

Registration number: 01431036

Cartus Limited

Annual report and financial statements

for the year ending 31 December 2018



Cartus Limited

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Cartus Limited

Company information

Directors

R Abbott
D Pascoe
I Payne
R Tucker

Company secretary

R Tucker

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

Strategic report

For the year ended 31 December 2018

Business review

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 2018 Cartus Limited reported a loss due to global macroeconomic conditions including clients' restructuring and cost savings initiatives, resulting in fewer relocations and reduced benefit offerings.

During the year, turnover (the key performance indicator) was down from 2017 by 8.1% from £49.6m to £45.6m. This was mainly due to lower International Services revenue primarily associated with a reduction in client volume, mainly in our top four clients. In addition, related on charged service revenue decreased £1.6m.

Position of the business

Gross Profit was down £2.0m year on year as the reduction in turnover was partially offset by lower cost of sales. In 2018 there was an Operating loss (a key performance indicator) of £2.1m compared to an Operating profit of £0.8m in 2017. For the year net assets were down from 2017 by 13.4% from £12.1m to £10.4m, this was mainly due to a decrease in the amounts owed by group undertakings.

Key performance indicators

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

Principal risks and uncertainties

The directors of the Company manage the Company's risks at a US group level, rather than an individual business unit level. The financial risks are detailed in the Directors' report. Risks and uncertainties, in the context of the Realogy Group as a whole, are provided on pages 24 through to 47 of the Realogy Holdings Corp 2018 10-K Annual Report.

Approved by the Board on 23 September 2019 and signed on its behalf by:



R Abbott
Director

Cartus Limited

Directors' report

For the year ended 31 December 2018

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2018.

Principal activity

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.

Dividends and financial results

The results for the year are set out in the Profit and loss account on page 9. The Company do not recommend the payment of a dividend (2017: £nil).

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.

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 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 a overdraft facility and funding from the wider Cartus group. The overdraft facility has been renewed to 31 August 2020.

Cartus Limited

Directors' report (continued) For the year ended 31 December 2018

Financial risks (continued)

(d) Cash flow risk

Whilst the Company continues to enjoy an array of secure funding mechanisms, 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:

R Abbott
D Pascoe
I Payne
R Tucker

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.

Disclosure of information to the auditors

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

- (a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of section 418 of the Companies Act 2006.

Independent auditors

The 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.

Cartus Limited

**Directors' report (continued)
For the year ended 31 December 2018**

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.

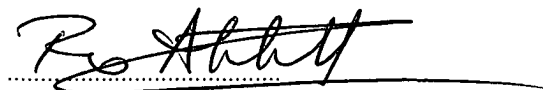
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law 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 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

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



R Abbott
Director

23 September 2019

Independent auditors' report to the members of Cartus Limited

Report on the audit of financial statements

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 2018 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 2018; the Profit and loss account, the 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.

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.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Director's 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 2018 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.

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 set out on page 5, 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.

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

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

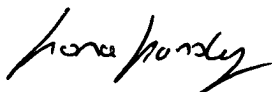
Other required reporting

Companies Act 2006 exception reporting

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

- we have not received 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.



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Fiona Hornsby (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
23 September 2019

Cartus Limited

Profit and loss account For the year ended 31 December 2018

		Year ended 31 December 2018 £ 000	Year ended 31 December 2017 £ 000
Turnover	4	45,558	49,586
Cost of sales		<u>(16,258)</u>	<u>(18,291)</u>
Gross profit		29,300	31,295
Administrative expenses		(31,375)	(30,862)
Other operating gains		<u>19</u>	<u>387</u>
Operating (loss)/profit	5	(2,056)	820
Interest receivable and similar income	8	12	10
Interest payable and similar charges	9	<u>(180)</u>	<u>(189)</u>
(Loss)/Profit before taxation		(2,224)	641
Tax on (loss)/profit	11	<u>97</u>	<u>(422)</u>
(Loss)/Profit for the financial year		<u>(2,127)</u>	<u>219</u>

The above results were derived from continuing operations.

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

The notes on pages 12 to 26 form an integral part of these financial statements.

