of Directors of VFS Global AG (indirect subsidiary of the Company). Whilst the Group can manage most of the costs, the revenue projections based on applicant volumes are inherently uncertain due to the unstable market conditions, as it highly depends on how the Covid-19 pandemic evolves and its impact on the economy and on the travel industry. Revenue is most sensitive to immigration restrictions for discretionary long-haul travels, while non-discretionary, short-haul and land routes travel is gradually starting to recover as a result of early roll-out of vaccination during Q1 of 2021.

VFS believes that the fundamental value drivers for the business remain intact and are supported by secular growth trends. As the long-term outlook does not materially change, the negative impact on the value in use created by the current market conditions does not trigger any risk of impairment.

12. Investments accounted for using the equity method

The Group has entered into share purchase agreement for its existing subsidiary PT VFS Tasheel Indonesia whereby the controlling interest has been shared with the other partner and accordingly, the subsidiary has been considered as joint venture effective from January 1, 2019. This entity is engaged in the business of providing visa processing services for Kingdom of Saudi Arabia in Indonesia. During the financial year 2019, the Group has derecognised the assets and liabilities on the date of conversion to joint venture and has accounted gain of CHF 0.9 million due to change in control as part of retained earnings on January 1, 2019. During 2019, the Group has accounted for a loss of CHF 0.9 million as fair value loss for the joint venture in the consolidated income statement, as part of financial result (refer note 6).

The Group is not entitled to any share in the profits upto a threshold defined under the share purchase agreement neither it is entitled to any losses. During the current financial year 2020, the profits of such joint venture has not exceeded the threshold defined and hence no further disclosure is made to this effect.

During the financial year 2020, the joint venture entity i.e. VFS Chanwanich DMCC has been liquidated. There is no financial impact due to liquidation of the joint venture on the consolidated income statement.

13. Trade receivables

In CHF million	31 Dec 2020	31 Dec 2019
Trade receivables (Gross)	25.1	35.7
Allowances for credit loss	(9.1)	([illegible].3)
Trade receivables (Net)	**16.0**	28.4

Trade receivables have the following payment maturities:

In CHF million	31 Dec 2020	31 Dec 2019
Payment not yet due	9.1	17.9
Payment overdue 1 to 30 days	1.9	6.3
Payment overdue 31 to 60 days	1.3	1.7
Payment overdue 61 to 90 days	0.9	1.5
Payment overdue by more than 90 days	11.9	8.3
Allowances for credit loss	(9.1)	(7.3)
Total	**16.0**	28.4

Allowances for credit loss have the following development:

In CHF million	2020	2019
Allowances for credit loss - opening as at 1 January	**7.3**	4.8
Addition / (released) during the year	6.0	6.6
Write off during the year	(3.6)	(4.0)
Currency translation differences	(0.6)	(0.1)
Allowances for credit loss - closing as at 31 December	**9.1**	7.3

Allowance for credit loss in relation to receivables is as follows:

In CHF million	31 Dec 2020	31 Dec 2019
Amount not due	0.3	0.6
Between 1 to 30 days	0.1	0.5
Between 31 to 60 days	0.2	0.3
Between 61 to 90 days	0.2	0.4
More than 90 days past due	8.3	5.5
	9.1	**7.3**

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14. Cash and cash equivalents

In CHF million

	31 Dec 2020	31 Dec 2019
Cash at bank and in hand	128.6	68.9
Time deposits with original term of up to 90 days	6.7	17.8
Total	**135.3**	**86.7**

Cash and cash equivalents are denominated in the following currencies in which the Group mainly operates/carries out activities.

In CHF million

	31 Dec 2020	31 Dec 2019
USD	**43.6**	28.7
CHF	**32.4**	1.3
GBP	**23.7**	2.1
EUR	**2.6**	0.3
Others	**33.0**	54.3
Total	**135.3**	**86.7**

Cash and cash equivalents and Investment in bank deposits (included in other financial assets) are restricted *to the extent of CHF 2.7 million as at December 31, 2020 (December 31, 2019: CHF 0.6 million).*

Cash pooling arrangements are used by Group to manage liquidity, maximise the overall interest received/minimise the overall interest paid on overdraft balances respectively and minimise credit risk exposure to bank counterparties. Consequently, cash pool balances of entities within the Group have been netted off and the net cash asset after adjustment of overdraft amounting to CHF 2.3 million (2019: CHF 26.1 million) has been reflected as part of the balances above.

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15. Other financial assets

In CHF million	31 Dec 2020	31 Dec 2019
Non-current		
Other financial assets	16.2	20.8
Total	**16.2**	**20.8**
Current		
Unbilled revenue	16.7	21.9
Investment in bank deposits (having maturity of more than three months)	2.8	0.9
Other financial assets	1.0	1.5
Total	**20.5**	**24.3**

Other financial assets mainly comprise of security deposits.

The Group has assessed the credit loss on the financial assets and does not foresee any impairment risk in the financial assets.

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16. Other assets

In CHF million

	31 Dec 2020	31 Dec 2019
Non-current		
Employee benefit plan (refer note 3)	-	13.2
Total	**-**	**13.2**
Current		
Prepayments	2.6	8.0
Others	16.5	18.9
Total	**19.1**	**26.9**

Others mainly include balances with statutory authorities and advances to suppliers.

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17. Borrowings

In CHF million

	31 Dec 2020	31 Dec 2019
Financial debts from third parties	861.6	828.2
Financial debts from related parties (refer note 26)	145.7	-
Total	**1,007.3**	828.2
Of which:		
Non-current	944.7	820.[illegible]
Current*	62.6	7.3

*current includes the principal portion of revolving credit facilities of CHF 46.8 million. The revolving credit facilities is a rolling facility and will be available till financial year 2023.

The current portion includes interest accrued but not yet due of CHF 8.8 million (2019: CHF 5.1 million).

Financial debts from third parties are majorly denominated in GBP, EUR, CHF, USD, INR, DZD, RUB currencies (December 31, 2019: GBP, EUR, INR and DZD currencies), with a weighted average interest rate of 3.6% (December 2019: 4.0%), based on various inter-bank offer rates.

The debts denominated in GBP and EUR have bullet repayment which is due for repayment in 2024 and are secured by the pledge of shares of VF Worldwide Holdings Ltd. and its subsidiaries (indirect subsidiaries of the Company)

All loans between the Group and related parties are governed by contracts with weighted average interest rates of 4.9% (2019: n/a) and a fixed maturity. These loans are accounted for as non-current liabilities if the maturity date is beyond one year and as current liability if the maturity date is within a year.

The financial debt from third parties includes the bank loans and an amount of CHF 1.4 million (2019: CHF Nil) are backed by guarantee from the local governments. These loans are received at a concessional rate of interest ranging from 0% to 0.9%. The fair value of the government backed loans loan accounted is CHF [illegible] 4 million.

During 2020, the Group has renegotiated with lenders whereby the existing net debt covenant has been replaced with minimum liquidity covenant of CHF 40 million until March 31, 2022. The liquidity covenant has been met as at December 31,2020.

In addition, there are facilities of CHF 33.4 million which are undrawn as at December 31, 2020 which will be available for utilisation for the Group operating activities.

Movement of financial debts:

In CHF million

Financial debts	Opening 1 Jan 2020	Additions	Repayment*	Interest Capital-ised	Interest accrued	Transaction Cost	Foreign exchange difference	Closing 31 Dec 2020
Third Parties	828.2	56.6	(6.2)	-	7.7	1.9	(26.6)	**861.6**
Related parties	-	143.1	-	1.5	1.1	-	-	**145.7**

* include repayment of interest accrued of CHF 5.1 million.

