ASX Announcement

19 August 2020

2020 Annual Report

Attached is Corporate Travel Management Limited's 2020 Annual Report.

Authorised for release by the Board.

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2020 annual report

ctm

contents

Corporate Travel Management Limited
ABN 17 131 207 611

2020: our year in review.

Key Financial Highlights

$4.6B
TOTAL TRANSACTION VALUE

29.4c / SHARE
UNDERLYING EPS

$349.9M
TOTAL REVENUE AND OTHER INCOME IN 2020

$65.0M
UNDERLYING EBITDA

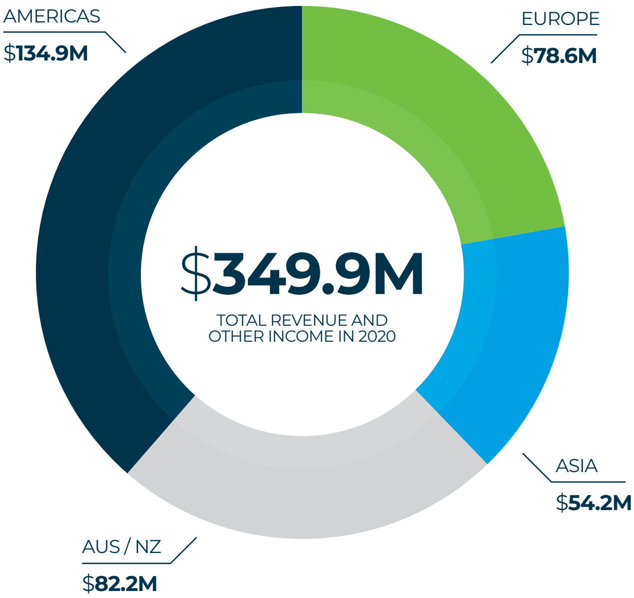
$92.8M
CASH

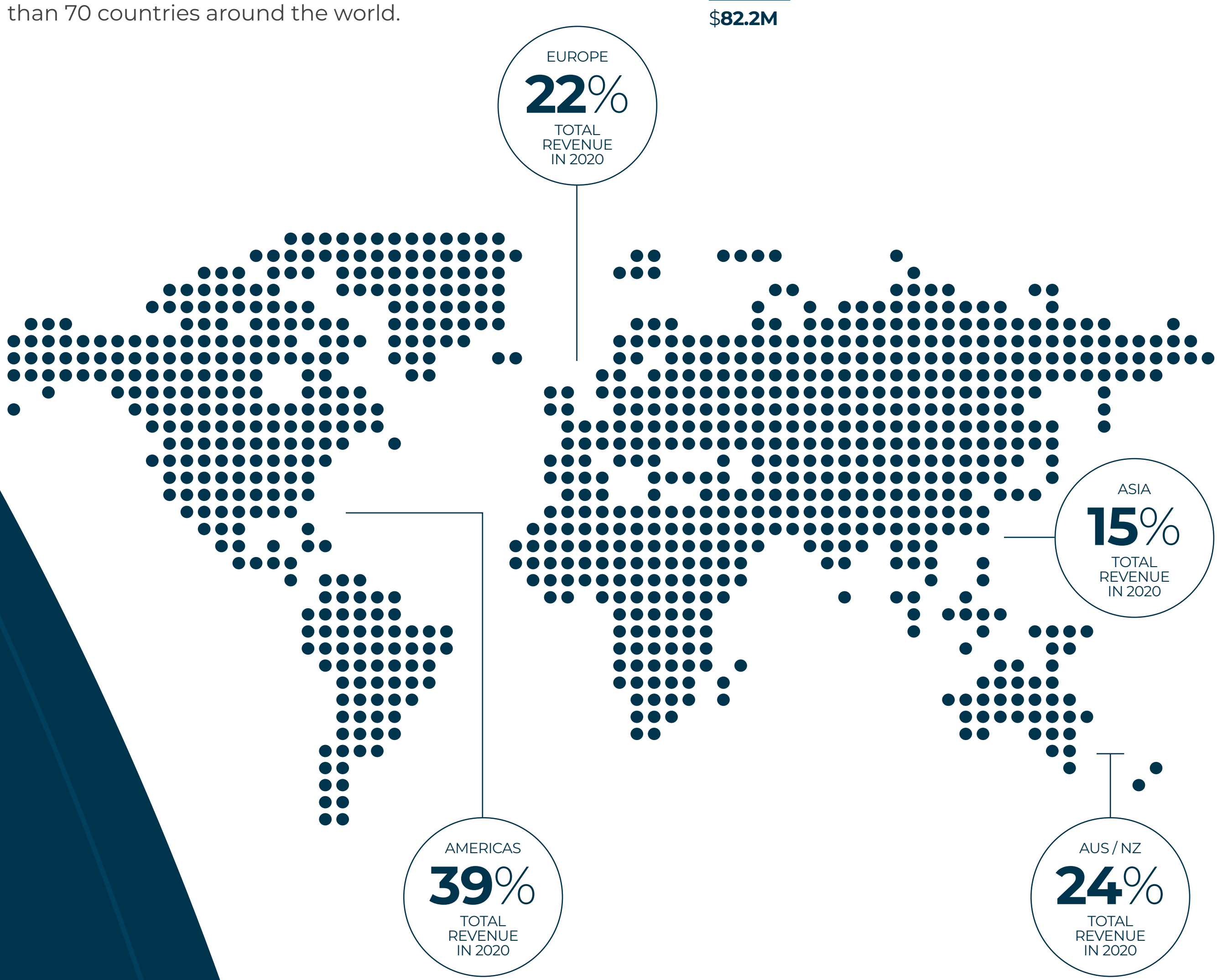
($8.2M)
STATUTORY NPAT ATTRIBUTABLE TO OWNERS

Key Locations

Total revenue generated by region

As of June 30, 2020, Corporate Travel Management operates across four continents and, supported by our Global Partner Network, has the ability to service customers in more than 70 countries around the world.





Chairman's Report

Dear Shareholder

Year in review

The last year has provided the most difficult operating conditions ever faced by the CTM business. The FY20 first half performance was impacted by Brexit, Hong Kong demonstrations and the US/China trade war. In the second half, March 2020 was a pivotal month with the impact of COVID-19. Events changed rapidly to disrupt the global corporate travel industry through border closures and other government mandated travel restrictions to deal with COVID-19. This pandemic reduced corporate travel volume to vastly lower levels in the March - June 2020 period when compared to the prior comparative period.

Sadly, during the last quarter, CTM had to reduce its staff numbers quickly and substantially to respond to the significant decline in business activity. The Board wishes to acknowledge those people whose roles were made redundant and thank them for their contribution to CTM. All our staff were affected in some manner, including through income reduction. The Board also wishes to thank all the staff for their contribution and cooperation during this period. We also acknowledge the assistance from various government support measures to keep our staff employed.

Whilst we cannot predict the timeframe for a return to more normal levels of corporate travel activity, we do expect activity levels to recover and are beginning to see some encouraging signs where governments have commenced lifting travel restrictions. We have retained staff capacity in each of our regions to be deployed back to full time hours as activity returns. We have also continued to invest in our proprietary technology to incorporate additional functionality and information to help our customers return to travel in a safe and responsible manner as restrictions are eased.

With the uncertain economic environment, CTM has had the ability to respond quickly to re-set its cost base. CTM has also been able to focus on protecting the health and wellbeing of our people and clients, and work with our partners, suppliers and customers to ensure their needs are being met to facilitate a safe return to travel.

On the corporate front, CTM completed the acquisition of Texas-based Corporate Travel Planners (CTP) in early January 2020. Maureen Brady succeeded Chris Thelen as CEO of the North American business in April, and has made the successful integration of CTP to extract synergy benefits a specific focus. CTP, which specialises in the university and education sectors, is a good strategic fit with our North American business.

Financial performance and dividends

CTM entered FY20 in a sound financial position, with positive net cash and a committed multi-currency facility agreement that was entered into in August 2019. The strength of the balance sheet has enabled CTM to withstand a prolonged period of reduced travel activity, as governments around the world act to limit the spread and impact of the virus.

Through these extraordinary operating conditions, the Group reported an underlying Net Profit After Tax outcome of $32.0 million attributed to its owners, (excluding the impact of AASB 16 *Leases*), a decrease of 67% against the prior year performance of $96.9 million.

The statutory reported Net Profit After Tax was a loss of $8.2 million compared to the prior year profit of $86.2 million, after the full impact of the cost of redundancies, impairment, increased charges for depreciation and amortisation, and recognition of bad and doubtful debts were brought into account.

Throughout these difficult conditions, the Group has demonstrated its ability to manage costs while keeping the business ready to capitalise on opportunities that align with CTM's strategic direction as travel activity returns. In this context, it was pleasing to secure the support of our existing banking group to waive all financial covenants for calendar year 2020 on acceptable terms.

CTM's underlying EBITDA averaged $3.0 million per month and cash burn was $5 - 10 million per month during April to June 2020, which were below the anticipated ranges advised to the market in May 2020. We ended the year with cash of $92.8 million and no drawn debt. This was an excellent outcome in the circumstances and, pleasingly, the changes made early in the year to strengthen our management team have played an important part in our approach to managing the business through COVID-19.

In March 2020, we announced the decision to defer payment of the interim dividend (18 cents per share) until 2 October 2020 and advised that the Board would review this decision closer to this time. In view of the results for the full year, the Board reconsidered this decision and has determined to cancel the interim dividend.

Board changes

As mentioned in the AGM in November 2019, the Board reviewed the operation and membership of its Board Committees and combined the Audit Committee with the Risk Management Committee to establish the Audit & Risk Committee. The focus of the Remuneration Committee was expanded to include oversight of sustainability matters and, to reflect this, was renamed the Remuneration & Sustainability Committee.

At that time, I outlined the Board's plan to engage in an orderly board renewal program. This is an ongoing process which has seen the appointments of Sophie Mitchell and Jon Brett as non-executive directors during the course of FY20. Sophie Mitchell has been appointed to chair the newly expanded Remuneration & Sustainability Committee and Jon Brett became Chair of the Audit & Risk Committee on 3 April 2020. As part of CTM's board renewal process, Bob Natter retired from the Board on 2 March 2020 and Greg Moynihan retired from the Board on 3 April 2020.

Admiral Natter served on the Board from 5 February 2014 to 2 March 2020 and the breadth of his service background, business experience and deep knowledge of the US market were particularly helpful for CTM.

Greg Moynihan served on the Board from 23 June 2010 until 3 April 2020 and during his tenure served as Chair of the Remuneration Committee before serving as Chair of the Audit and Risk Committee. CTM benefitted greatly from Greg's insightful guidance and his sound and considered counsel.

I would like to acknowledge the substantial contributions Greg and Bob each made to the CTM business over many years.

Having been appointed since the 2019 AGM, Jon Brett will be standing for election at the 2020 AGM, while Sophie Mitchell and I will stand for re-election, having been elected to the Board by shareholders at the 2019 AGM.

We were also saddened by the passing of Stephen Lonie in November 2019 following a short illness. Stephen was a highly respected director who made a hugely valuable contribution to CTM's business over the last decade, having been a Director of CTM from June 2010 to November 2019 and having served as chairman of the Audit & Risk Committees and a member of the Remuneration & Nomination Committees since CTM's listing on the ASX in December 2010.

