

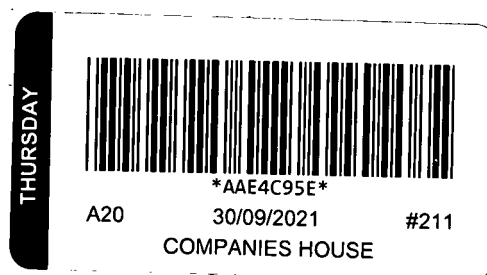
**Cartus Limited**

Registration number: 01431036

# Cartus Limited

Annual report and financial statements

for the year ending 31 December 2020



**Cartus Limited**

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**Cartus Limited**

**Company information**

**Directors**

A Harris  
D Pascoe  
T Edmonds

**Company secretary**

T Edmonds

**Registered office**

Frankland Road  
Blagrove  
Swindon  
Wiltshire  
United Kingdom  
SN5 8RS

**Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
3 Forbury Place  
23 Forbury Road  
Reading  
Berkshire  
RG1 3JH

Cartus Limited is a subsidiary of Cartus Holdings Limited. Cartus Holdings Limited is a wholly-owned subsidiary of Cartus Corporation in the USA, the premier provider of global outsourced employee relocation services. The ultimate parent and controlling party is Realogy Holdings Corp. Cartus Limited and its subsidiary undertakings (the UK Group) operations continue to be effectively integrated with its immediate parent; this provides a global operating platform, capable of providing high quality relocation services throughout the world. Cartus Limited continues to lead the way in providing a range of premier services to meet clients' requirements to ensure their employees received the highest standard of support and services throughout their relocation.

In 2020, Cartus Limited's turnover and operating results were negatively impacted by the coronavirus (COVID-19) crisis. Remote work arrangements during the pandemic as well as restrictions on travel had a significant impact on relocation volumes starting in late March 2020. During the year, turnover (the key performance indicator) was down 36.9% from £43.6m to £27.5m compared to 2019. This was mainly attributable to lower international Services revenue associated with a reduction in volumes due to the COVID-19 crisis.

The Company had taken steps to partially offset the anticipated reduction in earnings through cost saving initiatives such as temporarily reducing hours, pay, and utilising the Coronavirus Job Retention Scheme. The Company subsequently made a number of employees redundant due to the impact of lower volume attributable to COVID-19. All employee measures have been restored as of the end of 2020. Moreover, the company has not experienced any receivable recoverability issues with customers.

In the fourth quarter of 2020, the Company implemented the decision, following consultation, to have employees work from home on a permanent basis, maintaining some office space for meetings and conferences. From an employee wellbeing and business continuity perspective, we continue to monitor the latest information with respect to COVID-19. Periodic updates are issued and guidance to all staff on preventative measures and on maintaining good physical and mental health is being provided.

In 2020, Gross Profit was down £9.3m year on year due to a reduction in turnover as a result of lower volume. In 2020 there was an Operating loss (a key performance indicator) of £7.3m compared to an Operating loss of £0.2m in 2019. For the year net assets were down from 2019 by 359% from £1.5m to net liabilities of (£4.0m), this was mainly due to an increase in the amounts owed to group undertakings.

In 2019, the Company closed the dormant entity Cartus II Limited. As part of the strike off plan, the dormant entity exchanged preference shares for ordinary shares and a dividend was declared with its immediate parent, Cartus Limited. Cartus Limited then impaired its investment of £32.9m in the dormant entity as reported in the 2019 financial statements and accompanying notes. Subsequently, Companies House approved the strike-off of the entity in September 2020.

## **Cartus Limited**

### **Strategic report (continued)**

#### **For the year ended 31 December 2020**

##### **Business review (continued)**

In late 2019 Cartus Limited's ultimate parent, Realogy Holdings Corp. ("Realogy"), entered into a Purchase and Sale Agreement for the acquisition of the global employee relocation business, Cartus Relocation Services, by North American Van Lines, Inc. (as assignee of SIRVA). SIRVA is a portfolio company of Madison Dearborn Partners, LLC ("MDP"). Realogy strongly believes that all conditions to SIRVA's obligations to effect the closing have been and continued to be satisfied. In late April 2020, SIRVA notified Realogy that it did not believe all conditions to closing had been or would be satisfied by the 30 April termination date under the Purchase Agreement. Subsequently, Realogy filed a lawsuit against affiliates of MDP and SIRVA for breach of contract and a claim seeking payment of the termination fee. On 8 August, 2020, Realogy entered into a confidential settlement agreement with SIRVA, Inc., SIRVA Worldwide, Inc. ("SIRVA Worldwide") and affiliates of Madison Dearborn Partners, LLC to mutually dismiss and release all claims related to the termination of the Purchase and Sale Agreement dated 6 November, 2019 with North American Van Lines, Inc. (as assignee of SIRVA Worldwide) for the sale of Cartus Corporation. Cartus Relocation Services remains a viable and fully supported subsidiary of Realogy.

##### **Key performance indicators**

Locally, the Company utilises turnover and operating loss variances as key indicators of overall performance. Comparisons are shown above.

##### **Principal risks and uncertainties**

The directors of the Company are responsible for managing risks and uncertainties at the business unit level. The financial risks are detailed in the Directors' report. The directors have identified the following business risks:

Our operations are sensitive to general business and economic conditions in the UK and worldwide. A deterioration in economic factors that impact the real estate market could have a material adverse effect on our financial results.

Our ability to grow earnings is significantly dependent upon our clients' corporate relocations or relocation benefits as clients engage in cost reduction initiatives and changes in employment relocation trends, such as work from home arrangements.

