

Company Registration No. 01094729 (England and Wales)

CAPITA TRAVEL AND EVENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015



CAPITA TRAVEL AND EVENTS LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | J Parkhouse S J S Mayall on behalf of Capita Corporate Director Limited P M Smith |
| Secretary | Capita Group Secretary Limited |
| Company number | 01094729 |
| Registered office | The Registry 34 Beckenham Road Beckenham Kent BR3 4TU |
| Auditors | KPMG LLP 15 Canada Square London E14 5GL |
| Bankers | Barclays Bank PLC 1 Churchill Place London E14 5HP |
| Solicitors | Herbert Smith Freehills Exchange House Primrose Street London EC2A 2HS |

CAPITA TRAVEL AND EVENTS LIMITED

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CAPITA TRAVEL AND EVENTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present the strategic report and financial statements for the year ended 31 December 2015.

Review of the business

The company is a wholly owned subsidiary (indirectly held) of Capita plc and operates within the group's Commercial Services division (part of Benefits Services division until 31 December 2015).

The principal activity of the company continued to be that of travel agents. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

As shown in the company's profit and loss account on page 5, the company's turnover has decreased from £51,677,567 in 2014 to £47,712,928 in 2015 and operating profit has decreased from £21,119,978 to £14,274,480 over the same period.

The balance sheet on page 6 of the financial statements shows the company's financial position at the year end. Net assets have decreased from £20,387,131 to £13,261,744. Details of amounts owed by/to its parent company and fellow subsidiary undertakings are shown in notes 11 and 12 to the financial statements.

Key performance indicators used by Capita plc are operating margins, free cash flow, capital expenditure and return on capital employed. Capita plc and its subsidiaries manages their operations on a divisional basis and as a consequence, some of these indicators are monitored only at a divisional level. The performance of the Benefits Services division of Capita plc is discussed in the group's annual report which does not form part of this report.

Systems and procedures are in place to identify, assess and mitigate major business risks that could impact the company. Monitoring exposure to risk and uncertainty is an integral part of the company's structured management processes. The principal risks that the company faces are operational risk, contract pricing, competition, regulatory and legislative impacts, recruitment and retention of staff and maintenance of reputation and strong supplier and customer relationships.

Group risks are discussed in the group's annual report which does not form part of this report.

On behalf of the board



S J S Mayall on behalf of Capita Corporate Director Limited
Director
27 June 2016

CAPITA TRAVEL AND EVENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their annual report and financial statements for the year ended 31 December 2015.

Results and dividends

The results for the year are set out on page 5.

An Interim dividend of £18,423,669 was paid during the year (2014: £377,000).

Directors

The following directors have held office since 1 January 2015:

J Parkhouse

S J S Mayall on behalf of Capita Corporate Director Limited

T C Richards

(Resigned 15 May 2015)

P M Smith

Disabled persons

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

Employee involvement

The company participates in the group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings, newsletters, email notices and intranet communications. These communication initiatives enable employees to share information within and between business units and employees are encouraged, through an open door policy, to discuss with management matters of interest to the employee and subjects affecting day to day operations of the company. The group's share incentive plan is designed to promote employee share ownership and to give employees the opportunity to participate in the future success of the group.

Environmental matters

Capita plc recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies, which are described in the group's annual report which does not form part of this report. Initiatives designed to minimise the company's impact on the environment include safe disposal of waste, recycling and reducing energy consumption.

Auditors

KPMG LLP, having indicated its willingness to continue in office, will be deemed to be reappointed as auditor under section 487(2) of the Companies Act 2006.