People

We have always been focused on protecting the health and wellbeing of our people and clients and this was further emphasised when the global pandemic was declared in March 2020. Like many other businesses around the world impacted by COVID-19, we quickly adapted our working environment to support our people in working safely from home and, where that was not possible, ensuring a safe environment for those of our people who continued to work from our offices.

Our people worked tirelessly to facilitate the safe return of our customers to their homes as borders were locked down and travel bans put in place. We are very proud of the role our people played in ensuring the safe return of so many of our customers.

The impact of COVID-19 necessitated various plans to be actioned during FY20 to manage costs. As 70% of our costs pre-COVID-19 were people-related, a key component of these plans included redundancies, temporary stand downs, adjustments to all remuneration including fixed remuneration and Board fees, staff leave, shorter working weeks on proportionate pay and leave without pay. More detail can be found in the Remuneration Report commencing on page 39.

Conclusion

On behalf of your Directors, I would like to thank and acknowledge the efforts and contributions of all CTM management and team over the last 12 months. Through a challenging and difficult year, their dedication in maintaining high standards and remaining focused on the business has been outstanding.

This turbulent year has highlighted the benefits of CTM's highly flexible and resilient business model. CTM's diverse geographic footprint and client portfolio saw our customers in essential industries, such as government, healthcare and mining, continuing to travel throughout the pandemic.

The period ahead will undoubtedly present many challenges and opportunities that your management team and Directors will tackle to enable CTM to return to sustainable growth in shareholder value into the future. We have a clear purpose and a sound strategy and with a majority of our TTV comprised of domestic transactions in all regions except Asia, we are well positioned to return to profitability with a modest recovery of domestic travel in FY21.

Finally, I would like to thank our clients, and you, our shareholders, for your ongoing support.

Yours sincerely,

Ewen Crouch

Ewen Crouch AM

Chairman,
Corporate Travel Management Limited

19 August 2020

Managing Director's Report

COVID-19 created an unprecedented operating environment, particularly for those in the travel sector, with the second half of the 2020 financial year severely impacted by the pandemic. The Company responded swiftly following government decisions that resulted in border closures and various forms of shutdowns that have had a significant impact on travel globally.

Our primary objective was to act quickly to reduce the cost base and protect CTM's strong liquidity and financial position. The strengths of our business model allowed CTM to be successful in achieving this objective.

We operate a 'capital light' model with lower fixed costs than most of our peers. This allowed CTM to rapidly re-size the business and, most importantly, retain adequate levels of core staff for an eventual ramp-up in corporate travel activity. Unfortunately, this resulted in approximately 1000 staff redundancies. For our remaining workforce, we instituted salary cuts, shorter working weeks and additional leave during the period.

CTM has global geographical diversity. In the last quarter of FY20, over 81% of revenues were generated outside of our home market of Australia/New Zealand, the highest in the history of the company, demonstrating the benefits of CTM's global presence.

CTM generates the majority of revenue from domestic (within country) travel. Before the pandemic, more than 60% of our client travel was domestic (within country), making CTM less reliant on international travel than our peers to operate a successful and profitable business within each region.

During the pandemic, domestic travel restrictions have been progressively relaxed in many regions, allowing some corporate travel activity to resume. CTM has continued to retain and win clients during the year, reinforcing the strengths of the business model. For example, by the end of July 2020, New Zealand domestic transactions were running at 107% of the prior corresponding period.

CTM specialises in corporate travel which has supported revenues during the pandemic which we believe are greater than publicly available travel industry averages. For the last quarter of FY20, revenues averaged $11.5 million per month, representing approximately 27.5% of monthly revenues before the pandemic, compared with industry estimates of the market average of 5-10%.

There are a number of reasons that our focus on corporate travel has been an advantage during the pandemic. Corporate travel is often an essential process for the continued operation of our clients' businesses and to support their growth and performance.

CTM's model lends itself to a greater weighting towards essential travel clients who must travel irrespective of restrictions, including clients in the government, mining and energy, infrastructure, medical, utilities and construction sectors. These clients need a blend of technology with highly expert service and advice to arrange charter flights and other specialised logistics to operate through the travel restrictions. This service is a core part of our value proposition, and well suited to these clients requiring safe travel in the COVID-19 environment. This was demonstrated by a number of special COVID-19 projects managed by CTM during the pandemic including the global repatriation of overseas-based UK citizens, the largest exercise of this kind since World War II.

Amid unprecedented uncertainty and substantial impacts on the travel industry, CTM advised the market in May 2020 that cash burn was expected to be a loss of $5 - 10 million per month. Due to the strengths of our business model and seamless execution by our entire team, CTM's underlying EBITDA loss was lower than expected at $3.0 million per month in the final quarter of FY20.

Strong liquidity position

The combination of CTM's resilient business model and the actions taken to respond to the pandemic allowed CTM to maintain a strong liquidity position. I am pleased to report that, at 30 June 2020, CTM had more than $270.0 million in available liquidity, comprising $92.8 million in cash, zero debt (FY19: $39.3 million) and an additional unused facility of GBP100.0 million (AUD179.6 million).

When combined with the lower than expected losses achieved in the last quarter of the financial year, CTM is in a financially strong position to manage the challenges in the year ahead.

Financial performance

The financial performance of the Group was severely impacted by COVID-19 and has resulted in one-off adjustments of $41.1 million pre tax, primarily relating to redundancy costs and supplier failures.

Despite the impacts of COVID-19, underlying EBITDA was a positive result for the second half of the financial year with full year underlying EBITDA of $65.0 million. Due to one-off items relating to COVID-19, CTM reported a Statutory Net Loss After Tax of $8.2 million for the year ended 30 June 2020. This compares with the prior year Net Profit After Tax of $86.2 million.

Despite the significant headwinds, CTM generated net cash flows from operating activities of $79.2 million. Total equity of $558.1 million at 30 June 2020 compares with $592.5 million at 30 June 2019.

The acquisition of CTP, which specialises in the university and education sectors and is located in San Antonio, Texas was completed in January 2020. While the business was impacted by COVID-19, it remains poised for growth as restrictions are lifted.

CTM continued to win market share across the business, with client retention above 97% in every region. While client spend was materially reduced as a result of the pandemic, we have a wide range of new and current clients that will increase travel activity when restrictions are relaxed.

The Group continues to build and enhance tools that add client value. In response to client concerns about the pandemic, we rapidly developed specific COVID-19 tools that focus on safety and hygiene, traveller wellbeing and real-time risk identification to ensure our clients are fully aware of travel requirements relating to their journey.

We will remain focused on progressing these strategic initiatives through the impacts of COVID-19 and as more normal levels of corporate travel activity resume.

Employees

The Board and the senior management team acknowledge the impact our staff globally have faced during these unprecedented times and we are grateful for the resilience and adaptability they have demonstrated during the pandemic. Their professionalism and continued commitment are the reasons that CTM is a highly valued business partner for its clients.

Strategic initiatives

The Group focused on the following key strategic initiatives during the year:

Continued Organic Growth and Acquisitions:

— Enhancing our value proposition to meet client needs across the CTM global network.

— Leveraging clients across all lines of business (CTM, ETM, Leisure, Loyalty, Wholesale).

— Executing merger and acquisition opportunities that add scale, niche market positions and/or geography.

Productivity and Internal Innovation:

— Internal innovation feedback loops, to improve and automate existing client and non-client facing processes.

— Staff empowerment to make service decisions to drive high staff engagement and client satisfaction outcomes.

Client Facing Innovation:

— Expanding CTM SMART Technology globally by developing new tools for and with our clients.

— Through regional technology hubs, building tools that address local or regional market requirements, including COVID-19 related tools.

Leveraging our Scale and Geography:

— Capitalising on scale and our global network, to develop and optimise supplier performance for our clients.

— Continuing to demonstrate that CTM is a valuable partner in the global travel supply chain.

Our People:

— Attract, retain and develop the industry's brightest talent.

— Empowering our team to support our clients' needs.

— Embracing a culture that represents our values and business drivers.

Outlook

We continue to manage the business with an eye to the future and ensuring CTM is well positioned to respond as the economy recovers. The Group's key objectives are:

— Maintaining a strong liquidity position to continue to address challenging market conditions even if they continue for an extended period.

— Building a profitable and successful domestic business until border restrictions are relaxed and allow for more substantial levels of international travel.

— Continuing to innovate and adapt our technology and develop our customer value proposition.

— Assessing suitable acquisition opportunities that we expect will arise during the industry downturn.

In addition, the Group remains very focused on enabling our staff to deliver the personalised service CTM is renowned for.

CTM now has regional technology hubs to ensure that we build client facing technologies that address local and regional market requirements. We continue to adapt our technology to address changing travel environments in all regions so that our clients' return to travel is safe, informed and seamless.

Our unique combination of personalised service and localised technology development will continue to enable organic growth through client wins and retentions. Coupled with merger and acquisition opportunities that add scale, niche and geography, this approach will ensure that CTM remains well positioned for the future as the disruption caused by COVID-19 recedes and the level of corporate travel activity expands.

Conclusion

I would like to take this opportunity to thank the Board, management team and staff for their efforts in an extremely challenging period to keep CTM in a strong position to return to profitability as corporate travel activity recovers. I would also like to thank CTM's shareholders and, most importantly CTM's clients for their continuing support.

Yours sincerely,

Jamie Pherous

Managing Director,
Corporate Travel Management Limited

19 August 2020

Getting back to business

As businesses globally adjust to the pandemic, we expect our role as a travel management company will become more holistic, providing our customers with a broader range of consultancy support beyond traditional travel booking, reporting and supplier management.

CTM has listened to our customers' concerns about their return to travel and we are delivering new solutions and technologies that provide them with the information they need to get back to business travel as quickly and safely as possible. It will be increasingly important for businesses to incorporate regulatory health and safety measures into their travel programs, and to identify and manage potential risks both before and during the travel experience.

We have moved to ensure we are an early adopter of new travel tools and technologies developed in response to COVID-19. As such, our teams have been working closely with travel suppliers, governments and industry innovators to prioritise the development of new solutions which will enable our customers to make more informed travel decisions that will increase traveller confidence and aid business recovery at the earliest opportunity.

We have positioned our business to provide customers with seamless, integrated travel insights and intelligence spanning government health and travel advice as well as quarantine measures. We are also implementing sophisticated risk management tools, including traveller tracking and emergency communications, to enable our customers' employees to travel more safely, efficiently and cost-effectively.

We have integrated additional airline data into our proprietary online booking tool, Lightning, to allow customers to view airline services that reduce the risk of transmitting COVID-19 alongside flight search results at the time of booking.

The additional data incorporates Universal Product Attributes (UPAs) from more than 100 airlines (representing over 70% of global flight schedules), spanning health and safety measures such as airport and cabin cleaning, health screening, food and beverage hygiene, passenger and crew wellbeing, as well as flexible booking conditions. As more airlines expand their UPA capability, our tools are ready to serve that information to our customers. CTM responded quickly to customer feedback, integrating the extra layer of travel intelligence into our proprietary booking technology to allow customers to make more informed choices and feel confident about returning to business travel.

Additionally, CTM has rolled out Traveller Wellbeing reporting in its customer reporting tool, CTM SMART Data, enabling businesses to easily identify triggers of traveller fatigue and other impacts on traveller wellness which can be reduced or offset by changes in travel behaviour.