The COVID-19 crisis has had, and may continue to pose increased risks to our business and our global markets. The COVID-19 crisis, along with travel restrictions and a greater acceptance of remote work arrangements has the potential to have a negative impact on relocation volumes in 2021 and thereafter.

##### **Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006**

The Directors are required to explain how they have considered the interests of key stakeholders and the broader matters as set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the company. This includes considering the interest of other stakeholders, which will have an impact on the long-term success of the company.

As part of their orientation, a new Director receives a briefing on their duties and they can obtain professional advice on these, either from the Company Secretary or from an independent advisor. All Directors are encouraged to utilise external knowledge from workshops or online programs. As employees of the Company, the Directors are involved in the day-to-day operations and decision making related to business strategy, employees, and suppliers.

When making decisions, each Director considers, both individually and together, that they have acted in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. They have done so, in conjunction with their immediate parent company, Cartus Corporation, having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act in the decisions taken during the

## **Cartus Limited**

### **Strategic report (continued)**

#### **For the year ended 31 December 2020**

#### **Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 (continued)**

year ended 31 December 2020. The Directors met monthly to review the key business issues for 2020. These were largely related to the COVID-19 pandemic and the impact this had on our business. In order to promote the success of the Company, we adjusted our employee staffing levels to align with the downturn in the level of business activity. Whilst some challenging decisions were made, the Directors acted in good faith in order to be fair to employees and suppliers. Financial and statistical data was utilised as part of the decision making process. Company-wide Town Hall meetings and monthly regional employee meetings were held with employees to communicate why actions were taken.

#### **S172(1) (A) - The likely consequences of any decision in the long term**

We have in depth knowledge and experience in the relocation business and the industry in which we operate, including the challenges of navigating through ever changing business environments. As Directors we work with the Company to make financially responsible decisions with the utmost consideration for all of our stakeholders – clients, customers, employees, suppliers, and shareholders alike. We focus on financial responsibility as every enterprise we touch, including our own, relies on our careful management to ensure consistency, security, and the optimal value of the services we provide. The Directors, along with the Cartus Corporation Executive Team, have taken the decisions they believe best support Cartus Limited's strategic goals. Among these are retaining clients, expanding business with existing clients, and signing new business. This was achieved through the continued emphasis on high quality customer service and service delivery, as well as ongoing technology innovations. The long-term consequences of our strategic initiatives (reviewed monthly by the Directors in conjunction with the Cartus Executive Leadership team) are carefully considered as part of the review process. Updates for each initiative are reviewed, which include current business impact, expected medium impact and long-term consequence. The strategic initiatives span multiple business disciplines within the business from developing/promoting thought leadership to technology innovation and use of robotic process automation. The specific areas considered as part of the long-term consequence are impact to clients, employees, and organization financial performance.

#### **S172(1) (B) - The interests of the company's employees**

We recognize that the Cartus Limited employees are essential to our business and to the delivery of our strategic goals. The success of our business depends on attracting, motivating and retaining talented employees, ensuring that we remain a responsible employer with regard to pay and benefits, as well as health and safety. We value a positive workplace environment including diverse talent, leveraging inclusion and individuality as the foundation of our competitive advantage. We take into account the effects of decisions on employees and the wider workforce, where relevant and feasible. Creating opportunities for our employees to get involved, build satisfying careers, balance life and work, and grow personally and professionally.

#### **S172(1) (C) - The need to foster the company's business relationships with suppliers, customers and others**

We value and are defined by our service. How we deliver is as important as what we deliver. As commitment to and awareness of service is part of every solution, large or small, and will always be the most visible, and personal benefit we bring. Delivering our strategy requires strong mutually beneficial relationships with our suppliers, customers and, clients. Cartus Corporation, and by extension Cartus Limited, seeks the promotion and application of certain general principles in such relationships. The ability to promote these principles effectively is an important factor in the decision to enter into or remain in such relationships. This along with other standards are put forth in our Code of Ethics to which we hold our suppliers and ourselves accountable.

**Cartus Limited**

**Strategic report (continued)**

**For the year ended 31 December 2020**

**Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 (continued)**

**S172(1) (D) - The impact of the company's operations on the community and the environment**

Cartus Corporation, including Cartus Limited, employees are dedicated and compassionate corporate citizens who support a wide variety of charities and organizations that work to improve our community and world. More information on this can be found within our 2019 Global Citizenship Report.

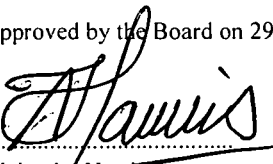
**S172(1) (E) - The desirability of the company maintaining a reputation for high standards of business conduct**

We value ethical behaviour. We conduct our business and ourselves with the utmost integrity. We comply with our internal and external commitments, and we make the ethical choice whenever there is a choice to be made. Our culture of integrity is absolute and non-negotiable. Annually all employees receive Ethics and Compliance training and certify to the Code of Ethics as out forth by its ultimate parent company, Realogy Holdings Corp. The Company Leadership periodically reviews these standards along with others such as its Human Rights Policy and Modern Slavery statement, to ensure that its high standards are maintained both within the Cartus Corporation, including Cartus Limited, business and the business relationships we maintain.

**S172(1) (F) -The need to act fairly as between members of the company**

After reviewing all relevant factors, we consider which course of action best enables delivery of our strategy through the long-term, taking into consideration the impact on stakeholders through dialogue based on the mutual understanding of objectives. The board as a whole has a responsibility for ensuring that a satisfactory dialogue takes place and that during the board's decision-making process the board has regard (amongst other matters) to the likely consequences of any decision in the long term.