CAPITA TRAVEL AND EVENTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, The directors are required to:

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

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

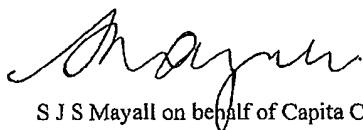
Statement of disclosure to auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the company's auditor is unaware. Having made enquiries of fellow Directors and the company's auditor, each Director has taken all the steps that he might reasonably be expected to take as a Director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Qualifying 3rd party indemnity provisions

The company has granted an indemnity to the directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

On behalf of the board



S J S Mayall on behalf of Capita Corporate Director Limited

Director

27 June 2016

CAPITA TRAVEL AND EVENTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CAPITA TRAVEL AND EVENTS LIMITED

We have audited the financial statements of Capita Travel and Events Limited for the year ended 31 December 2015 set out on pages 5 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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



Simon Baxter (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

29 June 2016
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CAPITA TRAVEL AND EVENTS LIMITED

STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

| | Notes | 2015 £ | 2014 £ |
|---|----------|-------------------|-------------------|
| Turnover | | 47,712,928 | 51,677,567 |
| Cost of sales | | (19,850,066) | (15,120,585) |
| Gross profit | | 27,862,862 | 36,556,982 |
| Administrative expenses | | (14,309,506) | (16,124,802) |
| Other operating income | | 721,124 | 687,798 |
| Operating profit | 3 | 14,274,480 | 21,119,978 |
| Interest received | 4 | 1,694 | 3,804 |
| Interest payable and similar charges | 5 | (166) | (23) |
| Profit before taxation | | 14,276,008 | 21,123,759 |
| Tax on profit on ordinary activities | 6 | (2,977,726) | (4,465,988) |
| Profit and comprehensive income for the financial year | | 11,298,282 | 16,657,771 |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

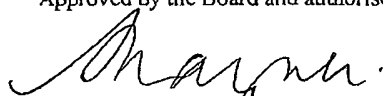
CAPITA TRAVEL AND EVENTS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2015

| | Notes | 2015 £ | 2014 £ |
|---|-------|---------------------|---------------------|
| Fixed assets | | | |
| Intangible fixed assets | 8 | 6,649,631 | 4,839,788 |
| Tangible fixed assets | 9 | 3,054,934 | 2,162,245 |
| Investments | 10 | 6,902,960 | 6,902,960 |
| | | <u>16,607,525</u> | <u>13,904,993</u> |
| Current assets | | | |
| Debtors | 11 | 84,653,836 | 95,312,896 |
| Cash at bank and in hand | | 1,163,073 | 6,582,959 |
| | | <u>85,816,909</u> | <u>101,895,855</u> |
| Creditors: amounts falling due within one year | 12 | <u>(89,162,690)</u> | <u>(94,783,598)</u> |
| Net current (liabilities)/assets | | <u>(3,345,781)</u> | <u>7,112,257</u> |
| Total assets less current liabilities | | <u>13,261,744</u> | <u>21,017,250</u> |
| Provisions for liabilities | 13 | - | (630,119) |
| | | <u>13,261,744</u> | <u>20,387,131</u> |
| Capital and reserves | | | |
| Called up share capital | 15 | 100,001 | 100,001 |
| Share premium account | 15 | 180 | 180 |
| Profit and loss account | 15 | 13,161,563 | 20,286,950 |
| Shareholders' funds | | <u>13,261,744</u> | <u>20,387,131</u> |

Approved by the Board and authorised for issue on 27 June 2016



S J S Mayall on behalf of Capita Corporate Director Limited
Director

Company Registration No. 01094729

CAPITA TRAVEL AND EVENTS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

| | Called up share capital | Share premium account | Profit and loss account | Total equity |
|---|----------------------------|-----------------------------|----------------------------|--------------|
| | £ | £ | £ | £ |
| At 1 January 2014 | 100,001 | 180 | 4,006,179 | 4,106,360 |
| Profit for the year | - | - | 16,657,771 | 16,657,771 |
| Total comprehensive income for the period | - | - | 16,657,771 | 16,657,771 |
| Dividends | - | - | (377,000) | (377,000) |
| At 31 December 2014 | 100,001 | 180 | 20,286,950 | 20,387,131 |
| Profit for the year | - | - | 11,298,282 | 11,298,282 |
| Total comprehensive income for the period | - | - | 11,298,282 | 11,298,282 |
| Dividends | - | - | (18,423,669) | (18,423,669) |
| At 31 December 2015 | 100,001 | 180 | 13,161,563 | 13,261,744 |

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

Capita Travel and Events Limited is a company incorporated and domiciled in the UK.