CTM continues to seek feedback from our customers, employees and industry partners to ensure we are leveraging newly available content that adds value or solves a specific problem for our customers in relation to the safety, efficiency and value of their travel program.

In this dynamic travel environment with fast-changing government regulations, health advice and travel supplier offerings, CTM's ability to quickly identify and integrate new data sources into our customer-facing technology has remained critical to empowering our business and our customers to return to business travel as quickly and safely as possible.

Sustainability Report

CTM is committed to the long-term sustainability of our business and has developed a sustainability strategy that encompasses factors we believe will support our long-term success.

The strategy includes include the ways we interact with our people, customers and shareholders, how we reduce our impact on the environment, and supporting the communities in which we operate. By combining innovative thinking with long-term planning and collaboration, CTM is confident we can balance economic drivers with environmental, social and governance sustainability initiatives for the benefit of our business, stakeholders and the communities in which we operate.

During FY20, the Remuneration & Sustainability Committee was established to oversee the company's sustainability strategy and outcomes as a core part of CTM's governance framework. The following report focuses on our environmental and social sustainability strategies. Our reporting on corporate governance can be found at investor.travelctm.com.au/corporate-governance.

CTM delivers on its commitment to environmental and social sustainability through a long-term plan that focuses on four key themes: Environment, Community, Diversity and People.

Our sustainability achievements for FY20 included extending existing programs and starting new initiatives. Each theme has its own annual plan and goals. Despite the significant impact of COVID-19 on our business and needing to defer some of our sustainability initiatives, we are proud to have achieved many of our FY20 sustainability goals.

In FY20, we made progress towards achieving ISO 26000 Social Responsibility accreditation. ISO 26000 provides guidance around what social responsibility is, helps to translate principles into effective actions and shares best practices relating to social responsibility. Work on this important accreditation will continue in FY21.

We encourage our leaders to make an ongoing contribution to the travel industry and participate in industry discussions on issues relating to sustainability. During FY20, our involvement in industry bodies included:

Laura Ruffles, Global COO
Director of the Australian Federation of Travel Agents (AFTA), Council Member of the Global Travel Executives Council (GTEC).

Larry Lo, CEO Asia
Chairman of IATA Agency Programme Joint Council (APJC) Hong Kong, Director of World Travel Agents Associations Alliance (WTAAA), Committee Member of IATA Passenger Agency Programme Joint Council (PAPJC), Executive Committee Member of Society of IATA Passenger Agents (SIPA) Hong Kong.

Maureen Brady, CEO North America
ASTA Corporate Advisory Council Board Member, GBTA Member, WiNIT Member.

Eugene Tan, General Manager Singapore
Chairman - Air Transport on the National Association of Travel Agents Singapore.

Glenn Wilcox, General Manager New South Wales
Board Member of the Association of Travel Management Companies (ATMC).

Environment

CTM is committed to continually seeking ways to positively impact the environment and reduce our environmental footprint.

We continue to partner with South Pole (www.southpole.com), a company which offers solutions to help organisations meet the United Nations Sustainable Development Goals. Through this partnership we are able to offset our employees' travel against a range of global initiatives and we are proud to report that in FY20 we achieved our goal of offsetting 100 per cent of CTM's work-related employee air travel.

During the financial year CTM has offset more than 1,191 tonnes of greenhouse gas emissions by investing in sustainability projects globally. These include:

— Myamyn Conservation Project, Australia
— Song Chung Hydro Project, Vietnam
— Siam Cement Biomass Project, Thailand
— Crow Lake Wind Project, South Dakota, USA
— Energy Efficient Cookstoves Program, Ethiopia

CTM has deployed a broad range of initiatives to achieve our goal of having waste reduction and recycling options in every office globally.

These include:

— Environmentally sound e-waste disposal processes
— Paperless processes to reduce printing
— Providing employees with reusable coffee cups, water bottles and shopping bags to reduce their plastic consumption at home and at work
— Recycling facilities
— Achieving a NABERS Energy and Water Rating of 4 stars in the buildings which accommodate our Australian offices.

CTM is proudly leading the way in delivering innovative travel solutions which assist our customers in achieving their own sustainability goals. CTM Climate+ is an international program which provides our customers with the ability to report on the carbon emissions of their business travel program and offset these by supporting a range of global sustainability initiatives facilitated by South Pole.

CTM is committed to better understanding our clients' travel needs and objectives to assist the informed development of travel solutions which reduce carbon emissions. During calendar 2019, a year of 'normal' travel activity, CTM booked more than 3.2 million rail tickets on behalf of our corporate clients in the UK. The ability for our customers to book rail travel as an alternative to air travel, within their corporate online booking tool, delivered a saving of approximately 71,000 tonnes of C02[1] emissions in 2019.

[1] CO2 reduction calculated on CO2 emissions per passenger by kms travelled, source BEIS/Defra Greenhouse Gas Conversion Factors 2019

Community

As a global business, we empower our employees to develop and deliver initiatives that suit the needs of their local communities, but are underpinned by our broader mission, vision and values. This includes encouraging offices to hold a range of charity fundraising events, with our goal being a minimum of one event per office each year, and providing employees with an annual volunteer day to help support local charities which is promoted internally with regular employee reminders.

Some of the initiatives supported during FY20 included:

Australia and New Zealand: R U OK? Day, Lifeline Stress Down Day, RSCPA Cup Cake Day, Harmony Day, and supporting homeless accommodation.

Asia: The Community Chest Skip Lunch Day in support of the homeless (Hong Kong), Beach Clean-up (Taiwan), and supporting MINDS – Movement for the Intellectually Disabled (Singapore).

UK: British Heart Foundation, Salvation Army Christmas Appeal, Alzheimer's Society, and MacMillan Cancer Support.

North America: Women and children affected by domestic violence, youth support, student scholarships, and supporting homeless services.

The ability to support local charities and community initiatives on behalf of CTM is really inspiring and rewarding for our teams. It connects us with the needs of our communities in a way that is both impactful and meaningful and enables our teams to utilise our corporate values in ways that benefit the broader community.

— Gemma Pascoe, Head of Operations, Queensland

In Australia, we continued our focus on raising employee awareness and understanding of traditional cultures through our Australian Indigenous Awareness Plan. Our continued partnership with NRL Cowboys House – a program that provides supported accommodation for Aboriginal and Torres Strait Islander students from remote Queensland communities so they can access quality secondary education – expanded in FY20 with the program opening a second house for young females. CTM is also a member of Supply Nation, an organisation which connects Australian companies to Indigenous suppliers to build a vibrant and prosperous Indigenous business sector by incorporating Indigenous-owned businesses into their supply chain.

To remain a vibrant, sustainable sector over time, the industry needs to continue attracting talented people to a career in travel.

CTM is proud to support the continued advancement of the travel industry through ongoing skills training, which contributes to the local economies and communities in which we operate. Key achievements for FY20 included:

- Extending our TAFE Travel and Tourism scholarship program in Australia, supporting the educational advancement of people experiencing hardship.
- Working in partnership with Bradford College (UK), three Travel and Tourism graduates were employed and further developed by CTM UK. This includes mentoring to extend their professional development within the travel industry.
- During COVID-19, conducting training sessions to upskill and educate our customers on how to effectively adapt their travel programs for the post-pandemic environment and evolving travel technologies.

Diversity

CTM is proud to belong to an industry that embraces diversity and we strive to ensure that our workplaces and employee initiatives support the principles of equality.

Our work is recognised by compliance with the Australian Workplace Gender Equality Act (WGEA) 2012, UK Gender Pay Gap Reporting, US Equal Employment Opportunity Commission - Employer Information Report EEO-1, New Zealand Government Employment Survey, and others where required.

All of our employees participate in equal opportunity training when they start work with CTM and are required to complete annual refresher courses.

CTM has a high female employment rate, with women representing 71 per cent of all CTM employees globally.

In FY20, 64 per cent of our leaders were female, exceeding our 50 per cent goal. Additionally, our goal of having more than 50 per cent female participation in our HiPo leadership program was met, demonstrating CTM's ongoing investment in developing its future female leaders.

Across our teams globally we have diversity of age, with 16 per cent of employees under 30 years of age, 58 per cent between 31-49 years, and 26 per cent over 50 years of age. In terms of language and communication, we are fortunate to employ people from around the world in our teams, representing a wide variety of ethnic and cultural backgrounds, and over 55 per cent of our people can speak more than one language.

CTM will be reporting more broadly on a variety of Diversity and Inclusion factors in future reporting periods.

GENDER DIVERSITY

64%
CTM LEADERS ARE FEMALE

71%
CTM EMPLOYEES ARE FEMALE

AGE DIVERSITY

16%
UNDER 30

58%
BETWEEN 31-49

26%
OVER 50

55%
OF OUR PEOPLE CAN SPEAK MULTIPLE LANGUAGES

People

People are at the core of our success and we implement a wide range of initiatives that support equality of opportunity, professional development and wellness.

Our High Potential (HiPo) program identifies talented CTM employees who demonstrate the skills and aptitude to become the next generation of leaders. Recognised through CTM's regular performance management and succession planning program, HiPo program members participate in regional development opportunities throughout the year to grow their knowledge and skills and stretch their thinking. During FY20, some regional elements of the HiPo program were deferred as a result of COVID-19 restrictions.

CTM believes in the importance of recognising its employees' successes. In FY20, we continued to identify and celebrate the achievements of our employees globally in relation to our corporate values through the CTM All Stars Awards program, honouring 75 winners globally.

Modern workplaces must embrace flexibility to drive a positive work/life balance. To achieve this, CTM offices around the world provide a range of flexible work solutions including flexible hours, job-share and work-from-home options. In FY20, CTM trialled a new flexible working initiative offering unpaid leave during school holidays for employees in Australia.

We also have a calendar of initiatives designed to support employees and raise awareness about important health and wellbeing programs including R U OK? Day, White Ribbon Day, mental health initiatives and annual flu vaccinations.

> **The HiPo program has played an essential role in my professional development by enabling me to collaborate with a wide array of peers and gain invaluable insights into the CTM business. The program has enabled me to hone my leadership skills and develop critical relationships that have made a marked difference in my day-to-day role at CTM.**
>
> — Sarah dePontbriand, Manager – National Sales Support, North America

Being mindful of the ways in which COVID-19 might affect our people, CTM has also initiated a range of activities to manage potential impacts of temporary remote working arrangements by enhancing employee engagement and wellbeing. These include regular virtual 'town halls' with CTM employees, enhanced communication of employee support services and wellness programs, and virtual employee engagement activities including virtual quiz nights and virtual yoga.

Conclusion

As our industry recovers from COVID-19, we will continue to seek new methods of improving our operations for the benefit of our people, our business and our communities. We anticipate these unprecedented events will drive innovation and help us to identify additional steps we can take that align with our commitment to continuous improvement in the areas of Environment, Community, Diversity and People.

Board of Directors

Ewen Crouch AM

Chairman, Independent Non-Executive Director

Ewen Crouch was a Partner at Allens from 1988 – 2013. He served as a member of the firm's board for 11 years, including four years as Chairman of Partners. His other roles at Allens included Co-Head Mergers & Acquisitions and Equity Capital Markets from 2004 – 2010, Executive Partner – Asian Offices from 1999 – 2004 and Deputy Managing Partner from 1993 – 1996. He was a director of Mission Australia from 1995, including as Chairman from 2009, until retiring in November 2016.

