The Collinson Group Limited

Annual report and financial statements

For the year ended 30 April 2020

Registered number: 11141096

Directors and Officers

Directors	Colin Evans Christopher Evans David Evans Mark Hampton Denise Evans (resigned 7 October 2020; appointed Alternate 27 October 2020) Mignon Buckingham (resigned 26 July 2019) Lorraine O'Brien (appointed 19 November 2019) Stephen Pinches (resigned 26 July 2019)
Company Secretary	M Hampton (resigned 16 January 2020) S Hayward (appointed 16 January 2020)
Registered Office	Cutlers Exchange 123 Houndsditch London EC3A 7BU
Auditors	Ernst & Young LLP 25 Churchill Place London E14 5EY

Chairman's message

Financial Year 2020 (FY20) was a record year for Collinson with revenues of over £1bn and operating profit of £33m. Almost all areas of our business grew, with particularly strong performance from our Travel Experiences business on the back of strong global travel growth. As we are all aware the global economy was hit by the COVID-19 pandemic towards the end of the financial year. This has brought challenges to almost all business sectors and especially to those in the travel sector.

Similar to all prudent businesses we have taken firm steps to protect our business, safeguard our assets, preserve our cash, support our clients and ensure the wellbeing of our customers and employees. These actions ensure we remain a strong and sustainable business as we move into a longer-term recovery phase.

COVID-19 has also been the catalyst for changes in both ours and our clients' businesses, and those changes represent opportunities for us driving change and innovation across our business.

Airports have been at the forefront of the travel crisis. Our Travel Assistance business continues its strong and diversified growth in an uncertain world; where travellers increasingly expect assurance and assistance before and during the journey. Our Assistance teams have been at the forefront of supporting the travel restart with the development of innovate testing and health screening solutions, lobbying of the Government and a pilot in place at London Heathrow Airport. Our unique ability to combine assurance services with other journey benefits and an overall relationship context ensures that future travel will be safe, assured and enjoyable.

The drop off in revenue as a result of COVID-19 is forcing airports to challenge and change their business and revenue models; and ensure that travellers are safe and confident as they return to the airport. Our Airport Dimensions business is leading the way. Working with airports to not only better monetise lounge space and other experiences at the airport, but also to ensure that digital relationships with passengers will drive engagement, assurance and seamless spend opportunities.

For most of the financial year the Travel Experiences business saw the strong demand for premium travel related services from growing in the mass affluent demographic, and strong outbound international air travel from the larger emerging economies. This growth has allowed Travel Experiences to continue to invest in the development of new, product traveller and digital propositions.

COVID-19 has seen a huge growth in e-commerce around the globe. That shift will almost certainly be permanent as consumers learn the habit and benefits of mobile and online ordering. Our Valuedynamx business is designed to benefit from that shift and continues to develop innovative propositions to support our clients and consumers with loyalty and e-commerce benefits that shape demand and drive growth.

Whilst FY21 will be a challenging year for most companies and many industries, our balanced approach to prudent short and medium term business management, continued commitment to investment in innovation and our talented and diverse employee base, means we stand well positioned to take advantage of these new opportunities that are now emerging and a return to strong and sustainable business growth.

Strategic report

The Directors present the strategic report for the year ended 30 April 2020.

Review of the Business

The Collinson Group Limited (the 'Company') is the holding company of a global business that employs approximately 2,000 people across more than 15 countries in FY20. The propositions and services which Collinson delivers through multiple channels help their customers create value through engagement and loyalty with their customers around the world. The Company and its subsidiary undertakings (together referred to as 'Collinson' or 'the Group' operate through three main intermediate holding companies; Collinson International Limited (CIL), Collinson Investments Limited (CINV) and Airport Dimensions Holdings Limited (ADHL). CIL houses the lion share of our global business and includes the Travel Experiences, Insurance, Assistance and Loyalty businesses along with our Central operations. CINV is the arm of our Group that focuses on strategic investments and partnerships, primarily in cutting edge technology and analytics associated with the travel sector. Lastly, ADHL contains our Airport Dimensions businesses which primarily build and operate airport lounges globally.

Business environment

The COVID-19 crisis that unfolded during March 2020 culminating in the World Health Organisation's declaration of a global pandemic and the UK Prime Minister's speech announcing a lockdown has resulted in the cessation of Global travel and the direct impact to airport lounge visits. During the final quarter of the financial year ending April 2020, the Group has been exposed to the risks triggered by the COVID-19 pandemic.

The decision of the UK to exit the EU in 2016 was of significant note and risk to our Insurance business, which utilised the passporting regime to cover our EU clients and customers. As a result, the Group has established in 2019 operations in Malta that enable it to write insurance business directly. More widely, whilst the impact of Brexit on the economy and travel patterns remain a risk, the Group considers it has effectively countered the most significant Brexit risks through its actions.

Our Strategic Framework

Our strategic framework is to bring together our core competencies around consumer travel experiences and assurance, advances in payment platforms and innovation in customer relationships to drive growth and enhanced performance for some of the world's best-known brands and deliver a better consumer experience. This framework is supported by a number of key strategic objectives which are described below.

Development of Core and Diversified Business: COVID-19 has demonstrated the risks associated with dependency upon a single vertical. We are confident that over time travel will return and we remain committed to our core businesses; prior to COVID-19, the Group had started a diversification strategy which facilitates the leveraging of our core capabilities around loyalty, data and product management for medium and long term development of services and propositions in new verticals.

Strengthen and Diversify Financial Services Relationships: Collinson's close relationship with the financial service sector will remain. However, with the growth of Fintech, digital banks and new consumer financial propositions, there are new and diversified demands from across the consumer financial services community. Our response to this is to both deepen and widen our travel and non-travel relationships with the card associations, issuing banks, the insurance sector and emerging financial services players.

Drive the Growth of New Airport Business: The Group is well positioned to support airports on the road to recovery and the changing business dynamics brought about by COVID-19. Our Airport Dimensions lounge operated business continues to grow and diversify into new airport experiences such as gaming and spas and we continue to invest in and develop digital airport experiences driving relationships and commerce. Collinson has been at the forefront of supporting the return to travel with the development of 'test on arrival' programmes making travel both safer and easier; these will continue to evolve to longer term health tracking propositions.

Lead the Way with Loyalty Transition: Collinson is a global leader in the loyalty services business, with a blue-chip client list in sectors including banking, travel and retail. We remain at the forefront of the development of relationship management propositions which broaden our offerings across loyalty, customer experience and data driven customer engagement. In our increasingly connected world, we are developing our 'loyalty as a service' capabilities that serve and support our client's needs for a 360-degree relationship with their customers.

Leading on Opportunities with Loyalty Commerce: In 2019 Collinson launched Valuedynamx a business division dedicated to the convergence of loyalty and e-commerce. With COVID-19 driving a likely permanent shift of consumer spend from offline to online commerce, Valuedynamx is well positioned with current and new products and propositions along with data services, to support clients and industry growth in this space.

Assistance in an Uncertain World: The current global challenges have demonstrated the importance of assistance and assurance on every step of the customer journey. Our Assistance division will continue to innovate, develop and diversify its business whilst working to add assistance services into a wider range of consumer and corporate travel propositions. The Assistance business has also been developing and deploying 'test on arrival' programmes to support the restart of the travel industry. Furthermore, our assistance business has been working with key businesses outside of the travel sector with onsite testing for all staff and employees at their work location. These partnerships are enabling employees to get back to work and businesses to continue to operate and grow again.

Placing Data at Our Heart: We have taken steps to make the development and respectful exploitation of data core to all aspects of our business. Our new global data organisation is better positioned to develop more integrated data products and propositions which drive increased value to our clients and their customers and to allow the Group to more directly monetise data with new products and services.

Commitment to Our Communities: The Group is committed to supporting the communities we serve and to make that commitment core to our identity as a business. We have established a strategic partnership with Save The Children and continue to take a more assertive and public position in support of global issues such as climate action and inclusivity. This commitment extends to our employee community, with engagement, support and development programmes and 'new ways of working' reflecting post COVID-19 balanced lifestyles.

Managing Risks

The risk profile of the Group varies across our diverse range of businesses. Our geographic reach also exposes us to a wide range of political and economic environments. The process of risk identification, assessment and management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with Code of Conduct, regulation, legal and ethical standards is a high priority for management and the risk management function. The Board is responsible for satisfying itself that a proper internal control framework exists to monitor financial risks and that controls operate effectively. In managing our risks, we do not intend to eliminate the risk but to provide a structure where we are able to identify and respond effectively and appropriately to current and emerging risks, against our risk appetite. The following list highlights some of the principal risks identified by the Group, although emerging or less material risks are also monitored and mitigated as necessary.

Risk	Mitigation
Cyber security Threat of phishing, hacking, viruses or unauthorised data breaches; and unintentional loss of controlled data by authorised users.	The Group continues to invest in Cyber Security controls, tools and technology to mitigate the risk of attack. With Cyber Security expertise in the business, we are able to provide training and communication campaigns to improve employee awareness. Oversight and audit of security controls provides management and the Board with assurance of the effectiveness of controls. Breach management procedures enable us to respond quickly and efficiently to any potential attack.
Prolonged COVID-19 The COVID-19 global pandemic which culminated in the cessation of all global travel is expected to negatively impact revenues in the Travel Experiences division and there is a risk of reduction in revenues in the other divisions. Furthermore, there is material uncertainty over the future restrictions Governments may put in place around international and domestic travel, which makes the implications of COVID-19 difficult to predict. As a result, there is a risk that the assumptions used by the Group in its financial forecasts do not materialise as envisioned or may be worse than expected putting additional pressures on liquidity.	Immediately following the unfolding of the COVID-19 global pandemic the Group undertook a detailed review of its business to assess the impact and take immediate action. All divisions have used the opportunity to pivot and diversify business activity as required to mitigate the impact of COVID-19, however this strategy alone was not sufficient to fully mitigated the downturn in business activity. As a result, the Group also undertook a detailed review of its business operations and implemented a cost reduction exercise to right size the cost base along with taking full advantage of Government support and assistance where available. In order to continuously monitor financial and liquidity risks posed by COVID-19, all business units prepare monthly forecasts using the intelligence and internal/external data available within their business area to provide the most accurate forecasts of activity, financial performance and liquidity resources and needs. These reforecasts are reviewed by the Directors to inform immediate and longer-term decision making which may result in further cost reduction or capital expenditure actions to preserve cash resources should the need arise.

Risk	Mitigation
Margin Pressures Upward pressure on pricing from suppliers and partners (made more acute due to COVID-19), coupled with exchange rate volatility, could negatively impact profitability.	Dedicated partnership and procurement functions are embedded in the organisation to ensure Collinson achieves maximum value, price and service in the deals for which it signs up to. Foreign exchange volatility is partially mitigated through the Group's geographic and sector diversification. Group Treasury monitors currency movements and where appropriate foreign currency contracts are entered into to hedge our exposure and help reduce the impact of these fluctuations.
Regulation Compliance with legal and regulatory obligations across all divisions and regions including financial services, financial crime and data protection.	The Group has a dedicated Risk and Compliance department to ensure the Group assesses, understands and complies with Regulation by providing support and advice, training and awareness, oversight and assurance, horizon scanning and remediation programmes as required. The introduction of a Group Risk Committee provides the Board with regular information on the risks and incidents across the business.
Operational Resilience Failure or interruption of key systems, locations, operational processes or outsourced providers resulting in an inability to transact or contract business activity for a period.	The Group has Business Continuity and Disaster Recovery plans across all areas of the business which are documented and tested. The recent COVID-19 crisis tested the ability for all staff to work remotely using portable equipment, collaborative communication tools, and resilient security controls. All staff have been able to work remotely from all offices globally. The Group carry out due diligence and regular oversight of key outsourced providers and third parties to monitor effectiveness of resilience measures.
People Inability to attract, retain and develop the right people and skills required to deliver our strategic objectives.	The Group is taking proactive steps to identify and retain key talent and ensure we have the right skills and experience in the right places to manage our businesses. This is supported by employee engagement activities and surveys, and training to strengthen the commitment of our people.

Results and performance

The primary quantitative KPIs that the Group use to monitor its performance include revenue, gross margin, operating profit, underlying operating profit and certain tax and treasury related performance measures. These are set out below.

Revenue, gross margin and operating profit:
Despite the adverse impact of COVID-19 in the 4th quarter of this financial year, the Group generated revenues of £1.04bn representing a 3% increase from that reported in 2019. Had it not been for the onset of COVID-19 and its impact on the travel market our revenue performance was on track to continue the double-digit growth we had experienced in previous years. This performance was fuelled primarily through our Travel Experiences business which continues to be our largest generator of revenues. Our Insurance and Assistance businesses continued to drive robust revenue growth. Loyalty division revenue growth in the year was robust with the full benefit of the new business secured at the end of the last financial year now being seen.

Gross margin for the Group of 18% represents a slight increase on the 17% achieved last year through the focus on cost containment across the Group. During the latter part of 2019 and into 2020 we had increased our investment in people, products and propositions which resulted in an increase in the operational cost base compared to the prior financial year. The decline in operating profit from £38m in 2019 to £33m was due largely to the fact that the gross margins generated were not sufficient to absorb these cost increases as a direct result of COVID-19 and its impact on our 4th quarter performance.

Underlying operating profit
To present trading performance in a consistent manner year-on-year our statutory operating profit has been adjusted to exclude certain non-trading items, including fluctuations in realised and unrealised foreign exchange movements and other one-off costs.

Underlying operating profit	2019-20 £'000	2018-19 £'000
Operating profit (as reported)	**33,053**	38,480
Non-underlying profit items		
Restructuring cost	**2,766**	329
Gain on disposal of subsidiary	**(49)**	-
Foreign exchange (gain)/ loss	**259**	(4,298)
Underlying operating profit	**36,029**	34,511

	%	%
Reported operating margin	**3.2**	3.8
Underlying operating margin	**3.5**	3.4

Adjustments to as reported operating profit

The Group is exposed to foreign exchange risks primarily in respect of the US Dollar and HK Dollar (see foreign exchange risk management below). The pound strengthened during the year which had a minor impact to our operating profit. As a direct result of COVID-19 and its immediate and future impact on the Group's financial performance, the Group restructured a number of its businesses during the last quarter of FY20. Where possible we postponed investment projects and recruitment, but we were unable to avoid global headcount reductions of c8%, which realised in a £2.8m restructuring charge. The headcount reduction was reflective of the lower level of operational activity and the need to right size the operating cost base of the Group. The material risks and uncertainty brought on through the COVID-19 pandemic will continue to be monitored closely and swift action taken where necessary to ensure we are able to mitigate any prolonged downturn impacting our available cash and liquidity.

Finance income and expense

Net interest payable of £2.1m was flat from 2019, as increased interest paid on the higher average borrowings on the RCF to support our growing business during the year was offset by higher interest income on investments benefiting from higher interest rates available. Net finance expense also includes a net fair value loss on forward foreign exchange contracts of £1.7m (2019: £2.0m).

Taxation

The current year's effective tax rate (ETR) is 10.2% (2019: 20.5%) based on profit before tax of £30m (2019: £36.8m). The ETR benefited from certain one-off adjustments to various tax provisions coupled with the recognition of a prior year tax refund in respect of certain businesses in our Asia Pacific region. Excluding these non-recurring tax impacts and tax taken to other comprehensive income associated with our net investment hedges the underlying ETR was 22% (2019: 17.6%).

Cash flows

Cash and cash equivalents increased by £2m (excluding the effect of foreign exchange rate changes) to £133.4m in the year. Net cash generated from operating activities was £50.3m, up £13.0m from 2019 which benefited from significant working capital movements in Q4 due to the lower level of volumes resulting from COVID-19. Net cash used in investing activities of £26.3m represented a significant increase on that reported in 2019 of £14.3m. The majority of this spend related to the expansion of our airport lounge network coupled with additional strategic investments in Grab and Inflyter during the year. Net cash outflow from financing activities was £22.0m, reflecting the full repayment of the Groups RCF balance at the end of the year (£18m) and a dividend of £3.1m in Q2 of this financial year. Cash and cash equivalents include fiduciary funds of £41.4m (2019: £45.4m) held on behalf of clients, primarily within our Insurance and Assistance businesses. These funds are not available for use by the Group.

Financing

The Group uses a multi-currency revolving credit facility to manage liquidity. Borrowings under the RCF are subject to typical financial and non-financial covenants applied to this form of debt that are tested on a quarterly basis. At the end of the year, the Group had nil drawn down. In response to the challenges faced by the Group as a result of the impact of COVID-19 we have taken action to re-negotiate the terms of the RCF arrangement. The outcome of these negotiations is to revise the commitment to £40m of available funds, and a waiver or amendment to prospective compliance to covenants to a level that is commensurate to the Group's revised financial forecasts in returning to pre-COVID-19 volumes.

Foreign Exchange Risk Management

The Group operates its global exposure to fluctuations in exchange rates, most significantly to the US Dollar and HK Dollar. A large portion of these exposures are hedged naturally as revenues and expenses are generated in local currencies. The Group also enters into foreign exchange forward contracts in accordance with our risk management policy to hedge forecasted currency requirements. At the FY20 balance sheet date, the Group has hedged a proportion of forecasted commitments, primarily to mitigate exposure in fluctuations in the US Dollar.

Five Year Performance

	2019-20 £'000	2018-19 £'000	2017-18 £'000	2016-17 £'000	2015-16 £'000
Revenue	**1,039,620**	**1,013,737**	816,439	625,833	419,407
Gross profit	**187,530**	**175,915**	139,079	118,080	97,629
Operating profit	**33,053**	**38,480**	8,450	16,486	8,010
Foreign exchange gain/(loss)(1)	**(259)**	**4,298**	(1,450)	4,449	(1,562)
EBITDA	**39,982**	**45,389**	15,655	21,949	12,544
Cash and cash equivalents	**133,354**	**130,502**	98,829	92,218	72,368

	%	%	%	%	%
Gross Margin	**18**	**17**	17	19	23
Operating Margin	**3.2**	**3.8**	1.0	2.6	1.9

(1) Included in operating margin

Our Divisions

Collinson International Limited

Travel Experiences

The Travel Experiences division once again saw a period of high growth in FY20, continuing the trend achieved in previous years. Strong positive growth was generated across all products and regions; with the Americas reporting particularly strong performance levels. Asia Pacific growth tailed off in the back half of the year however the underlying growth in the region remains strong.