Approved by the Board on 29 September 2021 and signed on its behalf by:

  
.....  
Alejandra Harris  
Director

## **Cartus Limited**

### **Directors' report**

#### **For the year ended 31 December 2020**

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

#### **Principal activities**

The principal activity of the Company is the provision of relocation services to corporate and government clients.

#### **Future developments**

The Company will continue to concentrate on the signing of new clients, cross selling of products and the investment in technology to further enhance core services to offset the impact of lower existing client relocation volume.

#### **Post balance sheet events**

As part of the company's strategy to concentrate resources on its core relocation business, the company sold its Destination Service Provider (DSP) and Relocation Agent Network (RAN) businesses on 31 January 2021. The company received initial consideration of £621,307 for the sale of the businesses and will also receive 10% of revenues earned over the next five years through an earnout provision. In conjunction with the sale, the Company disposed of assets of £35,270 and liabilities of £116,757 with an initial profit on disposal of £702,794, which was recognised in the profit and loss accounts in the first quarter of 2021. In 2020 and 2019, the businesses contributed post-tax profits/(loss) of £379,000 and (£195,000), respectively.

#### **Dividends and financial results**

The results for the year are set out in the Profit and loss account on page 14. The Company do not recommend the payment of a dividend. In September 2019, the company issued an allotment of 6,683,689 ordinary shares in the amount of £6,684k to Cartus Holdings Limited and performed a capital reduction of £13,056k. The company subsequently issued a dividend in specie and paid £16,000k to Cartus Holdings Limited. Cartus Limited assigned £16,000k of intercompany debtors owed to them by Cartus Corporation to Cartus Holdings Limited. No further dividend was proposed.

#### **Financial risks**

The Company's activities do expose it to a number of financial risks including price risk, credit risk, liquidity risk and cash flow risk. The risk is minimized based on the Company's strategy of assessing each area and ensuring proper controls are in place and operating effectively.

The Company's policies on price risk, credit risk, liquidity risk and cash flow risk, and its exposure to these risks are set out below.

##### **(a) Price risk**

The Company undertakes careful planning and development around clients and service offerings, together with close co-operation with the wider Cartus group, in order to address the competitive price pressures that exist in its market place.

##### **(b) Credit risk**

The Company's principal financial assets are bank balances and trade receivables.

The Company's credit risk is primarily attributable to its trade receivables and as such the Company operates to a formal trade credit policy. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on experience, is evidence of a reduction in the recoverability. Despite the COVID-19 crisis on companies in many different industries, the Company has had no credit or collectability issues with respect to the recoverability of its accounts receivable.

Credit risk has been strategically minimised through maintaining a balanced portfolio of customers spreading risk exposure over a wide range of industry sizes and segments. The Company also has credit underwriting procedures

## **Cartus Limited**

### **Directors' report (continued)**

**For the year ended 31 December 2020**

#### **(b) Credit risk (continued)**

and monitoring and may request deposit payments in advance in certain credit risk scenarios. The portfolio proudly combines both SME and Blue Chip corporate clients together with a variety of Government Agencies.

The credit risk on liquid funds and short term investments is limited because the counterparties are banks with high credit-ratings assigned by international rating agencies.

#### **(c) Liquidity risk**

The Company's ownership structure provides the Company with the ability to maintain liquidity via funding from the wider Cartus group and the ultimate parent, Realogy Corp. The overdraft facility previously in place was eliminated in April 2020.

#### **(d) Cash flow risk**

Whilst the Company continues to enjoy an array of secure funding mechanisms, including group support, it also endeavours to mitigate its dependency thereon through sustained focus on controls such as day-to-day cash flow management and reporting, comprehensive operational forecasting and the provision of alternative delivery options where suitable; as such the Company's cash flow risks remain minimal.

### **Directors**

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

A Harris (appointed 29 October 2020)

D Pascoe

T Edmonds (appointed 29 October 2020)

I Payne (resigned 28 February 2020)

R Tucker (resigned 1 December 2020)

R Abbott (resigned 31 December 2020)

### **Indemnity of directors**

The Company maintains liability insurance for its directors and officers. The Company has also provided an indemnity for its directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

### **Employees**

The Company is committed to ensuring that people with disabilities are supported and encouraged to apply for employment with the Company and to achieve progress through the Company. They will be treated so that they have an equal opportunity, so far as is justifiable, to be selected, trained and promoted. If an employee becomes disabled the Company will make every reasonable effort to consider and adapt the job and the workplace to meet their individual needs. Every reasonable effort will be made to enable disabled persons to be retained in the employment of the company.

The Company places considerable value on the involvement of its employees and continues to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group and company. This is achieved through formal and informal meetings, regular e-magazine publications, company videos, and a variety of other company news email. Employees are consulted on significant matters affecting their current and future interests.

## **Cartus Limited**

### **Directors' report (continued)**

**For the year ended 31 December 2020**

#### **Employee engagement**

Our employees are essential to our business and to the delivery of our strategic goals. Through recruitment, training and development, reward and recognition, diversity and inclusion, and ensuring our employees can fulfill their potential at work, we continue to build a strong and empowered workforce. While also ensuring we create opportunities for our employees to get involved, build satisfying careers, balance life and work, and grow personally and professionally. The skills, capabilities, and commitment of our employees is critical to ensuring the long-term success of our business. Effective employee engagement enables our employees to contribute to improving our business performance and assists us in creating an environment in which everyone can fulfil their potential. Our Directors and the management team engage with our employees by keeping them informed about what is happening across the business, such as new client signings, technology improvements, and strategic initiatives and how they affect the individual employee goal setting for the year. This is accomplished using a variety of methods, including company-wide Town Halls, leadership blogs, video updates, Yammer, email communications, our intranet site, and team meetings. It is also through some of these methods, as well as employee surveys, where we encourage our employees to share their thoughts, views and opinions. The Company conducted a number of formal workplace consultations with employee representatives and individuals on the impact of COVID-19. These consultations included our proposals for temporary cost savings initiatives such as utilising furloughs, amending working hours and salary reductions to mitigate the financial impact of the pandemic. Additionally, we consulted on permanent decisions such as remote workplace arrangements and reorganisation of staffing levels. In support of employee wellness we continue to encourage employees to use Cartus resources such as mental health first aiders, private medical insurance, training & our employee assistance programme.