Ewen is a non-executive director of BlueScope Steel Limited (since March 2013). He is a Fellow of the Australian Institute of Company Directors and a member of its Law Committee and a director of Jawun. He served as a member of the Takeovers Panel from 2010-2015, as a member of the Commonwealth Remuneration Tribunal from 2015 – 2019, as a director of Sydney Symphony Orchestra from 2009 – 2020 and as a non-executive director of Westpac Banking Corporation from 2013 to 2019.

Jamie Pherous

Managing Director

Jamie Pherous founded Corporate Travel Management Limited (CTM) in 1994. He has built the Group from its headquarters in Brisbane to become one of the world's largest travel management companies.

Prior to establishing CTM, Jamie was employed by Arthur Andersen, now EY, as a qualified Chartered Accountant, specialising in business services and financial consulting, notably in Australia, Papua New Guinea and the United Arab Emirates.

Sophia (Sophie) Mitchell

Independent Non-Executive Director

Sophie Mitchell has over 30 years of corporate advisory, capital markets and equity research experience. She retired from Morgans in June 2019 after over a decade as an Executive Director in Morgans Corporate and, prior to this, she was Morgans Head of Research.

Sophie is a Non-Executive Director of ASX-listed Flagship Investments Limited and Chairman of Apollo Tourism & Leisure Limited. She is also a Non-Executive Director of Morgans Holdings (Australia) Limited and the Morgans Foundation Limited, a Board member for the Australia Council for the Arts and Chairman of Australian Super's Queensland Advisory Council.

She was a Non-Executive Director of Silver Chef Limited (September 2011 – December 2019) and a member of the Australian Government Takeovers Panel between 2009 and 2018.

Jon Brett

Independent Non-Executive Director

Jon Brett was formerly an executive director of Investec Wentworth Private Equity Limited, and an executive of Investec Bank (Australia) Limited. He was also the CEO of Techway Limited which pioneered internet banking in Australia. Jon brings extensive strategic, board and management experience to CTM, particularly in the areas of finance and corporate advisory.

Jon is currently Executive Chairman of Stridecorp Equity Partners, an AFSL licensed fund manager specialising in private equity, and a non-executive director of Mobilicom Limited. His former directorships include Godfreys Group Limited, The Pas Group Limited, Chairman of Indoor Skydive Australia Group Limited and deputy president of the NRMA. Jon was also one of the first non-executive directors at Vocus Group Limited, where he served for over a decade.

Laura Ruffles

Executive Director

Laura Ruffles is CTM's Global Chief Operating Officer and, in late 2015, was appointed an Executive Director in recognition of her leadership contribution. She has significant local, regional and global industry experience and, in a career of more than 20 years, has led teams across sales, account management, operations and technology. Laura is responsible for all aspects of CTM's business performance. She joined CTM in 2010 and has been a key contributor to its successful growth. She is also a Director of the Australian Federation of Travel Agents.

Executive Team

Jamie Pherous

Managing Director

Jamie Pherous founded Corporate Travel Management Limited (CTM) in Brisbane in 1994. He has built the Group from its headquarters in Brisbane to become one of the world's largest travel management companies.

Prior to establishing CTM, Jamie Pherous was employed by Arthur Andersen, now EY, as a qualified Chartered Accountant, specialising in business services and financial consulting, notably in Australia, Papua New Guinea and the United Arab Emirates.

Neale O'Connell

Global Chief Financial Officer

Neale O'Connell joined CTM as Global CFO in July 2019, bringing a wealth of experience in listed company financial management. Neale spent 14 years at Tatts Group before departing in 2018 as Group CFO following the merger with Tabcorp. Neale has deep public company experience; he managed the major financial elements for the floats of Smorgon Steel and Tattersall's and managed multinational projects as Finance Director for contracting and logistics supplier Delta Group. Neale is a member of Chartered Accountants Australia and New Zealand, a member of the Australian Institute of Company Directors and a member of the Finance and Treasury Association.

Laura Ruffles

Global Chief Operating Officer

Laura Ruffles is CTM's Global Chief Operating Officer and, in late 2015, was appointed an Executive Director in recognition of her leadership contribution. She has significant local, regional and global industry experience and, in a career of more than 20 years, has led teams across sales, account management, operations and technology. Laura Ruffles is responsible for all aspects of CTM's business performance. She joined CTM in 2010 and has been a key contributor to its successful growth. She is also a Director of the Australian Federation of Travel Agents.

Debbie Carling

CEO UK / Europe

Debbie Carling has worked in the travel industry for more than 30 years in several key strategic and senior roles, including Commercial Director at Britannic Travel. During this time Debbie led the setup of global brand FCM Travel Solutions and became the Executive General Manager of Europe. In 2011 Debbie joined Chambers Travel and became COO soon after. Debbie successfully instilled new company processes, productivity and developments in supplier relations. In December 2014 Chambers was acquired by Corporate Travel Management, during which time Debbie played a key role in the successful transition. Debbie was appointed as CEO Europe for CTM in July 2016.

Maureen Brady

CEO North America

Maureen Brady drives CTM North America's operational vision and strategy to deliver on the business's high performance and growth objectives.

Maureen joined CTM as COO North America in 2019 and subsequently took over the CEO role in April 2020. Maureen brings more than thirty years of business travel industry experience to CTM, including an established track record in global travel operations, technology, corporate travel sales, travel procurement, and solutions and services management.

Greg McCarthy

CEO Australia & New Zealand

Greg McCarthy has more than 35 years' experience in the travel industry holding several leadership positions. He founded two travel management companies in Australia, building them up from small operations to highly successful medium-sized businesses. Greg has worked for international airlines and held an executive directorship in a global TMC, achieving a strong track record delivering for customers. He was co-founder of Platinum Travel Corporation. CTM acquired Platinum's Brisbane and Sydney offices in 2018, with Greg commencing as CTM CEO Australia and New Zealand on 1 July 2018.

Larry Lo

CEO Asia

Larry Lo is responsible for the overall management, sales operations and continued development of strategic alliance partnerships across the Asia region. He started his career in 1988 as a Travel Consultant and worked in several travel companies in Hong Kong and Canada gaining an in-depth insight into the international travel industry. Today, Larry manages the CTM business in Hong Kong, Mainland China, Taiwan and Singapore. He currently serves on the Executive Committee of the Society of IATA Passenger Agents (SIPA), the Chairman of IATA Agency Programme Joint Council (APJC) and a Director of World Travel Agents Associations Alliance (WTAAA).

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Directors' Report

The Directors present their report, together with the consolidated financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Corporate Travel Management Limited (referred to hereafter as 'CTM' or the 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

Directors

The following persons were Directors of CTM during the financial year and up to the date of this Directors' Report, except as otherwise stated.

- Ewen Crouch AM (Chairman).
- Sophie Mitchell (Independent Non-Executive Director) (appointed 2 September 2019).
- Jon Brett (Independent Non-Executive Director) (appointed 31 January 2020).
- Jamie Pherous (Managing Director).
- Laura Ruffles (Executive Director).
- Stephen Lonie (Independent Non-Executive Director) (resigned 6 November 2019).
- Admiral Robert J. Natter, U.S. Navy (Ret.) (Independent Non-Executive Director) (resigned 2 March 2020).
- Greg Moynihan (Independent Non-Executive Director) (resigned 3 April 2020).

Principal activities

The principal activities of the Group during the year consisted of managing the purchase and delivery of travel services for its clients. There were no significant changes in the nature of the activities of the Group during the year.

Dividends

Dividends paid during the financial year were as follows:

	2020 $'000
Final ordinary dividend for the prior financial year ended 30 June 2019	23,953

On 19 February 2020 a interim dividend of 18.0 cents per share was determined by the Board. On 20 March 2020, payment of the interim dividend was deferred to 2 October 2020 due to the extraordinary circumstances caused by COVID-19 and the uncertain recovery timeframes globally.

On 19 August 2020, the Board resolved to cancel the interim dividend due to the ongoing impacts of the COVID-19 pandemic on the travel industry and the Group. The Board has determined that no final dividend will be paid for the year ended 30 June 2020.

Review of operations

The Group continued to engage in its principal activity, being the provision of travel services, the results of which are disclosed in the following consolidated financial statements.

Group financial performance

The net loss after tax of the Group for the financial period amounted to $8,185,000 (2019 profit: $86,235,000). Following a strong first half in FY20, the Group's result was ultimately affected in the second half of the period by travel restrictions caused by the unprecedented impacts of the COVID-19 pandemic.

As a result of the challenges arising from COVID-19, prudent cost management has underpinned the performance, reducing losses in the second half in a period where client activity fell by up to 95% in some regions during the period March to June 2020.

Underlying EBITDA fell by 57% to $65,034,000, with the reconciliation to profit before income tax from continuing operations set out in note 3 'Segment reporting' in the consolidated financial statements. On a constant currency basis, underlying EBITDA fell by 57% to $64,300,000. Whilst government-imposed travel restrictions have demonstrably affected the result, underlying performance of the business remains strong with continued new client wins, contract extensions, and retentions at historically high levels. CTM's predominately high variable cost base enabled it to cut costs in a very short period to more closely align with activity in the market, enabling a small positive underlying EBITDA result in 2H20. The business is well-positioned for recovery, with enhanced scale, technology and integrated automation enabling an attractive value proposition for customers.

	2020 $'000	2019 $'000	Change
Total Transaction Value (TTV) (unaudited)	4,561,755	6,457,480	(29%)
Revenue	316,364	446,739	(29%)
Revenue and other income	349,905	449,483	(22%)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	63,761	143,760	(56%)
Acquisition/one-off/non-recurring items	10,638	6,330	68%
Underlying EBITDA (adjusted for acquisition/one-off/non-recurring items)[1]	74,399	150,090	(50%)
Impact of AASB 16 Leases on Underlying EBITDA	(9,365)	-	-
Underlying EBITDA excluding the impact of AASB 16 Leases	65,034	150,090	(57%)
Statutory net profit/(loss) after tax (NPAT):	(10,624)	89,473	(112%)
NPAT - attributable to owners of CTM	(8,185)	86,235	(109%)
Acquisition/one-off/non-recurring items (tax effected)	33,844	5,053	570%
Underlying NPAT - attributable to owners of CTM	25,659	91,288	(72%)
Amortisation of client intangibles (tax effected)	5,182	5,576	(7%)
Underlying NPAT - Attributable to owners excluding the impact of AASB 16 Leases	31,987	96,864	(67%)
Impact of AASB 16 Leases on Underlying NPAT - attributable to owners	(1,146)	-	-
Underlying NPAT - Attributable to owners (excluding acquisition amortisation)	30,841	96,864	(68%)

1 Management assess the performance of the business based on a measure of Underlying EBITDA. This measurement basis excludes the effects of the costs of acquisition, acquisition related adjustments , and other non-recurring items during the year. Refer note 3 'Segment reporting'.

Total Transaction Value (TTV) (unaudited)

TTV represents the amount at which travel products and services have been transacted across the Group's operations whilst acting as agents for airlines and other service providers, in addition to other revenue streams. TTV does not represent revenue in accordance with Australian Accounting Standards and is not subject to audit. TTV is stated net of GST. TTV is utilised by management as a key travel industry metric.