In CHF million

Financial debts	Opening 1 Jan 2019	Additions	Repayment*	Interest Capitalised	Interest accrued	Transaction Cost	Foreign exchange difference	Closing 31 Dec 2019
Third Parties	833.4	0.8	(9.2)	-	5.1	2.8	(4.7)	828.2
Related parties	-	-	-	-	-	-	-	-

* Include repayment of interest accrued of CHF 5.1 million.

18. Trade and other payables

In CHF million

	31 Dec 2020	31 Dec 2019
Trade payables	121.1	157.8
Other payables	2.5	8.3
Total	**123.6**	166.1

Trade payables include accrued liabilities and payable to embassies, related party and Other payables mainly include payables for capital expenditure and derivate financial instruments.

For balance outstanding with related parties refer note 26.

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19. Other financial liabilities

In CHF million

	31 Dec 2020	31 Dec 2019
Non-current		
Deferred consideration on acquisition of non-controlling interests (refer note 23)	39.5	-
Total	**39.5**	**-**
Current		
Deferred consideration on acquisition of non-controlling interests (refer note 23)	15.5	71.2
Contingent consideration on acquisition of Etimad group	4.6	5.2
Total	**20.1**	**76.4**

The deferred consideration on acquisition of non-controlling interests include interest accrued based on effective interest rate method and the interest expense is recognised as part of financial result in the consolidated income statement. The exchange fluctuation on financial liabilities has been accounted in the consolidated income statement under financial result.

The Group has renegotiated the payment schedule of the deferred consideration on acquisition of non-controlling interests and re-recognised the financial liability based on the new terms. The deferred consideration including interest on acquisition of non-controlling interests will be paid over a period of time until 2023.

The payment for contingent consideration on acquisition of Etimad group has been deferred with no additional cost.

The Group has paid contingent consideration of CHF 16.2 million for acquisition of VFST/Vasco and Etimad Group in 2019. There has been a change in contingent consideration of CHF 0.2 million for VFST/Vasco which has been recognised as part of financial result in the consolidated income statement in 2019.

20. Other liabilities

In CHF million	31 Dec 2020	31 Dec 2019
Non-current		
Contract liabilities	-	0.4
Employee related liabilities	1.0	-
Total	**1.0**	**0.4**
Current		
Employee related liabilities	23.8	15.3
Contract liabilities	14.3	13.9
Other statutory liabilities	4.9	7.3
Others	4.3	1.4
Total	**47.3**	**37.9**

Others include advances received from customers in 2020 and 2019.

21. Provisions

In CHF million

	Provision for litigation/ tax matters	Provisions for personnel-related costs	Total
Provisions as at 1 January 2019	**13.0**	**8.8**	**21.8**
Additions	-	5.3	5.3
Utilised	(0.5)	(1.8)	(2.3)
Released	(1.8)	-	(1.8)
Currency translation differences	0.2	(0.1)	0.1
Provisions as at 31 December 2019	**10.9**	**12.2**	**23.1**
Provisions as at 1 January 2020	**10.9**	**12.2**	**23.1**
Additions	0.4	5.3	5.7
Utilised	-	(4.1)	(4.1)
Released	(0.2)	-	(0.2)
Currency translation differences	(0.1)	(0.9)	(1.0)
Provisions as at 31 December 2020	**11.0**	**12.5**	**23.5**

Of which

In CHF million

	31 Dec 2020	31 Dec 2019
Non-current	14.9	14.8
Current	8.6	8.3
Total	**23.5**	**23.1**

The provision for litigation and tax matters represents provision created in respect of claims arising out of pending litigations and provisions created for certain taxation matters which will be utilised/released once the matters are settled.

The personnel-related cost provisions relate to provision for leave encashment and retirement benefits in accordance with the labour laws of the respective countries (refer note 3).

22. Equity

The share capital of the Company as of December 31, 2020 consists of 15,924,541 authorized and registered shares with nominal value of CHF 1.00 each amounting to CHF 15.9 million. All shares are held by Kiwi IV and are fully paid-up.

The authorized and registered shares comprises of 13,000 Shares of Class A and 1,767,949 Shares each of Class B,C,D,E,F,G,H,I and J.

Capital Contribution/ Distribution to owners/ Capital redemption

On 10 February 2020, the Company entered into capital contribution agreement with shareholder and received an amount of CHF 1.7 million by means of capital contribution without issuance of new shares. During 2019, the Company has received capital contribution in kind of CHF 1.3 million against the receivables from Kiwi VFS Sub II by Kiwi IV.

Terms/ rights attached to equity shares

Each class of equity shares have a par value of CHF 1.0 per share and are entitled to one vote per share. In the event of dividend declaration, such dividend shall be allocated and paid to Class A shares (0.05% of its nominal value), Class B shares (0.10% of its nominal value), Class C shares (0.15% of its nominal value), Class D shares (0.20% of its nominal value), Class E shares (0.25% of its nominal value), Class F shares (0.30% of its nominal value), Class G shares (0.35% of its nominal value), Class H shares (0.40% of its nominal value) and Class I shares (0.45% of its nominal value).The balance shall be allocated to the holders of Class J shares pursuant to a decision taken by the general meeting of the Shareholders.

In the event of liquidation of the Company, the holders of each class of equity shares will be entitled to receive assets of the Company remaining after settlement of all liabilities. The distribution will be in proportion to the number of equity shares held by each class of equity shareholders.

Legal Reserve

As per Luxembourg regulations and articles of incorporation of the Company, the Company has to allocate to legal reserve a minimum of 5% of the standalone net profit, if any and until such reserve reaches 10% of the share capital, distribution of the legal reserve is restricted. As at December 31, 2020 the legal reserve amounts to CHF 0.3 million (2019: CHF 0.3 million).

Capital management

The capital administered by the Group corresponds to the consolidated equity. The Group aims in administering this capital to:

- maintain the sound structure of its statement of financial position based on going concern values.
- maintain the financial scope required for future investments and acquisitions,
- ensure a return for investors that are commensurate with their investment risk.

During 2020, the Group has not borrowed funds from third party for new acquisitions. The Group does not consider the borrowings as part of capital administration.

The Group administers its equity by means of its statement of financial position equity ratio, i.e. the proportion of equity to total assets. The equity ratio amounted to 7.6% as of December 31, 2020 (December 31, 2019: 19.2%)

In CHF million

	31 Dec 2020	31 Dec 2019
Equity attributable to shareholders of Kiwi VFS Sub I S.a.r.l		
Share capital	15.9	15.9
Share premium	143.2	143.2
Other reserve/retained earnings/ translations reserves	(42.9)	156.2
Non-controlling interests	0.2	0.3
Total equity	**116.4**	**315.6**
Total assets	1,537.6	1,640.5
Equity ratio	7.6%	19.2%

23. Non-controlling interests (NCI)

During the financial year 2019, the Group acquired 90.6% of the issued share capital of Tharakan Web Innovation Private Ltd ("Docswallet"). Docswallet, incorporated in India, is a provider of digital wallet solution which meets emerging trends in document verification. The non-controlling interests amounting to CHF 0.3 million as at December 31, 2019 has been calculated for the balance 9.4% stake in Docswallet. During the financial year 2020, loss of CHF 0.1 million has been allocated to non-controlling interests.

During 2020, the Group made payment of CHF 14.2 million towards deferred consideration (2019: CHF 36.5 million). The deferred consideration relates to acquisition of NCI acquired in 2018. During financial year 2020, the Group has renegotiated the payment schedule of the deferred consideration with additional interest and now the deferred consideration will be paid over a period of time until 2023 (refer note 19).