Prior to COVID-19, the demand for premium travel related services continued to grow in line with the growth in the mass affluent demographic, and the substantial growth in outbound international air travel from the larger emerging BRIC and MINT economies. The Group is well placed to benefit from this due to its broad geographical spread. We have conducted research to help understand the consumer appetite for travel and whilst we don't expect travel to rebound to 2019 levels during FY21 we are encouraged by the pick-up in lounge visits once global lock-down restrictions were eased.

Due to the current and future market growth opportunities the competitive landscape is becoming more intense. In response to this we have increased our product offering with the addition of new lounges to our program and the Group are actively seeking to partner with third parties to expand our own lounges in key locations.

Although the COVID-19 pandemic led to a significant decline in lounge visits, we expect to see a reasonable recovery in the medium term. We are working with lounge partners to implement strict COVID-19 safety measures and contactless transactions which will encourage traveller confidence and promote lounges, as well as airports themselves, as safe spaces.

Insurance and Assistance

The UK general insurance industry continues to be highly competitive, particularly in the travel, health and assistance markets where the Group maintains its focus. Technology will continue to be a disruptive influence in the market; however, it also offers opportunities for growth. Access to broader Collinson capabilities will continue to act as an enabler to enhance existing propositions for the benefit of our partners and their end customers. It is essential that we keep abreast of advances in this area, not only in relation to distribution channels, but also in relation to risk management and claims management. We believe our investment in core systems provides the foundation which enables us to meet these threats and opportunities.

As a result of COVID-19 the Insurance division saw few claims arising from the Travel medical coverage, as people were not able to travel, but conversely the holiday cancellation coverage in Travel policies have been triggered at the same time. Throughout this period, as consumer's claim volumes peaked, our Claims Handling teams provided an exemplary service to our customers from dealing with general enquiries to supporting them with information around refund avenues available to paying and settling the valid insurance claims against the Group's policies. While the claims risk has been mitigated, loss of volume and associated premium has had some impact to insurance revenue. Whilst the roll forward impact of low sales of Travel Insurance will be visible in the coming financial year, this is largely mitigated due to the diversification within the overall insurance portfolio with lines of business such as dental, gadget, roadside assistance and home emergency less impacted by COVID-19. The carefully considered extension of our underwriting appetite into other lines of business which align to our risk appetite, has delivered successful growth in the period and supported further diversification within the insurance portfolio. There has been continued, material progress in the simplification of our systems and platforms with a number of legacy systems decommissioned or in archive status to ensure that looking forward, our Travel and Health insurance business is transacted on one platform.

The Assistance division offers a range of services including emergency travel and business continuity support to its own clients' customers when abroad, on the road or at home. Collinson continue to monitor their assistance capabilities and pivot into new and relevant areas of medical assistance. An example of this has been the provision of COVID-19 testing for both corporate and travel clients.

Loyalty and Valuedynamx

Collinson Loyalty continue to deliver better customer experiences and drive profitable relationships by providing businesses with comprehensive loyalty solutions comprising of technology platforms and, consulting and marketing services. In today's market, insight is critical and our combined structure is helping clients to access and utilise our broader data capabilities, delivering strategic analysis and insight to evaluate member engagement, commercial performance and lifetime value based on their transactional and non-transactional activities. This capability informs our product development plans and enables clients to access the expertise and value we are uniquely placed to deliver, whilst demonstrating long term return on investment and commercial performance.

Our Financial Services proposition has had a strong year with several new Tier 1 and Tier 2 Banks in Asia Pacific and the Middle East as we extend our resource capability to manage more business around the world.

Collinson Valuedynamx was formed in early 2019, specialising in the provision of loyalty commerce solutions to clients in the Loyalty and Financial Services sectors. Its propositions help consumers to earn points, miles or cash-back and redeem loyalty currency more frequently, through its network of merchants and product providers. Valuedynamx combine technology platforms, data analytics and marketing to generate value for network participants which include merchants, programmes (banks or loyalty programmes) and consumers.

Across the Loyalty division, our data analytics remains a strong growth area, and over the coming years we will continue strategic investment in both tools and expertise. Beyond data, our Agency business has designed several innovative loyalty programmes based around customer experiences, harnessing our own technologies alongside a deep understanding of customer behaviours.

Airport Dimensions Holdings Limited

Airport Lounge Development, Collinson Group's airport lounge business, rebranded to Airport Dimensions in September 2019 to meet the rapidly changing needs of travellers, airlines and airports. This change allows us to deliver even greater value by exploring new dimensions in travel experiences designed around the traveller. In FY20 Airport Dimensions saw another record year, extending our network to more than 20 lounges and a confirmed pipeline of new lounges in the United States, Middle East and Asia. Moving forward Airport Dimensions will expand and integrate the physical and digital dimensions of its proposition.
New physical experiences are being developed to expand into new dwell time experiences such as spas, sleep pods and gaming zones. Furthermore the digital experience across the airport enhanced with the launch of Connecta, an integrated e-commerce and relationship platform which facilitates wider airport relationships and integration into our lounge propositions, including our other airport investments (Grab, Inflyter, On Ground) ensure that we are best placed to support the needs of our customers.

The safety and security of our guests and staff have always been our highest priority. In response to COVID-19 when our lounges began to reopen, we carried out strict measures to ensure a clean and safe environment in compliance with the Centers for Disease Control, The World Health Organization and with guidance from Dr. Simon Worrell, our Chief Medical Officer and an expert in immunology and communicable diseases. Enhanced cleaning protocols, touchless registration, digital reading material, seating that ensures social distancing, installation of air purification HEPA filtration systems and the addition of food services staff to assist guests with food and beverage selections are examples of the actions taken to instil confidence with travellers visiting our club lounges. Our Club guests have responded favourably to our actions resulting in an impressive Net Promotor Score of 90.

Collinson Investments Limited

Collinson provides small equity investment to some technology start-ups operating in complementary activities which support the Collinson strategy and provide additional products and skills to customers. Grab and Inflyer are two such companies operating digital products and services to airport customers. Collinson Investments has also made small investments in Norsk during FY20 and Cover Genius in the following financial year, two of the Insurance division distributors.

Grab is a platform that responds to fundamental changes in travel purchase behaviour by allowing travellers to pre-order food at airports via a mobile app and other digital channels such as self-order kiosks. In 2019 Grab continued to enjoy strong network growth with 50 airports and 500 restaurant outlets worldwide. This year Grab introduced new concepts to airports including Order at Table for in outlet dining and new touchless options in response to COVID-19 related health concerns.

Inflyter is a mobile platform for travellers connecting them with a growing network of airport retail and duty-free operators. Inflyter facilitates seamless e-commerce with locker collection, which offers convenience for travellers and revenue growth for concession operators. The Inflyter app supports a seamless travel experience for passengers, from flight-related information to transportation and airport services, duty-free retail offers and inMiles (Inflyter's new loyalty programme). In 2020 Inflyter launched its first European airport at Geneva and has built a strong pipeline of new airports across Europe, the Americas and the Middle East. Inflyter is strengthening its proposition for brand owners with digital advertising propositions and new vending kiosks for remote locations.

Both Grab and Inflyter are important strategic investments in the development of Connecta and the end to end customer journey, ensuing that travellers can seamlessly access more relevant experiences as they travel, and that clients and partners can better monetise the customer journey.

Directors statement of compliance with duty to promote the success of the Company (s.172 statement)

The Directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way they would consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of its decisions in the long-term;
- the interests of the Group's employees;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and the environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Group.

Corporate Governance

The Group maintains a corporate governance framework of Board and Committees to operate strategic and management decision making. Terms of reference and levels of authority and escalation are clearly defined and a calendar of regular Board and Committee meetings are held. Information is provided to the Board in advance of the meeting and decisions and Minutes are recorded.

The Board are committed to a robust culture of governance, conduct and ethics reflecting the values of the Collinson Group. Decisions are made considering the impact on the long-term business strategy and considering the impact to multiple Stakeholders.

Collinson culture

Collinson has a vast global footprint, operating in every continent and proudly employing a diverse workforce across a wide range of disciplines. Our people and clients sit at the heart of our strategy, and our teams work globally with a unified focus to share our deep expertise in helping our clients to acquire, engage, retain and monetise customers. We continue to respond to the changing needs and expectations our people have of the modern workplace and remain committed to providing a great experience for them, where their talents are recognised and nurtured while supporting their overall well-being.

Collinson was built with an entrepreneurial and creative spirit, which is still a cornerstone of our business culture. We have strong company values, which play a key role in guiding how we do business and with the introduction of new communication platforms it is now easier for our people to connect and collaborate with one another, wherever they might work.

Our Stakeholders

(i) Employees

Collinson operates a framework for employee engagement, development, information and consultation. Our investment in new communication platforms has increased the flow of communication across the business and enabled continued operations as the Group took the decision for all staff to work remotely during the COVID-19 pandemic.

Employee engagement and wellbeing is paramount to the success of the business. Collinson undertake a continuous employment engagement programme including performance, training and skills development. All employees are required to undergo fit and proper assessments and complete annual mandatory training programmes. We positively promote diversity in all areas of the business and support the health and wellbeing of all our staff. We undertake regular 'pulse' surveys to provide meaningful feedback from employees across the business and can respond accordingly.

We are committed to equal opportunities in employment and creating a workplace where everyone is treated with fairness, dignity and respect. It is our policy to ensure that all employees are treated no less favourably on the grounds of disability and are not subject to unlawful discrimination. This policy applies to all aspects of employment including recruitment and selection processes, opportunities for training, development and promotion, and terms and conditions of employment. Through its policies, the company ensures that entry into, and progression within, the company is based solely on personal ability and competence to meet set job criteria. The company ensures that all our employment policies, practices and procedures are accessible for disabled people, providing reasonable adjustment where appropriate.

As a direct result of the COVID-19 pandemic and the need to cut costs across all areas of the Group we undertook a collective consultation for the redundancy of some roles in the UK and across our regions. We also placed some roles on the Government furlough scheme and equivalent employment support programmes across the regions we operate in. During this time, we engaged with all employees, undertook regular consultations and received feedback and proposals from impacted staff. This enabled us to continue communications and keep redundancies to a minimum.

(ii) Suppliers and Outsourced arrangements

We outsource activity across many of our divisions and undertake due diligence, oversight and regular engagement with all outsourced providers. Travel Experiences operates through a network of lounge partners managed by a dedicated team; Insurance outsource distribution, claims handling and the actuarial function to external partners and suppliers; Assistance work with a network of medical assistance providers across the globe and Loyalty operate technology systems dependent on strategic technology alliances. Developing key strategic partnerships with our outsource partners has given us the ability to continue to grow and expand our portfolio of activity.

(iii) Clients

Each division engages closely with key clients ensuring a synergy of strategic objectives, culture and values. The Group has worked closely with its key clients with a particular focus on what impacts COVID-19 may have had on their business activities. This has helped the Group to inform the recovery profile and associated business planning, as well as influence on future proposition and customer needs.

(iv) Customers

The Group's propositions and digital services for customers was established well in advance of COVID-19. This capability, together with the investment in broader technology to support contactless transactions working which was undertaken in the prior financial year has supported the development of the business for improved customer experience and safety. Our access to customer data and intelligence provides us with an understanding of customer needs and demands, to feed our product development and improve customer experience. In Insurance, we have regular communication with customers via sales, service and claims journeys to influence product design and operational strategies such as online claims.

(v) Regulators

Subsidiary companies within the Group are regulated by the Financial Conduct Authority, the Prudential Regulation Authority (PRA), and Maltese Financial Services Authority (MFSA). We have open and transparent relationships with the regulators and notify any relevant events through the appropriate channels. We have meetings with the PRA and MFSA as required to discuss changes or developments to strategy and business plans.

(vi) Shareholder

The Company is 100% owned by Parminder Limited. The Company report to the Shareholder on performance, business strategy and return on investment as required.

(vii) Environment

The Travel and Financial Services industries are our main target sectors, both of which are increasingly stepping up their efforts to minimise their environmental impact. As a strategic partner to our clients, Collinson remains committed to playing an important role in supporting these aims and ensuring that we drive improvements in environmental and ethical practices throughout our own supply chain and activity. Each of our global offices is focusing on continuous opportunities to improve our sustainability efforts, ranging from the reduction of plastic waste to how we can maximise the use of technology to reduce the need for travelling between offices.

(viii) Community

We believe that we do not have to choose between making meaningful change and running a successful business. We want to be more than just a profitable company or market leader and we measure our success by the impact we have on those around us. We make sure our actions and decisions are guided by our values, and always push ourselves and our wider networks to treat people fairly and operate in a socially, environmentally and economically sustainable way. We know the passion and dedication of our team can make a real difference to causes we care about.

Giving back to our local communities through charitable giving and volunteering has always played an important role at Collinson. That is why every time one of our people raises money for a good cause, Collinson matches it by up to £250. We know that giving time can be just as valuable as money, so we also provide one day of paid leave for those who wish to contribute their time and talents to recognised charities, causes or not-for-profit organisations.

Principal Decisions

Introduction

The Group defines a principal decision as any decision of the Board that is material to the Group and or is significant to any of its stakeholders. Thus, a key decision may include, but is not limited to:

- New business strategy or significant changes to existing strategy.
- Capital allocation decisions, including payments of dividends.
- Material corporate activity including acquisitions and disposals.
- Large-scale restructuring.
- Appointments to the Board.
- Decisions relating to major regulatory and or legal matters.

Below is the Group's statement regarding how stakeholder considerations are considered in relation to specific Board decisions during FY20. Directors are required to have regard to the impact of their decisions on the broader stakeholder community when performing their duty to promote the success of the company under section 172 of the Companies Act 2006. Papers supporting key decisions are received ahead of time prompting challenge and debate on the merits of proposed actions by management in the best interests of the Group. Specific examples are set out below.

Systems of Governance

Collinson have improved and enhanced their Systems of Governance to provide better decision making, management information and diversity of thought. The Board were pleased to invite Lorraine O'Brien to the Board in November 2019. Lorraine has over 25 years as a Senior Commercial Director in diverse industries and organisations. Lorraine brings innovative thinking, business development opportunities and branding and sponsorships skills and experience to the Board as well as an extensive network of connections creating new relations and investment opportunities. Lorraine has had the opportunity to engage with all senior management and many of the employees across Collinson, engaging and understanding the values of the business. Lorraine has also been instrumental in building relationships with existing and new clients, improving access to a wider range of products and services to a wider audience.

The Board also appointed a new Company Secretary to all UK companies in January this year bringing improvements to corporate governance arrangements, structure, information and evidence of decision making. Board effectiveness, diversity and committee structures are all under review.

COVID-19 Business Planning

The COVID-19 global pandemic crisis that unfolded during Q4 of FY20 and the international lockdown in all countries, resulted in the cessation of Global travel and the direct impact to airport lounge visits, travel insurance and the indirect impact to ways of working, lifestyle changes and health. The Board were able to respond quickly and immediately invoking remote working continuity programmes to provide employees with the tools and infrastructure to work safely and independently. This meant we were able to continue to operate all functions from management to contract centres, across all Divisions and Regions.

The Board were able to immediately implement an assessment of non-essential projects, activities and spend and initiated a cost cutting exercise to limit the financial impact of the crisis. Business plans were delegated to all Divisions and Regions to operationalise, manage and forecast.

With access to unique data, the Group have been able to continually monitor travel and customer behaviours, governance guidance and restrictions and produce forecasting models to provide the Board and stakeholders with management information. During this time the Board, particularly the CEO's have continued to engage and communicate with all employees across the Globe, using collaborative communication tools they have given regular live streams to all locations. Monthly reports are also provided to staff including financial results via communications cascaded by People Managers.

The redundancy processes undertaken included detailed and intensive consultations with all impacted staff, regular consultation meetings and the appointment of representatives across all groups. Work has been undertaken to attempt to reassign roles internally and also introduce staff to alternative employment across our network. Providing employees with a safe environment in which to operate has been key in the processes and technologies introduced. Not only as business continuing management during the crisis but by building sustainable ways on working for the future. Providing staff with the flexibility to manage their work/life balance, agile and flexible working hours and a drive towards measuring productivity rather than typical working hours.

Board and management have continued to engage with clients and customers to use the technologies and resources available to pivot business plans from areas directly impacted by COVID-19. Being part of the solution and not the problem was key in decisions to invest in COVID-19 testing, contactless technologies and remote digital solutions. We look forward to developing the solutions into the new world of working.

Corporate Simplification

The Group consists of a large number of subsidiary companies which have been acquired and incorporated over a number of years. The Board agreed to undertake a Corporate Simplification programme to optimise the corporate structure and remove unnecessary complexity and administration.

The Group have engaged with external stakeholders, auditors and advisors during this simplification programme to ensure all stakeholder interests are considered throughout the process, including creditors, banks and third parties. Detailed step plans are progressed through each liquidation to ensure the timely and considered exit strategy. Consideration is given to employees, clients, creditors, bankers, insurers, regulators and any other relevant stakeholders. The Directors of each legal entity are engaged throughout the process and decisions made with approval of each Board.

Allocation of Capital

The allocation of capital is agreed by The Collison Group Board and communicated to the relevant subsidiary company and division. An allocation is provided to Collinson Investments Limited for small investments in complementary and technology start-up businesses. The allocation of capital to Collinson International Limited allows the business to continue to develop Travel Experiences propositions in line with business strategy and customer demand. Airport Dimensions Holdings Limited has a clear growth and development plan to acquire further lounges and investment in digital enhancements, this is supported by strategic joint venture partners and the future potential for outside investment.

The Board considers the long-term strategy and sustainability of each area of the business in the allocation of capital. The immediate financial impact of COVID-19 has required a suspension on non-essential activity; however the Board consider the investments fundamental for the longer-term strength and sustainability of the business strategy.

Community Engagement

The Board identified four areas of focus in our Corporate Responsibility strategy and support our people as they dedicate their time and effort to:

• Improving the lives of underprivileged and at-risk young people
• Changing the conversation on mental health through raising funds and awareness
• Strengthening communities to make the change they want to see in the world
• Making decisions which support long term environmental sustainability

We are proud to support and work alongside a number of partners. We continue to support The Royal Foundation with a particular attention on Coach Core, an initiative supporting young people between the ages of 16 and 24, who have had a challenging start in life, to become the next generation of inspirational coaches. We are a founding partner of the charity and have supported their programmes since 2016. They visit our London offices most weeks and we love seeing how each group grows in confidence and ability during the programme. Since 2016, our 47 apprentices in London have assisted or led over 13,000 community coaching sessions, and 90% of the graduates in the first and second years went into full-time education or employment within six months of finishing the scheme.