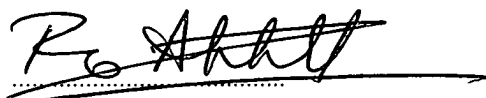
Cartus Limited

**Balance sheet
As at 31 December 2018**

	Note	31 December 2018 £ 000	31 December 2017 £ 000
Fixed assets			
Intangible assets	12	22	1,156
Tangible assets	13	535	666
Investments	14	32,991	32,991
		<u>33,548</u>	<u>34,813</u>
Current assets			
Debtors	15	29,252	32,072
Cash at bank and in hand		1,734	1,843
		<u>30,986</u>	<u>33,915</u>
Total assets		64,534	68,728
Creditors: amounts falling due within one year	16	(54,090)	(56,667)
Net current liabilities		<u>(23,104)</u>	<u>(22,752)</u>
Total assets less current liabilities		10,444	12,061
Net assets		<u>10,444</u>	<u>12,061</u>
Capital and reserves			
Called-up share capital	17	6,372	6,372
Profit and loss account	17	4,072	5,689
Total shareholders' funds		<u>10,444</u>	<u>12,061</u>

The financial statements of Cartus Limited on pages 9 to 26 (registration number: 01431036) were approved by the Board of directors and authorised for issue on 23 September 2019.

They were signed on its behalf by:



R Abbott

Director

The notes on pages 12 to 26 form an integral part of these financial statements.

Cartus Limited

**Statement of changes in equity
For the year ended 31 December 2018**

	Called-up Share capital £ 000	Profit and Loss account £ 000	Total Shareholders' Funds' £ 000
At 1 January 2017	6,372	4,262	10,634
Profit for the financial year	-	219	219
Total comprehensive income	-	219	219
Share based payments	-	1,208	1,208
At 31 December 2017	<u>6,372</u>	<u>5,689</u>	<u>12,061</u>

	Called-up Share capital £ 000	Profit and Loss Account £ 000	Total Shareholders' Funds' £ 000
At 1 January 2018	6,372	5,689	12,061
Loss for the financial year	-	(2,127)	(2,127)
Total comprehensive income	-	(2,127)	(2,127)
Share based payments	-	510	510
At 31 December 2018	<u>6,372</u>	<u>4,072</u>	<u>10,444</u>

The notes on pages 12 to 26 form an integral part of these financial statements.

Cartus Limited

Notes to the financial statements For the year ended 31 December 2018

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 3.

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(c), 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 2018

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

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Negative goodwill arising on an acquisition is recognised on the face of the balance sheet on the acquisition date and subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered.

<i>Asset class</i>	<i>Amortisation method and rate</i>
Goodwill	Straight line 20 years
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
Computer 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 2018

2 Accounting policies (continued)

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 2018

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 2018

2 Accounting policies (continued)

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)/gains'.

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

The Company has no finance leases.

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.

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.

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.

Cartus Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

2 Accounting policies (continued)

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.

Carrying value of investment

Where an indication of impairment is identified, the directors are required to consider whether the carrying value of its investments is supported by the discounted cash flows of its subsidiary. The directors consider the latest plans and forecasts of its subsidiary and the discount rate applied.

Carrying value of goodwill

Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to estimate the net present value of those cash flows.

Cartus Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

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 2018	Year ended 31 December 2017
	£ 000	£ 000
International services	31,516	33,843
On-charged services	11,285	12,926
Rebates	1,135	1,284
Rental fees	412	506
Other revenue	1,210	1,027
	<u>45,558</u>	<u>49,586</u>

5 Operating (Loss)/Profit

Operating (loss)/profit is stated after charging/(crediting):

	Year ended 31 December 2018	Year ended 31 December 2017
	£ 000	£ 000
Amortisation expense (note 12)	459	469
Impairment of goodwill (note 12)	679	-
Depreciation expense (note 13)	275	275
Operating lease expense (note 18)	817	805
Other operating gains	<u>(19)</u>	<u>(387)</u>

Other operating gains relates to foreign exchange gains.