24. Fair value measurement

The carrying value and fair value of financial instruments by categories as of December 31, 2020 are as follows

In CHF million

	Notes	Amortised cost	31 Dec 2020 Financial assets/ liabilities at fair value through profit and loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value *
Financial assets						
Trade receivables	13	16.0	-	-	16.0	16.0
Cash and cash equivalents	14	135.3	-	-	135.3	135.3
Other financial assets **	15	36.7	-	-	36.7	36.7
Total		**188.0**	-	-	**188.0**	**188.0**
Financial liabilities						
Borrowings	17	1,007.3	-	-	1,007.3	1,007.3
Trade and other payables	18	123.3	-	-	123.3	123.3
Derivative financials instruments	18	-	-	0.3	0.3	0.3
Lease liabilities	9	91.8	-	-	91.8	91.8
Other financial liabilities	19	55.0	4.6	-	59.6	59.6
Total		**1,277.4**	**4.6**	**0.3**	**1,282.3**	**1,282.3**

* fair value is approximately equal to the carrying values

** include security deposits

The carrying value and fair value of financial instruments by categories as of December 31, 2019 are as follows

in CHF million	Notes	Amortised cost	31 Dec 2019 Financial assets/ liabilities at fair value through profit and loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value*
Financial assets						
Trade receivables	13	28.4	-	-	28.4	28.4
Cash and cash equivalents	14	86.7	-	-	86.7	86.7
Other financial assets**	15	45.1	-	-	45.1	45.1
Total		**160.2**	-	-	**160.2**	**160.2**
Financial liabilities						
Borrowings	17	828.2	-	-	828.2	828.2
Trade and other payables	18	165.5	-	-	165.5	165.5
Derivative financials instruments	18	-	-	0.6	0.6	0.6
Lease liabilities	9	106.7	-	-	106.7	106.7
Other financial liabilities	19	71.2	5.2	-	76.4	76.4
Total		**1,172.6**	**5.2**	**0.6**	**1,177.4**	**1,177.4**

* fair value is approximately equal to the carrying values

** include security deposits

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The carrying amount of cash and cash equivalents, trade receivables and other financial assets, trade and other payables, lease liabilities and other financial liabilities are considered approximately as their fair value.

The carrying amount of borrowings is considered approximate to the fair value as these borrowings are having floating rate of interest. The fair value of borrowings having a fixed rate of interest is not materially different to their carrying amount.

Fair value hierarchy

This section explains the judgments and estimates made in determining the fair value of the financial instruments that are (a) recognised at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into three levels prescribed under the IFRS. An explanation of each level follows underneath the table (refer significant accounting policies section xix)

Financial assets and liabilities measured at fair value as at December 31, 2020:

In CHF million	Level 1	Level 2	Level 3	Total
Financial asset measured at amortised cost for which fair values are disclosed				
Other financial assets – security deposits*	-	-	4.7	4.7
Financial Liabilities measured at fair value through income statement				
Other financial liabilities – contingent consideration**	-	-	4.6	4.6
Financial Liabilities measured at fair value through other comprehensive income				
Derivatives designated as hedges- Interest rate swaps	-	0.3	-	0.3

*the amortised cost of security deposits is CHF 4.7 million

Financial assets and liabilities measured at fair value as at December 31, 2019:

In CHF million	Level 1	Level 2	Level 3	Total
Financial asset measured at amortised cost for which fair values are disclosed				
Other financial assets – security deposits*	-	-	8.0	8.0
Financial assets measured at fair value through income statement				
Other financial liabilities – contingent consideration**	-	-	5.2	5.2
Financial Liabilities measured at fair value through other comprehensive income				
Derivatives designated as hedges- Interest rate swaps	-	0.6		0.6

* the amortised cost of security deposits is CHF 8.0 million

** the contingent consideration pertains to the acquisitions in 2018

The fair value of security deposits was calculated based on the current lending rate as applicable. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risks.

There are no transfers between the different levels during the year 2020 and 2019.

The following table present the changes in level 3 items for the period ending December 31, 2020 and December 31, 2019

In CHF million	Security Deposits	Contingent consideration
Opening balance as at January 1, 2019	**6.4**	**21.3**
Movement during the year	1.7	(16.2)
Currency translation	(0.1)	0.1
Closing balance as at December 31, 2019	**8.0**	**5.2**
Opening balance as at January 1, 2020	**8.0**	**5.2**
Movement during the year	(2.6)	-
Currency translation	(0.7)	(0.6)
Closing balance as at December 31, 2020	**4.7**	**4.6**

Valuation technique used to determine fair value

Valuation technique used to determine fair value of security deposits	fair value of interest rate risk is calculated at present value of estimated future cash flows based on observable yield curves
Valuation technique used to determine fair value of contingent considerations	fair value is calculated at present value of estimated future cash flows basis future applicant counts and target achievements as explained in the share purchase agreements.

25. Financial risk management

The Group's principal financial liabilities consist of borrowings, trade and other payables, lease liabilities and other financial liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and cash equivalents that are derived directly from its operations and borrowings. The Group also enters into derivative transactions for interest rate fluctuations and forward contracts

The Group is exposed to market risk, credit risk and liquidity risk. The Group's management oversees the management of these risks. The Group's management is supported by the corporate treasury team that advises on financial risks and the appropriate financial risk governance framework for the Group. The corporate treasury team provides assurance to the Group's management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes should be undertaken.

The Covid-19 pandemic and measures to control the virus, including government travel restrictions and quarantine orders, have had a significant negative impact on the travel industry from mid-March 2020. The pandemic's proliferation, concurrent with travel bans. varying levels of governmental restrictions and mandates globally to limit the spread of the virus, has dampened applicant demand for our services and impacted wider consumer sentiment and discretionary spending patterns, all of which have adversely and materially impacted our operations, liquidity and financial position. In the meanwhile, some travel restrictions have been lifted during the course of last quarter of the financial year 2020, which has resulted in an increase in our business volumes particularly for land routes, non-discretionary visa application types including work, student and long-term settlement, as well as citizen services offerings such as passport renewals and consumers have become more comfortable in traveling, particularly in land routes. This has led to an increase in the business volumes in the last quarter ended December 31, 2020. Covid-19 vaccines have been approved by some countries in the last quarter of the financial year 2020. Early rollout of the vaccines in larger source and destination markets such as South Asia, Middle East and Europe during Q1 and Q2 of the financial year 2021 will help the recovery of business volumes.

In recent months, there have been instances where cases of Covid-19 have started to increase again after a period of decline which has resulted in bans and lockdowns being reintroduced. There is no certainty by when remaining bans will be lifted, where additional bans may be initiated, or where bans that have been previously lifted will be reinstated due to resurgence of the virus. In addition, there is no precise forward-looking visibility into the short-term changes to consumer travel behaviour patterns when travel bans and other government restrictions and mandates are fully lifted.

Therefore, the extent of the impact of the Covid-19 pandemic on our operations, operating results, liquidity and financial position are difficult to predict (refer note 2 of main accounting principles for details).

The Group does not expect any material adverse financial impact of Brexit on its operations. As per the management's assessment, markets seem to be well prepared and both the interest level and the foreign currency level of GBP are not expected to move materially.

The Board of Directors of VFS Global AG (indirect subsidiary of the Company) reviews and approves policies for managing each of these risks, which are summarised below.

A. Market risk

Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings and derivative financial instruments. The sensitivity analysis has been prepared on the basis that the amount of debt, derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place of December 31, 2020 and December 31, 2019 respectively.

The analysis excludes the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations, provisions, and the non-financial assets and liabilities of foreign operations.

The sensitivity of the relevant consolidated income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as at December 31, 2020 and December 31, 2019.