	2020 $'000	2019 $'000
TTV Net Of GST (Unaudited)	4,561,755	6,457,480

The Group's TTV fell by 29.4% during the period, despite the growth in 1H20 of 12%. CTM's full-year TTV contracted as it fell materially in 2H20 due to worldwide travel restrictions caused by COVID-19. Whilst these unprecedented travel restrictions impacted the Group's TTV result in 2H20, the Group continues to add new clients through our strong value proposition.

Review of operations

Due to a significant portion of the Group's operations being outside Australia, the Group is exposed to currency exchange rate translation risk, being the risk that the Group's offshore earnings fluctuate when reported in Australian dollars.

The Group's regional results for the financial year ended 30 June 2020 have also been provided on a constant currency basis in the following commentary, with the Revenue and underlying EBITDA for the regions converted at the average rate for the 30 June 2019 financial year, to remove the impact of foreign exchange movements in assessing the Group's performance against the prior year. The constant currency comparatives are not compliant with Australian Accounting Standards.

The key financial results excluding the impact of AASB 16 *Leases* (AASB 16) are summarised in the following tables.

Consolidated Group

	2020 $'000	2019 $'000	Change
Reported AUD			
TTV	4,561.8	6,457.5	(29%)
Revenue	316.4	446.7	(29%)
Underlying EBITDA	65.0	150.1	(57%)
Underlying EBITDA as % of Revenue	20.5%	33.6%	
Constant Currency			
TTV	4,409.0	6,457.5	(32%)
Revenue	305.6	446.7	(32%)
Underlying EBITDA	64.3	150.1	(57%)
Underlying EBITDA as % of Revenue	21.0%	33.6%	

Australia and New Zealand

	2020 $'000	2019 $'000	Change
Reported AUD			
TTV	958.8	1,335.5	(28%)
Revenue	78.0	121.7	(36%)
Underlying EBITDA	29.4	51.5	(43%)
Underlying EBITDA as % of Revenue	37.7%	42.3%	
Constant Currency			
TTV	958.2	1,335.5	(28%)
Revenue	78.0	121.7	(36%)
Underlying EBITDA	29.4	51.5	(43%)
Underlying EBITDA as % of Revenue	37.7%	42.3%	

Revenue fell by 36% to $77,956,000 for the year ended 30 June 2020. The decrease in revenue was caused by government-mandated restrictions on travel, both internationally and domestically. This fall in revenue in the second half of FY20 was mitigated somewhat by effective cost-cutting within the region however, underlying EBITDA fell by 43% to $29,364,000 for the financial year. Before the impact of COVID-19 on the travel industry, ANZ had continued to increase market share through strong client retention and new client wins supported by CTM's strong technology platform in the region.

Directors' Report

Continued

North America

	2020 $'000	2019 $'000	Change
Reported AUD			
TTV	1,146.3	1,459.1	(21%)
Revenue	113.6	149.3	(24%)
Underlying EBITDA	12.8	43.5	(71%)
Underlying EBITDA as % of Revenue	11.3%	29.1%	
Constant Currency			
TTV	1,091.5	1,459.1	(25%)
Revenue	107.5	149.3	(28%)
Underlying EBITDA	12.6	43.5	(71%)
Underlying EBITDA as % of Revenue	11.7%	29.1%	

Revenue fell by 24% to $113,623,000 for the year ended 30 June 2020. The underlying EBITDA also fell by 71% to $12,816,000. Whilst a significant portion of travel in the North America region occurs domestically, COVID-19 shelter-in-place orders across numerous states and the resulting reduction in travel supply impacted the result negatively. During the period, Corporate Travel Planners, Inc (CTP) based in San Antonio, Texas, was acquired. CTP specialises in the university segment and complements the Group's existing corporate business in the North America region. This new business, in addition to the release of CTM's proprietary technology in late 2019, has resulted in new client wins in the second half of FY20.

Asia

	2020 $'000	2019 $'000	Change
Reported AUD			
TTV	1,523.5	2,519.0	(40%)
Revenue	50.0	80.4	(38%)
Underlying EBITDA	4.0	24.7	(84%)
Underlying EBITDA as % of Revenue	8.1%	30.7%	
Constant Currency			
TTV	1,456.1	2,519.0	(42%)
Revenue	47.7	80.4	(41%)
Underlying EBITDA	4.2	24.7	(83%)
Underlying EBITDA as % of Revenue	8.8%	30.7%	

Revenue fell by 38% to $49,994,000 for the year ended 30 June 2020 resulting in underlying EBITDA falling by 84% to $4,039,000. The strong performance and resilience of the underlying business given the challenging macro-economic environment experienced through demonstrations and the US-China trade war in the first half was overshadowed by the impact of COVID-19 on the business in the second half. The comparatively large portion of international travel in the Asia region, in addition to the early emergence of COVID-19 has led to a contraction in travel. The region has executed significant cost savings and focused on debt collection to limit losses to the business.

Directors' Report

Continued

Europe

	2020 $'000	2019 $'000	Change %
Reported AUD			
TTV	933.2	1,143.9	(18%)
Revenue	74.8	95.3	(22%)
Underlying EBITDA	25.5	40.9	(38%)
Underlying EBITDA as % of Revenue	34.1%	42.9%	
Constant Currency			
TTV	903.2	1,143.9	(21%)
Revenue	72.4	95.3	(24%)
Underlying EBITDA	24.8	40.9	(39%)
Underlying EBITDA as % of Revenue	34.3%	42.9%	

Revenue fell by 22% to $74,801,000 for the year ended 30 June 2020. The underlying EBITDA also fell by 38% to $25,523,000. Following a strong first half, the Europe region managed to maintain an underlying EBITDA in the second half of FY20, albeit at a comparatively low level, despite the impact of COVID-19. Due to its strong reputation in the UK market, CTM was appointed to coordinate and arrange the repatriation of UK citizens through April and May 2020. Continued market share gains throughout FY20 have ensured a positive result in the period, despite the significant challenges.

Group Financial Position

The Group continues to maintain a strong financial position, with net current assets of $30,825,000 and total equity of $558,087,000. At 30 June 2020, the Group had no interest-bearing liabilities (2019: $39,290,000), excluding lease liabilities. The $21,627,000 in drawn debt at 31 December 2019 was repaid during 2H20 with excess cash generated within the business.

The impact of COVID-19 and the resulting decrease in travel activity worldwide has resulted in decreased working capital requirements. The business remained focused on effective debtor collection activities throughout the period, resulting in cash increasing from $86,330,000 at 31 December 2019 to $92,843,000 at 30 June 2020 in addition to the repayment of all drawn debt.

On 7 August 2019, the Group implemented a new syndicated multi-currency borrowing facility, with a limit of GBP125,000,000 (AUD $224,537,000). In May 2020 the Group agreed with the banking syndicate a covenant waiver for the remainder of the calendar year 2020 and a reduction of the total capacity of the facility to GBP100,000,000 (AUD $179,630,000). Further information on this can be found in note 16 'Borrowings and contingent liabilities'.

Dividends

On 20 March 2020, the Group announced its decision to defer payment of the interim dividend of 18.0 cents per share ($19,620,000), announced on 19 February 2020, until 2 October 2020 due to the trading levels of the business and the uncertainty over recovery timeframes globally.

Since that time, this uncertainty has continued and has resulted in a significant impact on the Group's earnings. Accordingly, in light of the continued uncertainty around recovery timeframes globally, the Board has decided to cancel the interim dividend, avoiding the outflow of $19,620,000 of cash and helping to maintain strong liquidity in the face of the continuing challenges presented by COVID-19. The Board has also determined that no final dividend will be paid for financial year ended 30 June 2020.

Adoption of AASB 16 *Leases*

The new leasing standard, AASB 16, became effective on 1 July 2019. The elements of the Consolidated Statement of Profit or Loss and Other Comprehensive Income affected by the new standard are noted below:

	Pre AASB 16	Impact of AASB 16		
	Jun 2020	Jun 2020	Jun 2020	Jun 2019
	$'000	$'000	$'000	$'000
Total revenue and other income	349,789	116	349,905	449,483
Interest income	(261)	-	(261)	(292)
Other operating expenses	(281,020)	-	(281,020)	(286,874)
Occupancy	(14,112)	9,249	(4,863)	(18,557)
EBITDA	54,396	9,365	63,761	143,760
Interest income	261	-	261	292
Finance costs	(7,807)	(1,813)	(9,620)	(2,765)
Depreciation and amortisation expense	(33,255)	(9,257)	(42,512)	(20,348)
Impairment expense	(23,643)	-	(23,643)	-
Income tax (expense)/income	754	375	1,129	(31,466)
Net profit/(loss) after tax	**(9,294)**	**(1,330)**	**(10,624)**	**89,473**

	Pre AASB 16	Impact of AASB 16		
	Jun 2020	Jun 2020	Jun 2020	Jun 2019
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company				
- Basic EPS (cents per share)	(6.5)	(1.0)	(7.5)	79.6
- Diluted EPS (cents per share)	(6.5)	(1.0)	(7.5)	79.3

Strategy and future performance

The Group's operating model is focused on the corporate travel market and our client value proposition combines personalised service excellence with market-leading technology. In FY20, the Group continued to focus on its key strategic drivers being:

— sustainably expanding our global operations, driving organic growth through operational excellence and leveraging our technology platforms;

— retaining current clients and winning new clients through our client value proposition;

— development and deployment of innovative technology and digital initiatives ‘in region, for region’, with a focus on delivering an improved customer experience and internal productivity;

— capitalising on our scale and global network to develop and optimise supplier performance for our clients;

— continuing to seek selective opportunities for mergers and acquisitions where it represents strong value and aligns with the Group’s strategic goals;

— staff empowerment to make service decisions that drive high staff engagement and client satisfaction outcomes.

In the 30 June 2020 financial year, the Group executed well on these strategic drivers. Notwithstanding the unprecedented conditions and challenges presented by travel restrictions arising from COVID-19, the Group maintained historically strong client retention numbers. Further, we used our technology to drive enhanced servicing to assist and support travellers.

The Group intends to continue to pursue the opportunity to sustainably expand our global operations, drive organic growth and leverage our technology platforms. Additionally, the Group continues to seek merger and acquisition opportunities that add scale in niche travel sectors or which complement our existing business and/or geographic footprint.

Material business risks

The potential material business risks that could adversely affect the achievement of the Group's business strategies and financial prospects in future years are described below. This section does not purport to list every risk that may be associated with the Group's business now or in the future. There is no guarantee or assurance that the importance of these risks will not change, or other risks emerge. While the Group aims to manage risks in order to minimise adverse impacts on its financial and reputational standing, some risks are outside the control of the Group.

Travel industry disruption and impact of COVID-19

The Group's financial prospects are dependent on the strength of the travel industry generally. A decline in the domestic and/or international travel industry, whether as a result of a particular event (such as a war, terrorism, health epidemic/pandemic or a natural disaster), economic conditions (such as a decrease in business demand), geopolitical conditions or any other factors, will likely have a material adverse effect on the Group's business, financial condition and operations.