Despite the company being in a net liability position the ultimate parent undertaking has stated that it will provide continuing financial assistance to the company for the foreseeable future.

Due to the financial assistance provided by the ultimate parent undertaking, the company should have sufficient financial resources together with long standing relationships with clients and suppliers. As a consequence, the directors believe that the company is well placed to manage its business risks successfully. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

1.2 Compliance with accounting standards

These financial statements were prepared in accordance with Financial Reporting Standard 101 - Reduced Disclosure Framework (FRS 101). The company has adopted FRS 101 for the first time in these financial statements.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101.

The company's ultimate parent undertaking, Capita plc, includes the company in its consolidated statements. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU (EU-IFRS) and are available to the public and may be obtained from 71 Victoria Street, London SW1H 0XA. In these financial statements, the company has applied the disclosure exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy;
- Disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of Capita plc include equivalent disclosures, the company has also taken the disclosure exemptions under FRS 101 available in respect of the following disclosure:

- Certain disclosures required by IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IAS 36 Impairments of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the company, in the current and prior periods including the comparative period reconciliation for goodwill;
- Disclosures required by IFRS 7 Financial Instrument Disclosures.

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.3 Turnover

Turnover represents the net commissions receivable during the year.

1.4 Goodwill

Goodwill is stated at cost less accumulated impairment losses. It is not amortised but is tested annually for impairment which is in accordance with FRS 101.A2.8. This is not in accordance with the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the period and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

On adoption of FRS 101, the company restated business combinations that took place between 1 January 2007 and 31 December 2014. The company, therefore, restated its opening balances in 2014 to reflect the position had IFRS 3 'Business Combinations' been in effect since 1 January 2007.

1.5 Software development

Software Development is valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over the estimated useful life of between 5 to 15 years.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

| | |
|---|------------------------------|
| Land and buildings leasehold improvements | over the period of the lease |
| Fixtures, fittings & equipment | 3 - 5 years |

1.7 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.9 Cash and cash equivalents

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

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from the initial recognition of goodwill
- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probably that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised, except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

1.11 Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.12 Pensions

The company operates defined contribution pension schemes and contributions are charged to the profit and loss account in the year in which they are due. These pension schemes are funded and the payment of contributions are made to separately administered trust funds. The assets of the pension schemes are held separately from the company.

The company remits monthly pension contributions to Capita Business Services Limited, a fellow subsidiary undertaking of Capita plc, which pays the group liability centrally. Any unpaid pension contributions at the year end have been accrued in the accounts of that company.

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.13 Share-based payments

The company participates in various share option and sharesave schemes operated by Capita plc, the ultimate parent undertaking. Details of these schemes are contained in the group's annual report.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an option pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense, attributable to the company, since the previous balance sheet date is recognised in the profit and loss account and settled with Capita plc, the ultimate parent undertaking.

In accordance with IFRS 2, share option awards of the ultimate parent company's equity instruments in respect of settling grants to employees of the company are disclosed as a charge to the profit and loss account and a credit to equity. The company's policy is to reimburse its ultimate parent company through the inter company account for charges that are made to it. Hence the credit to equity has been eliminated, rather reflecting a credit to inter-company which better describes the underlying nature of the transaction.