(i) Interest rate risk

The Group is exposed to interest rate risk because a significant portion of its borrowings are at floating interest rates. The floating rate risk is managed by the Group by the use of interest rate risk contracts. The interest rate risk contracts include swap on floating to fixed rate of interest for EUR denominated financial liabilities. During the current year cap on interest rates for GBP denominated financial liabilities of CHF 131.2 million and swap on floating to fixed rate of interest for EUR denominated financial liabilities of CHF 181.7 million have expired. Currently hedging in place cover approximately 11.3% (2019: 52.6%) of the variable loan principal outstanding. The fixed interest rates of the swaps used to hedge range between 0% and 0.3% (2019: 0% to 1.5%) and the variable rates of the loans are between 0% and 0.7% over the 90 day bank bill rate, which at the end of the reporting period is 0% (2019: 0.7%). Hedging activities are evaluated regularly to align with the interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. The Group's exposures to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The sensitivity analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

Cash flow Sensitivity for interest rate

Consolidated income statement is sensitive to higher/ lower interest expense from borrowings as a result of changes in interest rates. Other components of equity changes as a result of an increase/ decrease in the fair value of cash flow hedges related to borrowings.

	Impact on earnings before tax		Impact on other component of equity	
	5% bp increase	5% bp decrease	5% bp increase	5% bp decrease
in CHF million				
December 31, 2020				
Debt instruments	(0.3)	0.3	-	-
Interest rate swaps*	-	-	-	-
Cash flow sensitivity (net)	**(0.3)**	**0.3**	**-**	**-**
December 31, 2019				
Debt instruments	(0.2)	0.2	-	-
Interest rate swaps*	-	-	-	-
Cash flow sensitivity (net)	**(0.2)**	**0.2**	**-**	**-**

* amount is below rounding off norms adopted by the Group.

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The assumed movement in basis points for the interest rate sensitivity analysis is based on currently observable market environment.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency other than the functional currency) and the Group's net investments in foreign subsidiaries. The major currencies giving rise to currency risk for the Group are the USD, GBP and EUR.

Most of the Group's operating income and expense exposure is naturally hedged by setting off receivables and payables. The Group does not hedge against the foreign currency risks associated with its net investment in foreign entities or the related foreign currency translation of local earnings.

Many of the contracts with government missions/embassies in Europe and North America set fees in the currency of respective governments that the Group then converts into the local currency of the country of operation at prevailing exchange rates. These contractual provisions mitigate exposure to foreign currencies of the operating countries.

The following significant exchange rates have been applied for the Group's most important currencies:

CHF	Year-end rates		Average rates	
	31 Dec 2020	31 Dec 2019	2020	2019
USD 1	0.8851	0.9678	0.9384	0.9934
GBP 1	1.2106	1.2844	1.2039	1.2677
EUR 1	1.0814	1.0853	1.0701	1.1122

Foreign currency exposure at the year-end is as follows:

In CHF million	31 Dec 2020			31 Dec 2019		
	USD	**GBP**	**EUR**	**USD**	**GBP**	**EUR**
Assets	5.7	1.4	2.5	9.4	2.8	3.7
Liabilities	(70.0)	(462.2)	(404.6)	(124.3)	(436.3)	(4[illegible]8)
Net exposure	**(64.3)**	**(460.8)**	**(402.1)**	**(114.9)**	**(433.5)**	**(408.1)**

The above foreign currency exposure is excluding the inter-company receivables, payables, loans and borrowings which are eliminated at the consolidated level.

Foreign currency sensitivity analysis

A change in the foreign currency positions shown at year-end as a result of +5% or -5% change in currency exchange rates would have increased or decreased consolidated equity and the Group's net result by the amounts shown below. This analysis is based on the assumption that all other variables (and interest rates in particular) remain unchanged.

The consolidated income statement may also be substantially affected by any changes in currency exchange rates relating to financial instruments bought and sold within the financial year to which the provisions of IFRS 7 do not apply.

in CHF million	31 Dec 2020			31 Dec 2019		
	USD	GBP	EUR	USD	GBP	EUR
Increase by 5%						
Impact on consolidated income statement	(3.2)	(23.0)	(20.1)	(5.7)	(21.7)	(20.4)
Decrease by 5%						
Impact on consolidated income statement	3.2	23.0	20.1	5.7	21.7	20.4

The Group's exposures to other foreign exchange currencies are not material.

B. Liquidity risk

Liquidity risk is the risk that Group may be unable to meet its financial obligations when these become due for payment. The liquidity position of the Group is significantly influenced by the service fees collected on visa applications processed. The Group regularly monitors its liquidity to keep it at adequate levels, with weekly reports to Chief Financial Officer.

During the financial year 2020, the Group has taken proactive measures by reaching out to various vendors, lenders and owners due to Covid-19 impact on the business. The Group has undertaken renegotiation with existing vendors and arranged new funding from owners and lenders to ensure sufficient liquidity to support the business.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods based on the undiscounted cash flows of financial liabilities and includes both estimated interest and principal cash flows. The contractual maturity is based on the earliest date on which the Group may be required to pay.

in CHF million	Carrying value	Total Contractual cash flow	Up to 12 months	1-2 years	2-5 years	More than 5 years
31 Dec 2020						
Borrowings*	1,007.3	1,153.7	84.5	32.3	1,036.9	-
Trade and other payables	123.6	123.6	123.6	-	-	-
Lease liabilities	91.8	105.4	43.7	28.3	29.6	3.8
Other financial liabilities	59.6	69.5	25.2	42.1	2.2	-
31 Dec 2019						
Borrowings	828.2	985.5	38.7	32.8	914.0	-
Trade and other payables	166.1	166.1	166.1	-	-	-
Lease liabilities	106.7	122.9	36.7	32.7	48.3	5.2
Other financial liabilities	76.4	78.6	78.6	-	-	-

*Contractual cashflows includes the principal portion of revolving credit facilities of CHF 46.8 million (considered in the up to 12 months bucket). The revolving credit facilities is a rolling facility and will be available till financial year 2023.

The CHF amount for cash flows relating to the foreign currency loan are determined on the basis of the spot rate as at the statement of financial position date.

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. The future cash flows on the instruments may be different from the amount in the above table as interest rates and exchange rates or the relevant conditions underlying the contingency change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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C. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including other financial assets, deposits with banks and financial institutions, foreign exchange transactions and financial instruments.

Trade receivables

Customer credit risk is managed by business units subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit risks are limited as applicants pay service fees upfront. In case of the government-pay model, contracts are with global clients that are well established. Only in the case where operations are outsourced to FMC's, there is a moderate credit risk. However, there are no risk concentrations as the risk is spread across multiple FMC partners.

The Group has used the expected credit loss model to assess the impairment loss or gain on the financial assets. The Group uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account factors such as historical trends as well as forward looking information relating to the receivables. The Group does not hold collateral as security for any financial assets. The Group has experienced some delays in the processing and settlements of transactions due to Covid-19 pandemic and has assessed the provision matrix (expected credit loss model) as adequate. The Group has evaluated that the concentration of risk with respect to trade receivables as low due to the fact that the customers are spread across several jurisdictions. (For detailed movement in allowances of credit loss for trade receivables, refer note 13)

The Group does not expect to recover any amount from previously written off receivables.

Other financial assets

Other financial assets consist of security deposits and other receivables, which are monitored on regular basis by the management with the credit risk associated with the parties. The Group also evaluates the concentration of risk with other financial assets as low, as its assets are held by entities located in various geographies. Based on the credit history of these other financial assets, it is expected that these amounts will be recovered as and when due (refer note 15).

Financial instruments and cash deposits

Credit risk from balances with banks is managed by the Group's corporate treasury team in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties. The counterparty with rating of 'A' and above is generally accepted. Counterparty credit limits are reviewed by the Company's Board of Managers at regular intervals and may be updated throughout the year subject to approval of the Board of Directors of VFS Global AG (indirect subsidiary of the Company). The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position as at December 31, 2020 and December 31, 2019 is the carrying amounts (refer note 14).

D. Impact of hedging activities

The Group hedging policy allows only effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that the economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of hedge item and so qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedge item such that critical terms no longer match exactly with the critical terms of hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness. There was no ineffectiveness recognised in the consolidated income statement during the financial year 2020 and 2019.