We are also supporting Heads Together, a series of programmes launched by the Royal Foundation which aims to support more open conversations on mental health, whether that's in the workplace, schools or the military community. During the year we partnered with the award-winning charity Future Frontiers. Their programme helps children from low-income backgrounds to reach their potential by giving them career guidance and support from professionals in the workplace. Our people have taken part in two programmes now that have assisted over 30 young people in London.

In January 2020, we entered into a three-year global partnership with Save The Children. In its first year, the partnership will focus on supporting young migrants in China. Through investment in skills, training and career counselling, the partnership will help to improve the life chances and prospects of young migrants in Shenzhen and Guangzhou in the Guangdong provenance. With one in six children now living in conflict, and the number of natural disasters higher than ever before, we are also very proud to be supporting Save The Children's Emergency Fund which provides the flexibility, adaptability and urgency needed to help children caught up in emergencies.

Future outlook

The impact of COVID-19 to date and the ongoing uncertainty as to how the pandemic will evolve will undoubtedly have an impact on profits for FY21. However, we remain confident that the actions we have taken to date will underpin our recovery strategy from these unprecedented times and support the Group in returning to a position of sustained revenue growth in the years ahead. The continued investment in the development of our people, assets and technology across the Group has been vital in driving the success of our business to date and will continue to be fundamental in the growth of the business going forward.

This report was approved by the Board and signed on its behalf by

C R Evans
Chairman
16 December 2020

Cutlers Exchange
123 Houndsditch
London
EC3A 7BU

Directors' report

The Directors present their report and audited financial statements for the year ended 30 April 2020.

Future developments

Likely future developments in the business of the Company are discussed in the strategic report.

Engagement with Stakeholders

Engagement with Employees, Customers, Suppliers and other stakeholders is discussed in the strategic report.

Going Concern

The Directors are required to assess the Group's ability to continue in operational existence for a minimum of 12 months from the date of signing its accounts to enable the financial statements to be prepared on a going concern basis. In making the assessment, the Directors have considered the Group's current and expected future financial performance, cash flow and liquidity requirements based on operational business plans and forecasts for the going concern assessment period and extending through to April 2022. The forecasts take into account developing business opportunities and the projected impact of COVID-19. The Group has also considered its operational resilience, risk management and mitigation that management have already taken along with further mitigating opportunities available to management to ensure the Group continues as a going concern.

Immediately following the unfolding of the COVID-19 pandemic, management implemented a cost reduction exercise to right size the cost base of the Group. This included the postponement of investment projects and recruitment along with a c8% reduction in global headcount, resulting in annualised savings of c.£42m. Management also implemented a more rigorous monthly forecasting process, using the most current internal and external data available to provide the most accurate forecasts of activity, financial performance and cash flow resources to support immediate and longer-term decision making. Lastly, to ensure the availability of external funds, management renegotiated the terms and conditions of its existing borrowing facilities as further explained below.

The current economic conditions and specifically the level of uncertainty as to how the COVID-19 pandemic will evolve presents increased risks for the Group, particularly in the Travel Experiences division. Whilst some travel restrictions have eased during FY21 and progress has been made on a number of promising vaccines, there remains uncertainty as to when global borders will fully re-open, how quickly the travel industry will recover and the potential upward pressure on pricing from suppliers and partners. There is also uncertainty as to whether further local or global lockdowns will follow and to what degree this will impact the forecasted results of the business. Despite these ongoing uncertainties, we have seen improvement in volumes and activity across all our business units since the start of FY21, which are aligned to the monthly management forecasts.

In order to assess the Group's ability to remain a going concern, management have modelled both a base case scenario and a severe, but plausible downside scenario. The base case reflects our current outlook of the recovery profile and factors in the forecasted cost reductions from restructuring and cost containment exercises that were put into place at the end of FY20. The base case model assumes a stable gross margin and payment terms supported by long term agreements with suppliers and key customers and foresees no further restructuring programmes. The recovery profile in our base case assumes a gradual recovery of the Travel Experiences business throughout FY21 and into FY22, although with volumes significantly below those generated in FY20 which aligns to external analysts' recovery projections. In the Loyalty and Insurance businesses, which experienced a lesser impact from COVID-19, a quicker recovery is anticipated through to FY22. Although no additional Government support schemes are assumed within this scenario, the Group will fully utilise any further Government support schemes made available where appropriate.

At 30 April 2020, the Group has a strong net asset position of £94.0m, including £91.9m of unrestricted cash. In the base case scenario, the model shows that the existing cash reserves will be sufficient to sustain the business for much of FY21, however it will be necessary to partially draw down on the available banking facilities to ensure the Group can continue to maintain sufficient working capital and meet its commitments for a minimum period of 12 months from the signing of these accounts. Our forecasts reflect a significant level of borrowing headroom against our available facilities through to April 2022. To mitigate the risk of breaching one or more of the covenants associated with the banking facilities through to April 2022 management have agreed waivers and amendments to the covenants and related terms that are commensurate with the Group's recent forecasts. These covenants are leverage (assessed quarterly from January 2022), interest cover (assessed quarterly from January 2022), minimum EBITDA (fixed thresholds assessed quarterly from January 2021) and minimum liquidity of £10m to be maintained at all times. Management have also agreed with its Lenders an extension to the maturity of the existing funding agreement from 2 October 2021 to 2 April 2022 and a revised commitment level of £40m of which £5m has been carved to be used as bank guarantees where needed. In addition, given that the future effects of the global COVID-19 pandemic on the travel industry are highly uncertain, the Group has identified multiple recourses which could be used to mitigate any adverse impact of unknown risks on its liquidity and total borrowings.

A downside scenario has also been considered, that models the expected impact resulting from a second global lockdown and further increased restrictions to global travel driving slower recovery volumes from those experienced in Q1 and Q2 of FY21. This downside scenario further assumes no growth of our Loyalty and Insurance businesses beyond the current level of activity. Should the decline in revenues in the downside scenario occur for a sustained period of time and no mitigating actions taken, the Group's existing cash reserves and banking facilities available to it would not provide sufficient financial resources for the business to continue for the foreseeable future. Furthermore, such a scenario unaddressed would result in a breach of the minimum EBITDA covenant in the first or second quarter of FY22 and thereafter a breach of the leverage and interest coverage due to the lower than forecast EBITDA.

In the downside scenario, the Group would be required to mitigate the impact to liquidity and revised covenant compliance through a further programme of internal operational cost reduction, postponement or avoidance, and a reduction in its non-contractual capital expenditure plans. An action plan has been established to respond to such a scenario and the Directors are confident that the mitigating factors are largely in their full disposition and can be implemented in a timely manner if needed, and in advance of any potential covenant breach. Although we consider the downside scenario to be unlikely, we believe the cost reduction measures we have modelled would enable the Group to remedy potential breaches and provide us with sufficient liquidity headroom to continue to operate for the foreseeable future.

In the event that all such eventualities occur or if the impact of the pandemic is significantly more prolonged or severe than previously envisioned, and if the Group were unable to achieve the mitigating cost savings it has identified, then although the Group would still forecast to have sufficient borrowing capacity, there would be a risk of breaching the minimum EBITDA covenant and the associated leverage and interest cover covenants. This would require the Group to renegotiate the financial covenants with its bankers. As agreement by the lenders to revised covenants is outside of the Group's control it therefore represents a material uncertainty at 16 December 2020 that would cast a significant doubt over the Group's ability to continue as going concern.

Notwithstanding the material uncertainty described above, after making enquiries and assessing the progress against forecast, projections and status of the mitigating actions referred to above, the Directors have a reasonable expectation that the Company will continue in operation and meet its commitments as they fall due over the going concern period. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

The financial statements do not include any adjustments that would result if the Group were unable to continue as a going concern.

Results and dividends
The audited financial statements are presented from page 29. The Company has paid a dividend of £3,100k for the year (2019: £410k). The Company has not recommended any further dividends.

Directors
The names of the current Directors are listed on page 2.

Insurance of Directors and Officers
The Directors and Officers of the Company are covered under a Directors and Officers liability policy covering the entire Collinson Group. These insurance policies were in force at 30 April 2020 and on the day the Directors' report was approved.

Financial instruments
The Group's principal financial instruments comprise cash and cash equivalents, trade receivables, trade payables and bank loans. The main purpose of these instruments is to raise funds to finance the Group's operations. In respect of cash, liquidity risk is managed by actively monitoring balances and ensuring that funds are in place to meet liabilities as and when they fall due. Trade receivables are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. Trade payables liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

A large portion of the Group's foreign currency transactions are denominated in US dollar. Foreign exchange risk is managed through the Group's policy of hedging a proportion of forecasted currency requirements through forward foreign currency contracts.

Research and development
The Group is engaged in a programme of research and development in support of the products and services that it provides to its customers, as well as the IT systems used in the running of its businesses. Note 8 to the Financial Statements details the amount spent on research and development.

UK Streamlined Energy and Carbon Reporting (SECR)

The SECR disclosure presents our carbon footprint inside the UK across Scope 1, 2 and 3, appropriate intensity metric, the total energy use of electricity and gas and an energy actions summary of actions taken during this financial year.

	Kg CO2
Emissions from combustion of gas (Scope 1 – tonnes of CO2e	-
Emissions from combustion of fuel for transport purposes (Scope 1 – tonnes of CO2e)	11,146
Emissions from electricity purchased for own use (Scope 2 – tonnes of CO2e)	378,818
Emissions from business travel in rental cars or employee owned vehicles where company is responsible for purchasing the fuel (Scope 3 – tonnes of CO2e)	-
Total gross CO2e based on above	**389,964**
Intensity ration (kgCO2e/per full time UK employee)	**393.50**

Actions summary

The Group is committed to reducing carbon emissions through operational and technological improvements, including automatic lighting control measures throughout our offices for improved energy management; rollout of LED lighting delivering a reduction in associated energy costs; and introduction of VC communication to reduce business miles.

Methodology

The Group has used the 2019 UK Government Conversion Factors for Company Reporting and the Energy Institute Energy Savings Opportunity Scheme (ESOS) toolkit. The GWPs used within the ESOS toolkit are consistent with those used in the 2019 UK Conversion Factors.

Reporting period	**1 May 2019 to 30 April 2020**
Organisational boundary	Financial control approach
Alignment with financial reporting	SECR disclosure has been prepared in line with the annual accounts made up to 30 April 2020
Emissions factor source	DEFRA, 2019 for all emissions factors https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2019
Calculation methods	Activity Data x Emission Factor = GHG emissions
Reason for the intensity measurement choices	The chosen metric is based on the number of full time UK employees

Post balance sheet events

Prior to the financial year end, on 11 March 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. A large portion of the Group's revenue is derived from the travel sector, which has been severely impacted by travel restrictions imposed by Governments around the world as a result of the pandemic. The full extent of the financial impact on the Group is difficult to ascertain as the situation continues to evolve and will be dependent to a large extent on the travel recovery which is beyond management's control.

The going concern assessment has been updated to reflect management's assessment of the impact of COVID-19 at the date of approving the financial statements. Subsequent to the financial year end, and in response to the COVID-19 pandemic the Group agreed waivers and amendments to the covenants associated with its existing banking facilities in place with its Lenders that are commensurate to revised financial forecasts. These covenants are leverage (assessed quarterly from January 2022), interest cover (assessed quarterly from January 2022), minimum EBITDA (fixed thresholds assessed quarterly from January 2021) and minimum liquidity of £10m to be maintained at all times. Management have also agreed with its Lenders an extension to the maturity of the existing funding agreement from 2 October 2021 to 2 April 2022 and a revised commitment level of £40m of which £5m has been carved to be used as bank guarantees where needed. The RCF is secured by a registered debenture which provides for floating charges over the assets and shares of certain Group companies.

Disclosure of information to auditors

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

1. as far as each of them is aware, there is no information relevant to the audit of the Company's and Group's financial statements for the year ended 30 April 2020 of which the auditors are unaware; and
2. the director has taken all steps that he/she ought to have taken in his/her duty as director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the annual meeting of the board of directors for the reappointment of Ernst & Young UK LLP as the auditor for the ensuing year.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and FRS103 'Insurance Contracts').

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 and 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 judgments 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 and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

On behalf of the board

C R Evans
Chairman
16 December 2020

Cutlers Exchange
123 Houndsditch
London
EC3A 7BU

Independent auditor's report to the members of The Collinson Group Limited

Opinion

We have audited the financial statements of The Collinson Group Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 30 April 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 36 to the consolidated financial statements, and notes 1 to 11 to the parent company financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and FRS 103 "Insurance contracts" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 30 April 2020 and of the group's profit 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 below. We are independent of the group and parent 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 uncertainties related to going concern

We draw attention to Note 3 in the financial statements which indicates that the ability of the Group and Company to continue as a going concern is subject to material uncertainties. There are material uncertainties in respect of:

- the extent and duration of travel restrictions globally; and
- potential reductions in revenues and profitability that may arise from these travel restrictions, including access to airport lounges, which could result in a breach of the Group's financial covenants.

As stated in Note 3 these events or conditions indicate that material uncertainties exist that may cast significant doubt over the Group and Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

The financial statements do not contain the adjustments that would result if the Group and Company were unable to continue as a going concern.

Independent auditor's report to the members of The Collinson Group Limited

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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 25, 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.

Independent auditor's report to the members of The Collinson Group Limited

Responsibilities of directors continued

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the 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.

Ernst & Young LLP

Michael Purrington (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
16 December 2020

Consolidated Statement of Comprehensive Income

For the year ended 30 April 2020

	Note	2020 £'000	2019 £'000
Revenue	5	**1,039,620**	1,013,737
Cost of sales		**(852,090)**	(837,822)
Gross profit		**187,530**	175,915
Administrative expenses		**(154,477)**	(137,435)
Operating profit		**33,053**	38,480
Share of (losses) / profits of joint ventures	16	**(115)**	516
Share of losses of associates	16	**(850)**	-
Profit on ordinary activities before interest		**32,088**	38,996
Interest receivable and similar income	6	**533**	512
Interest payable and similar charges	7	**(2,613)**	(2,744)
Profit on ordinary activities before taxation	8	**30,008**	36,764
Taxation	12	**(3,062)**	(7,443)
Profit for the year		**26,946**	29,321
Attributable to:			
Owners of the parent		**26,832**	29,038
Non-controlling interests		**114**	283
		26,946	29,321
Other comprehensive income:			
Net loss on hedge of net investment in overseas subsidiary companies		**(4,076)**	(5,132)
Other foreign exchange translation differences		**3,904**	3,872
Taxation charge on income and expenses recognised directly in other comprehensive income	12	**774**	975
Other comprehensive loss for the year, net of taxation		**602**	(285)
Total comprehensive income for the year		**27,548**	29,036
Attributable to:			
Owners of the parent		**27,410**	28,753
Non-controlling interests		**138**	283
		27,548	29,036

The notes on pages 33 to 80 are an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 30 April 2020

	Note	2020 £'000	2019 £'000
Non-current assets			
Intangible assets	14	**11,589**	13,373
Property, plant and equipment	15	**21,489**	12,402
Investments	16	**7,281**	1,982
		40,359	27,757
Current assets			
Deposits with credit institutions	17	**23,668**	18,005
Trade and other receivables	18	**186,551**	263,138
Cash and cash equivalents	19	**133,354**	130,502
		343,573	411,645
Current liabilities			
Trade and other payables	20	**(285,437)**	(350,553)
Loans and borrowings	21	-	(18,000)
		(285,437)	(368,553)
Net current assets		**58,136**	43,092
Total assets less current liabilities		**98,495**	70,849
Non-current liabilities			
Other long-term liabilities	20	**(202)**	(297)
Provision for liabilities	22	**(4,334)**	(963)
Net assets		**93,959**	69,589
Capital and reserves			
Share capital	24	**200**	200
Retained earnings		**92,996**	68,686
Equity attributable to the owners of the parent		**93,196**	68,886
Equity attributable to non-controlling interests		**763**	703
Total equity		**93,959**	69,589

These financial statements were approved by the board of directors and authorised for issue on 16 December 2020.

Director
C R Evans

The notes on pages 33 to 80 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 April 2020

	Share capital £'000	Retained earnings £'000	Total attributable to the owners of the parent £'000	Non-controlling interest £'000	Total £'000
At 1 May 2019	200	68,686	68,886	703	69,589
Profit for the year	-	26,832	26,832	114	26,946
Other comprehensive loss for the year	-	578	578	24	602
Total comprehensive income for the year	-	27,410	27,410	138	27,548
Dividends paid	-	(3,100)	(3,100)	-	(3,100)
Other distributions paid	-	-	-	(78)	(78)
At 30 April 2020	**200**	**92,996**	**93,196**	**763**	**93,959**

	Share capital £'000	Retained earnings £'000	Total attributable to the owners of the parent £'000	Non-controlling interest £'000	Total £'000
At 1 May 2018	100	40,343	40,443	420	40,863
Profit for the year	-	29,038	29,038	283	29,321
Other comprehensive loss for the year	-	(285)	(285)	-	(285)
Total comprehensive income for the year	-	28,753	28,753	283	29,036
Increase in share capital	100	-	100	-	100
Dividends paid	-	(410)	(410)	-	(410)
At 30 April 2019	**200**	**68,686**	**68,886**	**703**	**69,589**

The notes on pages 33 to 80 are an integral part of these financial statements.