1.14 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Capita plc, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

| 3 | Profit for the year | 2015 £ | 2014 £ |
|---|--|-----------|-----------|
| | Operating profit for the year is stated after charging: | | |
| | Net foreign exchange losses/(gains) | (721,124) | (687,798) |
| | Depreciation of property, plant and equipment | 846,455 | 491,866 |
| | (Loss)/profit on disposal of property, plant and equipment | - | (29,554) |
| | Amortisation of intangible assets | 74,549 | 80,472 |
| | Operating lease rentals - plant and machinery | 420,276 | 215,309 |
| | Operating lease rentals - other assets | 946,605 | 1,024,673 |

Audit fees are borne by the ultimate parent undertaking, Capita plc. The audit fee for the current period was £10,000 (2014: £3,000). The company has taken advantage of the exemption provided by regulations 6(2)(b) of The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 not to provide information in respect of fees for other (non-audit) services as this information is required to be given in the group accounts of the ultimate parent undertaking, which it is required to prepare in accordance with the Companies Act 2006.

| 4 | Investment income | 2015 £ | 2014 £ |
|---|-------------------|--------------|--------------|
| | Bank interest | 1,694 | 3,804 |
| | | <u>1,694</u> | <u>3,804</u> |

| 5 | Interest payable and similar charges | 2015 £ | 2014 £ |
|---|--------------------------------------|------------|-----------|
| | On bank overdrafts and loans | - | 23 |
| | Other interest payable | 166 | - |
| | Total interest expense | <u>166</u> | <u>23</u> |

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

6 Income tax expense

| | 2015 £ | 2014 £ |
|---|------------------|------------------|
| Corporation tax | | |
| Current year | 2,690,230 | 4,108,403 |
| Adjustments in respect of prior periods | 28,599 | (6,524) |
| | <u>2,718,829</u> | <u>4,101,879</u> |
| Deferred tax | | |
| Origination and reversal of temporary differences | 279,536 | 410,669 |
| Adjustment in respect of prior periods | (20,639) | (46,560) |
| | <u>258,897</u> | <u>364,109</u> |
| Total tax charge | <u>2,977,726</u> | <u>4,465,988</u> |

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

| | 2015 £ | 2014 £ |
|---|-------------------|-------------------|
| Profit before taxation on continued operations | <u>14,276,008</u> | <u>21,123,759</u> |
| Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.25% (2014 - 21.50%) | <u>2,890,892</u> | <u>4,541,608</u> |
| Taxation impact of factors affecting tax charge: | | |
| Utilisation of tax losses not previously recognised | - | (18,963) |
| Expenses not deductible for tax purposes | 24,258 | 27,227 |
| Impact of changes in statutory tax rates | 54,616 | (30,800) |
| Adjustments in respect of current income tax of prior years | 28,599 | (6,524) |
| Adjustments in respect of deferred income tax of prior years | (20,639) | (46,560) |
| Total adjustments | <u>86,834</u> | <u>(75,620)</u> |
| Total tax charge for the year | <u>2,977,726</u> | <u>4,465,988</u> |

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Subsequently, the rate will decrease from 20% to 19% from 1 April 2017 with a further reduction to 18% in 2020. The deferred tax balance has been adjusted to reflect this change. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly and is also expected to reduce the deferred tax liability held at 31 December 2015.

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

| 7 | Dividends | 2015 £ | 2014 £ |
|---|-----------------------------------|---------------|------------------------------|
| | Ordinary shares | | |
| | Interim dividend paid | 18,423,669 | 377,000 |
| 8 | Intangible fixed assets | | |
| | | Goodwill £ | Software Development £ |
| | Cost | | Total £ |
| | At 1 January 2015 | 3,524,407 | 1,515,206 |
| | Additions | - | 2,671,717 |
| | Transfer to tangible fixed assets | - | (889,850) |
| | 31 December 2015 | 3,524,407 | 3,297,073 |
| | Amortisation | | |
| | At 1 January 2015 | 115,800 | 84,025 |
| | Charge for the year | - | 74,549 |
| | Transfer to tangible fixed assets | - | (102,525) |
| | At 31 December 2015 | 115,800 | 56,049 |
| | Net book value | | |
| | At 31 December 2015 | 3,408,607 | 3,241,024 |
| | At 31 December 2014 | 3,408,607 | 1,431,181 |