(i) Derivative assets and liabilities designated as cash flow hedges

The following table indicates the periods in which the cash flows associated with cash flow hedges are expected to occur and the carrying amounts of the related hedging instruments.

In CHF million	Carrying amount	Total	1-6 months	6-12 months	More than one year
December 31, 2020					
Interest rate risk*	(0.3)	(0.3)	(0.3)	-	-
Assets	-	-	-	-	-
Liabilities	(0.3)	(0.3)	(0.3)	-	-

In CHF million	Carrying amount	Total	1-6 months	6-12 months	More than one year
December 31, 2019					
Interest rate risk*	(0.6)	(0.6)	(0.6)	-	-
Assets	-	-	-	-	-
Liabilities	(0.6)	(0.6)	(0.6)	-	-

* the interest rate risk is on hedge instrument which gets reset on quarterly basis

(ii) Disclosure of effects of hedge accounting on financial position

In CHF million

Type of Hedge and Risks	Nominal Value		Carrying amount of Hedging Instruments		Maturity Date	Hedge Ratio	Weighted Average strike price/rate	Change in Fair Value of Hedging Instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
December 31, 2020	Asset	Liabilities	Assets	Liabilities					
Cash Flow Hedge									
Interest Rate risk	-	113.5	-	(0.3)	Nov 03, 2021	1:1	0.21%	0.3	-
December 31, 2019									
Cash Flow Hedge									
Interest Rate risk	-	435.5	-	(0.6)	Nov 03, 2020	1:1	0.58%	0.4	-

(iii) Disclosure of effects of hedge accounting on financial performance

In CHF million

Type of Hedge	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in Income statement	Amount reclassified from cash flow hedging reserve to Income statement	Line item affected in Income statement because of the reclassification
December 31, 2020				
Interest rate risk	-	-	(0.4)	Financial expense
December 31, 2019				
Interest rate risk	0.4	-	-	-

(iv) Movements of cash flow hedging reserve and costs of hedging reserve

In CHF million	Interest rate risk	
Particulars	**Interest rate Swap**	**Interest rate CAP**
(i) Cash flow hedging reserve		
As at January 1, 2019	0.9	-
Add/ (less): Changes in fair value of interest rate swaps	(0.2)	-
As at December 31, 2019	**0.7**	-
As at January 1, 2020	0.7	-
Add/ (less): Changes in fair value of interest rate swaps	(0.4)	-
As at December 31, 2020	**0.3**	-
(ii) Costs of hedging reserve		
As at January 1, 2019	-	-
Add/ (less): Deferred forward points relating to foreign exchange forward contracts	-	(0.1)
As at December 31, 2019	-	(0.1)
As at January 1, 2020	-	(0.1)
Add/ (less): Deferred forward points relating to foreign exchange forward contracts	-	0.1
As at December 31, 2020	-	-

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26. Related parties

The Company is a wholly-owned subsidiary of Kiwi IV and is ultimately controlled by the funds EQT VII (No.1) LP and EQT VII (No.2) LP managed by EQT Partners, a private equity firm headquartered in Stockholm, Sweden.

Transactions during the year with Kiwi IV and above holding entities are shown as below:

In CHF million	2020	2019
Interest expense	2.6	-
Borrowings	143.1	-
Capital contribution	1.7	1.3

Balances as at 31 December with Kiwi IV and above holding entities are shown as below:

In CHF million	2020	2019
Borrowings	145.7	-
Trade payables	4.9	4.3

Key management personnel compensation

The total compensation (including employer's contributions to social security and pension funds) paid to members of the VFS Global Executive Board, which is included as part of personnel expense, consist of:

In CHF million	2020	2019
Short-term employee benefits	4.4	13.6

Key management personnel compensation excludes the impact of actuarial valuation of pension and leave encashment. Bonus is disclosed based on the actual payment during the year.

27. Contingent liabilities and other commitments

27(a). Contingent liabilities

The Group has following contingent liabilities:

In CHF million	31 Dec 2020	31 Dec 2019
Taxation matters under dispute	3.9	4.5
Claim against the Group not acknowledged as debt (pending litigations)	2.6	3.0
Total	**6.5**	7.5

Taxation related contingent liabilities comprise of matters that may result in possible outflow to respective tax authorities in various jurisdictions.

The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable and quantifiable. The Group does not expect the outcome of these proceedings to have material adverse effects on its consolidated financial statements.

27(b). Other commitments

In CHF million	31 Dec 2020	31 Dec 2019
Bank guarantees	5.9	2.3

Bank guarantees mainly consist of financial guarantees given to various government missions/embassies worldwide for revenues collected on behalf of the government by the Group.

Further, the Group has also given performance bank guarantees amounting to CHF 39.0 million (December 31, 2019: CHF 37.4 million) to various government missions/embassies to ensure contractual compliances.

27(c). Capital commitments

In CHF million	31 Dec 2020	31 Dec 2019
Capital commitments	0.8	4.0
Share purchase commitments	0.2	0.2

The Group has entered into share purchase agreement in December 2019 to acquire additional 6.4% share capital of Docswallet subject to fulfilment of certain conditions which are expected to be completed in financial year 2021 (refer note 1).

28. Events after statement of financial position date

There are no material events after the consolidated statement of financial position date.

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29. Interest in other entities

Interest in subsidiaries and joint ventures

			31 Dec 2020		31 Dec 2019		
	Activity	Currency	Paid-in share capital	Investment in %	Paid-in share capital	Investment in %	Consolidation
Algeria							
VFS Global Services Algeria SARL[2]	V	DZD	1,000,000	49	1,000,000	49	C
Albania							
VF Services (Albania) Limited	V	LEK	100	100	100	100	C
Angola							
Global-VFS-Angola Services (SU) LDA	V	AOA	165 057	100	165,057	100	C
Argentina							
VFS Del Plata Services S.A Buenos Aires	V	ARS	12,000	100	12,000	100	C
Armenia							
VFS Global LLC Yerevan	V	AMD	50 000	100	50,000	100	C
Australia							
VFS Services Australia Pty Ltd. Sydney	V	AUD	2	100	2	100	C
VFS Tasheel International Pty Ltd	V	AUD	100	100	100	100	C
VASCO Worldwide Pty Ltd	S	AUD	100	100	100	100	C
Azerbaijan							
VF Services Azerbaijan LLC Baku	V	EUR	1,000	100	1,000	100	C
Bahrain							
VF Services Bahrain SPC, Manama #	V	BHD	-	-	50,000	100	C
VFS Tasheel International WL	V	BHD	20,000	100	20 000	100	C
VFS Global Bahrain W.L.L (erstwhile Al Etimad Modern Business Solutions W.L.L)	V	BHD	20 000	100	20,000	100	C
Vega Modern Business Solutions W.L.L	S	BHD	20,000	100	20,000	100	C

	Activity	Currency	31 Dec 2020 Paid-in share capital	31 Dec 2020 Investment in %	31 Dec 2019 Paid-in share capital	31 Dec 2019 Investment in %	Consolidation
Bangladesh							
VFS Bangladesh Private Limited, Dhaka	V	BDT	10,000,000	100	10,000,000	100	C
Belarus							
VFS BY LLC, Minsk	V	BYR	536,542	100	536,542	100	C
STA Bel International, Ltd	S	BYR	500	100	500	100	C
Brazil							
VFS Brasil Serviços de Preparação de Documentos Ltda., São Paulo	V	BRL	100	100	100	100	C
Brunei							
VFS Tasheel (B) Sdn Bhd	V	BHD	2	100	2	100	C
Bulgaria							
VFS Global Bulgaria EOOD	V	BGN	2,000	100	2 000	100	C
Bosnia							
VFS Global B&H	V	BAM	1,000	100	1,000	100	C
Cameroon							
VFS Global Cameroon SARL	V	CFA	500 000	100	500,000	100	C
Canada							
VFS Services (Canada) Inc., Ottawa	V	CAD	2	100	1	100	C
Cayman Islands							
VFS Cayman Limited, George Town *	CO	USD	-	-	0.01	100	C
Chile							
VFS Services Chile SPA, Santiago Centro	V	CLP	50,000	100	50,000	100	C
China							
VFS Business Information Consulting Co Ltd, Shanghai	V	CNY	1,127 862	100	1 127 862	100	C
VASCO Enterprise Management Consulting (Shanghai) Co. Ltd	S	USD	500,000	100	500 000	100	C
Colombia							
VFS Colombia S.A.S, Bogota	V	COP	1 000 000	100	1 000 000	100	C