Consolidated Statement of Cash Flows
For the year ended 30 April 2020

	Note	2020 £'000	2019 £'000
Net cash from operating activities	25	**60,192**	44,153
Taxation paid		**(9,874)**	(6,888)
Net cash generated from operating activities		**50,318**	37,265
Cash flows from investing activities			
Interest received		**355**	346
Payments for forward contracts		**(1,128)**	-
Purchase of intangible assets	14	**(1,540)**	(3,825)
Purchase of property, plant and equipment	15	**(13,290)**	(7,619)
Proceeds from disposal of property, plant and equipment		-	7
Disposal of subsidiary (net of cash disposed)		**(6)**	-
Increase in investments in joint ventures	16	**(1,272)**	(188)
Increase in investment in associates	16	**(3,461)**	(27)
Increase in other investments	16	**(296)**	-
Cash deposited with credit institutions		**(5,663)**	(3,005)
Net cash used in investing activities		**(26,301)**	(14,311)
Cash flows from financing activities			
Interest paid		**(739)**	(599)
Drawdowns from revolving credit facility and other loans		**17,000**	17,500
Repayment of revolving credit facility and other loans		**(35,000)**	(9,500)
Repayments of obligations under finance leases		**(70)**	(73)
Dividends paid	13	**(3,100)**	(410)
Distributions paid to non-controlling interests		**(78)**	-
Net cash generated from financing activities		**(21,987)**	6,918
Net increase in cash and cash equivalents		**2,030**	29,872
Cash and cash equivalents at the beginning of the year		**130,502**	98,829
Effect of foreign exchange rate changes		**822**	1,801
Cash and cash equivalents at end of the year	19	**133,354**	130,502

The notes on pages 33 to 80 are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

1 General information

The Collinson Group Limited ('the Company') is a private company limited by shares and incorporated in the United Kingdom. The address of its registered office and principal place of business is Cutlers Exchange, 123 Houndsditch, London, EC3A 7BU. The Collinson Group Limited is a parent undertaking and therefore these consolidated financial statements present the financial information of the Company and its subsidiary undertakings (together referred to as 'the Group'). The Company's separate financial statements are set out from page 81.

Group reconstruction

On 2 May 2018 the Company was part of a Group restructure which resulted in the asset transfer of the former UK parent company, Collinson International Limited to the Company. The ultimate equity holders (Parminder Limited) remained the same, there was no change to the controlling interests and no change in substance of the group. The merger was not prohibited by Company Law and the transaction was accounted for using the merger method of accounting, in accordance with the requirements of FRS 102 section 19.

2 Statement of compliance

The consolidated financial statements have been prepared in compliance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102'), including the amendments as a result of the Triennial Review 2017 and applicable legislation as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

3 Accounting policies

The principal accounting policies applied in the presentation of the consolidated and separate financial statements are set out below. These policies have been consistently applied to all years presented.

3.1 Basis of preparation

The consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. The consolidated financial statements have been presented in sterling as this is the group's principal functional currency and rounded to the nearest thousand.

The preparation of financial statements requires management to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

(i) Going concern

The Directors are required to assess the Group's ability to continue in operational existence for a minimum of 12 months from the date of signing its accounts to enable the financial statements to be prepared on a going concern basis. In making the assessment, the Directors have considered the Group's current and expected future financial performance, cash flow and liquidity requirements based on operational business plans and forecasts for the going concern assessment period and extending through to April 2022. The forecasts take into account developing business opportunities and the projected impact of COVID-19. The Group has also considered its operational resilience, risk management and mitigation that management have already taken along with further mitigating opportunities available to management to ensure the Group continues as a going concern.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

Accounting policies (continued)

Immediately following the unfolding of the COVID-19 pandemic, management implemented a cost reduction exercise to right size the cost base of the Group. This included the postponement of investment projects and recruitment along with a c8% reduction in global headcount, resulting in annualised savings of c.£42m. Management also implemented a more rigorous monthly forecasting process, using the most current internal and external data available to provide the most accurate forecasts of activity, financial performance and cash flow resources to support immediate and longer-term decision making. Lastly, to ensure the availability of external funds, management renegotiated the terms and conditions of its existing borrowing facilities as further explained below.

The current economic conditions and specifically the level of uncertainty as to how the COVID-19 pandemic will evolve presents increased risks for the Group, particularly in the Travel Experiences division. Whilst some travel restrictions have eased during FY21 and progress has been made on a number of promising vaccines, there remains uncertainty as to when global borders will fully re-open, how quickly the travel industry will recover and the potential upward pressure on pricing from suppliers and partners. There is also uncertainty as to whether further local or global lockdowns will follow and to what degree this will impact the forecasted results of the business. Despite these ongoing uncertainties, we have seen improvement in volumes and activity across all our business units since the start of FY21, which are aligned to the monthly management forecasts.

In order to assess the Group's ability to remain a going concern, management have modelled both a base case scenario and a severe, but plausible downside scenario. The base case reflects our current outlook of the recovery profile and factors in the forecasted cost reductions from restructuring and cost containment exercises that were put into place at the end of FY20. The base case model assumes a stable gross margin and payment terms supported by long term agreements with suppliers and key customers and foresees no further restructuring programmes. The recovery profile in our base case assumes a gradual recovery of the Travel Experiences business throughout FY21 and into FY22, although with volumes significantly below those generated in FY20 which aligns to external analysts' recovery projections. In the Loyalty and Insurance businesses, which experienced a lesser impact from COVID-19, a quicker recovery is anticipated through to FY22. Although no additional Government support schemes are assumed within this scenario, the Group will fully utilise any further Government support schemes made available where appropriate.

At 30 April 2020, the Group has a strong net asset position of £94.0m, including £91.9m of unrestricted cash. In the base case scenario, the model shows that the existing cash reserves will be sufficient to sustain the business for much of FY21, however it will be necessary to partially draw down on the available banking facilities to ensure the Group can continue to maintain sufficient working capital and meet its commitments for a minimum period of 12 months from the signing of these accounts. Our forecasts reflect a significant level of borrowing headroom against our available facilities through to April 2022. To mitigate the risk of breaching one or more of the covenants associated with the banking facilities through to April 2022 management have agreed waivers and amendments to the covenants and related terms that are commensurate with the Group's recent forecasts. These covenants are leverage (assessed quarterly from January 2022), interest cover (assessed quarterly from January 2022), minimum EBITDA (fixed thresholds assessed quarterly from January 2021) and minimum liquidity of £10m to be maintained at all times. Management have also agreed with its Lenders an extension to the maturity of the existing funding agreement from 2 October 2021 to 2 April 2022 and a revised commitment level of £40m of which £5m has been carved to be used as bank guarantees where needed. In addition, given that the future effects of the global COVID-19 pandemic on the travel industry are highly uncertain, the Group has identified multiple recourses which could be used to mitigate any adverse impact of unknown risks on its liquidity and total borrowings.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

Accounting policies (continued)

A downside scenario has also been considered, that models the expected impact resulting from a second global lockdown and further increased restrictions to global travel driving slower recovery volumes from those experienced in Q1 and Q2 of FY21. This downside scenario further assumes no growth of our Loyalty and Insurance businesses beyond the current level of activity. Should the decline in revenues in the downside scenario occur for a sustained period of time and no mitigating actions taken, the Group's existing cash reserves and banking facilities available to it would not provide sufficient financial resources for the business to continue for the foreseeable future. Furthermore, such a scenario unaddressed would result in a breach of the minimum EBITDA covenant in the first or second quarter of FY22 and thereafter a breach of the leverage and interest coverage due to the lower than forecast EBITDA.

In the downside scenario, the Group would be required to mitigate the impact to liquidity and revised covenant compliance through a further programme of internal operational cost reduction, postponement or avoidance, and a reduction in its non-contractual capital expenditure plans. An action plan has been established to respond to such a scenario and the Directors are confident that the mitigating factors are largely in their full disposition and can be implemented in a timely manner if needed, and in advance of any potential covenant breach. Although we consider the downside scenario to be unlikely, we believe the cost reduction measures we have modelled would enable the Group to remedy potential breaches and provide us with sufficient liquidity headroom to continue to operate for the foreseeable future.

In the event that all such eventualities occur or if the impact of the pandemic is significantly more prolonged or severe than previously envisioned, and if the Group were unable to achieve the mitigating cost savings it has identified, then although the Group would still forecast to have sufficient borrowing capacity, there would be a risk of breaching the minimum EBITDA covenant and the associated leverage and interest cover covenants. This would require the Group to renegotiate the financial covenants with its bankers. As agreement by the lenders to revised covenants is outside of the Group's control it therefore represents a material uncertainty at 16 December 2020 that would cast a significant doubt over the Group's ability to continue as going concern.

Notwithstanding the material uncertainty described above, after making enquiries and assessing the progress against forecast, projections and status of the mitigating actions referred to above, the Directors have a reasonable expectation that the Company will continue in operation and meet its commitments as they fall due over the going concern period. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

The financial statements do not include any adjustments that would result if the Group were unable to continue as a going concern.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

Accounting policies (continued)

3.2 Basis of consolidation

The consolidated financial statements incorporate the results of the Company and its subsidiary undertakings, together with the Group's share of the results of jointly controlled entities and associates, for the year ended 30 April 2020.

Subsidiaries are included within the consolidation where the Company has control over such entities, thereby having the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. Where a subsidiary has different accounting policies to the Group, adjustments are made to apply the Group's accounting policies when preparing the consolidated financial statements. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity

Entities in which the Group holds an interest, and which are jointly controlled by the Group and one or more other venturers under a contractual arrangement are treated as joint ventures in the consolidated financial statements and are accounted for using the equity method. Entities, which are neither subsidiaries nor joint ventures, in which the Group has significant influence are treated as associates in the consolidated financial statements and are accounted for using the equity method.

Any subsidiaries, joint ventures or associates that are acquired or disposed of during the financial year are included up to, or excluded from, the consolidated financial statements from the date that the Company obtains or loses control.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

3.3 Foreign currencies

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date the transactions took place. Income and expense items are translated using an average exchange rate for the year where there are limited fluctuations in foreign exchange rates.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities are reported in profit or loss. Foreign exchange gains and losses that arise on the translation of monetary items that form part of a net investment hedge in a foreign operation are recognised in other comprehensive income and accumulated in equity.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

Accounting policies (continued)

3.4 Foreign currencies (continued)

(ii) Translation

The results of Group undertakings are translated into sterling at the average exchange rate for the year. The assets and liabilities of overseas entities are translated at the exchange rates ruling at the year end and exchange adjustments arising on retranslation are recognised in other comprehensive income.

3.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts for the sale of goods and the rendering of services in the normal course of business, net of discounts and other sales-related taxes. When the outcome of a transaction involving the rendering of services can be estimated reliably, the Group recognises revenue associated with the transaction by reference to the stage of completion of the transaction at the end of the reporting year. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied (a) the amount of revenue can be measured reliably; (b) it is probable that the economic benefits associated with the transaction will flow to the Group; (c) the stage of completion of the transaction at the end of the reporting year can be measured reliably; and (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

The Group recognises income from the provision of its principal services as set out below:

(i) Revenue from lounge visits is recognised at the point in time when the visit occurs;

(ii) Membership fees provide benefits to the customer evenly throughout the membership period. Consequently, revenue from membership fees is recognised on a time basis, straight line over the membership term;

(iii) Project revenue is recognised based on the level of work that has been performed to date under the project; thereby reflecting the progress of the project and the value of the work performed;

(iv) Platform fee revenue is recognised in the period to which the fee relates based on when the associated platforms are utilised.

(v) Insurance intermediary commission is recognised at the later of the inception date of the coverage or when the placement has been completed and confirmed. Where there is an expectation of future servicing requirements an element of income relating to the policy is deferred to cover the associated contractual obligation; and

(vi) Insurance contract premium is recognised as described in note 3.17.

3.6 Network commissions payable

The Group sells its Travel Experiences products through a number of channels including large credit card networks. Where these products are sold through credit card networks the Group consider it is the principal in the arrangement, as it has the primary responsibility to deliver the products to the end customers where this entitlement has been secured by way of the credit card networks. The incentives provided to the credit card networks, based on the volumes of memberships and lounge visits sold by the Group, are recognised as a commission to the credit card networks for the volume of business they bring and are recorded in cost of sales.

3.7 Interest receivable and interest payable

Interest income is recognised as it accrues, using the effective interest rate method. Interest payable on loans is calculated using the effective interest rate method.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

Accounting policies (continued)

3.8 Taxation

Taxation expense for the year comprises current and deferred taxation. Current taxation is recognised for the amount of income taxation payable in respect of the taxable profit for the current or past reporting periods using the taxation rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred taxation is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more taxation in the future or a right to pay less taxation in the future give rise to a deferred taxation liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in taxable assessments in years different from those in which they are recognised in the financial statements.

Deferred taxation is recognised when income or expenses from an interest in a joint venture have been recognised in the financial statements, and will be assessed to or allowed for taxation in a future period, except where: (a) the Company is able to control the reversal of the timing difference; and (b) it is probable that the timing difference will not reverse in the foreseeable future.

Deferred taxation is measured using the taxation rates and laws that have been enacted, or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The taxation expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income taxation assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

3.9 Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages, the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at the estimated amount where the consideration is probable and can be measured reliably. Where the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable, or contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, including separately identifiable intangible assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured, they are disclosed on the same basis as other contingent liabilities. Fair value is the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction.

Goodwill recognised represents the excess of the consideration and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is amortised over its expected useful life (see note 3.10). Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged immediately to profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

Accounting policies (continued)

3.10 Intangible assets

Intangible assets acquired separately from a business are initially recognised at cost, being the purchase price plus any directly attributable costs. Intangible assets acquired as part of a business combination are measured at fair value. Subsequent to initial recognition, intangible assets are measured at cost less any accumulated amortisation and impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale;
- The intention to complete the software and use or sell it;
- The ability to use the software or to sell it;
- How the software will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software; and
- The ability to measure reliably the expenditure attributable to the software during its development.

Other development costs that do not meet these criteria are recognised as an expense as incurred.

Amortisation is charged on a straight-line basis to administrative expenses in profit or loss over the shorter of the useful life of the asset or the contractual or legal rights arising on acquisition. The useful lives are as follows:

Goodwill	5-10 years
Membership lists	10 years
Software Development costs	3-10 years
Acquired software	3-10 years

Intangible assets are tested for impairment where indication of impairment exists at the reporting date.

In the Company's separate financial statements investment in subsidiaries are stated at cost less accumulated impairment.

3.11 Property, plant and equipment

Property, plant and equipment are initially recognised at cost which is the purchase price plus any directly attributable costs. Subsequently property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is charged to administrative expenses in profit or loss, so as to allocate the asset's cost, less its estimated residual value, over its estimated useful life using a straight-line basis as follows:

Leasehold improvements	Shorter of useful economic life or remaining lease term
Computer equipment	2-3 years
Office Equipment	5 years
Furniture & Fittings	5 years
Motor vehicles	4 years

Property, plant and equipment are tested for impairment where indication of impairment exists at the reporting date.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

Accounting policies (continued)

3.12 Leases

Lease arrangements are classified as a finance lease where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other lease arrangements are classified as an operating lease.

Finance leases are capitalised at commencement of the lease as assets at the lower of the fair value of the leased asset or the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Finance leased assets are depreciated over the shorter or the lease term and the estimated useful life of the assets. The assets are tested for impairment where indication of impairment exists at the reporting date. The capital element of finance lease obligations is recorded as a liability on inception of the arrangement and payments under finance lease arrangements are apportioned between capital repayment and interest charge, using the effective interest rate method.

Payments made under operating lease arrangements are charged to profit or loss on a straight-line basis over the lease term. Benefits receivable as operating lease incentives are recognised within profit or loss on a straight-line basis over the lease term.

3.13 Impairment of non-financial assets

At each reporting date the Group reviews the carrying value of its 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.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset, or cash generating unit. The present value calculation involves estimating the future cash inflows and outflows to be derived from continuing use of the asset, and from its ultimate disposal, applying an appropriate discount rate to those future cash flows.

Where the recoverable amount of an asset is less than the carrying amount an impairment loss is recognised immediately in profit or loss in administrative expenses. An impairment loss recognised for all assets, excluding goodwill, is reversed in a subsequent year if, and only if, the reasons for the impairment loss have ceased to apply. Impairment losses recognised on goodwill are not reversed in subsequent years.

3.14 Financial instruments

The Group has chosen to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments' in full. The Group holds basic financial instruments, which comprise investments, cash and cash equivalents, trade and other receivables, trade and other payables and loans and borrowings; and non-basic financial instruments, which comprise derivative instruments.

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled, or substantially all the risks and rewards of the ownership of the asset are transferred to another party. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Where a financial asset or financial liability constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

Financial assets and liabilities are offset, and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

Accounting policies (continued)

3.14 Financial instruments (continued)

Financial assets – classified as basic financial instruments

(i) Investments

Investments comprise deposits with credit institutions. Investments are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount of the cash expected to be received, net of any impairment.

(ii) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

(iii) Trade and other receivables

Trade and other receivables are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount of the cash expected to be received, net of any impairment.

At the end of each reporting period, the Group assesses whether there is objective evidence that any receivable amount may be impaired. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in profit or loss.

Financial liabilities – classified as basic financial instruments

(i) Trade and other payables

Trade and other payables are initially measured at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the undiscounted amount of the cash expected to be paid.

(ii) Loans and borrowings

Loans and borrowings comprise bank overdrafts and loans from related parties. These are initially recognised at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are payable within one year are measured at the undiscounted amount of the cash expected to be paid.

Derivative instruments – classified as non-basic financial instruments

The Group uses forward foreign currency contracts to reduce exposure to foreign exchange rates on US dollar and Euro denominated cash flows. Derivative financial instruments are initially measured at fair value at the date at which a derivative contract is entered into and are subsequent measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of forward foreign currency contracts is calculated by reference to forward exchange rates derived from market sourced data at the balance sheet date.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

Accounting policies (continued)

3.15 Provisions

A provision is recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that the obligation will be settled, and when that obligation can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation. Provisions are recognised for (i) long term employee benefits where employees are legally entitled to end of service payments or paid leave after completing a certain length of qualifying service; (ii) obligations to repair damages that incur during the life of properties leased by the Group; and (iii) restructuring costs where the Group has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring.

3.16 Retirement benefits

The Group operates a defined contribution pension plan for its employees. Contributions to the defined contribution pension plan are recognised as an expense when they are due. Obligations not paid are included within accrued expenses in the balance sheet. The assets of the plan are held separately from the Group in an independently administered fund.

3.17 Insurance contracts

Premiums written

Premiums written relate to business incepted during the year and due for payment, together with any differences between booked premiums for prior years and those previously accrued, and include estimates of premiums due but not yet receivable or notified, less an allowance for cancellation. Written premiums exclude taxes or duties levied with premiums. Written premiums are reported gross of any commission payable to intermediaries, regardless of how that commission is remitted, reflecting the contractual arrangements in force.