#### **Stakeholder engagement**

As employees of the Company, the Directors are involved in the day-to-day operations and decision making related to business strategy, employees, and suppliers. In 2020, the Directors met throughout the course of the year to review and approve the financial results, the current year budget, and discuss the status of our strategic initiatives. The board members also report into the parent company, Cartus Corporation, through their respective functional area. The Directors strongly believe that Cartus Limited will only succeed by working with its clients, customers, suppliers and other stakeholders in conjunction with its employees. Working together is critical, particularly at a time when businesses are facing many issues, such as changing work environments.

Cartus Limited continues to build on its long track record of strong relationships and partnerships with our clients, suppliers, and employees.

Our clients and customers are our key focus. Ensuring a high quality experience of our services to our clients and their employees while maintaining our ethical standards is our goal every day. Understanding our clients and customers' needs is vital to determining our product offerings and how we invest in our technologies. Our Directors and management teams engage with our clients through regular dialogue and face-to-face meetings. Due to the COVID-19 pandemic, these communications continued via video conferences. Although the format changed, the interactions and intentions remained the same in order for Cartus to deliver the highest level of customer service possible to its clients. In addition to regular update meetings, quarterly and annual business reviews were held with clients. Cartus has developed a corporate networking group for its clients called Cartus Corporate Connections, C3. Cartus schedules regular meetings on key industry trends to engage with its clients on thought leadership and specific actions relating to COVID-19, as one example, and Diversity, Equitability and Inclusion as another example.

## **Cartus Limited**

### **Directors' report (continued)**

**For the year ended 31 December 2020**

#### **Stakeholder engagement (continued)**

Our suppliers are an extension of the quality service we deliver to our customers. It is important that the companies we work with to assist in the delivery of our services maintain the same level of commitment to excellence and ethics as we do at Cartus Limited and Cartus as a whole. We endeavour to maintain an effective and efficient supply chain, which allows us to deliver quality service to our customers, and by extension, our clients. Our Directors and management teams engage with our suppliers through annual events, performance reviews and regular dialogue and training. Our annual Relocation Agent Network (RAN) conference was held however was virtual in nature. Attendance was high and allowed Cartus to communicate and engage with the RAN members on key market trends and thought leadership pertaining to the UK Domestic housing market.

#### **Going concern**

The directors have performed an assessment of the Company's ability to continue as a going concern and have received written confirmation of financial support from the Company's ultimate parent company, Realogy Holdings Corp., for a period of at least 12 months from the date of approval of these financial statements by the board of directors. As such, these financial statements have been prepared on the going concern basis.

#### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 also 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.

#### **Directors' confirmations**

In the case of each director in office at the date the directors' report is approved:

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

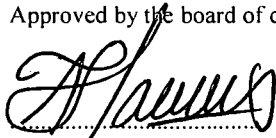
**Cartus Limited**

**Directors' report (continued)  
For the year ended 31 December 2020**

**Independent auditors**

The independent auditors PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

Approved by the board of directors and signed on behalf of the board:

A handwritten signature in black ink, appearing to read 'Alejandra Harris', written over a dotted horizontal line.

Alejandra Harris

**Director**

29 September 2021

**Cartus Limited**

## ***Independent auditors' report to the members of Cartus Limited***

### **Report on the audit of financial statements**

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#### **Opinion**

In our opinion, Cartus Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2020; the Profit and loss account and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Independence***

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

## ***Independent auditors' report to the members of Cartus Limited (continued)***

### **Reporting on other information (continued)**

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, employment laws and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate extraction of cash from the business or posting of inappropriate journal entries to overstate earnings before interest, depreciation, amortisation and tax.. Audit procedures performed by the engagement team included:

**Cartus Limited**

## ***Independent auditors' report to the members of Cartus Limited (continued)***

### **Responsibilities for the financial statements and the audit (continued)**

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Incorporating elements of unpredictability into the audit procedures performed;
- Identifying and testing of journal entries based on our risk assessment criteria, in particular any journals with unusual account combinations that represent a risk of material misstatement due to fraud;
- Testing of payments from the bank statements to ensure they have appropriate business rationale; and
- Review of financial statement disclosures for compliance with the Companies Act 2006.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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### **Other required reporting**

#### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Fiona Hornsby (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
29 September 2021