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	Activity	Currency	31 Dec 2020 Paid-in share capital	31 Dec 2020 Investment in %	31 Dec 2019 Paid-in share capital	31 Dec 2019 Investment in %	Consolidation
Cyprus							
Avisa Services Ltd	V	EUR	1 000	100	1 000	100	C
Visapro Limited	V	EUR	500	100	500	100	C
VFS Global Cyprus Limited * (Erstwhile "Eckron Enterprises Ltd") @	CO	EUR	7760651	100	1,000	100	C
Czech Republic							
VFS Global Czech s.r.o., Prague	V	CZK	2,500	100	2 500	100	C
Denmark							
VF Services Denmark ApS, Copenhagen	V	DKK	50 000	100	50.000	100	C
Dominican Republic							
VFS DOMINICANA, S.R.L. Santo Domingo	V	DOP	100,000	100	100.000	100	C
Ecuador							
VIEFFESGLOBAL Ecuador S.A., Quito	V	USD	800	100	800	100	C
Egypt							
VF Services Egypt LLC, Cairo *	V	EGP	-	-	1,000	100	C
VFS Tasheel International Limited Liability Co	V	EGP	100,000	100	100,000	100	C
VASCO Worldwide Limited Liability Co	S	EGP	100,000	100	100,000	100	C
Al Etimad Modern Business Solutions Company	V	EGP	100 000	100	100.000	100	C
The Professional for Services (Vega) @	S	EGP	50,000	100	50,000	100	C
Estonia							
VFS Global Estonia OU	V	EUR	2,500	100	2 500	100	C
Ethiopia							
VF Services (Ethiopia) Private Limited Addis Ababa	V	ETB	950 000	100	950 000	100	C
Finland							
VF Services Finland Oy	V	EUR	2,500	100	2,500	100	C
Gabon							
VF Services Gabon SARL, Libreville	V	CFA	1,000,000	100	1,000,000	100	C

	Activity	Currency	31 Dec 2020 Paid-in share capital	Investment in %	31 Dec 2019 Paid-in share capital	Investment in %	Consolidation
Germany							
VFS Services Germany Ltd, Berlin	V	EUR	25,000	100	25,000	100	C
VFS Tasheel International GmbH	V	EUR	25,000	100	25,000	100	C
VASCO Worldwide GmbH	S	EUR	12,500	100	12,500	100	C
Ghana							
VFS (Ghana) Private Limited, Accra	V	GHC	47,000	100	47,000	100	C
VFS Tasheel International Limited	V	GHC	1,115,100	100	1,115,100	100	C
Greece							
VFS Global Services Hellas Single Member PC Athens	V	EUR	1	100	1	100	C
Guatemala							
VIEFES, Sociedad Anonima, Guatemala	V	GTQ	5,000	100	5,000	100	C
Haiti							
VFS Global Services Haiti S.A., Port-au-Prince	V	HTG	25,000	100	25,000	100	C
Hong Kong							
VFS Services (Hongkong) Pvt Limited, Hong Kong	V	HKD	7,800	100	7,800	100	C
India							
VFS Data Processing Pvt. Ltd., Mumbai	V	INR	85,328,490	100	85,328,490	100	C
VFS Global Edu Support Services Pvt. Ltd., Mumbai	V	INR	100,000	100	100,000	100	C
VFS Global Services Pvt. Ltd., Mumbai	V	INR	97,500,000	100	97,500,000	100	C
VFS India Services Private Limited, Mumbai[2]	V	INR	100,000	49	100,000	49	C
V-Assist Services Private Limited[@]	V	INR	6,043,877	100	6,043,877	100	C
TTS Consultancy and Services Private Limited	V	INR	4,500,000	100	4,500,000	100	C
TT Enterprises Private Limited	V	INR	99,267,750	100	99,267,750	100	C
Bonnet Visa (India) Private Limited	V	INR	10,000	100	10,000	100	C
VASCO Worldwide India Private Limited	S	INR	49,512,000	100	49,512,000	100	C
Tharakan Web Innovations Private Limited[e]	S	INR	166,095	91	166,095	91	C

	Activity	Currency	31 Dec 2020 Paid-in share capital	31 Dec 2020 Investment in %	31 Dec 2019 Paid-in share capital	31 Dec 2019 Investment in %	Consolidation
Indonesia							
PT VFS Services Indonesia, Jakarta	V	IDR	5 500 000 000	100	5,500,000,000	100	C
PT VFS Tasheel Indonesia'	V	IDR	20,394 629,415	67	20 394,629,415	67	E
Iraq							
Al Etimad Mukawimat[d]	V	IQD	-	-	1,000 000	100	C
Al Etimad Business Services Company [d]	V	IQD	-	-	7,000 000	100	C
Ireland							
VFS Consulting Ireland Ltd, Dublin	V	EUR	100	100	100	100	C
Italy							
VFS Tasheel International S.R.	V	EUR	10,000	100	10 000	100	C
Ivory Coast							
VFS Côte d'Ivoire LLC S.À.R.L., Abidjan	V	XOF	1,000,000	100	1,000,000	100	C
Japan							
VF Services Japan LLC, Tokyo	V	JPY	5 000 000	100	5 000,000	100	C
VFS Tasheel International Kabushiki Kaisha	V	JPY	1 000 000	100	1,000,000	100	C
Jordan							
Global Amman for Administrative Services LLC, Amman	V	JOD	50,000	100	50,000	100	C
Vasco Worldwide – Jordan LLC [@]	S	JOD	50 000	100	50,000	100	C
VFS Tasheel International Jordan LLC	V	JOD	50 000	100	50 000	100	C
VASCO General Trading Company LLC [@]	S	JOD	10,000	100	10,000	100	C
Vega Modern Business Solutions Jordan [#]	S	JOD	-	-	100,000	100	C
Jersey							
VFS Global Jersey Private Limited'	CO	GBP	399,353 115	100	399 353,115	100	C
VFS Holdings Ltd. [#] (Erstwhile Kuoni Holdings Ltd)	CO	GBP	-	-	10,000	100	C

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	Activity	Currency	31 Dec 2020 Paid-in share capital	31 Dec 2020 Investment in %	31 Dec 2019 Paid-in share capital	31 Dec 2019 Investment in %	Consolidation
Kazakhstan							
VFS Services Kazakhstan LLP Almaty	V	KZT	2,400 000	100	2 400.000	100	C
STA International – K (LTD) [9]	S	KZT	159,480	100	159.480	100	C
Polaris Kazakhstan LLC	V	KZT	100	99	100	99	C
Kenya							
VFS (Kenya) Ltd. Nairobi	V	KES	100 000	100	100,000	100	C
Kosovo							
VFS Global Services Kosovo LLC	V	EUR	100	100	100	100	C
Kiribati							
TT Services (Kiribati) Limited	V	AUD	40,000	100	40 000	100	C
Kyrgystan							
VFS Global (Central Asia) LLC [1]	V	KGS	1000	100	-	-	C
Kuwait							
VFS Kuwait General Trading Company LLC [2]	V	KWD	50 000	49	50,000	49	C
Al Etimad Kuwait Co. [6]	V	KWD	15,000	100	15,000	100	C
Latvia							
VFS Global Services Latvia SIA	V	EUR	2,800	100	2 800	100	C
Lebanon							
VFS Global Services Lebanon SARL Beirut	V	LBP	5,000,000	100	5,000,000	100	C
Lithuania							
VFS Global Services Lithuania UAB Vilniaus	V	EUR	2 500	100	2 500	100	C
Luxembourg							
Kiwi VFS Sub II S.a.r.l	CO	CHF	46,838,983	100	46 838 983	100	C
Kiwi VFS SUB III S.a.r.l [12]	CO	CHF	965,860 648	100	-	-	C
Madagascar							
VFS Global Madagascar SARL	V	MGA	2 000 000	100	2 000,000	100	C
Malaysia							
VFS (MALAYSIA) SDN	V	MYR	500 000	70	500 000	70	C