Unearned premiums

Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, calculated on a time apportionment basis, or on the risk profile of the underlying contract.

Deferred acquisition costs

The Group's acquisition costs comprise commissions payable and other related expenses and are deferred over the period to which the related premiums are earned.

Claims incurred

Claims incurred comprise claims and related expense paid in the year and changes in the provision for outstanding claims, including provisions for claims incurred but not reported and related expenses, together with any other adjustments to claims from previous years.

Claims provisions and related reinsurance recoveries

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported to the Group. The estimated cost of claims includes expenses to be incurred in settling claims. In calculating the estimated cost of unpaid claims, the Group uses a variety of estimation techniques, generally based on statistical analysis of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared to the cost of previously settled

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

Accounting policies (continued)

3.17 Insurance contracts (continued)

claims. A component of these estimation techniques is usually the estimated cost of notified but not paid claims. Large claims are generally assessed separately, being measured on a case by case basis or projected separately in order to allow for the possible distortive effect of the development and incidence of these large claims. Provisions are calculated gross of any reinsurance recoveries.

Reinsurance

The Group assumes and cedes reinsurance in the normal course of business, with retention limits varying by line of business. Premiums on reinsurance assumed are recognised as revenue in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date.

Premiums on reinsurance ceded are expensed over the period that the reinsurance cover is provided based on the expected pattern of the reinsured risks. The unexpired portion of ceded reinsurance premiums is included in reinsurance assets. Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

4 Critical accounting judgements and key sources of estimation uncertainty

Judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

4.1 Critical judgements in applying the Group's accounting policies

The critical judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements are discussed below.

(i) Going concern

The financial statements are prepared on a going concern basis as set out in note 3.1. Determining that the going concern basis is appropriate is an area of judgement and given the current COVID-19 pandemic and the unpredictability as to what the broader implications of this may be, there is an increased level of uncertainty around this judgement. In determining that it was appropriate to prepare the financial statements on a going concern basis, management have made assumptions as to the likely recovery profile from COVID-19 under a base case and severe but plausible downside scenario. These scenarios show that the Group has sufficient cash and liquidity headroom to continue in operation for at least 12 months from the date of signing the financial statements. Management have determined that this, combined with an agreed covenant re-basing, meets the criteria that it is appropriate to prepare the financial statements on a going concern basis.

(ii) Development expenditure

Development costs are capitalised when they meet the criteria set out in the accounting note 3.10. Capitalisation of costs is based on management's judgement that technical and economic feasibility of completing the software development is confirmed, which is usually when a project has reached a defined milestone. In determining the amounts to be capitalised management makes assumptions regarding the expected future value and period of economic benefits of the assets and the discount rates to be applied. Development expenditure that has not met the criteria to be capitalised is included in note 8 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

Critical accounting judgements and key sources of estimation uncertainty (continued)

(ii) Impairment of goodwill and other intangible assets

Management have assessed individual assets for indicators of impairment, considering external and internal sources of information.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Determining insurance contract liabilities

Estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported, at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of

policies, IBNR claims form the majority of the liability in the statement of financial position. Further details on the recognition of insurance contract liabilities are set out in note 35 to the consolidated financial statements.

(ii) Estimation of useful life

The depreciation charge for property, plant and equipment and amortisation charge for intangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful life and residual values of assets are reviewed annually by management and have been amended as appropriate to reflect management's current estimate of economic utilisation and for property, plant and equipment, the physical condition of the assets. Refer to notes 3.10 and 3.11 for the useful economic lives for each class of assets.

(iii) Recoverability of receivables

Management have estimated the recoverable value of trade receivables and recognised a provision for amounts that are estimated to not be recoverable. In assessing recoverability management has considered, the aging of the receivables, past experience of recoverability, recent payment behaviour, the credit profile of individual or groups of customers and expected or actual insolvency filings. The assessment is inherently subjective given the forward-looking nature and the value of the provision for impairment recognised is subject to increased uncertainty due to the impact of COVID-19. Refer to note 18 for the carrying value of receivables.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

5 Revenue

An analysis of the Group's revenue by class and category of business is as follows:

	2020 £'000	2019 £'000
Rendering of services	**951,508**	920,085
Commissions	**16,626**	22,062
Gross earned premiums (note 35.2)	**71,486**	71,590
	1,039,620	1,013,737

An analysis of the Group's revenue by geographical market based on destination is as follows:

	2020 £'000	2019 £'000
United Kingdom	**142,553**	153,207
Rest of Europe and Middle East	**184,705**	171,931
North and South America	**582,353**	548,357
Asia Pacific	**125,279**	136,849
Africa	**4,730**	3,393
	1,039,620	1,013,737

6 Interest receivable and similar income

	2020 £'000	2019 £'000
Interest receivable on cash and cash equivalents	**169**	169
Interest receivable on deposits with credit institutions	**186**	153
Other interest receivable	**7**	24
Gain on derivative financial instruments measured at fair value through profit or loss	**171**	166
	533	512

7 Interest payable and similar charges

	2020 £'000	2019 £'000
Interest payable on bank loans and overdrafts	**739**	589
Interest payable on loans from related parties (note 31)	**-**	10
Finance lease charges (note 20)	**1**	3
Loss on derivative financial instruments measured at fair value through profit or loss	**1,873**	2,142
	2,613	2,744

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

8 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2020 £'000	2019 £'000
Amortisation of intangible assets	**3,246**	3,498
Depreciation of property, plant and equipment	**4,648**	2,895
Loss on disposal of intangible assets	**84**	-
Loss on disposal of property, plant and equipment	**16**	50
Restructuring	**2,766**	329
Operating lease rentals	**9,811**	8,417
Research and development expense	**4,720**	3,028
Gain on disposal of subsidiary	**(49)**	-
Foreign exchange loss / (gain)	**259**	(4,298)

9 Auditor remuneration

An analysis of the auditor's remuneration is as follows:

	2020 £'000	2019 £'000
Fees payable to the Company's auditor for the audit of the parent Company and Group consolidated accounts	**130**	134
Fees payable to the Company's auditors and their associates for:		
- The audit of the Company's subsidiaries	**1,165**	789
- Audit-related assurance services	**142**	75
- Non-audit services	**35**	-
Fees payable to other auditors for audit of overseas subsidiaries	**10**	32
	1,482	1,030

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

10 Staff costs

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

	2020	2019
Production	**684**	689
Sales and marketing	**333**	358
Administration	**1,066**	1,035
	2,083	2,082

Their aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	**101,593**	98,693
Social security costs	**8,132**	8,247
Other pension costs	**4,370**	3,137
	114,095	110,077

11 Directors' remuneration

	2020 £'000	2019 £'000
Emoluments	**3,109**	3,338
Pension scheme contributions	**14**	49
	3,123	3,387

The number of directors who:

Are accruing benefits under members of a money purchase pension scheme	**Nil**	Nil

	2020 £000	2019 £000
Remuneration of the highest paid director:		
Emoluments	**645**	890
Pension scheme contributions	-	-
	645	**890**

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

12 Taxation on profit on ordinary activities

The taxation charge comprises:

	2020 £'000	2019 £'000
Current taxation on profit on ordinary activities		
UK corporation taxation	**1,376**	2,752
Adjustments in respect of prior years	**(1,126)**	(82)
Overseas corporation taxation	**6,600**	6,814
Adjustment in respect of prior years	**(3,453)**	(22)
Total current taxation	**3,397**	9,462
Deferred taxation		
Origination and reversal of timing differences	**(150)**	(827)
Adjustments in respect of prior years	**(185)**	(1,192)
Total deferred taxation	**(335)**	(2,019)
Total taxation on profit on ordinary activities	**3,062**	7,443

	2020 £'000	2019 £'000
Tax expense included in other comprehensive income		
Origination and reversal of timing differences	**(774)**	(975)
Total tax expense included in other comprehensive income	**(774)**	(975)

Taxation on profit on ordinary activities for the year is lower (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are reconciled below:

	2020 £'000	2019 £'000
Profit on ordinary activities before taxation	**30,008**	36,765
Income tax calculated at 19% (2019: 19%)	**5,702**	6,985
Expenses not deductible for tax purposes	**945**	1,002
Impact of previously unrecognised capital allowances in excess of depreciation and tax rate changes	**129**	(911
Income not subject to tax	**(244)**	(283
Adjustment in respect of prior years	**(4,508)**	(105
Branch, withholding taxes, local, state, trade and similar taxes	**719**	855
Excess of overseas tax over UK corporation tax	**(361)**	(120
Recognition, derecognition and utilisation of tax losses	**647**	356
Impact of other timing differences on which deferred tax has not been recognised	**33**	(336
Taxation expense for year	**3,062**	7,443

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

12 Taxation on profit on ordinary activities (continued)

No deferred tax asset has been recognised in respect of unutilised tax losses and other temporary differences amounting to £106m (2019: £104m). Relief for these losses will only be obtained if there is suitable taxable income arising in future years.

Factors affecting the tax charge

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted for IFRS and UK GAAP purposes on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%.

As this rate change was substantively enacted before the end of the reporting period, deferred taxes should be measured at the substantively enacted rate of 19%. Deferred taxes at the balance sheet date reflected in these financial statements have been calculated at 19%.

13 Dividends

Amounts recognised as distributions to equity holders in the year:

	2020 £'000	2019 £'000
Dividends paid for year	**3,100**	410

14 Intangible assets

	Goodwill £'000	Membership lists £'000	Software £'000	Total £'000
Cost				
At beginning of year	12,118	3,151	23,130	**38,399**
Additions	-	-	1,540	**1,540**
Disposals	(5,066)	-	(631)	**(5,697)**
Foreign exchange	-	-	32	**32**
At end of year	**7,052**	**3,151**	**24,071**	**34,274**
Amortisation				
At beginning of year	(11,438)	(3,151)	(10,437)	**(25,026)**
Amortisation charge	(241)	-	(3,005)	**(3,246)**
Disposals	5,066	-	547	**5,613**
Foreign exchange	-	-	(26)	**(26)**
At end of year	**(6,613)**	**(3,151)**	**(12,921)**	**(22,685)**
Net book value				
At 30 April 2020	**439**	-	**11,150**	**11,589**
At 30 April 2019	680	-	12,693	**13,373**

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

15 Property, plant and equipment

	Leasehold improvements £'000	Computer equipment £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At beginning of year	13,210	4,555	5,312	12	**23,089**
Additions	10,299	1,281	1,651	81	**13,312**
Disposals	(316)	(532)	(188)	(12)	**(1,048)**
Foreign exchange	517	9	156	-	**682**
At end of year	**23,710**	**5,313**	**6,931**	**81**	**36,035**
Depreciation					
At beginning of year	(4,463)	(3,406)	(2,806)	(12)	**(10,687)**
Depreciation charge	(2,821)	(754)	(1,071)	(2)	**(4,648)**
Disposals	311	527	182	12	**1,032**
Foreign exchange	(148)	(9)	(86)	-	**(243)**
At end of year	**(7,121)**	**(3,642)**	**(3,781)**	**(2)**	**(14,546)**
Net book value					
At 30 April 2020	**16,589**	**1,671**	**3,150**	**79**	**21,489**
At 30 April 2019	8,747	1,149	2,506	-	**12,402**

The net carrying amount of assets held under finance leases included in fixtures, fittings and equipment is £179k (2019: £239k).

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

16 Investments

Group	Joint ventures £'000	Associated undertakings £'000	Other investments £'000	Total £'000
Cost				
At 1 May 2019	788	27	-	**815**
Additions	1,272	4,682	296	**6,250**
Foreign exchange	14	-	-	**14**
At 30 April 2020	**2,074**	**4,709**	296	**7,079**
Share of retained profits / (losses)				
At 1 May 2019	1,167	-	-	**1,167**
Loss for the year	(115)	(850)	-	**(965)**
At 30 April 2020	**1,052**	**(850)**	-	**202**
Net book value				
At 30 April 2020	**3,126**	**3,859**	**296**	**7,281**
At 30 April 2019	1,955	27	-	1,982

During the year, the Group invested in joint venture arrangements as part of its expansion into owning and operating airport lounges. The principal investments were a capital contribution to maintain a 50% holding in Global Lounge TK MIA Term E, LLC, a company incorporated in United States of America; and acquisition of a 50% interest by way of capital contribution in OGH Gulf Hospitality WLL, a company incorporated in Qatar.

The Group converted loan notes to the value of £1.2m into equity in Cursus Technologies, a US company specialising in food and beverage. During the year the Group invested an additional £2.8m taking the total investment to £4.0m representing a shareholding of 29%. During the year the Group also invested an additional £0.7m to purchase shares in Inflyter increasing ownership interest to 49%.

17 Deposits with credit institutions

	2020 £'000	2019 £'000
Deposits with credit institutions	**23,668**	18,005

Financial investments consist of deposits held with various credit institutions with maturities of between three months and one year. These deposits earn interest at rates ranging from 0.4% to 1.3% (2019: 0.8% to 1.0%) per annum.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

18 Trade and other receivables

	2020 £'000	2019 £'000
Due within one year		
Trade receivables	**95,919**	173,362
Receivables arising out of direct insurance operations (note 35.1)	**19,745**	16,412
Receivables arising out of reinsurance operations (note 35.1)	**2,174**	138
Other receivables	**14,828**	21,998
Corporation taxation	**4,708**	1,054
Prepayments and accrued income	**44,790**	46,146
Derivative financial instrument	-	92
Deferred taxation	**4,387**	3,936
	186,551	263,138

Amounts falling due after more than one year disclosed above are loan notes of £nil (2019: £1.2m) and deferred taxation of £3,664k (2019: £2,002).

19 Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	**132,223**	125,673
Short term deposits	**1,131**	4,829
	133,354	130,502
Own funds	**91,907**	85,135
Fiduciary funds	**41,447**	45,367
	133,354	130,502

Fiduciary funds include amounts held on behalf of clients. Corresponding liabilities are included within note 20.

Notes to the Consolidated Financial Statements
For the year ended 30 April 2020

20 Trade and other payables

	2020 £'000	2019 £'000
Due within one year		
Trade payables	**106,730**	113,030
Payables arising out of direct insurance operations (note 35.1)	**13,935**	11,113
Payables arising out of reinsurance operations (note 35.1)	**5,240**	3,409
Other payables	**15,408**	23,066
Finance leases	**56**	56
Claims payable (note 35.1)	**10,965**	8,903
Social security and other taxes	**6,593**	7,743
Accruals and deferred income	**122,627**	176,299
Derivative financial instruments	**481**	-
Corporation taxation	**2,301**	5,924
Deferred taxation	**1,101**	1,010
	285,437	350,553

	2020 £'000	2019 £'000
Due after one year		
Finance leases	**115**	172
Other creditors	**87**	125
	202	297

The derivative financial instrument of £481k represents the unrealised loss on outstanding forward contracts as at 30 April 2020 (2019: unrealised gain of £92k). The Group enters into forward foreign currency contracts to mitigate the exchange risk for certain foreign currency payables. As at 30 April 2020 the most significant commitment is to sell US$, for which the Group is committed to buy £11,896k and sell USD$15,000k. All outstanding contracts mature within 12 months of the financial year end.

	2020 £'000	2019 £'000
Finance Leases		-
Not later than one year	**58**	58
Later than one year and not later than five years	**117**	175
Later than five years	-	-
Total gross payments	**175**	233
Less: finance charges	**(4)**	(5)
Carrying amount of the liability	**171**	228

The finance lease relates to fixtures, fittings and equipment. The remaining lease term is 3 years, at the end of which the company will own the assets.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

21 Loans and borrowings

	2020 £'000	2019 £'000
Due within one year		
Bank loans and overdrafts	-	18,000
	-	18,000

The borrowing available to the Group under its three-year multi-currency revolving credit facility (RCF) with Barclays Bank plc and HSBC Bank plc (the Lenders) was increased from £30m to £50m in July 2019. The balance drawn down at 30 April 2020 was £nil (2019: £18m). Interest on the borrowings under the facility is charged at LIBOR plus a margin ranging from 1.50% to 2.25%, depending on the financial condition of the Group. This condition is reported on through quarterly compliance certificates provided to the Lenders by the Group. A commitment fee of 40% of the applicable margin is payable on the unused portion of the facility. Subsequent to the end of the financial year the Group amended certain terms of its RCF as further described in note 34.

22 Provisions for liabilities

	Restructuring provision £'000	Long term employee benefits £'000	Dilapidation provision £'000	Total £'000
At beginning of year	-	**963**	-	**963**
Additions	2,206	215	950	**3,371**
Amounts utilised	-	(33)	-	**(33)**
Foreign exchange	-	31	2	**33**
At end of year	**2,206**	**1,176**	**952**	**4,334**

Restructuring provisions

On 9 April 2020 the Group announced a global restructure and the intention to make employees redundant in certain areas of the business. The provision for restructuring costs is expected to be fully utilised in financial year 2021.

Long term employee benefits

In certain overseas jurisdictions of the Group employees are legally entitled to end of service payments or paid leave after completing a certain length of qualifying service. Uncertainty around the amount and timing of future outflows arises as a result of variations in employee retention rates, which may vary based on historical experience.

Dilapidations provision

As part of the Group's tenancy agreements for its principal offices there is an obligation to restore properties to their original state at the end of the tenancy agreement. The provision is expected to be utilised between June 2023 and May 2025 when the tenancy agreements terminate.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

23 Deferred taxation

	Unutilised tax losses £'000	Capital allowances £'000	Provisions £'000	Fair Value Adjustments £'000	Goodwill £'000	Total £'000
At beginning of year	242	956	2,172	(538)	94	2,926
Charged in year	7	(296)	238	(74)	55	(70)
Prior year adjustment	94	(299)	414	3	(1)	211
Change in tax rate	1	176	45	(7)	4	219
Foreign exchange	(13)	(18)	50	(24)	5	-
At end of year	**331**	**519**	**2,919**	**(640)**	**157**	**3,286**
Comprising of:						
Deferred taxation assets	331	980	2,919	-	157	4,387
Deferred taxation liabilities	-	(461)	-	(640)	-	(1,101)
	331	**519**	**2,919**	**(640)**	**157**	**3,286**

The Group has unrecognised taxation losses amounting to £106.7m (2019: £104m).