**Cartus Limited**

**Profit and loss account  
For the year ended 31 December 2020**

**Year ended 31 December**

	Note(s)	2020			2019		
		£ 000			£ 000		
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Turnover	4	25,437	2,057	27,494	40,046	3,542	43,588
Cost of sales		(9,437)	(14)	(9,451)	(15,405)	(823)	(16,228)
<b>Gross profit</b>		<b>16,000</b>	<b>2,043</b>	<b>18,043</b>	<b>24,641</b>	<b>2,719</b>	<b>27,360</b>
Administrative expenses		(23,704)	(1,664)	(25,368)	(24,685)	(2,914)	(27,599)
Exceptional government grant income		178	-	178	-	-	-
Other operating losses		(119)	-	(119)	(1)	-	(1)
<b>Operating (loss)/profit</b>	5	<b>(7,645)</b>	<b>379</b>	<b>(7,266)</b>	<b>(45)</b>	<b>(195)</b>	<b>(240)</b>
Income from shares in group undertakings	6,16	-	-	-	466	-	466
<b>(Loss)/profit before interest and taxation</b>		<b>(7,645)</b>	<b>379</b>	<b>(7,266)</b>	<b>421</b>	<b>(109)</b>	<b>226</b>
Other interest receivable and similar income	10	10	-	10	12	-	12
Interest payable and similar expenses	11	(88)	-	(88)	(212)	-	(212)
<b>(Loss)/profit before taxation</b>		<b>(7,723)</b>	<b>379</b>	<b>(7,344)</b>	<b>221</b>	<b>(195)</b>	<b>26</b>
Tax on (loss)/ profit	13	1,060	-	1,060	57	-	57
<b>(Loss)/profit for the financial year</b>		<b>(6,663)</b>	<b>379</b>	<b>(6,284)</b>	<b>278</b>	<b>(195)</b>	<b>83</b>

The Company has no other comprehensive income or losses for 2020 (or 2019) other than the results above and therefore no separate statement of comprehensive income has been presented.

The notes on pages 17 to 31 form an integral part of these financial statements.

**Cartus Limited**


**Balance sheet**

**As at 31 December 2020**

	Note	31 December 2020 £ 000	31 December 2019 £ 000
<b>Fixed assets</b>			
Intangible assets	14	18	5
Tangible assets	15	468	554
Investments	16	62	62
		<u>548</u>	<u>621</u>
<b>Current assets</b>			
Debtors	17	11,902	16,005
Cash at bank and in hand		4,157	651
		<u>16,059</u>	<u>16,656</u>
<b>Total assets</b>		<u>16,607</u>	<u>17,277</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(20,617)</u>	<u>(15,729)</u>
<b>Net current (liabilities)/ assets</b>		<u>(4,558)</u>	<u>927</u>
<b>Total assets less current liabilities</b>		<u>(4,010)</u>	<u>1,548</u>
<b>Net (liabilities)/ assets</b>		<u>(4,010)</u>	<u>1,548</u>
<b>Capital and reserves</b>			
Called up share capital	19	-	-
Profit and loss account		(4,010)	1,548
<b>Total shareholders' (deficit)/funds</b>		<u>(4,010)</u>	<u>1,548</u>

The financial statements of Cartus Limited on pages 14 to 31 (registration number: 01431036) were approved by the Board of directors and authorised for issue on 29 September 2021.

They were signed on its behalf by:

  
Alejandra Harris  
Director

The notes on pages 17 to 31 form an integral part of these financial statements.

**Cartus Limited**

**Statement of changes in equity  
For the year ended 31 December 2020**

	<b>Called-up Share capital £ 000</b>	<b>Profit and Loss account £ 000</b>	<b>Total Shareholders' Funds £ 000</b>
<b>At 1 January 2019</b>	6,372	4,072	10,444
Profit for the financial year	-	83	83
<b>Total comprehensive income</b>	-	83	83
Shares Issued	6,684	-	6,684
Capital reduction	(13,056)	13,056	-
Dividends	-	(16,000)	(16,000)
Share based payments	-	337	337
<b>At 31 December 2019</b>	-	1,548	1,548
	<b>Called-up Share capital £ 000</b>	<b>Profit and Loss Account £ 000</b>	<b>Total Shareholders' Funds/(deficit) £ 000</b>
<b>At 1 January 2020</b>	-	1,548	1,548
Loss for the financial year	-	(6,284)	(6,284)
<b>Total comprehensive expense</b>	-	(6,284)	(6,284)
Share based payments	-	726	726
<b>At 31 December 2020</b>	-	(4,010)	(4,010)

The notes on pages 17 to 31 form an integral part of these financial statements.

## **Cartus Limited**

### **Notes to the financial statements For the year ended 31 December 2020**

#### **1 General information**

The Company is a private company limited by share capital incorporated in England and domiciled in the United Kingdom.

The address of its registered office is:

Frankland Road  
Blagrove  
Swindon  
Wiltshire  
SN5 8RS  
United Kingdom

The nature of the Company's operations and its principal activities are set out in the Directors' report on page 6.

#### **2 Accounting policies**

##### **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

##### **Basis of preparation**

These financial statements are prepared on a going concern basis and under historical cost convention.

Cartus Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the following exemptions available to it:

- from preparing a statement of cash flows under FRS 102 paragraph 1.12(b);
- from the financial instruments disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29;
- from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7;
- Related party transactions entered into between two or more members of a group (for wholly-owned subsidiaries); and
- a reconciliation of the number of shares outstanding at the beginning and end of the year;
- from disclosing share based payment arrangements, required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23, concerning its own equity instruments.

The functional currency of Cartus Limited is considered to be pounds sterling because that is currency of the primary economic environment in which the Company operates.

##### **Going concern**

The directors have performed an assessment of the Company's ability to continue as a going concern and have received written confirmation of financial support from the Company's ultimate parent company, Realogy Holdings Corp., for a period of at least 12 months from the date of approval of these financial statements by the board of directors. As such, these financial statements have been prepared on the going concern basis.

## Cartus Limited

### Notes to the financial statements (continued) For the year ended 31 December 2020

#### 2 Accounting policies (continued)

##### Consolidated financial statements

The Company is a wholly-owned subsidiary of Cartus Holdings Limited and of its ultimate parent, Realogy Holdings Corp. It is included in the consolidated financial statements of Realogy Holdings Corp., which are publicly available. Therefore, the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

##### Intangible assets

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of between three and five years, on a straight line basis.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

<i>Asset class</i>	<i>Amortisation method and rate</i>
Software	3 to 5 years

##### Tangible assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Management assess tangible fixed assets for indicators of impairment on an annual basis.