	Activity	Currency	31 Dec 2020 Paid-in share capital	Investment in %	31 Dec 2019 Paid-in share capital	Investment in %	Consolidation
BHD. Kuala Lumpur[2]							
Mauritius							
VF Services (Mauritius) Pte Ltd . Port Louis	V	MUR	750,000	100	750,000	100	C
Vasco Worldwide Mauritius @	S	USD	2	100	2	100	C
VFS Tasheel International Mauritius	V	USD	2	100	2	100	C
Mexico							
Visa Facilitation Services Mexico S. De R.L De C.V Mexico City	V	MXN	3,000	100	3,000	100	C
Mongolia							
VFS LLC Ulaanbaatar	V	USD	100,000	100	100,000	100	C
Morocco							
VFS GCC Morocco, Casablanca	V	MAD	300,000	100	300,000	100	C
Myanmar							
VFS Global Myanmar Limited, Yangon	V	USD	25,000	100	25,000	100	C
Nauru							
TT Services Nauru Limited Inc	V	AUD	10,000	100	10,000	100	C
New Zealand							
VFS Services New Zealand Limited, Auckland	V	NZD	2	100	2	100	C
TT Services New Zealand Ltd.	V	NZD	1,335,000	100	1,335,000	100	C
Netherlands							
VFS Tasheel International B.V	CO	EUR	100	100	100	100	C
Dutch Dubai Holdings B.V @	CO	EUR	100	100	100	100	C
Dubai Services Holdings Cooperative U.A @	CO	-	-	100	-	100	C
Nigeria							
VF Global Services Nigeria Limited, Lagos	V	NGN	10,000,000	100	10,000,000	100	C
VFS Tasheel Nig..Ltd	V	NGN	10,000,000	100	10,000,000	100	C
VASCO Business Concepts Ltd @	S	NGN	10,000,000	100	10,000,000	100	C
Vega Modern Business	S	NGN	10,000,000	100	10,000,000	100	C

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	Activity	Currency	31 Dec 2020 Paid-in share capital	Investment in %	31 Dec 2019 Paid-in share capital	Investment in %	Consolidation
Solutions @							
Oman							
VF Services LLC²	V	OMR	150,000	70	150 000	70	C
Peru							
VFS Peru S.A.C. Lima	V	PEN	1,000	100	1,000	100	C
Philippines							
VFS Services Philippines Private, Inc., Malvati City	V	PHP	9,509,600	100	9,509,600	100	C
Biomet Visa Services Philippines Private, Inc.	V	PHP	8,948,000	100	8,948,000	100	C
Vasco Worldwide Philippines Inc	S	PHP	8 948,000	100	8,948,000	100	C
Poland							
VFS Global Poland Sp.Z.O.O. Warsaw	V	PLN	5,000	100	5 000	100	C
Portugal							
VFS Global Services Portugal Unipessoal, LDA Lisbon	V	EUR	5,000	100	5,000	100	C
Qatar							
VFS Global Services Doha LLC [1]@	V	QAR	100 000	49	100 000	49	C
VFS Global Services QFC LLC	V	USD	5,000	100	5,000	100	C
Romania							
VFS Global Services ROM SRL, Bucharest	V	RON	200	100	200	100	C
Russia							
VF Services LLC, Moscow	V	RUB	15,429,375	100	15 429,375	100	C
Intecom LLC, Moscow@	V	RUB	-	-	4,200,000	100	C
Visawave LLC Moscow	V	RUB	3 071,625	100	3 071,625	100	C
STA International Ltd	S	RUB	20,303	99	20,303	99	C
Polaris Rus Limited Liability Co	V	RUB	10 000	99	10 000	99	C
Saudi Arabia							
Abyaar Modern Commercial Services Limited	CO	SAR	1 000,000	100	1 000,000	100	C
VF Services Saudi	CO	SAR	1,000,000	100	1,000,000	100	C
Modern Traveller Services Company	CO	SAR	1 000 000	100	1 000 000	100	C

	Activity	Currency	31 Dec 2020 Paid-in share capital	31 Dec 2020 Investment in %	31 Dec 2019 Paid-in share capital	31 Dec 2019 Investment in %	Consolidation
Samoa							
TT Services Samoa Ltd	V	WST	1,000	100	1,000	100	C
Senegal							
VFS Senegal LLC Dakar	V	CFA	115,620,000	100	115,620 000	100	C
Serbia							
VFS Global SR LLC	V	RSD	1,000	100	1,000	100	C
Singapore							
VFS (Singapore) Pte Ltd Singapore	V	SGD	100 000	100	100,000	100	C
Biomet Services Pte. Ltd.	CO	SGD	6,687 949	100	6 687,949	100	C
VFS Tasheel International PTE. Ltd	V	SGD	100,000	100	100,000	100	C
Vasco Worldwide PTE Ltd	S	SGD	100 000	100	100,000	100	C
South Africa							
VFS Visa Processing (South Africa) (Pty) Ltd., Pretoria'	V	ZAR	300,000	100	300,000	100	C
VFS Tasheel RSA (Pty) Ltd	V	ZAR	100,000	100	100,000	100	C
VASCO Worldwide RSA (Pty) Ltd #	S	ZAR	-	-	1,000	100	C
South Korea							
VF Services South Korea, LLC Seoul	V	KRW	350,000,000	100	350,000,000	100	C
Vasco Korea Ltd@	S	KRW	-	-	10,000,000	100	C
VFS Tasheel Korea Ltd	V	KRW	200,430,000	100	200 430,000	100	C
Spain							
VFS Global Spain, S.L.	V	EUR	3000	100	3000	100	C
Sweden							
VFS Tasheel International AB	V	SEK	50,000	100	50,000	100	C
TT Services AB	V	SEK	504,600	90	504,600	90	C
Switzerland							
VFS Global AG (erstwhile VFS Global Holding AG)	CO	CHF	100,000	100	100,000	100	C
VFS Global Investment AG ' "	CO	CHF	3,998,400	100	3,998,400	100	C
KAM Global AG[b]	CO	CHF	-	-	1,000,000	100	C