The Group has made use of a legally enforceable right to set off current taxation assets against current taxation liabilities, and deferred taxation assets and deferred taxation liabilities, relating to income taxes levied by the same taxation authority. Deferred taxes are presented on a net basis in the statement of financial position.

The Group expects deferred tax assets of £723k to reverse in 2021 as provisions are utilised and capital allowances reduce.

24 Share capital

Ordinary shares of £1 each	2020	2019
	£'000	£'000
Allotted, called-up and fully paid		
At 1 May	200	100
Issued during the year	-	100
At 30 April	**200**	200

The Company has one class of ordinary shares; each share carries one voting right per share with no right to fixed income.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

25 Notes to the cash flow statement

	2020 £'000	2019 £'000
Profit after taxation	**26,946**	29,321
Adjustments for:		
Interest receivable and similar income	**(533)**	(512)
Interest payable and similar charges	**2,613**	2,744
Taxation	**3,062**	8,418
Loss / (income) from joint ventures	**115**	(516)
Loss from associates	**850**	-
Operating profit	**33,053**	39,455
Amortisation of intangible assets	**3,246**	3,498
Loss on disposal of intangible assets	**84**	-
Depreciation of property, plant and equipment	**4,648**	2,895
Loss on disposal of property, plant and equipment	**15**	67
Gain on disposal of subsidiary	**(49)**	-
Unrealised foreign exchange gain	**(815)**	(1,475)
Working capital movements:		
- Decrease / (increase) in trade and other receivables	**81,622**	(21,972)
- (Decrease) / increase in trade and other payables	**(61,612)**	21,685
Net cash from operating activities	**60,192**	44,153

26 Net debt reconciliation

	At 01 May 2019 £'000	Cash flows £'000	Changes in market value and exchange rates £'000	At 30 April 2020 £'000
Cash and cash equivalents	130,502	2,030	822	**133,354**
Deposits with credit institutions	18,005	5,663	-	**23,668**
Loans and borrowings	(18,000)	18,000	-	**-**
Finance leases	(228)	57	-	**(171)**
Derivative asset / (liability)	92	1,128	(1,701)	**(481)**
Net debt	**130,371**	**26,878**	**(879)**	**156,370**

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

27 Commitments

The Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases as at the reporting date as follows:

	Land and buildings	
	2020	**2019**
	£'000	**£'000**
Not later than one year	**9,493**	6,883
Later than one year and not later than five years	**32,280**	14,978
Later than five years	**3,448**	3,525
Total future minimum lease payments	**45,221**	25,386

The Group had capital commitments associated with development of airport lounges totalling £1,269k at 30 April 2020 (2019: £97k).

28 Contingent liabilities

There is a fixed and floating charge over all assets of the Group whereby the Group guarantees all amounts due to Barclays Bank Plc by the Group. As at the reporting date the amount due to Barclays Bank Plc by certain group companies was £nil (2019: £nil). Under the group banking offset arrangement, the Group had no liability to Barclays Bank Plc at the reporting date.

29 Off-balance sheet arrangements

The Group has operating leases for land and buildings. The commitments under these arrangements are disclosed in note 27. There are no other off-balance sheet arrangements.

30 Post-retirement benefits

The Group operates a defined contribution pension plan for its UK employees. The pension cost charged represents contributions payable by the Group and amounted to £4,370k (2019: £3,139k). Contributions amounting to £377k (2019: £42k) were outstanding at the reporting date.

31 Related party transactions

All transactions listed below were transacted at arms lengths.

During the year, Group companies sold services of £2,146k (2019: £1,675k) and purchased loyalty services of £609k (2019: £1,449k) from International Loyalty Programmes Plc (ICLP Plc), a fellow subsidiary that is not wholly owned by Group. At the reporting date, the net receivable owed by ICLP Plc was £372k (2019: £156k).

Group companies also purchased lounge operation services of £4,563k from Airport Lounge Operations LLC (ALO LLC) and ALDJCM LLC (2019: £3,204k ALO LLC), these are fellow subsidiaries that are not wholly owned by Group. The total balances outstanding at the reporting date were £512k (2019: £240k). The Group also transferred funds of £3,023k to ALDJCM LLC, a fellow subsidiary not wholly owned by Group. This balance was outstanding at the reporting date. It is unsecured and no guarantees have been received.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

31 Related party transactions (continued)

Joint venture transactions

During the year, Group companies purchased lounge operation services of £6,519k (2019: £6,077k) from SwissportALD Limited and £1,149k (2019: £nil) from Global Lounge TK MIA Term E LLC. companies in which the Group has joint control. The balances outstanding at the reporting date were £357k and £132k respectively (2019: £nil).

Other

During the year, Group companies purchased goods and services of £3,895k (2019: £2,582k) from Gideon Toal Management Services LLC, a company which has significant influence over a Group entity. The balance outstanding at the reporting date was £8k (2019: £360k).

In 2019 the Group paid interest of £10k on a loan from Mr C R Evans, the Chairman and ultimate controlling party. The loan was unsecured and variable rate interest was charged on the loan at 5% above the Bank of England base rate. The loan was settled by 30 April 2019.

32 Key management personnel

The Directors consider the key management personnel of the Group to be the Board of Directors and the executive management committee. During the year the total remuneration of the key management personnel was £5,932k (2019: £6,040k).

33 Parent undertaking and ultimate controlling party

The directors regard Parminder Limited, a company incorporated in the Isle of Man, to be the Group's immediate and ultimate parent undertaking. The ultimate controlling parties identified by the directors are the Trustees of the Colin Evans 1987 Settlement, established under the laws of the Isle of Man, the beneficiary of which is Mr C R Evans.

34 Post balance sheet events

Prior to the financial year end, on 11 March 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. A large portion of the Group's revenue is derived from the travel sector, which has been severely impacted by travel restrictions imposed by Governments around the world as a result of the pandemic. The full extent of the financial impact on the Group is difficult to ascertain as the situation continues to evolve and will be dependent to a large extent on the travel recovery which is beyond management's control.

The going concern assessment has been updated to reflect management's assessment of the impact of COVID-19 at the date of approving the financial statements. Subsequent to the financial year end, and in response to the COVID-19 pandemic the Group agreed waivers and amendments to the covenants associated with its existing banking facilities in place with its Lenders that are commensurate to revised financial forecasts. These covenants are leverage (assessed quarterly from January 2022), interest cover (assessed quarterly from January 2022), minimum EBITDA (fixed thresholds assessed quarterly from January 2021) and minimum liquidity of £10m to be maintained at all times. Management have also agreed with its Lenders an extension to the maturity of the existing funding agreement from 2 October 2021 to 2 April 2022 and a revised commitment level of £40m of which £5m has been carved to be used as bank guarantees where needed. The RCF is secured by a registered debenture which provides for floating charges over the assets and shares of certain Group companies.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

35 Insurance contracts

The Group enters into insurance contracts as part of its activities through its wholly owned subsidiaries Astrenska Insurance Limited (AIL), Collinson Insurance Europe Limited (CIEL) and PTI Insurance Company Limited (PTI) referred to collectively as the 'insurance companies'. As such the Group is required to apply the provisions of FRS 103 'Insurance Contracts' and the provisions of FRS 102 Section 34 'Specialised Activities' in relation to the financial instruments of the insurance companies within the Group. The following section is compliant with these requirements for the relevant items included within the consolidated financial statements. Where appropriate intercompany transactions between the insurance companies have been eliminated; intercompany transactions between the insurance companies and other group companies are separately disclosed in the notes that follow and are fully eliminated within the consolidated financial statements.

Since March 2019, EU schemes previously written in AIL are now being renewed in Collinson Insurance Europe Limited (CIEL), this follows the decision of the UK to exit the EU and enable the Group to continue to utilise the passporting regime to cover our EEA clients and customers. In addition, since 2015, PTI ceased writing new business and received approval from the Gibraltar regulator to enter into a Whole Account Reinsurance Agreement (WARA) with AIL. As part of the agreement, effective from 1 May 2015, PTI reinsured 100% of its technical provisions to AIL, paid for by way of cash and the transfer of other assets. Accordingly, a number of the disclosures within this note for 2019 and 2020 relate solely to AIL and CIEL.

35.1 Summary results

A summary of the results arising from insurance contracts included within the consolidated financial statements is set out below:

	2020 £'000	2019 £'000
Gross premiums written	**69,550**	71,661
Earned premiums, net of reinsurance	**45,058**	53,667
Claims incurred, net of reinsurance	**(13,277)**	(15,341)
Net operating expense	**(30,360)**	(37,156)
Consolidated result from the technical accounts of insurance companies	**1,421**	1,170

Included in gross premiums written are amounts with other group companies of £nil (2019: £1,438k) and in operating expenses amounts with other group companies of £11,944k (2019: £9,096k).

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

35 Insurance contracts (continued)

35.1 Summary results (continued)

A summary of the assets and liabilities of the insurance companies as included in the consolidated financial statements is set out below:

	2020 £'000	2019 £'000
Assets		
Investments	**23,668**	18,005
Reinsurers share of technical provisions	**18,535**	10,584
Receivables arising out of direct insurance operations	**19,745**	16,412
Receivables arising out of reinsurance operations	**2,174**	138
Other receivables	**60**	3,172
Deferred tax	**189**	159
Cash and cash equivalents	**19,901**	20,846
Deferred acquisition costs	**11,364**	12,682
Prepayments and accrued income	**178**	91
Total assets	**95,814**	82,089
Liabilities		
Provision for unearned premiums	**27,171**	25,402
Claims outstanding	**10,965**	8,903
Payables arising from direct insurance operations	**13,935**	11,113
Payables arising from reinsurance operations	**5,240**	3,409
Other payables	**544**	2,549
Accruals and deferred income	**4,848**	3,613
Total liabilities	**62,703**	54,989

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

35 Insurance contracts (continued)

35.2 Particulars of business

An analysis of gross premiums written, and gross premiums earned by class of business in AIL and CIEL is set out below:

	Gross premiums written		Gross premiums earned		Reinsurance balance	
	2020	2019	2020	2019	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Accident and health	**23,525**	22,005	**23,204**	23,120	**11,544**	12,507
Assistance	**37,148**	46,834	**42,982**	43,945	**14,654**	5,416
Miscellaneous financial loss	**8,877**	2,166	**5,074**	1,567	**5**	-
	69,550	71,005	**71,260**	68,632	**26,203**	17,923
Reinsurance acceptances		656		2,958		-
Total	**69,550**	71,661	**71,260**	71,590	**26,203**	17,923

An analysis of gross claims incurred, gross operating expenses and the reinsurance balance by class of business in AIL and CIEL is set out below:

	Gross claims incurred		Gross operating expenses		Reinsurance balance	
	2020	2019	2020	2019	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Accident and health	**8,645**	6,145	**11,583**	14,727	**7,539**	6,015
Assistance	**13,489**	13,511	**21,705**	27,979	**11,682**	6,935
Miscellaneous financial loss	**1,239**	342	**7,862**	997	**1,666**	186
	23,373	19,998	**41,150**	43,703	**20,887**	13,136
Reinsurance acceptances		51		1,881		-
Total	**23,373**	20,049	**41,150**	45,584	**20,887**	13,136

Included in gross premiums written are amounts with other group companies of £ nil (2019: £1,438k) and in operating expenses amounts with other group companies of £11,944k (2019: £9,096k).

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

35 Insurance contracts (continued)

35.3 Insurance contract liabilities and reinsurance assets

The reconciliation of changes in balances within this section relate solely to the insurance contracts and reinsurance assets of AIL and CIEL.

The movement in the unearned premium provision during the year was as follows:

	2020		2019	
	Gross provision £'000	Reinsurance asset £'000	Gross provision £'000	Reinsurance asset £'000
At beginning of year	**25,402**	**7,802**	25,463	7,971
Increase/(decrease) in provision	**1,744**	**5,515**	42	(128)
Exchange gains and losses	**25**	**(109)**	(103)	(41)
At end of year	**27,171**	**13,208**	25,402	7,802

The movement in the provision for claims outstanding during the year was as follows:

	2020		2019	
	Gross Provision £'000	Reinsurance asset £'000	Gross provision £'000	Reinsurance asset £'000
At beginning of year	**8,903**	**2,782**	12,147	5,170
Claims incurred in current year	**23,511**	**12,317**	18,125	4,300
Adjustment to claims incurred in prior years	**2,486**	**886**	2,105	445
Claims paid during year	**(24,142)**	**(10,574)**	(23,606)	(7,116)
Prior year claims	**57**	**18**	83	3
Exchange gains and losses	**150**	**(102)**	49	(20)
At end of year	**10,965**	**5,327**	8,903	2,782

The movement in the deferred acquisition costs during the year is as follows:

	2020		2019	
	Gross asset £'000	Reinsurance liability £'000	Gross asset £'000	Reinsurance liability £'000
At beginning of year	**12,682**	**3,571**	11,817	2,857
Deferred	**32,605**	**9,090**	43,165	9,169
Amortisation	**(33,953)**	**(8,049)**	(42,226)	(8,429)
Exchange gains and losses	**30**	**6**	(74)	(26)
At end of year	**11,364**	**4,618**	12,682	3,571

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For the year ended 30 April 2020

35 Insurance contracts (continued)

35.4 Management of insurance risks

Insurance risks

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is fortuitous. The terms and conditions of the contract set out the bases for the determination of the Group's liability should the insured event occur. The Group predominately writes personal lines insurance in the International Health and Travel classes. The majority of underwriting risk to which the Group is exposed is of a short-term nature in view of the lines of business which it writes.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments are significantly different to the amounts included within technical provisions. This could occur because the frequency or severity of claims and benefits are greater or lower than estimated. Insurance events are fortuitous and the actual number and amount of claims and benefits may vary from year to year from the estimate established using statistical techniques.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk and geographical location. The Group's book of business consists of individual policies spread across the whole European area, minimising concentration risk. In addition, the company writes a varied number of types of policies, spanning over a number of different classes of business. This brings an inherent diversification to the risk of claims.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risk accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the potential variability of the expected outcome.

Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The following are considered by the Group to be the most significant:

(i) The risk of a single event that can extensively affect a multiple of individual risks to which the Group is exposed.
(ii) The accumulation of multiple claims within the policy limits for risks which the Group underwrites.

The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy ensures that the risks underwritten are well diversified in terms of type and amount of risk. The Group follows strict underwriting guidelines and sets limits on the overall retention of risk that it carries. Any risk in excess of this limit is reinsured or is declined. Underwriting limits are in place to enforce appropriate risk selection criteria. In certain circumstances, certain exclusions to risks are included within these guidelines. For example, the Group does not insure US risks unless they are incidental. The Group can impose deductibles to help manage its costs. The Group also uses its experience and expertise to mitigate the risk of fraudulent claims. Insurance contracts also entitle the Group to pursue third parties for payment of some or all of the costs (i.e. subrogation). A significant portion of the Group's business is underwritten through schemes written through a distribution network where underwriting authority limits are set for individual schemes.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

35 Insurance contracts (continued)

35.4 Management of insurance risks (continued)

The directors are of the opinion that a change in the loss ratios will not have a significant effect on the underwriting income/loss in view of the profit commission mechanism in place.

Reinsurance arrangements

The Group has reinsurance protection in place for major classes of business. The type of reinsurance cover, and the level of retention, is based on the Group's internal risk management assessment which takes into account the risk being covered and the sums assured. The Board's of AIL and CIEL approve each reinsurance program on an annual basis. Reinsurance arrangements, both quota share and excess of loss, reduce the Group's exposure to large individual claims or aggregated losses from a single event and dampen the volatility in the underwriting result. This further mitigates catastrophe risk as well as maintains the residual risk within the risk appetite and tolerance levels of the Group. It is generally the Group's policy for reinsurance with non-group entities to be placed with listed multinational reinsurance companies whose credit rating is not less than A.

Claims handling

The Group has outsourced the claims handling of certain classes, to service providers who investigate and adjust claims. Claims are reviewed individually on a regular basis. The Group actively manages and pursues early settlement for claims to reduce its exposure to unpredictable developments.

Sources of estimation uncertainty in future claims payments

Claims on contracts are accounted for on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered or reported after the end of the contract term. As a result, the estimation of claims incurred but not reported. Incurred but not reported (IBNR) claims are generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is generally available. The estimated cost of claims includes direct expenses to be incurred in settling claims. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for IBNR and a provision for reported claims not yet paid. The amount of personal injury claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort.

The processes and controls for the pandemic model are different. COVID-19 claims have been identified and reserved for separately, with allowance for specific account policy wordings. The Group note the significant uncertainty associated with the COVID-19 claims reserve including uncertainty around the ultimate claims due to the immaturity of the COVID-19 pandemic. During the financial year, with the introduction of the COVID-19 impact, additional methods have had to be derived and applied to appropriately reserve and account for this significant event. These specific methods e.g. a COVID-19 ultimate model, have been additionally scrutinised and agreed with internal and consultant actuaries.

In calculating the estimated cost of unpaid claims (both reported and not reported), the Group's estimation techniques are a combination of the Bornhuetter-Ferguson method using loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and the Chain-ladder method where an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes. An allowance for risk and uncertainty is made within claims outstanding.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

35 Insurance contracts (continued)

35.4 Management of insurance risks (continued)

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For large personal injury claims the IBNR will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid, the Group considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio. Where possible, the Group adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each year.

A development of the estimate of ultimate claim cost for claims notified in a given year is presented later in this note. This gives an indication of the accuracy of the Group's estimation technique for claims payments.

The Group has taken the exemption under FRS 103 paragraph 6.3 not to disclose information about claims development that occurred earlier than five years before the end of the first financial year in which it applied FRS 103.

Process used to decide on assumptions

The Group uses assumptions based mainly on internal data to measure its claims liabilities. Internal data is derived mostly from the Group's quarterly claims reports. The Group uses several statistical methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods more commonly used are the chain-ladder and the Bornhuetter-Ferguson methods. Chain-ladder methods may be applied to premiums, paid claims or incurred claims (for example, paid claims plus case estimates). The basic technique involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each year that is not yet fully developed to produce an estimated ultimate claims cost for each year.

Chain-ladder techniques are most appropriate for those years and classes of business that have reached a relatively stable development pattern. Chain-ladder techniques are less suitable in cases in which the insurer does not have a developed claims history for a particular class of business.