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

9 Tangible fixed assets

| | Land and buildings leasehold improvements | Fixtures, fittings & equipment | Total |
|---------------------------------------|--|--------------------------------------|-----------|
| | £ | £ | £ |
| Cost | | | |
| At 1 January 2015 | 1,517,723 | 2,020,565 | 3,538,288 |
| Additions | 559,728 | 392,091 | 951,819 |
| Disposals | - | (350,493) | (350,493) |
| Transfer from intangible fixed assets | - | 889,850 | 889,850 |
| At 31 December 2015 | 2,077,451 | 2,952,013 | 5,029,464 |
| Depreciation | | | |
| At 1 January 2015 | 625,452 | 750,591 | 1,376,043 |
| Charge for the year | 228,801 | 617,654 | 846,455 |
| On disposal | - | (350,493) | (350,493) |
| Transfer from intangible fixed assets | - | 102,525 | 102,525 |
| At 31 December 2015 | 854,253 | 1,120,277 | 1,974,530 |
| Net book value | | | |
| At 31 December 2015 | 1,223,197 | 1,831,735 | 3,054,932 |
| At 31 December 2014 | 892,271 | 1,269,974 | 2,162,245 |

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

10 Investments

| | Shares in subsidiary undertakings £ |
|-----------------------|--|
| Cost | |
| At 1 January 2015 | 6,902,960 |
| At 31 December 2015 | 6,902,960 |
| Net book value | |
| At 31 December 2015 | 6,902,960 |
| At 31 December 2014 | 6,902,960 |

Holdings of ordinary share capital

Details of the company's subsidiaries at 31 December 2015 are as follows:

| Company | Country of registration or incorporation | Ordinary shares held (%) | Nature of business |
|--|--|--------------------------|------------------------------------|
| Booking Services International Limited | England | 100 | Hotel programme management |
| Expotel Group Limited | England | 100 | Hotel programme management |
| Nova Midco Limited* | England | 100 | Dormant |
| Nova Bidco Limited* | England | 100 | Dormant |
| International Travel Group Limited* | England | 100 | Dormant |
| Expotel Hotel Reservations Limited* | England | 100 | Hotel, travel and event management |
| Latemeetings.com Limited* | England | 100 | Dormant |
| NIS Europe Limited* | England | 100 | Dormant |
| Settlement Integrated Solutions Limited* | England | 100 | Dormant |
| Venues Event Management Limited* | England | 100 | Event management |
| BSI 360 Limited* | England | 100 | Dormant |
| The Olive Partnership Limited* | England | 100 | Dormant |
| International Reservations Limited* | England | 100 | Dormant |

* Indirectly held.

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

11 Debtors

| | 2015 | 2014 |
|---|-------------------|-------------------|
| | £ | £ |
| Trade debtors | 29,493,010 | 40,269,279 |
| Other debtors | 465,069 | 638,847 |
| Amount due by parent and fellow subsidiary undertakings | 45,315,667 | 35,205,779 |
| Prepayments and accrued income | 8,863,552 | 18,423,556 |
| Deferred tax asset (see note 13) | 516,538 | 775,435 |
| | <u>84,653,836</u> | <u>95,312,896</u> |

12 Creditors: amounts falling due within one year

| | 2015 | 2014 |
|---|-------------------|-------------------|
| | £ | £ |
| Trade creditors | 31,295,397 | 32,398,197 |
| Amount due to parent and fellow subsidiary undertakings | 44,413,478 | 46,194,660 |
| Corporation tax | 2,665,885 | 4,055,662 |
| Other taxes and social security | 1,034,200 | 1,159,164 |
| Other creditors | - | 102,511 |
| Accruals and deferred income | 9,753,730 | 10,873,404 |
| | <u>89,162,690</u> | <u>94,783,598</u> |

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

13 Provisions

| | Dilapidation £ |
|--------------------------|-------------------|
| At 1 January 2015 | 630,119 |
| Utilisation of provision | (630,119) |
| At 31 December 2015 | - |