6 Directors' remuneration

The directors' remuneration for the year was as follows:

	Year ended 31 December 2018	Year ended 31 December 2017
	£ 000	£ 000
Emoluments	661	762
Share based payments	308	852
Defined contributions/pension scheme	38	39
	<u>1,007</u>	<u>1,653</u>

Cartus Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

6 Directors' remuneration

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

	Year ended 31 December 2018	Year ended 31 December 2017
	No.	No.
Share based payments	4	4
Accruing benefits under defined contribution pension schemes	4	4

In respect of the highest paid director

	Year ended 31 December 2018	Year ended 31 December 2017
	£ 000	£ 000
Emoluments	218	267
Share based payments	117	433
Defined contributions/pension scheme	14	15

7 Staff costs

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

	Year ended 31 December 2018	Year ended 31 December 2017
	No.	No.
Directors	4	4
Sales and marketing	6	9
Administration	415	407

Their aggregate remuneration comprised:

	Year ended 31 December 2018	Year ended 31 December 2017
	£ 000	£ 000
Wages and salaries	12,835	13,178
Social security costs	1,399	1,333
Other pension costs	418	383
Share based payment expenses	510	1,208

8 Interest receivable and similar income

	Year ended 31 December 2018	Year ended 31 December 2017
	£ 000	£ 000
Bank interest	12	10

Cartus Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

9 Interest payable and similar charges

	Year ended 31 December 2018	Year ended 31 December 2017
	£ 000	£ 000
Amounts payable in respect of bank overdraft	<u>180</u>	<u>189</u>

10 Auditors' remuneration

Fees payable to PricewaterhouseCoopers LLP and their associates for the audit of the Company's annual financial statements were £115,000 (2017: £92,000).

11 Tax on (loss)/profit

The tax (credit)/charge comprises:

	Year ended 31 December 2018	Year ended 31 December 2017
	£ 000	£ 000
UK corporation tax	-	442
Adjustments in respect of prior years	<u>(171)</u>	<u>(1)</u>
	(171)	441
Deferred Tax		
Arising from origination and reversal of timing differences	50	(21)
Adjustments in respect of prior years	29	-
Effect of changes in tax rates	<u>(5)</u>	<u>2</u>
Total deferred tax	<u>74</u>	<u>(19)</u>
Total tax on (loss)/profit	<u>(97)</u>	<u>422</u>

Cartus Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

11 Tax on (loss)/profit (continued)

Tax assessed for the year is higher (2017: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2018 of 19% (2017: 19.25%). The differences are explained below:

	Year ended 31 December 2018	Year ended 31 December 2017
	£ 000	£ 000
(Loss)/Profit before taxation	<u>(2,224)</u>	<u>641</u>
Tax on profit at standard UK corp. tax rate of 19% (2017: 19.25%)	(422)	123
Effects of		
Non-deductible costs	306	314
Group relief	181	-
Adjustment from previous periods	(143)	-
Share based payments	(14)	(18)
Effects of changes in tax rates	<u>(5)</u>	<u>3</u>
Tax charge for the year	<u>(97)</u>	<u>422</u>

Factors that may affect future tax charges

The tax rate for the current year is lower than the prior year due to changes in the UK corporation tax rate which decreased from 20% to 19% from 1 April 2017.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Deferred tax

	Year ended 31 December 2018	Year ended 31 December 2017
	£ 000	£ 000
At 1 January	135	116
Adjustments in respect of prior years	(29)	(1)
Deferred tax charged to profit and loss account	<u>(45)</u>	<u>20</u>
At 31 December	<u>61</u>	<u>135</u>

Deferred tax is attributable to capital allowances

Cartus Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

12 Intangible assets

	Goodwill £ 000	Software £ 000	Total £ 000
Cost or valuation			
At 1 January 2018	8,136	255	8,391
Additions	-	4	4
Disposals	-	(11)	(11)
At 31 December 2018	<u>8,136</u>	<u>248</u>	<u>8,384</u>
Accumulated amortization			
At 1 January 2018	7,050	185	7,235
Amortisation charge	407	52	459
Impairment	679	-	679
Amortisation eliminated on disposal	-	(11)	(11)
At 31 December 2018	<u>8,136</u>	<u>226</u>	<u>8,362</u>
Net book value			
At 31 December 2018	<u>-</u>	<u>22</u>	<u>22</u>
At 31 December 2017	<u>1,086</u>	<u>70</u>	<u>1,156</u>

The Company experienced a loss in 2018 due to a reduction in client volume. As a result there was a decline in sales and goodwill was impaired by the remaining balance of £679,000.