The COVID-19 pandemic has caused major disruption to the travel industry as a result of government-imposed travel restrictions, border closures and quarantine requirements. This has resulted in a significant impact on the Group's earnings since March 2020. In response to this decline in travel activity, and with a vast proportion of CTM's cost base being variable, the Group actioned several plans to manage costs against the reduced corporate travel activity. The Group has also been the recipient of varying levels of government assistance packages. Regional assistance packages from which the Group benefited included JobKeeper (Australia), Employer Wage Subsidy Scheme (New Zealand), Job Support Scheme (Singapore), Employment Support Scheme (Hong Kong) and the Job Retention Scheme (United Kingdom).

As the COVID-19 pandemic is ongoing and there is still considerable uncertainty around recovery timeframes globally, there is also no certainty that the demand for the Group's services will return to more normal pre-COVID-19 levels, or how long such a return might take. CTM is leveraged to domestic travel and is able to operate a high performing domestic-only business in region until international activity returns.

CTM's modelling indicates that, notwithstanding the present uncertainties, its strong balance sheet, including significant cash holdings and no debt, coupled with the actions it has taken to date and the continued activity of its clients ensures that it has the capacity to continue through the challenges caused by the impacts of the COVID-19 pandemic.

General economic conditions

The Group's operating and financial performance is influenced by a variety of general economic and business conditions globally. Economic downturns, both globally and regionally, are likely to have an adverse impact on the Group's operating performance through a reduction in corporate travel, including airline, hotel and hire car reservations and business or trade conferences. This risk is heightened in the current uncertain economic environment.

Supplier risk

The Group's financial prospects and operations are reliant on mutually beneficial contractual arrangements with a number of third party suppliers, including airlines, rail travel providers and global distribution system providers. The Group cannot be certain that contracts with third party suppliers will be renewed or the terms on which they may be renewed. If contracts are not renewed or are renewed on terms which are less favourable than current arrangements, there is a possibility that this would result in the Group being unable to generate earnings equal to those historically generated by those contracts.

Further, to the extent suppliers are facing financial stress, they may seek to change the terms upon which they engage with, cease or significantly reduce engagement with the Group or, in some cases, may not pay their debts as and when they fall due.

Client risk

The Group's operating and financial performance is dependent upon client satisfaction and loyalty. The Group cannot be certain that clients will engage in any minimum level of travel activity, that contracts with clients will be renewed or the terms on which they may be renewed. If contracts which account for material travel activity are not renewed or are renewed on terms which are less favourable than current arrangements, there is a possibility that this would result in the Group being unable to generate earnings equal to those historically generated by those contracts.

To mitigate this risk, the Group has a diverse spread of quality clients with exposure to a wide variety of industries. For example, many of CTM's essential travel clients, including government, healthcare, mining, fly-in, fly-out (FIFO), fisheries, construction and infrastructure clients have continued to travel during the COVID-19 pandemic.

Financing risk

CTM maintains a revolving multi-currency bank loan facility with its relationship banks. The Group agreed a covenant waiver with its lenders for the testing periods at 30 June 2020 and 31 December 2020. Covenant testing for the period ending 30 June 2021 will be based on 2H21 performance. To the extent the Group's operational or financial position deteriorates further, there is no guarantee that it will be able to obtain further relief from covenant testing in the future. In such circumstances, the banks may require the loan be repaid immediately, which may have a material adverse effect on the Group's future financial performance. Refer to note 18 'Financial risk management'.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk. The Group uses foreign exchange spot and forward contracts to manage its net risk position. At times, the Group also uses its multi-currency debt facility allowing for borrowings in relevant currencies to provide an offset to revaluation of foreign currency assets or future foreign currency earnings. Refer to note 18 'Financial risk management'.

Taxation risk

Any changes to the current taxation framework in Australia or overseas (including changes in interpretation of law) may affect the Group.

Information Technology

The Group relies on both its outsourced technology platforms and develops its own software internally. Whilst all third party systems are licensed, any disruption to supply or performance of systems may have an immediate and a longer term impact on client and supplier satisfaction and company performance, which may have an adverse impact on the financial performance of the Group. The Group's internal and outsourced systems, in addition to its technological integration with the travel supply chain, are also subject to potential cyber-attacks. For example, cyber-attacks on airline operators could cause significant disruption to travel schedules which may result in the Group being unable to provide certain services during that period or providing a less attractive service, which may have an adverse impact on the operating and/or financial performance of the Group.

CTM manages this risk by having system redundancy, other back-up measures, security and monitoring programs in place. However, there can be no assurance that CTM's mitigation arrangements will be sufficient to entirely prevent the risk of significant systems failure.

Competition

The Group operates in a competitive market, and the Group's business is subject to competition from existing and new entrants at any time. Technological innovation is now challenging entire business models and causing disruption to industry structures. Technological developments have therefore increased, and will continue to increase competition to CTM's businesses. Also, current competitors or new competitors may become more effective.

If CTM does not adequately respond to competitive forces, this may have an adverse effect on operational and/or financial performance. A sustained increase in competition from new entrants may result in a material failure to grow, or a loss of market share or revenues.

Key Personnel

CTM relies on the talent and experience of its personnel. It may be difficult to replace key personnel, or to do so in a timely manner or at comparable expense. The Group regularly reviews its succession planning to ensure that key personnel risk is identified and managed.

Directors' Report

Continued

Acquisitions and integration

From time to time, the Group examines new acquisition opportunities in all of the regions in which it operates. There is a risk that CTM may incur substantial costs, delays or other problems in implementing its strategy for any acquired businesses, which could negatively impact CTM's operations, profitability and/or reputation.

Impairment risk

The Group assesses whether there is any indication that an asset may be impaired on an ongoing basis. Annually, or when an indicator of impairment exists, CTM makes a formal estimate of the recoverable amount. When the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to the recoverable amount. Adverse outcomes of some of the risk factors listed above, as well as new developments which are not currently apparent, could trigger an impairment and have a negative impact on the reported financial result of CTM. Refer to note 23 'Impairment testing of goodwill'.

Significant changes in the state of affairs

In the second half of FY20, the Group experienced a significant impact to its business following domestic and international border closures and the resulting, government-imposed travel restrictions. Considering this, and with a vast proportion of the Group's cost base being employee costs, the Group implemented comprehensive cost reduction measures which included staff leave, shorter working weeks, leave without pay, pay reductions, furloughs and redundancies. Additional measures included a freeze on all non-essential recruitment, reduction of all discretionary expenditure and delaying non-client facing project work.

The Group also implemented a new operating framework in 2H20 to drive accountability, simplicity and savings outcomes, through the following key focus areas:

— savings initiatives;
— employee communications;
— client engagement;
— supplier engagement;
— finance initiatives.

The early and decisive actions taken by the Group, combined with the Group's strong position and the availability of various government support measures, means the Group is well placed to withstand sustained and significant reductions in travel activity. We will continue to focus on cost management and importantly, our operating model enables the Group to retain the capacity to quickly scale up as travel activity returns.

Events since the end of the financial year

Refer to Note 25 'Events after the reporting period'.

Likely developments and expected results of operations

While a timeframe for a return to more normal levels of travel activity is unknown, the Group is highly leveraged to domestic travel and is able to operate a high performing domestic-only business until international activity returns.

Given the Group's global footprint, technology assets and strong cost management it is well-positioned to return to profitability on a modest return of domestic travel activity. The combination of our global strategy, customer value proposition, technology assets and strong cost control, has the Group well-positioned to grow our business organically as travel activity returns.

Details that could give rise to likely material detriment to the Group, for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage, has not been included in this report.

Environmental Regulations

The Group has determined that no particular or significant environmental regulations apply to its operations.

The Directors have considered climate-related risks and do not currently deem there to be an associated material risk to the Group's operations and the amounts recognised in the consolidated financial statements. The Group continues to monitor climate-related and other emerging risks and the potential impact on the consolidated financial statements.

Directors' Report

Continued

Information on Directors

Particulars of the skills, experience and special responsibilities of the Directors in office as at the date of this report are set out below.

Mr Ewen Crouch AM *BEc (Hons.), LLB, FAICD*

Independent Non-Executive Director – Chairman since March 2019

Experience and expertise:

Ewen Crouch was a Partner at Allens from 1988 – 2013. He served as a member of the firm's board for 11 years, including four years as Chairman of Partners. His other roles at Allens included Co-Head Mergers & Acquisitions and Equity Capital Markets from 2004 – 2010, Executive Partner – Asian Offices from 1999 – 2004 and Deputy Managing Partner from 1993 – 1996. He was a director of Mission Australia from 1995, including as Chairman from 2009, until retiring in November 2016.

Ewen is a Fellow of the Australian Institute of Company Directors, a member of its Law Committee and a director of Jawun. He served as a member of the Takeovers Panel from 2010-2015, as a member of the Commonwealth Remuneration Tribunal from 2015-2019 and as a director of Sydney Symphony Orchestra from 2009-2020.

Other current directorships:

BlueScope Steel Limited (since March 2013)

Former directorships (last 3 years):

Westpac Banking Corporation (February 2013 - December 2019)

Special responsibilities:

Chair of the Board

Chair of Nomination Committee

Audit & Risk Committee member

Remuneration & Sustainability Committee member

Interests in shares:

10,000 Ordinary shares in Corporate Travel Management Limited

Mr Jamie Pherous *BCom*

Executive Director, Managing Director since May 2008

Experience and expertise:

Jamie Pherous founded Corporate Travel Management in 1994. He has built the Group from its headquarters in Brisbane to become one of the world's largest travel management companies.

Prior to establishing CTM, Jamie Pherous was employed by Arthur Andersen, now EY, as a qualified Chartered Accountant, specialising in business services and financial consulting notably in Australia, Papua New Guinea and the United Arab Emirates.

Other current directorships:

Nil

Former directorships (last 3 years):

Nil

Special responsibilities:

Managing Director

Interests in shares:

21,266,893 Ordinary shares in Corporate Travel Management Limited

Information on Directors (continued)

Ms Laura Ruffles *MBA, GAICD*

Executive Director since December 2015

Experience and expertise:

Laura Ruffles is CTM's Global Chief Operating Officer and, in late 2015, was appointed an Executive Director in recognition of her leadership contribution. She has significant local, regional and global industry experience and, in a career of more than 20 years, has led teams across sales, account management, operations and technology. Laura Ruffles is responsible for all aspects of CTM's business performance. She joined CTM in 2010 and has been a key contributor to its successful growth.

Other current directorships:

Australian Federation of Travel Agents

Former directorships (last 3 years):

Nil

Special responsibilities:

Global Chief Operating Officer

Interests in shares:

237,531 Ordinary shares in Corporate Travel Management Limited

Interests in rights:

400,000 Share appreciation rights in Corporate Travel Management Limited

Ms Sophia (Sophie) Mitchell *B.Econ, GAICD*

Independent Non-Executive Director since September 2019

Experience and expertise:

Sophie Mitchell has over 30 years of corporate advisory, capital markets and equity research experience. She retired from Morgans in June 2019 after over a decade as an Executive Director in Morgans Corporate and, prior to this, she was Morgans' Head of Research.

Sophie is a Non-Executive Director of Morgans Holdings (Australia) Limited and the Morgans Foundation Limited, a Board member for the Australia Council for the Arts, Chairman of Australian Super's Queensland Advisory Council and was a member of the Australian Government Takeovers Panel between 2009 and 2018.