The deferred tax asset (included in debtors, note 11) is made up as follows:

| | 2015 £ | |
|--------------------------------|-----------|-----------|
| Balance at 1 January 2015 | (775,435) | |
| Profit and loss account | 258,897 | |
| Balance at 31 December 2015 | (516,538) | |
| | 2015 £ | 2014 £ |
| Accelerated capital allowances | (497,604) | (631,201) |
| Other temporary differences | (18,934) | (144,234) |
| | (516,538) | (775,435) |

14 Pensions and other post-retirement benefit commitments

The total costs charged to income in respect of defined contribution plans is £761,929 (2014 - £679,433).

15 Capital and reserves

| | 2015 £ | 2014 £ |
|------------------------------------|-----------|-----------|
| Ordinary share capital | | |
| Issued and fully paid | | |
| 100,001 Ordinary shares of £1 each | 100,001 | 100,001 |

Share capital

The nominal proceeds on issue of the Company's equity share capital, comprising £1 ordinary shares.

Share premium

The amount paid to the company by shareholders, in cash or other consideration, over and above the nominal value of the shares issued to them.

Profit and loss account

Net profits kept to accumulate in the company after dividends are paid and retained in the business as working capital.

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

16 Employees

The average monthly number of employees (including non-executive directors) were:

| | 2015 Number | 2014 Number |
|-------------------------------|----------------|----------------|
| Management and administration | 141 | 123 |
| Operational and distribution | 718 | 766 |
| | <u>859</u> | <u>889</u> |

Their aggregate remuneration comprised:

| Employment costs | 2015 £ | 2014 £ |
|-----------------------|-------------------|-------------------|
| Wages and salaries | 19,277,238 | 20,365,290 |
| Social security costs | 1,633,958 | 1,831,376 |
| Pension costs | 761,929 | 679,433 |
| Share based payments | 30,829 | 48,500 |
| | <u>21,703,954</u> | <u>22,924,599</u> |

17 Directors' remuneration

| | 2015 £ | 2014 £ |
|---|----------------|---------------|
| Remuneration for qualifying services | 335,039 | 39,460 |
| Company pension contributions to defined contribution schemes | 23,100 | - |
| | <u>358,139</u> | <u>39,460</u> |

18 Operating lease commitments

At the reporting date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | Other 2015 £ | 2014 £ |
|----------------------------|--------------------|----------------|
| Within one year | 207,529 | 202,210 |
| Between two and five years | 271,649 | 492,311 |
| | <u>479,178</u> | <u>694,521</u> |

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

19 Contingent liabilities

The company has provided bonds to ABTA and IATA, and bank guarantees to tour operators, totalling £nil (2014: £6,295,000). In addition the company has jointly provided with another group company a bond to Rail Settlement Plan for £51,000,000 (2014: £45,000,000). No loss is expected to arise and there are no tax consequences on any of these bonds.

20 Related party transactions

During the year, the company sold goods/services in the normal course of business to Capita Glamorgan Consultancy Limited for £nil (2014: £39,594). All transactions were undertaken at normal market prices. At the balance sheet date the net amount due from Capita Glamorgan Consultancy Limited was £nil (2014: £5,561). Capita Property and Infrastructure Limited owns 51% of the shares in Capita Glamorgan Consultancy Limited and is one of four shareholders in the subsidiary with influence over the financial and operating policies.

21 Controlling party

The company is a wholly owned subsidiary undertaking of Capita Travel and Events Holdings Limited, a company incorporated in England & Wales. The financial statements of Capita plc are available from the registered office at 71 Victoria Street, London SW1H 0XA.

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

22 Reconciliations on adoption of FRS 101

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in preparation of an opening FRS 101 balance sheet at 1 January 2014 (the Company's date of transition).