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	Activity	Currency	31 Dec 2020 Paid-in share capital	Investment in %	31 Dec 2019 Paid-in share capital	Investment in %	Consolidation
Sri Lanka							
VFS Lanka (Private) Limited, Colombo	V	LKR	5,000,020	100	5,000,020	100	C
TT Services Lanka (Private) Limited[2]	V	LKR	5,000,000	50	5,000,000	50	C
VFS Tasheel International SL (Private) Limited	V	LKR	100,000	100	100,000	100	C
Biomet Visa Services Lanka (Private) Limited	V	LKR	30,000,010	100	30,000,010	100	C
Suriname							
VFS Global Services Suriname N.V.	V	SRD	2,500	100	2,500	100	C
Taiwan							
VFS Taiwan Ltd., Taipei	V	TWD	10,000,000	100	10,000,000	100	C
Thailand							
VFS (Thailand) Ltd., Bangkok	V	THB	20,000,000	49	20,000,000	49	C
Vasco Worldwide Thai Co. Ltd [2]	S	THB	100,000	49	100,000	49	C
Turkey							
VF Visa Consultancy Services Ltd	V	TRY	125,000	100	125,000	100	C
Tunisia							
S Global Tunisia	V	TND	1,000	100	1,000	100	C
Vega Modern Business Solutions Company [3]	S	TND	20,000	100	20,000	100	C
Uganda							
VFS (Uganda) Private Limited, Kampala	V	UGX	90,000,000	100	90,000,000	100	C
Ukraine							
VF Consulting services (Ukraine) LLC, Kiev	V	UAH	40,000	100	40,000	100	C
United Arab Emirates							
VFS (GCC) LLC, Dubai[1,2]	V	AED	300,000	49	300,000	49	C
VFS Tasheel International DMCC, Dubai[1]	CO	AED	18,376,000	100	18,376,000	100	C
VASCO Worldwide DMCC, Dubai	CO	AED	18,376,000	100	18,376,000	100	C
VFS Chanwanich DMCC	V	AED	-	-	50,000	50	E
FVC Group (FZE)[3]	CO	AED	150,000	100	150,000	100	C
TT International Services Broker LLC[2,3]	V	AED	150,000	49	150,000	49	C
VF Worldwide Holdings Ltd[1]	CO	AED	24,425,000	100	24,425,000	100	C

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	Activity	Currency	31 Dec 2020 Paid-in share capital	31 Dec 2020 Investment in %	31 Dec 2019 Paid-in share capital	31 Dec 2019 Investment in %	Consolidation
Vega Modern Business Solutions Company [@]	S	AED	300,000	100	300 000	100	C
Vasco Tourism LLC [2]	S	AED	300,000	49	300 000	49	C
VFTI Document Clearing Services LLC [2]	V	AED	300 000	49	300,000	49	C
VASCO Worldwide General Trading LLC [2]	S	AED	300 000	49	300,000	49	C
Probitras Global Ltd [@ 2]	V	AED	50 000	80	50,000	80	C
United Kingdom							
VF Services (UK) Ltd., London[1]	V	GBP	25,001	100	25,001	100	C
VFS Global Services PLC, London[1]	CO	GBP	15,000 000	100	15,000 000	100	C
Esper Services Ltd [#]	CO	GBP	-	-	100	100	C
VDash Limited	V	GBP	50,000	100	50 000	100	C
TT Visa Services Limited	V	GBP	2	100	2	100	C
Vasco Worldwide Limited	S	GBP	1	100	1	100	C
RNT Ltd [#]	V	GBP	-	-	1	100	C
USA							
VFS Services (USA), Inc., Washington, D.C	V	USD	7,805,000	100	5,000	100	C
TT Visa Services Inc.	V	USD	1,000	100	1,000	100	C
Uzbekistan							
VFS Global Services UBKN LLC, Tashkent* *Erstwhile known as RNT Solutions Ltd	V	UZS	221,726,340	100	221,726 340	100	C
Polaris Visa LLC	V	UZS	8 000,000	99	8,000,000	99	C
Venezuela							
VF Servicios VZLA, C.A., Caracas	V	VEB	20,000	100	20,000	100	C
Vietnam							
VFS Global Vietnam Company Limited	V	VND	1 000,000,000	100	1,000,000,000	100	C
Vanuatu							
TT Services Vanuatu Limited	V	VUV	10,000	100	10,000	100	C
Yemen							
Al Etimad Modern Business Solutions Company	V	TNR	8,000,000	100	8,000,000	100	C

[1] Shares of legal entity have been pledged as at the statement of financial position date as security to the financial liability of Kiwi Sub II S.à r.l. in 2020 and 2019.

[2] The Group controls the following entities as the Group is exposed to or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entities even though the Group is holding less than 50% of the shareholding. Further in most of the above cases, the Group has the right to receive all variable returns and hence no NCI has been considered for the same.

[#] entities liquidated during the year
[b] during the year 2020 KAM Global AG had been merged into VFS Global Investment AG.
[c] entities acquired in 2019 (refer note 1)
[a] new entities
[f] dormant entities
[@] in the process of liquidation
^effective January 01, 2019, this entity has been considered as joint venture

Activity

CO	Corporate (holding companies)
V	Application processing services
S	Retail segment of value added services

Consolidation

C	Fully consolidated
E	Accounted using equity method

30. Non GAAP financial measures

The following tables reconcile EBITDA as reported in the consolidated income statement to Operating EBITDA, Operating EBITA, Operating Cash Flow and Operating Cash Conversion ratio. In addition, Net Debt, Non-Operating Items and Net Working Capital workings are also introduced below. For the definitions of these non GAAP financial measures refer to significant accounting policies note (xxiii).

The following table represents Operating EBITDA:

In CHF million	2020	2019
EBITDA	(55.8)	218.1
Add. Non-Operating Items (refer table below)	16.0	21.9
Operating EBITDA	**(39.8)**	**240.0**

The following table represents Operating EBITA:

In CHF million	2020	2019
EBITDA	(55.8)	218.1
Less:		
Depreciation (refer note 8/9)	(57.8)	(62.5)
Amortisation of other intangible assets (refer note 10)	(6.5)	(5.8)
Impairment of other intangible assets (refer note 10)	(4.8)	-
Add:		
Non-Operating Items (refer table below)	21.9	22.6
Operating EBITA	**(103.0)**	**172.4**

The following table represents Operating Cash Flow and Operating Cash Conversion ratio:

In CHF million	2020	2019
Operating EBITDA	(39.8)	240.0
Less:		
Addition in property, plant and equipment and intangible assets (refer note 8/10)	(15.7)	(44.7)
Lease payments (including interest) (refer note 9)	(31.0)	(42.4)
Change in Net Working Capital (refer table below)	(9.7)	24.7
Operating Cash Flow	**(96.2)**	**177.6**
Operating Cash Flow (a)	(96.2)	177.6
Operating EBITDA less lease payments (including interest) (b)	(70.8)	197.6
Operating Cash Conversion ratio (c=a/b)*	-	89.9%

*Operating Cash Conversion ratio not calculated due to loss in the financial year 2020

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The following table represents Net Debt:

In CHF million	31 Dec 2020	31 Dec 2019
Non-current borrowings	944.7	820.4
Current borrowings	62.6	7.8
Non-current lease liabilities	51.4	71.3
Current lease liabilities	40.4	35.4
Less:		
Cash and cash equivalents	(135.3)	(86.7)
Net Debt	**963.8**	**848.2**

The following table represents the details of Non-Operating Items:

In CHF million	2020	2019
Transaction costs related to business combinations and divestment of legal entities	0.9	2.9
Start-up costs and losses for new ventures or for new business initiatives	2.3	2.4
Non-operating costs/ (income) for non-recurring or unusual items	-	2.8
Costs related to non-operating projects	6.7	14.5
Cost related to Covid-19 (non-recurring)*	12.0	-
Total Non-Operating Items	**21.9**	**22.6**
Impact upto:		
EBITDA	16.0	21.9
Depreciation, amortisation and Impairment	5.9	0.7

* Cost related to Covid-19 (non-recurring) includes the impairment charge of CHF 4.8 million on intangible assets based on revised business plan due to impact of Covid-19 (refer note 10).

The following table represents the change in Net Working Capital:

In CHF million	31 Dec 2020	31 Dec 2019
Trade receivables	16.0	28.4
Other current financial assets	20.5	24.3
Other current assets	19.1	26.9
Total current assets	**55.6**	**79.6**
Trade and other payables	123.6	166.1
Other current liabilities	47.3	37.9
Less: payables to holding company (refer note 26)	(4.9)	(4.3)
Total current liabilities	**166.0**	**199.7**
Net Working Capital (current assets less current liabilities)	(110.4)	(120.1)
Change in Net Working Capital	**(9.7)**	**24.7**