The Bornhuetter-Ferguson method uses a combination of a benchmark or market-based estimate and an estimate based on claims experience. The former is based on a measure of exposure such as premiums; the latter is based on the paid or incurred claims to date. The two estimates are combined using a formula that gives more weight to the experience-based estimate as time passes. This technique has been used in situations in which developed claims experience was not available for the projection.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

35 Insurance contracts (continued)

35.4 Management of insurance risks (continued)

Change of assumptions

During 2020, the Group's estimation model for claims had been updated to reflect minor changes in development patterns, initial expected loss ratios, claim frequency and claim severity. COVID-19 modelling was developed as the pandemic evolved and was enhanced and updated as further information became available. An additional provision was identified in respect of the COVID-19 impact and included in the current year financial statements.

Sensitivity analysis

The following tables present the sensitivity of the value of insurance liabilities to movements in the assumptions used in the estimation of insurance liabilities. AIL and CIEL pay a profit share to fellow group companies that provide insurance administration services. This is calculated on a stepped scale, dependent on the loss ratio after any profit share paid to reinsurers, on all earned premiums.

Therefore, in considering the impact of a change in the loss ratio assumption on profit after tax and equity, this commission has been taken into consideration. To calculate the sensitivity the loss ratio was changed by increasing or decreasing it by 5%, with all other variables remaining constant.

	2020		**2019**	
	5% increase £'000	**5% decrease £'000**	**5% increase £'000**	**5% decrease £'000**
Accident and health	**188**	**(188)**	204	(204)
Assistance	**324**	**(324)**	219	(219)
Miscellaneous financial loss	**38**	**(38)**	10	(10)
Total impact on gross claims liabilities	550	(550)	433	(433)
Total impact on profit after tax and equity	550	(550)	433	(433)

The total impact on AIL profit after tax and equity is inclusive of an impact on profit shares with other group companies of £351k (2019: £414k).

Claims development tables

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The table below illustrates how AIL's estimate of total claims outstanding for each accident year has changed at successive year-ends and CIEL's current estimate of cumulative claims. The table reconciles to the cumulative claims to the amount appearing in the statement of financial position. The Group has taken the transition exemption under FRS 103 paragraph 6.3 not to disclose information about claims development that occurred earlier than five years before the end of the first financial year in which it applied FRS 103.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

35 Insurance contracts (continued)

35.4 Management of insurance risks (continued)

(a) Claims outstanding – gross

Underwriting year	2012 £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000	2019 £'000	2020 £'000	Total £'000
Estimate of ultimate claims costs:										
- At end of reporting period	912	1,485	1,277	667	1,338	1,838	1,207	1,324	2,065	**12,113**
- One year later	1,362	9,209	9,879	12,483	17,448	20,063	14,739	16,536	-	**101,719**
- Two years later	3,119	12,659	25,451	22,130	24,787	26,377	22,098	-	-	**136,621**
- Three years later	3,295	12,441	21,389	21,524	24,807	27,017	-	-	-	**110,473**
- Four years later	3,336	12,346	21,252	21,363	24,148	-	-	-	-	**82,445**
- Five years later	3,336	12,422	21,228	21,423	-	-	-	-	-	**58,409**
- Six years later	3,303	12,341	21,230	-	-	-	-	-	-	**36,874**
- Seven years later	3,291	12,341	-	-	-	-	-	-	-	**15,632**
- Eight years later	3,291	-	-	-	-	-	-	-	-	**3,291**
Current estimate of cumulative claims	3,291	12,341	21,230	21,423	24,148	27,017	22,098	16,536	2,065	**150,149**
Cumulative payments to date	(3,290)	(12,335)	(21,230)	(21,247)	(24,001)	(26,286)	(20,669)	(10,113)	(499)	**(139,670)**
Liability recognised at the reporting date	**1**	**6**	**-**	**176**	**147**	**731**	**1,429**	**6,423**	**1,566**	**10,479**
Provision in respect of prior years										34
Provisions for adverse deviation and shock loss										452
Total provision included in statement of financial position at 30 April 2020										**10,965**

Underwriting year	2012 £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000	2019 £'000	Total £'000
Estimate of ultimate claims costs:									
- At end of reporting period	912	1,485	1,277	667	1,338	1,838	1,207	1,324	**10,048**
- One year later	1,362	9,209	9,879	12,483	17,448	20,063	14,739	-	**85,183**
- Two years later	3,119	12,659	25,451	22,130	24,787	26,377	-	-	**114,523**
- Three years later	3,295	12,441	21,389	21,524	24,807	-	-	-	**83,456**
- Four years later	3,336	12,346	21,252	21,363	-	-	-	-	**58,297**
- Five years later	3,336	12,422	21,228	-	-	-	-	-	**36,986**
- Six years later	3,303	12,341	-	-	-	-	-	-	**15,644**
- Seven years later	3,291								**3,291**
Current estimate of cumulative claims	3,291	12,341	21,228	21,363	24,807	26,377	14,739	1,324	**125,470**
Cumulative payments to date	(3,290)	(12,335)	(21,214)	(21,194)	(23,594)	(23,764)	(11,395)	(415)	**(117,201)**
Liability recognised at the reporting date	**1**	**6**	**14**	**169**	**1,213**	**2,613**	**3,344**	**909**	**8,269**
Provision in respect of prior years									36
Provisions for adverse deviation and shock loss									598
Total provision included in statement of financial position at 30 April 2019									**8,903**

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

35 Insurance contracts (continued)

35.4 Management of insurance risks (continued)

(b) Claims outstanding – net

Underwriting year	2012 £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000	2019 £'000	2019 £'000	Total £'000
Estimate of ultimate claims costs:										
- At end of reporting period	453	987	1,129	516	748	1,356	846	805	1,121	**7,961**
- One year later	269	3,920	4,750	6,454	11,721	13,171	10,655	9,085	-	**60,025**
- Two years later	519	4,920	17,245	10,800	15,809	18,491	14,554	-	-	**82,338**
- Three years later	468	4,693	13,772	10,296	15,988	19,054	-	-	-	**64,271**
- Four years later	528	4,724	13,739	10,357	16,040	-	-	-	-	**45,388**
- Five years later	520	4,767	13,615	10,650	-	-	-	-	-	**29,552**
- Six years later	483	4,720	13,623	-	-	-	-	-	-	**18,826**
- Seven years later	468	4,721	-	-	-	-	-	-	-	**5,189**
- Eight years later	468									**468**
Current estimate of cumulative claims	468	4721	13,623	10,650	16,040	19,054	14,554	9,085	1,121	**89,316**
Cumulative payments to date	(468)	(4,720)	(13,623)	(10,570)	(16,037)	(18,414)	(13,612)	(6,278)	(278)	**(84,000)**
Liability recognised at the reporting date	**-**	**1**	**-**	**80**	**3**	**640**	**942**	**2,807**	**843**	**5,316**
Provision in respect of prior years										30
Provisions for adverse deviation and shock loss										291
Total provision included in statement of financial position at 30 April 2020										**5,637**

Underwriting year	2012 £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000	2019 £'000	Total £'000
Estimate of ultimate claims costs:									
- At end of reporting period	453	987	1,129	516	748	1,356	846	805	**6,840**
- One year later	269	3,920	4,750	6,454	11,721	13,171	10,655	-	**50,940**
- Two years later	519	4,920	17,245	10,800	15,809	18,491	-	-	**67,784**
- Three years later	468	4,693	13,772	10,296	15,988	-	-	-	**45,217**
- Four years later	528	4,724	13,739	10,357	-	-	-	-	**29,348**
- Five years later	520	4,767	13,615	-	-	-	-	-	**18,902**
- Six years later	483	4,720	-	-	-	-	-	-	**5,203**
- Seven years later	468	-	-	-	-	-	-	-	**468**
Current estimate of cumulative claims	468	4720	13,615	10,357	15,988	18,491	10,655	805	**75,099**
Cumulative payments to date	(468)	(4,720)	(13,608)	(10,286)	(15,691)	(16,366)	(8,381)	(280)	**(69,800)**
Liability recognised at the reporting date	**-**	**-**	**7**	**71**	**297**	**2,125**	**2,274**	**525**	**5,299**
Provision in respect of prior years									36
Provisions for adverse deviation and shock loss									598
Total provision included in statement of financial position at 30 April 2019									**5,933**

Notes to the Consolidated Financial Statements

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35.5 Financial instruments of the insurance companies

The insurance companies hold the following financial instruments, other than those arising from insurance contracts:

	2020 £'000	2019 £'000
Financial assets that are debt instruments measured at amortised cost		
Deposits with credit institutions	**23,668**	18,005
Cash and cash equivalents	**19,901**	20,846

The carrying value of these financial instruments is considered to approximate to their fair value at the reporting dates.

35.6 Financial risk management of the insurance companies

The insurance companies are exposed to a range of financial risks, in particular the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from insurance policies as they fall due. The most important components of this financial risk are market risk (including interest rate risk, equity price risk and currency risk), credit risk and liquidity risk. The specific risks that AIL and CEIL face due to the nature of their investments and liabilities are currency risk, credit risk and liquidity risk.

(i) Market risk

Interest rate risk

Due to the fact that fixed rates of interest are earned on all deposits with credit institutions, investment returns will not fluctuate because of changes in market interest rates. However, if the Group decided to reinvest the funds then the impact on the interest rates and the ultimate investment return will be subject to fluctuations as a result of the current economic climate.

Currency risk

AIL and CIEL manage foreign exchange risk against their functional currency. Foreign exchange arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. AIL and CIEL are exposed to currency risk in respect of liabilities under policies of insurance denominated in currencies other than Sterling. AIL and CIEL seek to mitigate the risk by matching the estimated foreign currency denominated liabilities in the same currency by holding claims liabilities in the currency of the liability.

	Financial assets		Financial liabilities	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Sterling	**45,066**	21,844	**20,672**	9,661
Euro	**52,359**	27,722	**49,933**	15,558
US dollar	**1,402**	3,900	**938**	107
Emirati dirham	**151**	1,184	**-**	81
Norwegian Kroner	**1,806**	-	**1,700**	-
Other	**381**	1,396	**20**	220
	101,165	56,046	**73,263**	25,627

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

35 Insurance contracts (continued)

35.6 Financial risk management of the insurance companies (continued)

Financial assets include financial investments, receivables, cash at bank and in hand and accrued interest.

Insurance liabilities include claims outstanding and payables, excluding accrued commissions payable on accrued income.

As at 30 April 2020, if the Pound had weakened / strengthened by 10% against other currencies, with all other variables held constant, profit for the year and equity for AIL would have been lower / higher as illustrated in the table below.

	2020 £'000	2019 £'000
Sterling increases by 10%		
Euro	**122**	(2,122)
US dollar	**(39)**	(640)
Emirati dirham	**(15)**	(105)
Other	**(21)**	(112)
	47	(2,979)
Sterling decreases by 10%		
Euro	**(122)**	2,122
US dollar	**39**	640
Emirati dirham	**15**	105
Other	**21**	112
	(47)	2,979

As at 30 April 2020, if the Euro, the functional currency of CIEL, had weakened / strengthened by 10% against other currencies, with all other variables held constant, the net impact on pre-tax profit for the year would be £145k (2019: £18k).

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

35 Insurance contracts (continued)

35.6 Financial risk management of the insurance companies (continued)

(ii) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Group is exposed to credit risk are:

- reinsurers' share of insurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders;
- amounts due from insurance intermediaries; and
- counterparty risk with respect to cash deposits.

The Group manages the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparty, and to geographical and industry segments. Such risks are subject to regular review.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract. In addition, management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. The recent payment history of reinsurers is also used to update the reinsurance purchasing strategy. AIL currently has concentrations of credit risk in respect of reinsurance assets held with Munich Re which represent 95% (2019: 95%) of reinsurance assets.

Exposure to credit risk in respect of amounts due from policyholders is mitigated by the Group's large customer base and the low average level of balances outstanding. AIL and CIEL are not exposed to concentrations of credit risk in respect of policyholders. There is also mitigation by the operation of controls in this area, including payment on policy acceptance and automated cancellation procedures for policies in default. The assets bearing credit risk for AIL, CIEL and PTI are summarised below, together with an analysis by credit rating. Debtors other than amounts due from reinsurers and group companies, have been excluded from the table as these are not rated.

	Moody's	Fitch	Fitch	Fitch	Not rated	Total
	Aa3	AA	A+	A		
2020	£'000	£'000	£'000	£'000	£'000	£'000
Other financial investments	-	-	9,090	14,578	-	23,668
Cash and cash equivalents	6,087	9,510	-	4,105	199	19,901
Arising out of reinsurance operations	1,737	437	-	-	-	2,174
Amounts owed by group undertakings	-	-	-	-	6,575	6,575
	7,824	9,947	9,090	18,683	6,774	52,318

	Fitch	Fitch	Not rated	Total
	AA	A		
2019	£'000	£'000	£'000	£'000
Other financial investments	-	18,005	-	18,005
Cash and cash equivalents	13,283	7,563	-	20,846
Arising out of reinsurance operations	138	-	-	138
Amounts owed by group undertakings	-	-	3,659	3,659
	13,421	25,568	3,659	42,648

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

35 Insurance contracts (continued)

35.6 Financial risk management of the insurance companies (continued)

The financial assets that are past due, but not impaired at the reporting date are set out below.

	Total	Neither past due nor impaired	Past due but not impaired		
			< 60 days	60-120 days	> 120 days
	£'000	£'000	£'000	£'000	£'000
2020					
Intermediaries	**6,522**	**5,432**	**820**	**269**	**1**
Policy holders	**13,222**	**13,081**	**4**	**117**	**20**
Receivables arising out of reinsurance operations	**2,174**	**2,066**	**-**	**-**	**108**
Amounts owed by group undertakings	**8,311**	**8,311**	**-**	**-**	**-**
Accrued interest	**140**	**140**	**-**	**-**	**-**
	30,369	**29,030**	**824**	**386**	**129**
2019					
Intermediaries	16,226	13,110	2,732	178	206
Policy holders	186	186	-	-	-
Receivables arising out of reinsurance operations	138	34	-	-	104
Amounts owed by group undertakings	3,609	3,609	-	-	-
Accrued interest	91	91	-	-	-
	20,250	17,030	2,732	178	310

An allowance has been made for estimated irrecoverable amounts from AIL's insurance customers, determined by reference to past default experience. All amounts that have not been provided for are expected to be recoverable. The table below shows the movement in the impairment allowance during the year.

	2020	2019
	£'000	£'000
At beginning of year	**487**	425
Increase in provision	**(336)**	62
Provision released in year	**-**	-
At end of year	**151**	487

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

35 Insurance contracts (continued)

35.6 Financial risk management of the insurance companies (continued)

(iii) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The primary liquidity risk of AIL is the obligation to pay claims to policyholders as they fall due.

The projected settlement of these liabilities is modelled, on a regular basis, using actuarial techniques. The Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover anticipated liabilities and unexpected levels of demand. The table below analyses the maturity of AIL's and CIEL's financial liabilities and outstanding claims. All liabilities are presented on a contractual cash flow basis except for the insurance liabilities, which are presented with their expected cash flows. The amounts disclosed in the table represent undiscounted cash flows.

	Timing of cash flows				
	Within one year £'000	Between one and two years £'000	Between two and five years £'000	More than five years £'000	Total £'000
2020					
Claims outstanding	7,502	3,095	368	-	10,965
Payables arising from direct insurance operations	13,935	-	-	-	13,935
Payables arising from reinsurance operations	5,240	-	-	-	5,240
Other payables excluding taxation and social security	544	-	-	-	544
Amounts owing to group undertakings	10,564	-	-	-	10,564
	37,785	**3,095**	**368**	-	**41,248**

	Timing of cash flows				
	Within one year £'000	Between one and two years £'000	Between two and five years £'000	More than five years £'000	Total £'000
2019					
Claims outstanding	7,463	1,244	196	-	8,903
Payables arising from direct insurance operations	11,113	-	-	-	11,113
Payables arising from reinsurance operations	3,409	-	-	-	3,409
Other payables excluding taxation and social security	2,188	-	-	-	2,188
Amounts owing to group undertakings	799	-	-	-	799
	24,972	**1,244**	**196**	-	**26,412**

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

35 Insurance contracts (continued)

35.7 Capital management of the insurance companies

AIL is regulated by the Prudential Regulation Authority and CIEL is regulated by the Malta Financial Services Authority. Both AIL and CIEL are subject to Solvency II requirements. The Solvency II Directive (2009/138/EC) introduced risk-based, regulatory requirements that ascertain the level of required regulatory capital to be held based on the nature and quantum of risks that each company is or could be exposed to. Under Solvency II AIL and CIEL are required to maintain a Solvency Capital Ratio (SCR) to ensure each company is able to meet its obligations over the next 12 months as well as a Minimum Capital Requirement (MCR) being the threshold below which the national regulator would intervene.

As a consequence, the Directors manage the capital with the following objectives:

- to comply with the insurance capital requirements to hold eligible own funds to cover the Solvency Capital Requirement ("SCR") and the Minimum Capital Requirement ("MCR")
- to safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and,
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.
- to match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- to maintain financial strength to support new business growth;
- retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- to allocate capital efficiently to support growth; and
- to manage exposures to movement in exchange rates.

AIL and CIEL manage their capital in accordance with their Capital Management Policy which sets their objectives, policy and processes, which includes:

- capital planning to ensure the companies hold the right amount of capital to meet their objectives; and
- capital allocation to ensure the companies maximise their capital returns.

The capital supporting the underwriting within the Group consists primarily of ordinary share capital and other shareholder funds. The Group will also consider alternative sources of capital, including reinsurance and securitisation, as appropriate, when assessing its deployment and usage of capital.

Both companies aim to ensure sufficient capital is held in excess of their SCR and MCR at all times. As at the reporting date on an aggregated basis, under Solvency II, AIL and CIEL had available capital available to meet Solvency requirements of approximately £27.7m and a combined SCR of £15.2m.