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

22 Reconciliations on adoption of FRS 101

(Continued)

Reconciliation of equity

| | At 1 January 2014 | | | At 31 December 2014 | | |
|---------------------------------------|---------------------|-------------------------|--------------|---------------------|-------------------------|--------------|
| | Previous UK GAAP | Effect of transition | FRS 101 | Previous UK GAAP | Effect of transition | FRS 101 |
| | £ | £ | £ | £ | £ | £ |
| Fixed assets | | | | | | |
| Intangible fixed assets | 333,044 | - | 333,044 | 4,723,988 | 115,800 | 4,839,788 |
| Tangible fixed assets | 512,898 | - | 512,898 | 2,162,245 | - | 2,162,245 |
| Investments | 8,111,367 | - | 8,111,367 | 6,902,960 | - | 6,902,960 |
| | 8,957,309 | - | 8,957,309 | 13,789,193 | 115,800 | 13,904,993 |
| Current assets | | | | | | |
| Deferred tax asset | 107,235 | - | 107,235 | 775,435 | - | 775,435 |
| Debtors | 14,396,191 | - | 14,396,191 | 94,537,461 | - | 94,537,461 |
| Cash at bank and in hand | - | - | - | 6,582,959 | - | 6,582,959 |
| | 14,503,426 | - | 14,503,426 | 101,895,855 | - | 101,895,855 |
| Creditors due within one year | | | | | | |
| Loans and overdrafts | (9,754) | - | (9,754) | - | - | - |
| Creditors | (17,471,385) | - | (17,471,385) | (89,568,772) | - | (89,568,772) |
| Taxation and social security | (1,873,236) | - | (1,873,236) | (5,214,826) | - | (5,214,826) |
| | (19,354,375) | - | (19,354,375) | (94,783,598) | - | (94,783,598) |
| Net current (liabilities)/assets | (4,850,949) | - | (4,850,949) | 7,112,257 | - | 7,112,257 |
| Total assets less current liabilities | 4,106,360 | - | 4,106,360 | 20,901,450 | 115,800 | 21,017,250 |
| Provisions for liabilities | | | | | | |
| Other provisions | - | - | - | (630,119) | - | (630,119) |
| Net assets | 4,106,360 | - | 4,106,360 | 20,271,331 | 115,800 | 20,387,131 |
| Capital and reserves | | | | | | |
| Called up share capital | 100,001 | - | 100,001 | 100,001 | - | 100,001 |
| Share premium account | 180 | - | 180 | 180 | - | 180 |
| Profit and loss account | 4,006,179 | - | 4,006,179 | 20,171,150 | 115,800 | 20,286,950 |
| Shareholders' funds | 4,106,360 | - | 4,106,360 | 20,271,331 | 115,800 | 20,387,131 |

CAPITA TRAVEL AND EVENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

22 Reconciliations on adoption of FRS 101

(Continued)

Reconciliation of profit or loss for the year

| | At 31 December 2014 | | |
|--|---------------------|-------------------------|--------------|
| | Previous UK GAAP | Effect of transition | FRS 101 |
| | £ | £ | £ |
| Turnover | 51,677,567 | - | 51,677,567 |
| Cost of sales | (15,120,585) | - | (15,120,585) |
| Gross profit | 36,556,982 | - | 36,556,982 |
| Administrative expenses | (16,240,602) | 115,800 | (16,124,802) |
| Other operating income | 687,798 | - | 687,798 |
| Operating profit | 21,004,178 | 115,800 | 21,119,978 |
| Interest received | 3,804 | - | 3,804 |
| Interest payable and similar charges | (23) | - | (23) |
| Profit before taxation | 21,007,959 | 115,800 | 21,123,759 |
| Tax on profit on ordinary activities | (4,465,988) | - | (4,465,988) |
| Profit and comprehensive income for the financial year | 16,541,971 | 115,800 | 16,657,771 |

Goodwill amortisation under UK GAAP of £nil at the date of transition and £115,800 in respect of the year ended 31 December 2014 has been written back. The amortisation of £115,800 has been written back in administration expenses in the year ended 31 December 2014 as a result of the transition.