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<i>Asset class</i>	<i>Depreciation method and rate</i>
Leasehold improvements and furniture, fittings and equipment	3 to 5 years

##### Impairment of non-financial assets

Tangible assets and investments are reviewed for impairment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised at the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

## **Cartus Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2020**

#### **2 Accounting policies (continued)**

##### **Financial instruments**

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### **(i) Financial assets**

Basic financial assets, including debtors, amounts owed by group undertakings and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

##### **ii) Financial liabilities**

Basic financial liabilities, including creditors, bank loans, and amounts owed to fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

##### **Investments**

Investments are held at cost less a provision for any impairment.

##### **Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account.

##### ***Current tax***

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

##### ***Deferred tax***

Deferred tax arises from timing differences that are differences between taxable profits and total profit as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

## **Cartus Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2020**

#### **2 Accounting policies (continued)**

##### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Company's activities and also includes on-charged relocation expenses. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the Company.

The company recognizes revenue when:

- (i) the amount of revenue can be reliably measured;
- (ii) it is probable that future economic benefits will flow to the entity; and
- (iii) specific criteria have been met for each of the Company's activities.

##### ***International Services***

For international outsourcing fees, turnover is recognised two months from the date of service activation, based on a weighted average calculation, as the majority of the service is delivered in the first two months. The ongoing support occurs monthly during the assignment and the fee is generally recognised monthly from the date of service activation. Service activation occurs after the transferee has accepted the service. International Destination service fees are recognised at completion of services, generally three months after activation.

##### ***Rebates***

The Company earns rebate turnover from estate agents, which is recognised at the time the underlying property completes, and turnover from other third-party service providers where the Company earns a rebate or commission, which is recognised at the time of completion of services.

##### ***Rental fees***

Rental fees are recognised on a straight-line basis over the term of the contract.

##### ***On-charged services***

Certain services are provided to customers where the Company engages certain third party suppliers to perform the service on the Company's behalf. In certain cases the costs incurred from the suppliers are recharged directly through to customers and because the Company is acting as principal in this arrangement, the turnover is recognised gross of such supplier costs at the time of the cost being incurred.

##### ***Other revenue***

Other revenue consists of several smaller service fees, the majority of which consist of the following:

UK domestic outsourcing fees - turnover is recognised four months from the date of service activation of the management fee to coordinate the homesale services, based on a weighted average calculation of the time it takes to deliver the homesale service.

Household goods fees - turnover is recognised upon completion of the transfer of the goods to the pre-determined destination by the removalists.

Network fees - earned from estate agents who are members of our agent network. The fees are recognised at completion of the delivery of the service.

Other revenue - consists of other service fees which the Company earns for various activities associated with the homesale process. These fees are recognised at the completion of the delivery of the service.

## **Cartus Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2020**

#### **2 Accounting policies (continued)**

##### **Government Grants**

The Company has taken advantage of the UK Government's Coronavirus Job Retention Scheme in respect of staff who were furloughed during the year. Amounts received relating to all furloughed staff totaled £177,567 (2019: £nil) and this amount has been disclosed on the face of the profit and loss account in exceptional government grant income. The amount of grants recognised in the financial statements was £177,567 (2019: £nil).

##### **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. All foreign exchange gains and losses are presented in the profit and loss account within 'Other operating losses'.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

##### **Leases**

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

The Company has no finance leases (2019: none).

##### **Share based payments**

The ultimate parent company operates a number of equity-settled, share-based compensation plans under which the entity receives services from employees as consideration for equity instruments (restricted stock units) of the entity. The fair value of the employee services received in exchange for the grant of stock-based awards is recognised as an expense in the books of the participating subsidiary and the credit is taken to profit and loss account. The total amount to be expensed over the vesting period is determined by reference to the fair-value of the stock-based awards granted. Expected forfeitures are included in assumptions about the number of stock-based awards that are expected to vest.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, with maturities of three months or less.

##### **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or restricted stock units are shown in equity as a deduction, net of tax, from the proceeds.

##### **Dividends**

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

## **Cartus Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2020**

#### **2 Accounting policies (continued)**

##### **Employee benefits**

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

##### ***Short term benefits***

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

##### ***Defined contribution pension obligation***

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

##### ***Annual bonus plan***

The ultimate parent company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

#### **3 Critical accounting judgements and key sources of estimation uncertainty**

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

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

##### **Critical accounting estimates and assumptions**

The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are addressed below.

##### ***Revenue recognition (deferral of revenue)***

For domestic services the Company recognises UK home purchase service fees on a percentage completion basis and UK Domestic Outsourcing turnover four months from the date of service activation. For International services the Company recognises International Outsourcing turnover two months from the date of service activation (based on a weighted average calculation) and International Destination service fees, if billed at activation, are deferred three months. Service activation occurs after the transferee has accepted the service. The estimation of deferral period requires the combination of assumptions including historical actual delivery and specific terms of the contract. Management assess the deferral period periodically to ensure the assumption still holds.

## Cartus Limited

### Notes to the financial statements (continued) For the year ended 31 December 2020

#### 4 Turnover

Turnover, which excludes value added tax, arises from the Company's principal activity of the provision of property and relocation services. All the Company's turnover arises in the United Kingdom.