13 Tangible assets

	Leasehold improvements £ 000	Fixtures and fittings £ 000	Computer equipment £ 000	Total £ 000
Cost or valuation				
At 1 January 2018	307	1,401	19	1,727
Additions	25	138	(19)	144
Disposals	-	(146)	-	(146)
At 31 December 2018	<u>332</u>	<u>1,393</u>	<u>-</u>	<u>1,725</u>
Accumulated depreciation				
At 1 January 2018	218	843	-	1,061
Charge for the year	30	245	-	275
Eliminated on disposal	-	(146)	-	(146)
At 31 December 2018	<u>248</u>	<u>942</u>	<u>-</u>	<u>1,190</u>
Net book value				
At 31 December 2018	<u>84</u>	<u>451</u>	<u>-</u>	<u>535</u>
At 31 December 2017	<u>89</u>	<u>558</u>	<u>19</u>	<u>666</u>

Due to a prior period overstatement of the cost of disposals/accumulated depreciation eliminated on disposals there has been a change to the opening and closing costs of £803,000 in fixtures and fittings, however there is no net impact on the net book value of the tangible assets.

Cartus Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

14 Investments

	31 December 2018 £ 000	31 December 2017 £ 000
Investments in subsidiaries	<u>32,991</u>	<u>32,991</u>
Subsidiaries		£ 000
Cost or valuation		
At 1 January 2018 and 31 December 2018		32,991
Provisions for impairment		
At 1 January 2018 and 31 December 2018		<u>-</u>
Net book value		
At 31 December 2018 and 31 December 2017		<u>32,991</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.

Details of undertakings

Subsidiary undertakings

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

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

Cartus Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

15 Debtors

	31 December	31 December
	2018	2017
	£ 000	£ 000
Trade debtors, net of provision	3,818	4,150
Unbilled trade debtors	1,948	1,914
Amounts owed by group undertakings	20,257	22,670
Advances on houses	713	713
Other debtors	791	799
Deferred tax asset (note 11)	61	135
Corporation tax receivable	318	-
Prepayments and accrued income	1,346	1,691
	<u>29,252</u>	<u>32,072</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.

16 Creditors: amounts falling due within one year

	31 December	31 December
	2018	2017
	£ 000	£ 000
Loans and borrowings	5,965	7,985
Trade creditors	965	823
Amounts owed to group undertakings	41,391	41,839
Other creditors	1,427	1,822
Other taxation and social security	435	393
Corporation tax payable	-	130
Accruals and deferred income	3,907	3,675
	<u>54,090</u>	<u>56,667</u>

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

The Company has a £10,000,000 bank overdraft facility that is repayable on demand and is secured by a bank letter of credit. Interest is calculated monthly in arrears and is payable on amounts owing at 2.5% per annum over 1 month UK LIBOR rate. This facility was renewed and extended through 31 August 2020.

Cartus Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

17 Called-up share capital and reserves

Allotted, called-up and fully paid shares

	31 December 2018		31 December 2017	
	No. 000	£ 000	No.000	£ 000
Ordinary shares of £ each	6,372	6,372	6,372	6,372

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.

18 Obligations under operating leases

The total of future minimum lease payments is as follows:

	2018	2017
	£ 000	£ 000
Within one year	773	773
In two to five years	1,385	2,158
In over five years	-	-
	<u>2,158</u>	<u>2,931</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £817,000 (2017: £805,000).

19 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 £418,000 (2017: £383,000). The amount outstanding at 31 December 2018 was £89,000 (2017: £81,000).

20 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.

Cartus Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

21 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 2017.

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

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