Other current directorships:

Flagship Investments Limited (since June 2008)

Apollo Tourism and Leisure Ltd (since September 2016)

Former directorships (last 3 years):

Silver Chef Limited (September 2011 - December 2019)

Special responsibilities:

Chair Remuneration & Sustainability Committee

Audit & Risk Committee member

Nomination Committee member

Interests in shares:

22,122 Ordinary shares in Corporate Travel Management Limited

Mr Jon Brett *BAcc, MCom, CA(SA) Dip Datametrics*

Independent Non-Executive Director since January 2020

Experience and expertise:

Jon Brett was formerly an executive director of Investec Wentworth Private Equity Limited, and an executive of Investec Bank (Australia) Limited. He was also the CEO of Techway Limited which pioneered internet banking in Australia. Jon brings extensive strategic, board and management experience to CTM, particularly in the areas of finance and corporate advisory.

Jon is currently Executive Chairman of Stridecorp Equity Partners, an AFSL licensed fund manager specialising in private equity. His former directorships include Godfreys Group Limited, The Pas Group Limited, deputy president of the NRMA and Vocus Group Limited since its listing on the ASX.

Other current directorships:

Mobilicom Limited (since September 2018)

Former directorships (last 3 years):

Indoor Skydive Australia Limited (September 2018 – July 2019)

Vocus Group Limited (June 2010 – August 2018)

Special responsibilities:

Chair Audit & Risk Committee

Remuneration & Sustainability Committee member

Nomination Committee member

Interests in shares:

1,000 Ordinary shares in Corporate Travel Management Limited

Company secretary

Anne Tucker

Anne Tucker was appointed as Company Secretary on 2 September 2019. Anne holds Bachelors of Law and Commerce, Graduate Diplomas in Legal Practice and Applied Corporate Governance, and is an Associate of the Governance Institute of Australia.

Suzanne Yeates

Suzanne Yeates was appointed a Company Secretary on 18 April 2017 and ceased in her role as a Company Secretary with effect from 23 December 2019.

Stephen Fleming

Stephen Fleming was appointed as a Company Secretary on 15 April 2011 and ceased in his role as a Company Secretary with effect from 3 September 2019.

Meetings of Directors

The number of meetings of CTM's Board of Directors (the Board) held during the year ended 30 June 2020, and the number of meetings attended by each Director were:

	Board A	Board B
Mr Ewen Crouch AM	12	12
Ms Sophie Mitchell	11	11
Mr Jon Brett	7	7
Mr Stephen Lonie	0	2
Mr Greg Moynihan	8	8
Mr Jamie Pherous	12	12
Admiral Robert J. Natter	6	6
Ms Laura Ruffles	12	12

Committees until 30 October 2019	Audit Committee A	Audit Committee B	Risk Committee A	Risk Committee B
Mr Ewen Crouch AM	1	1	1	1
Ms Sophie Mitchell	-	-	-	-
Mr Jon Brett	-	-	-	-
Mr Stephen Lonie	0	1	0	1
Mr Greg Moynihan	1	1	1	1
Mr Jamie Pherous	NM	NM	NM	NM
Admiral Robert J. Natter	NM	NM	NM	NM
Ms Laura Ruffles	NM	NM	NM	NM

Committees until 30 October 2019	Remuneration Committee A	Remuneration Committee B	Nomination Committee A	Nomination Committee B
Mr Ewen Crouch AM	2	2	1	1
Ms Sophie Mitchell	-	-	-	-
Mr Jon Brett	-	-	-	-
Mr Stephen Lonie	0	2	0	1
Mr Greg Moynihan	2	2	1	1
Mr Jamie Pherous	NM	NM	NM	NM
Admiral Robert J. Natter	2	2	1	1
Ms Laura Ruffles	NM	NM	NM	NM

Committees from 31 October 2019	Audit & Risk Committee A	Audit & Risk Committee B	Remuneration & Sustainability Committee A	Remuneration & Sustainability Committee B	Nomination Committee A	Nomination Committee B
Mr Ewen Crouch AM	3	3	3	3	2	2
Ms Sophie Mitchell	3	3	3	3	2	2
Mr Jon Brett	2	2	2	2	2	2
Mr Stephen Lonie	-	-	-	-	-	-
Mr Greg Moynihan	2	2	2	2	1	1
Mr Jamie Pherous	NM	NM	NM	NM	NM	NM
Admiral Robert J. Natter	2	2	2	2	1	1
Ms Laura Ruffles	NM	NM	NM	NM	NM	NM

A = Number of meetings attended

B = Number of meetings held during the time the Director held office or was a member of the Committee

NM = Not a member of the relevant Committee

Corporate Governance

The Board of CTM recognises the importance of good corporate governance practices which assist in ensuring the accountability of the Board and management of the Group. The Group believes that these practices are fundamental to the long-term performance and sustainability of the Group, the delivery of strategic objectives and contributing to the preservation of shareholder value.

Information relating to the Group's corporate governance practices and its Corporate Governance Statement can be found in the Corporate Governance section on the Group's website at investor.travelctm.com.au/corporate-governance

Remuneration Report

Introduction

This report sets out the remuneration arrangements of the Company for the year ended 30 June 2020 and is prepared in accordance with section 300A of the *Corporations Act 2001*. The information has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The report is structured as follows:

Remuneration Report Continued

Letter from the Chair of the Remuneration & Sustainability Committee

Dear Shareholders,

I am pleased to present to you CTM's FY20 Remuneration Report. The Remuneration and Sustainability Committee, which was established during FY20, decided to introduce this letter to CTM's annual reporting to better communicate and share the remuneration issues the Committee focused on during the year and how they informed our remuneration strategy moving forward.

Clearly, the remuneration opportunity for our leadership team and staff at the start of FY20 bears little resemblance to the COVID-19 affected remuneration outcomes. Despite this, it is worthwhile reflecting briefly on the pre COVID-19 remuneration structure, before moving onto the impact of COVID-19 on actual FY20 remuneration outcomes, and how we plan on resetting remuneration during the recovery period in FY21.

CTM's overarching remuneration strategy is to drive performance, provide competitive total rewards that attract, retain and motivate the high calibre employees required to deliver on CTM's growth aspirations, and provide an opportunity for senior leaders to build an equity stake in the Company. Equally important is aligning our talented people with shareholders by incentivising them to deliver long term growth in shareholder value and ensuring their conduct meets CTM's values and expectations.

CTM's remuneration structure has three components: fixed remuneration at fair market rates; a short term incentive opportunity traditionally paid in cash with any amount paid dependent on achieving relevant one year earnings and individual non-financial goals; and a long term incentive opportunity structured as a Share Appreciation Right (SARs), which traditionally has been awarded in shares and vest if three year compound average growth rates in earnings per share (EPS) goals are achieved.

FY20 began with an executive KMP Remuneration Plan that included:

— an average 3% increase in fixed remuneration;

— a STI opportunity that included global or regional EBITDA targets, and individual non-financial goals which may include employee and client survey outcomes, client win and retention targets, and where relevant, project outcomes. The STI opportunity represented an average of 60% of fixed remuneration with a higher percentage of 150% for the Global COO to reflect her important leadership role and a lower percentage of 12% for the CEO – Australia and New Zealand to reflect contingent consideration payable to Greg McCarthy in relation to the acquisition of SCT Travel Group Pty Ltd, which remains contingent on the achievement of specific performance conditions; and

— The offer of the FY20 SARs tranche with an EPS performance condition and a strike price of $22.84.

The impact of COVID-19 on earnings means that there will be no reward for KMP's under either the STI or LTI opportunities for FY20. Also, as part of CTM's response to COVID-19, all KMP's fixed remuneration was aggressively adjusted downward in March 2020 at the same time as other actions were implemented to rapidly reduce employment costs, which included:

— Working hours reduced for most employees;

— Employees have used leave, taken unpaid leave, or in some regions been furloughed;

— Take-up of government assistance measures where available to preserve jobs;

— A 25% reduction to all executives' and senior leaders' fixed remuneration;

— A 33% reduction to Non-executive Directors' fees;

— Over 1,000 roles being made redundant to downsize the global workforce; and

— The three year performance period for the FY18 SARs ended on 30 June 2020 and had a strike price of $23.90. As the EPS performance condition was not met, the FY18 tranche did not vest.

Remuneration Report Continued

Letter from the Chair of the Remuneration & Sustainability Committee continued

The Committee and executive team are conscious of the impact these measures have had on individual employees. The decision to make roles redundant was not made lightly. As the business starts to recover, the Group's ability to attract, retain, and motivate staff, remains a high priority. During this phase, CTM's remuneration plan needs to balance these impacts with the high level of short-term earnings uncertainty and the longer-term growth opportunity to ensure incentives remain aligned with shareholders. As a result, the FY21 remuneration and staff plan includes:

— A return to full-time work in line with business activity recovery;
— Fixed remuneration being returned to 100% of contracted rates from 3 August 2020 but with no increase from FY20 levels;
— The FY21 STI being split into two opportunities for the first and second halves, with earnings gates for both periods and sensible individual KPI targets;
— The LTI opportunity being retained as in previous years;
— The FY21 LTI opportunity will include a combination of SARs, subject to an EPS hurdle measured across a two year performance period, and rights to restricted shares subject to time and conduct based hurdles, exercisable 12 months after grant and subject to a disposal restriction ; and
— A review of the split between the STI and LTI opportunity to increase the share-based component during this uncertain period when cash liquidity is paramount.

At this stage, it is expected that when the business has recovered, the previous remuneration structure will return broadly to the pre-COVID-19 structure. The Committee believes this structure is simple and clear and has served CTM's shareholders and leadership team well for many years.

Early in FY20, feedback on CTM's remuneration structure and reporting was gathered from meetings the Chairman of the Board had with major shareholders and proxy advisors. In addition to requests for additional disclosure, the Committee was asked to challenge the 10% EPS growth hurdle included in the LTI scheme. We remain of the view that this hurdle was reasonable at the time it was set, noting that the unvested SARs tranches issued in FY19 and FY20 currently have no value. However, as with all incentive targets, earnings targets in the LTI scheme will be reviewed annually.

As part of its review of the incentive schemes, the Committee also considered feedback from executives about shortcomings in the SARs structure including some unintended tax outcomes, such as, different tax treatments depending on a scheme participant's tax jurisdiction. As a result, we intend to adopt a revised plan for the LTI scheme which will give greater flexibility about the LTI instrument used to incentivise our leaders in each region, further details of which will be presented at the 2020 AGM. The overarching philosophy for the LTI scheme will remain unchanged: to reward, retain and motivate senior leaders; link the reward to shareholder value creation to align senior leaders with shareholders; provide an opportunity for eligible employees to build an equity interest in the Group; and support our employee conduct expectations.

I thank you for your ongoing support of CTM.

Yours Sincerely,

Sophie Mitchell
Remuneration & Sustainability Committee Chair

19 August 2020

Remuneration Report Continued

Remuneration Highlights

COVID-19

CTM actioned several plans during FY20 to manage costs against the reduced corporate travel activity experienced as a result of COVID-19. With 70% of our costs pre-COVID-19 people related, a key component of these plans included adjustments to remuneration. These adjustments, which were applied to all employees across the Group, included temporary stand downs, reductions to fixed annual remuneration (FAR) and Board fees, staff leave, shorter working weeks on proportionate pay, leave without pay and regrettably, some redundancies.

All Executive KMP and non-executive Directors agreed to reductions to FAR and Board fees ranging from 25% - 33%, with fixed remuneration returning to 100% of contracted rates from 3 August 2020.