Analysis of turnover by category:

	Year ended 31 December 2020	Year ended 31 December 2019
	£ 000	£ 000
International services	18,907	29,209
On-charged services	6,362	11,539
Rebates	748	1,088
Rental fees	241	348
Other revenue	1,236	1,404
	<u>27,494</u>	<u>43,588</u>

#### 5 Operating Loss

Operating loss is stated after charging/(crediting):

	Year ended 31 December 2020	Year ended 31 December 2019
	£ 000	£ 000
Amortisation expense (note 14)	24	18
Depreciation expense (note 15)	330	245
Operating lease expense (note 20)	773	813
Exceptional government grant income	178	-
Other operating losses	119	1
	<u>1,324</u>	<u>1,077</u>

Other operating losses relates to foreign exchange losses.

Exceptional government grant income relates to funds received under the Coronavirus Job Retention Scheme.

#### 6 Income from shares in group undertakings

	Year ended 31 December 2020	Year ended 31 December 2019
	£ 000	£ 000
Dividend Income	<u>-</u>	<u>466</u>

## Cartus Limited

### Notes to the financial statements (continued) For the year ended 31 December 2020

#### 7 Discontinued operations

As part of the company's strategy to concentrate resources on its core relocation business, the company sold its Destination Service Provider (DSP) and Relocation Agent Network (RAN) businesses on 31 January 2021. The company received initial consideration of £621,307 for the sale of the businesses and will also receive 10% of revenues earned over the next five years through an earnout provision. In conjunction with the sale, the Company disposed of assets of £35,270 and liabilities of £116,757 with an initial profit on disposal of £702,794, which was recognised in the profit and loss accounts in the first quarter of 2021. In 2020 and 2019, the businesses contributed post-tax profits/(loss) of £379,000 and (£195,000), respectively.

#### 8 Directors' remuneration

The directors' remuneration for the year was as follows:

	Year ended 31 December 2020	Year ended 31 December 2019
	£ 000	£ 000
Emoluments	651	680
Share based payments	280	139
Defined contributions pension scheme	29	38
	<u>960</u>	<u>857</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	Year ended 31 December 2020	Year ended 31 December 2019
	No.	No.
Share based payments	4	4
Accruing benefits under defined contribution pension schemes	<u>4</u>	<u>4</u>

In respect of the highest paid director

	Year ended 31 December 2020	Year ended 31 December 2019
	£ 000	£ 000
Emoluments	325	233
Share based payments	180	117
Defined contributions pension scheme	<u>10</u>	<u>10</u>

## Cartus Limited

### Notes to the financial statements (continued) For the year ended 31 December 2020

#### 9 Staff Costs

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

	Year ended 31 December 2020	Year ended 31 December 2019
	No.	No.
Directors	4	4
Sales and marketing	8	4
Administration	310	371
	<u>322</u>	<u>379</u>

Their aggregate remuneration comprised:

	Year ended 31 December 2020	Year ended 31 December 2019
	£ 000	£ 000
Wages and salaries	11,836	12,488
Social security costs	1,239	1,337
Other pension costs	375	447
Share based payment expenses	726	338
	<u>14,176</u>	<u>14,610</u>

#### 10 Other interest receivable and similar income

	Year ended 31 December 2020	Year ended 31 December 2019
	£ 000	£ 000
Bank interest	<u>10</u>	<u>12</u>

#### 11 Interest payable and similar expenses

	Year ended 31 December 2020	Year ended 31 December 2019
	£ 000	£ 000
Amounts payable in respect of bank overdraft	<u>88</u>	<u>212</u>

#### 12 Auditors' remuneration

Fees payable to PricewaterhouseCoopers LLP and their associates for the audit of the Company's annual financial statements were £102,864 (2019: £104,450).

## Cartus Limited

### Notes to the financial statements (continued) For the year ended 31 December 2020

#### 13 Tax on (loss)/profit

The tax credit comprises:

	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
UK corporation tax	-	-
Adjustments in respect of prior years	-	(9)
	-	(9)
Deferred Tax		
Arising from origination and reversal of timing differences	(1,062)	(54)
Adjustments in respect of prior years	13	-
Effect of changes in tax rates	(11)	6
<b>Total deferred tax</b>	<b>(1,060)</b>	<b>(48)</b>
<b>Total tax on (loss)/profit</b>	<b>(1,060)</b>	<b>(57)</b>

Tax assessed for the year is higher (2019: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2020 of 19% (2019: 19%). The differences are explained below:

	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
<b>(Loss)/profit before taxation</b>	<b>(7,344)</b>	<b>26</b>
(Loss)/profit before taxation at standard UK corp. tax rate of 19% (2019: 19%)	(1,395)	5
Effects of		
Non-deductible costs	8	6,328
Income not taxable	-	(6,345)
Group relief	256	10
Adjustment from previous periods	13	(9)
Share based payments	69	(52)
Effects of changes in tax rates	(11)	6
Tax credit for the year	(1,060)	(57)

#### Factors that may affect future tax charges

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides for a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 6 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the year-end date. In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. At the balance sheet date, the proposal to increase the rate to 25% had not been substantively enacted, substantive enactment occurred on 24 May 2021, therefore, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the deferred tax asset by £369,618.

**Cartus Limited**

**Notes to the financial statements (continued)  
For the year ended 31 December 2020**

**13 Tax on (loss)/profit (continued)**

**Deferred tax**

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>At 1 January</b>	109	61
Adjustments in respect of prior years	(13)	-
Deferred tax credited to profit and loss account	1,075	48
<b>At 31 December</b>	<u>1,171</u>	<u>109</u>

Deferred tax is attributable to the current year losses.