PTI's operations are regulated by the Gibraltar Financial Services Commission and is subject to insurance solvency regulations which specify the minimum amount of capital that must be held in addition to its insurance liabilities. PTI manages its capital in accordance with these rules and has embedded in its processes the necessary tests to ensure continuous and full compliance with such regulations. PTI has complied with all regulatory requirements in the current and prior year.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

36 Investments in subsidiary and related undertakings

At 30 April 2020 the Group has investments in the following subsidiary undertakings, joint ventures and associates:

Name	Country of incorporation	Ordinary shares held %	Registered address
Investment Companies			
Airport Dimensions Holdings Limited	United Kingdom	100*	1
ALD US Holdings Inc.	United States	100	2
Astrenska Insurance Holdings Limited	United Kingdom	100	1
Collinson Finance Limited	United Kingdom	100	1
Collinson Group (Trademarks) Limited	Gibraltar	100	5
Collinson Holdings (Hong Kong) Limited	Hong Kong	100	3
Collinson Holdings Europe Limited	Malta	100	6
Collinson Insurance (Holdings) Limited	United Kingdom	100	1
Collinson Insurance Group Limited	United Kingdom	100	1
Collinson International Limited	United Kingdom	100*	1
Collinson Investments Limited	United Kingdom	100*	1
IAPA (Holdings) Limited	United Kingdom	100	1
International Customer Loyalty Programmes (Holdings) Limited	United Kingdom	100	1
International Customer Loyalty Programmes (Overseas Holdings) Limited	United Kingdom	100	1
Priority Travel Group (Holdings) Limited	United Kingdom	100	1
Priority Travel Group (USA) Limited	United States	100	17
The Collinson Group (Asia) Pte. Limited	Singapore	100	12
The Collinson Group (IT) Limited	United Kingdom	100	1
The Collinson Group (Overseas Holdings) Limited	United Kingdom	100	1
The Collinson Group (USA) Limited	United States	100	2
The Collinson Group Australia Pty Limited	Australia	100	7
The Collinson Group (Overseas Holdings) Limited	United Kingdom	100	1

** Shareholding is held by The Collinson Group Limited. All other undertakings are indirectly held.*

Name	Country of incorporation	Ordinary shares held %	Registered address
Airport Lounge Development services			
Airport Lounge Development Inc.	United States	100%	2
Airport Lounge Development Limited	United Kingdom	100%	1
Airport Lounge Operations LLC	United States	80%	2
ALD Asia Pacific Limited	Hong Kong	100%	3
ALD CLE Holdings LLC	United States	100%	2
ALD Development Corp.	United States	100%	2
ALD Flohport LLC	United States	85%	8
ALD GLN Holdings LLC	United States	100%	2
ALD MSY Holdings LLC	United States	100%	2
ALD OGH UK Limited	United Kingdom	100%	1
ALDJCM LLC	United States	75%	18
The Club At Phx Inc.	United States	100%	2

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

36 Investments in subsidiary and related undertakings (continued)

Name	Country of incorporation	Ordinary shares held %	Registered address
Travel and membership services			
Collinson Inspur Limited	Hong Kong	100%	3
Collinson Services India LLP	India	100%	10
Frequent Flyer Club Of America, Inc.	United States	100%	11
Frequent Flyer Club, Inc.	United States	100%	2
I.A.P.A. (Global) Limited	Gibraltar	100%	5
IAPA (Services EAME) Limited	United Kingdom	100%	1
IAPA (Travel Services) Inc.	United States	100%	2
IAPA Limited	Gibraltar	100%	5
International Airline Passengers Association (EAME) Limited	United Kingdom	100%	1
International Airline Passengers Association (Far East) Limited	Hong Kong	100%	3
International Airline Passengers Association (Group Publications) Limited	United Kingdom	100%	1
Lounge Access Inc.	United States	100%	29
Lounge Access Limited	United Kingdom	100%	1
Lounge Gateway Limited	United Kingdom	100%	1
Lounge Key AP Limited	Hong Kong	100%	3
Lounge Key Inc.	United States	100%	2
Lounge Key Limited	United Kingdom	100%	1
Priority Collection Limited	United Kingdom	100%	1
Priority Pass (A.P.) Limited	Hong Kong	100%	3
Priority Pass (Asia) Pte. Limited.	Singapore	100%	12
Priority Pass Inc.	United States	100%	2
Priority Pass Limited	United Kingdom	100%	1
The Executive Club International Limited	United Kingdom	100%	1
Worldwide Travel Concierge Limited	United Kingdom	100%	1
Insurance and assistance services			
Aero 24 (Pty) Limited	South Africa	100%	21
Aero24 Inc.	United States	100%	2
Astrenska Insurance Limited	United Kingdom	100%	1
Astrenska Pty Limited	Australia	100%	7
Collinson Assistance Services Limited	United Kingdom	100%	1
Collinson Group South Africa (Pty) Limited	South Africa	100%	16
Collinson IG (Management) Limited	United Kingdom	100%	1
Collinson Insurance Brokers Inc.	United States	100%	2
Collinson Insurance Brokers Limited.	United Kingdom	100%	1
Collinson Insurance Europe Limited	Malta	100%	6
Collinson Insurance Services Limited	United Kingdom	100%	1
Collinson Insurance Solutions Europe Limited	Malta	100%	6
Collinson Service Solutions Limited	United Kingdom	100%	1

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

36 Investments in subsidiary and related undertakings (continued)

Name	Country of incorporation	Ordinary shares held %	Registered address
Insurance and assistance services (continued)			
Columbus Direct Limited	Hong Kong	100%	19
Columbus Direct Travel Insurance Pty Limited	Australia	100%	7
Columbus Insurance Services Limited	United Kingdom	100%	1
Consumer & Communication Services Gmbh	Germany	100%	27
Global Claims Services Limited	United Kingdom	100%	1
idAlerts Canada Inc.	Canada	100%	9
Intana Global Limited	United Kingdom	100%	1
Mediquote Limited	United Kingdom	100%	1
Preferential Direct Limited	United Kingdom	100%	1
PTI Company Limited	Gibraltar	100%	22
Talon Services Limited	Guernsey	100%	23
Loyalty, marketing and related services			
Bienvenue Financière	France	100%	13
Collinson (ASPAC) Pte. Limited	Singapore	100%	4
Collinson (Japan) K.K.	Japan	100%	20
Collinson (Latitude) Limited	United Kingdom	100%	1
Collinson (Product Innovation) Limited	United Kingdom	100%	1
Collinson (Shanghai) Co., Limited.	China	100%	25
Collinson (Singapore) Pte. Limited.	Singapore	100%	4
Collinson (USA) Inc.	United States	100%	2
Collinson CLO Inc.	United States	100%	17
Collinson Colsultoria Em Fidelização Limiteda	Brazil	100%	15
Collinson Do Brasil Desenvolvimento De Softwares E Serviços Limiteda	Brazil	100%	14
The Collinson Group Australia Pty Limited	Australia	100%	7
Collinson Inc.	United States	100%	2
Collinson International (Hong Kong) Limited	Hong Kong	100%	26
Collinson Latitude (AP) Limited	Hong Kong	100%	28
Collinson Loyalty & Benefits Private Limited	India	100%	10
Collinson SAS	France	100%	13
Collinson Technology Services Limited	United Kingdom	100%	1
ICLP Limited	Switzerland	100%	24
ICLP Worldwide Limited	United Kingdom	100%	1
International Customer Loyalty Programmes Plc	United Kingdom	99%	1
Partnership Marketing Agency Limited	United Kingdom	100%	1
Partnership Marketing Agency Limited (HK)	Hong Kong	100%	19
Vivid Lime Limited	United Kingdom	100%	1

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

36 Investments in subsidiary and related undertakings (continued)

Name	Country of incorporation	Ordinary shares held %	Registered address
Shared administration services			
Collinson (Central Services) Limited	United Kingdom	100%	1

The proportion of voting power held is the same as the proportion of ownership interest. The Consolidated Financial Statements incorporate the financial statements of all entities controlled by the Company as at 30 April each year. Refer to Note 3 for further description of the method used to account for investments in subsidiaries.

Name	Country of incorporation	Ordinary shares held %	Registered address
Joint Ventures			
Global Lounge TK MIA Term E, LLC	United States	50%	30
SwissportALD Limited	United Kingdom	49%	31
OGH Gulf Hospitality WII	Qatar	49%	32
Collinson Drum Cussac Ltd	United Kingdom	50%	1
Associates			
Inflyter SAS	France	49%	33
Cursus Technologies Inc.	United States	29%	34

Company registered office addresses

Number	Registered address
1	Cutlers Exchange, 123 Houndsditch, London EC3A 7BU, United Kingdom
2	5217 Tennyson Parkway, Suite 100%, Plano TX 75024, United States
3	Suites 1614-15, 16th Floor, City plaza One, 1111 King's Road, Hong Kong
4	152 Beach Road, #20-01/04 Gateway East, 189721, Singapore
5	19A TOWN RANGE, PO BOX 872, GX111AA, Gibraltar
6	Third Floor, Development House, St. Anne Street, Floriana FRN 9010, Malta
7	Level 13/124 Walker Street, North Sydney NSW 2060, Australia
8	4400 Easton Commons Way, Suite 125, Columbus, Ohio 43219, United States

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

36 Investments in subsidiary and related undertakings (continued)

Company registered office addresses (continued)

Number	Registered address
9	481 Morden Rd., Suite 200, Oakville, ON L6K 3W6, Canada
10	501-505, Ascot Centre, Next to Hotel Hilton Sahar Road, Andheri (E) Mumbai MH, 400099, India
11	5204 Tennyson Parkway, Suite 500, Plano, Texas, 75024, United States of America
12	100% Beach Road, #25-06, Shaw Towers, 189702, Singapore
13	85 Rue Pierre Duhem, 13290 Aix-en-Provence, France
14	Av Brigadeiro Luis Antonio, 2050, Andar 15 Sala 10, Bela Vista, Sao Paulo, CEP 01318-002, Brazil
15	Avenida Angelica, 2447 1st Floor, Rooms 11-16, Sao Paulo, Consolacao, 01227-200, Brazil
16	Century Falls Office Park, Block E Canal Close, Century City 7446, Cape Town, South Africa
17	The Corporation Trust Center, 1209 North Orange Street, Wilmington, Delaware, 19801, United States
18	1202 Camp St, New Orleans, LA 70130, United States
19	Level 12, 28 Hennessy, Road, Wanchai, Hong Kong
20	Watanade Building, 5th Floor, 2-20-13, Akasaka Minato-Ku, Tokyo, 107-0052, Japan
21	Mazars House, Rialto Road, Grand Moorings Precinct, Century City, 7441, Cape Town, South Africa
22	Montagu Pavilion Building, 8-10 Queensway, Gibraltar
23	PO Box 321 Royal Bank Place 1 Glategny Esplanade St Peter Port, GY1 4ND, Guernsey
24	Schiffbaustrasse 8, 8005 Zürich, Switzerland
25	Suite 925, 706 Huashan Rd, Pudong Xinqu, Shanghai Shi, 201208, China
26	Suites 1209-1214 Cityplaza One, 1111 King's Rd, Quarry Bay, Hong Kong
27	Ritterlingstr.1, 65719 Hofheim am Taunus, Germany
28	Level 12, 28 Hennessy Rd, Wan Chai, Hong Kong
29	400 County Road 143, Burnet Texas, 78611, United States
30	Suite 1538, 169 E Flagler Street, Miami, Florida, 33131, United States
31	Swissport House Hampton Court, Manor Park, Runcorn, Cheshire, WA7 1TT, United Kingdom
32	2nd Floor, Building 14, Arkaan Block Barwa Commercial Avenue P.O. Box. 31487, Doha, Qatar
33	171 Bis, Avenue Charles de Gaulle, 92200, Neuilly-sur-Seine, France
34	Suite 13, 3302 Canal Street, Houston, Texas, 77003, United States

Notes to the Consolidated Financial Statements

For the year ended 30 April 2020

36 Investments in subsidiary and related undertakings (continued)

For the year ended 30 April 2020 certain subsidiary undertakings were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to the audit of accounts. The members of the following subsidiary undertakings have not required them to obtain an audit of their financial statements for the year ended 30 April 2020.

Subsidiary undertaking	Registered number
Airport Dimensions Holdings Limited	11291574
Astrenska Insurance Holdings Limited	10330418
Collinson Assistance Services Limited	11908215
The Collinson Group (IT) Limited	06309843
The Collinson Group (Overseas Holdings) Limited	06607918
Collinson Insurance Group Limited	06312711
Collinson Insurance (Holdings) Limited	06311859
Collinson Investments Limited	11524334
Collinson (Product Innovation) Ltd	06028009
Collinson Service Solutions Limited	02474708
Collinson Technology Services Limited	06706878
Global Claims Services Limited	02943792
IAPA (Holdings) Limited	02577548
Intana Global Limited	04241693
International Customer Loyalty Programmes (Holdings) Limited	06311788
International Customer Loyalty Programmes (Overseas Holdings) Limited	06312662
Mediquote Limited	06346553
Partnership Marketing Agency Limited	05732839
Priority Collection Limited	05668655
Preferential Direct Limited	03375210
Priority Travel Group (Holdings) Limited	06309844
Worldwide Travel Concierge Ltd	07973951
Vivid Lime Ltd	03924823

Company Statement of Financial Position

As at 30 April 2020

	Note	2020 £'000	2019 £'000
Non-current assets			
Investments	5	**7,987**	7,987
		7,987	7,987
Current assets			
Trade and other receivables	6	**100**	100
		100	100
Current liabilities			
Trade and other payables	7	**(5)**	(5)
		(5)	(5)
Net current assets		**95**	95
Net assets		**8,082**	8,082
Capital and reserves			
Share capital	8	200	200
Retained earnings		7,882	7,882
Total equity		8,082	8,082

The profit for the year of the Company was £3,100k (2019: £8,292k).

These financial statements were approved by the Board of Directors and authorised for issue on 16 December 2020.

Director
C R Evans

The notes on pages 83 to 85 are an integral part of these financial statements.

Company Statement of Changes in Equity

For the year ended 30 April 2020

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 May 2019	**200**	**7,882**	**8,082**
Profit for the year	-	3,100	3,100
Other comprehensive income	-	-	-
Total comprehensive income	-	3,100	3,100
Dividends paid	-	(3,100)	(3,100)
At 30 April 2020	**200**	**7,882**	**8,082**
At 1 May 2018	100	-	100
Issued share capital	100		100
Profit for the year	-	8,292	8,292
Other comprehensive income	-	-	-
Total comprehensive income	-	8,292	8,292
Dividends paid	-	(410)	(410)
At 30 April 2019	**200**	**7,882**	**8,082**

The notes on pages 83 to 85 are an integral part of these financial statements.

Notes to the Company Financial Statements

For the year ended 30 April 2020

1 General information

The Collinson Group Limited ('the Company') is a private company limited by shares incorporated in the United Kingdom. The address of its registered office and principal place of business is Cutlers Exchange, 123 Houndsditch, London, EC3A 7BU.

The Company financial statements have been presented in Pounds Sterling as this is the Company's functional currency, being the primary economic environment in which the Company operates.

For the period ended 30 April 2020 the principal activity of the Company is that of a group holding company.

2 Basis of preparation

The Company financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' ('FRS 102') and applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. These financial statements have been prepared under the historical cost convention.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. The Company is included in the consolidated financial statements of its parent undertaking, The Collinson Group Limited (formerly Collinson Investments Limited).

In preparing these financial statements, the Company has taken advantage of the following exemptions:

I. from presenting a statement of cash flows, as required by Section 7 'Statement of Cash Flows';

II. from disclosing key management personnel compensation, as required by FRS 102 paragraph 33.7; and

III. from presenting a reconciliation of the number of shares outstanding at the beginning and end of the year, as required by FRS 102 paragraph 4.12.

On the basis that equivalent disclosures are given in the consolidated financial statements the Company has also taken advantage of the exemption not to provide:

IV. the disclosure requirements of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues'.

The Company has taken advantage of the exemption available under Section 408 in the Companies Act 2006 not to present its individual statement of comprehensive income.

3 Accounting policies

The accounting policies applied by the Company are set out within the accounting policies of the consolidated financial statements presented on pages 33 to 43.

Notes to the Company Financial Statements

For the year ended 30 April 2020

4 Critical accounting judgments and key sources of estimation uncertainty

Judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

4.1 Critical judgements in applying the Company's accounting policies

(i) Assessing indicators of impairment in investments in subsidiary undertakings

In assessing whether there have been any indicators of impairment, the directors have considered both external and internal sources of information such as market conditions and experience of recoverability.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Recoverability of receivables

Management estimates the recoverable value of receivables and establishes a provision for the amount that is estimated not to be recoverable. In assessing recoverability management considers the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

5 Investments in subsidiary undertakings

	£'000
Cost	
At 30 April 2019	7,987
Additions	-
At 30 April 2020	**7,987**

Details of subsidiary undertakings in which the Company has an indirect investment are included in note 36 of the consolidated financial statements. The Company has direct investments in the following subsidiary undertakings:

Name	Country of incorporation	Class of shares held	Percentage of equity shares and voting rights held %
Collinson Investments Ltd	United Kingdom	Ordinary	100
Collinson International Ltd	United Kingdom	Ordinary	100
Airport Lounge Development Holdings Ltd	United Kingdom	Ordinary	100

Notes to the Company Financial Statements

For the year ended 30 April 2020

6 Trade and other receivables

	2020 £'000	2019 £'000
Due within one year		
Amounts due from parent	100	100
	100	100

7 Trade and other payables

	2020 £'000	2019 £'000
Due within one year		
Amounts owing to group undertakings	5	5
	5	5

8 Share capital

	2020 £'000	2019 £'000
Allotted, called-up and fully paid		
Ordinary shares of £1 each	**200**	**200**

The Company has one class of ordinary shares which carry voting rights but no right to fixed income. On 2 May 2018, 100,000 ordinary shares with a nominal value of £1 per share for non-cash consideration of the entire issued share capital of Collinson International Limited. This transaction was part of a group reconstruction to transfer the assets of Collinson International Limited to the Company.

9 Off balance sheet arrangements

The Company has not entered into any off-balance sheet arrangements.

10 Related party transactions

The Company has taken advantage of the exemption available under FRS 102 Section 33.1A not to disclose related party transactions with other wholly owned group companies. There were no other related party transactions that require disclosure during the year ended 30 April 2020 (2019: none).

11 Parent undertaking and ultimate controlling party

The directors regard Parminder Limited, a company incorporated in the Isle of Man, to be the Company's immediate and ultimate parent undertaking. Parminder Limited does not prepare consolidated financial statements. The ultimate controlling parties identified by the directors are the Trustees of the Colin Evans 1987 Settlement, established under the laws of the Isle of Man, the beneficiary of which is Mr C R Evans.