**14 Intangible assets**

	<b>Software</b>
	<b>£ 000</b>
<b>Cost or valuation</b>	
At 1 January 2020	249
Additions	37
At 31 December 2020	<u>286</u>
<b>Accumulated amortization</b>	
At 1 January 2020	244
Amortisation charge	24
At 31 December 2020	<u>268</u>
<b>Net book value</b>	
At 31 December 2020	<u>18</u>
At 31 December 2019	<u>5</u>

## Cartus Limited

### Notes to the financial statements (continued) For the year ended 31 December 2020

#### 15 Tangible assets

	Leasehold improvements £ 000	Fixtures and fittings £ 000	Total £ 000
<b>Cost or valuation</b>			
At 1 January 2020	549	1,440	1,989
Additions	130	114	244
At 31 December 2020	<u>679</u>	<u>1,554</u>	<u>2,233</u>
<b>Accumulated depreciation</b>			
At 1 January 2020	296	1,139	1,435
Charge for the year	161	169	330
At 31 December 2020	<u>457</u>	<u>1,308</u>	<u>1,765</u>
<b>Net book value</b>			
At 31 December 2020	<u>222</u>	<u>246</u>	<u>468</u>
At 31 December 2019	<u>253</u>	<u>301</u>	<u>554</u>

#### 16 Investments

Subsidiaries	£ 000
<b>Cost or valuation</b>	
At 1 January 2020 and 31 December 2020	<u>62</u>
<b>Provisions for impairment</b>	
At 1 January 2020	-
Charge for the year	-
31 December 2020	<u>-</u>
<b>Net book value</b>	
At 31 December 2020	<u>62</u>
At 31 December 2019	<u>62</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets.

All subsidiaries are incorporated in England and Wales, are wholly-owned by the Company and are listed below. The share capital of these subsidiaries comprises £1 ordinary shares.

## Cartus Limited

### Notes to the financial statements (continued) For the year ended 31 December 2020

#### 16 Investments (continued)

##### Details of undertakings

Subsidiary undertakings	Activity
Cartus Financing Limited*	Provision of finance to government agencies for employee relocation
Cartus Business Answers (No. 2) plc*	Dormant
Cartus UK plc*	Dormant

\*Registered office: Frankland Road, Blagrove, Swindon, Wiltshire, United Kingdom, SN5 8RS.

#### 17 Debtors

	31 December 2020 £ 000	31 December 2019 £ 000
Trade debtors, net of provision	4,528	6,354
Unbilled trade debtors	2,857	2,855
Amounts owed by group undertakings	101	3,364
Advances on houses	874	230
Other debtors	686	451
Deferred tax asset (note 13)	1,171	135
Corporation tax receivable	333	422
Prepayments and accrued income	1,352	2,194
	<u>11,902</u>	<u>16,005</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. All other debtors are considered to be recoverable within one year.

Advances on houses comprise the provision of finance for employee relocation.

## Cartus Limited

### Notes to the financial statements (continued) For the year ended 31 December 2020

#### 18 Creditors: amounts falling due within one year

	31 December 2020 £ 000	31 December 2019 £ 000
Loans and borrowings	-	8,479
Trade creditors	224	300
Amounts owed to group undertakings	14,777	1,471
Other creditors	1,016	1,507
Deferred tax liability (note 13)	-	26
Other taxation and social security	569	393
Accruals and deferred income	4,031	3,553
	<u>20,617</u>	<u>15,729</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The Company had a £10,000,000 bank overdraft facility that was repayable on demand and secured by a bank letter of credit. Interest was calculated monthly in arrears and payable on amounts owing at 2.5% per annum over 1 month UK LIBOR rate. This facility was cancelled in April 2020.

#### 19 Called up share capital

##### Allotted, called-up and fully paid shares

	31 December 2020		31 December 2019	
	No. 000	£ 000	No.000	£ 000
Ordinary shares of £ 0/S each	-	-	-	-

The Company's other reserves are as follows:

#### Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

#### 20 Obligations under operating leases

The total of future minimum lease payments is as follows:

	2020 £ 000	2019 £ 000
Within one year	513	773
In two to five years	99	612
	<u>612</u>	<u>1,385</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £773,000 (2019: £813,000).

## **Cartus Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2020**

#### **21 Employee benefits**

##### **Pension commitments**

The Company participates in a defined contribution scheme, which is independently run and managed. The cost of contributions to the scheme amounted to £375,000 (2019: £447,000). The amount outstanding at 31 December 2020 was £107,000 (2019: £81,000).

#### **22 Share-based payments**

The Company's ultimate parent entity, Realogy Holdings Corp. ("Realogy"), operates equity based share schemes: performance share units and two types of restricted stock units. Each scheme has vesting periods of 3 years from grant date and vesting requirements based on Realogy's financial performance. The total charge for the year was £726,000 (2019: £338,000).

#### **23 Parent and ultimate parent undertaking**

The immediate parent company is Cartus Holdings Limited, a company incorporated in England and Wales.

The ultimate parent undertaking and controlling party is Realogy Holdings Corp., a company incorporated in the USA. Realogy Holdings Corp. is the smallest and largest group to consolidate these financial statements at 31 December 2020.

The consolidated financial statements of the ultimate parent undertakings can be obtained from:

Realogy Holdings Corp.  
175 Park Avenue  
Madison, NJ 07940 USA

#### **24 Post balance sheet events**

As part of the company's strategy to concentrate resources on its core relocation business, the company sold its Destination Service Provider (DSP) and Relocation Agent Network (RAN) businesses on 31 January 2021. The company received initial consideration of £621,307 for the sale of the businesses and will also receive 10% of revenues earned over the next five years through an earnout provision. In conjunction with the sale, the Company disposed of assets of £35,270 and liabilities of £116,757 with an initial profit on disposal of £702,794, which was recognised in the profit and loss accounts in the first quarter of 2021. In 2020 and 2019, the businesses contributed post-tax profits/(loss) of £379,000 and (£195,000), respectively.