Group remuneration

FAR for all employees across the Group increased by an average of 3% across the Group (FY19: 3%).

Managing Director and CEO remuneration

Total FY20 remuneration for the Managing Director and CEO (Managing Director) was $436,010 (FY19: $643,104). No short-term incentive was awarded to the Managing Director in FY20 and the Managing Director did not participate in the Company's Long-Term Incentive Plan.

As part of the Company's cost containment measures to mitigate the impacts of COVID-19, the Managing Director's fixed remuneration was reduced by 25% for the period 23 March 2020 - 3 August 2020.

Short-term performance incentives

No short-term incentives have been awarded in FY20 as the Group did not achieve the financial performance EBITDA gateway given the significant impact to corporate travel activity arising from COVID-19.

Long-term incentive plan

Following the end of the three year performance period (which ended 30 June 2019), share appreciation rights (SARs) relating to the FY17 SARs award vested with 1,297,500 SARs converting into fully paid ordinary shares (386,762 fully paid ordinary shares were issued and allocated to participants in August 2019).

Vesting of the FY17 SARs was conditional upon the Group achieving earnings per share (EPS) growth per annum (compound) over the three year vesting period, with target performance being set at 10% average EPS growth. The average EPS growth rate over the three year testing period was 23%, resulting in 100% of the SARs vesting.

The number of fully paid ordinary shares issued was calculated by reference to the increase in the strike price determined by the Board prior to the grant of the SARs ($15.33) and the 30 day VWAP immediately preceding the release of results for the financial year ended 30 June 2019 ($21.84).

The three year performance period for the FY18 SARs ended on 30 June 2020. With the impact of COVID-19 on earnings, the EPS performance condition was not met, resulting in 100% of the FY18 SARs being forfeited.

Non-executive Director fees

At the Company's 2019 AGM, shareholders approved an increase in the Non-executive Director fee pool from $700,000 (approved at the 2016 AGM) to $950,000.

In FY20, Non-executive Director base fees increased by 1.7% to $122,500 and the Chairman's fee increased by 1.0% to $242,500. Fees for Committee chairs of $22,500 were introduced in FY20 for the chairs of the Audit & Risk Committee and the Remuneration & Sustainability Committee.

As part of the Company's cost containment measures to mitigate the impacts of COVID-19, Non-executive Director fees were reduced by 33% for the period 1 April – 31 July 2020.

Remuneration Report Continued

Remuneration Highlights continued

FY21

The Group will be undertaking a complete review of our remuneration structures in FY21 and, where appropriate, will make amendments to ensure that our remuneration framework is appropriately structured so as to attract, retain and incentivise high calibre team members while also continuing to align remuneration outcomes with the Group's financial and strategic objectives, and shareholder interests.

In line with previous years, the Board will review and, as necessary, adjust the threshold and performance levels for the performance objectives applicable to short and long-term incentives.

We also plan to expand our clawback mechanism for poor conduct. The discretion to clawback variable remuneration will apply in certain circumstances, including where a participant commits an act of fraud or serious misconduct in relation to the affairs of the Group, acts in a manner which brings the Group into disrepute, or if there is a material misstatement in the Group's consolidated financial statements.

Persons covered by this report

Key management personnel (KMP) include Non-executive Directors, Executive Directors and those senior executives with authority and responsibility for the planning, controlling and directing of the activities of the Company and the Group, which includes those executives who lead business units.

For the purposes of this report, Executive KMP means the Executive Directors (Managing Director and Global COO), the Global CFO, the CEO - North America, CEO – UK/Europe, CEO – Asia and the CEO – Australia and New Zealand.

Details of the KMP are provided in the table below.

	Name	Position
Non-executive Directors	Ewen Crouch AM	Chairman, Non-executive Director
	Jon Brett	Non-executive Director (appointed 31 January 2020)
	Stephen Lonie	Non-executive Director (resigned 6 November 2019)
	Sophie Mitchell	Non-executive Director (appointed 2 September 2019)
	Greg Moynihan	Non-executive Director(resigned 3 April 2020)
	Admiral Robert Natter	Non-executive Director(resigned 2 March 2020)
Executive Directors	Jamie Pherous	Managing Director
	Laura Ruffles	Global COO
Other Key Management Personnel	Maureen Brady	CEO – North America (appointed as a KMP 1 April 2020)
	Debbie Carling	CEO – UK/Europe
	Stephen Fleming	Global CFO (ceased to be a KMP 9 July 2019)
	Larry Lo	CEO – Asia
	Greg McCarthy	CEO – Australia and New Zealand
	Neale O'Connell	Global CFO (appointed as a KMP 9 July 2019)
	Chris Thelen	CEO – North America (ceased to be a KMP 1 April 2020)

Remuneration Report Continued

Remuneration governance framework

Remuneration and Sustainability Committee

The Remuneration and Sustainability Committee (Committee) consists of three Non-executive Directors, with one performing the role of Chair. The Managing Director and Global COO are invited to attend but are not present when their remuneration is discussed. The Committee is responsible for advising on the following areas:

- people and remuneration strategy and policies;
- setting executive remuneration and incentives for Executive KMP;
- talent development and succession planning;
- Non-executive Director remuneration; and
- sustainability, social, environmental and governance issues relevant to the Group.

Under the terms of the Remuneration and Sustainability Committee Charter, the majority of Committee members must be independent directors and the Chair of the Committee must be an independent director. All members of the Remuneration and Sustainability Committee (including the Chair) are independent non-executive directors. Details of members of the Committee and their backgrounds are included in the Directors' Report on pages 35 to 37.

To ensure the Committee is fully informed when making remuneration decisions, it may seek external remuneration advice. During the reporting period, the Committee did not engage any consultants to provide recommendations in relation to remuneration.

COVID-19

In light of the reduced corporate travel activity, CTM actioned several plans during FY20 to manage its cost base while balancing the need to retain a motivated, engaged and adequately sized workforce ready for a ramp-up in travel activity as border closures and client-led travel restrictions are lifted. With 70% of our costs pre COVID-19 people related, a key component of these plans included adjustments to remuneration. These adjustments, which were applied to all team members across the Group, included temporary stand downs, salary reductions, staff leave, shorter working weeks on proportionate pay, leave without pay and, regrettably, these actions did include some redundancies.

For KMP, all Executive KMP and non-executive Directors agreed to reductions to FAR and Board fees for the period from late March 2020 through until 3 August 2020, with reductions ranging from 25% - 33%.

We have retained additional staff capacity to quickly scale up as and when travel activity returns in each of our regions, and throughout this period of uncertainty, we continue to actively manage our team engagement and remain focused on minimising the disruption to our team members, as much as possible.

The support, understanding and loyalty of CTM's staff is a testament to the culture of CTM.

Remuneration Report Continued

Executive KMP remuneration

Remuneration Framework

The objective of the Group's remuneration framework, summarised below, is to:

- attract and retain high calibre team members;
- incentivise and reward team members for the achievement of strategic objectives designed to deliver sustained growth in shareholder wealth, ensuring reward for performance is competitive and appropriate for the results delivered; and
- align remuneration with shareholder interests.

Key elements of remuneration

The Group's remuneration framework has three components:

- Fixed annual remuneration (FAR);
- Short-term performance incentives (STI); and
- Long-term performance incentives through participation in the Company's Long Term Incentive Plan (LTI).

Fixed Annual Remuneration

Fixed annual remuneration (FAR) comprises base pay, superannuation and pensions. Team members are offered a competitive FAR that targets the desired skills and experience for our roles. FAR is reviewed annually, to ensure that it remains competitive with the market. Team member FAR is also reviewed upon promotion.

There are no guaranteed pay increases in any senior executive contracts of employment.

Variable Remuneration

CTM's remuneration framework provides for a mix of short and long-term incentives. As team members gain seniority within the Group, the balance of this mix shifts to a higher proportion of 'at risk' rewards, commensurate to each individual's role and responsibilities.

The proportion of short and long-term incentives (relative to fixed pay) for Executive KMP is set at the start of the financial year, together with key performance indicators (KPIs).

Short-term performance incentives (STI)

Participation in the Group's short-term performance incentive scheme is broad, with team members across all regions eligible to participate. An individual's target STI opportunity is set depending on the accountabilities and impact of the role on the organisation or business unit performance.

Short-term incentives are paid in cash around 30 September each year. The scheme is designed to reward and recognise outstanding employee performance and execution of CTM's business plans, provided the Group can also demonstrate it has created value for shareholders. All Executive KMP participate in the STI scheme and in FY20 had the potential to earn up to between 12% and 150% of FAR.

The short-term incentive pool is based on three key elements:

1. the financial performance of the relevant region in the year;
2. the financial performance of the Group in the year; and
3. each individual's performance.

Each year, the Remuneration and Sustainability Committee considers the appropriate targets and KPIs, including setting any maximum payment potential under the STI plan, and minimum levels of performance required to trigger payment of short-term incentives. STI performance targets are underpinned by the Group's strategic priorities and are aligned with CTM's values and risk appetite. All targets and KPIs are defined and measurable.

The Board retains the discretion to adjust short-term incentives, in light of unexpected or unintended circumstances, or poor conduct by an individual. For example, incentives will not be awarded to team members if they engage in conduct which is contrary to CTM's values.

Remuneration Report Continued

Executive KMP remuneration continued

Financial Performance

The incentive pool only forms if the Group achieves pre-determined financial targets set annually by the Remuneration and Sustainability Committee.

The criteria for FY20 required regional and global underlying EBITDA (adjusted for one-off items) to exceed the same metric for FY19. The EBITDA target is adjusted for significant non-recurring items, currency movements and items that are considered by their nature and size as unusual or not in the ordinary course of business, such as merger and acquisition activity.

If the global and regional underlying EBITDA results exceed expectations, the full STI pool for each region and/or the Group will vest (as applicable). Conversely, if results are below expectations, only a fraction of the pool, or possibly none of the short-term incentive pool will vest.

The use of financial targets ensures variable reward is only available when value has been created for shareholders and when earnings are consistent with the Group's approved targets.

Individual Performance

Each individual's target incentive is determined by reference to his or her own KPIs. KPI targets for Executive KMP include a mix of financial and non-financial targets, including achievement of business plans, client retention and satisfaction, people and leadership, strategy and project outcomes as agreed with each senior executive. The non-financial KPI targets for Executive KMP are designed to align performance with CTM's values and risk management, while also drive long-term profitability.

Executive KMP performance reviews are conducted by the Managing Director and provided to the Remuneration and Sustainability Committee and Board annually. The Managing Director's performance review is conducted by the Chairman and provided to the Remuneration and Sustainability Committee and Board annually.

The performance of Executive KMP is assessed annually against Group and Regional KPIs. In FY20, performance was assessed against the following Group and Regional KPIs linked to annual business objectives, and which were set by the Board at the beginning of the financial period.

Executive KMP	Title / Region	Financial KPIs	Non-financial KPIs
Jamie Pherous	MD / Global	70%	30%
Laura Ruffles	COO / Global	70%	30%
Neale O'Connell[1]	CFO / Global	80%	20%
Larry Lo	CEO / Asia	70%	30%
Debbie Carling	CEO / UK/Europe	70%	30%
Greg McCarthy	CEO / Australia & New Zealand	70%	30%

[1] Executives who became KMPs during the year

The performance of Executive KMP is assessed annually against Group and Regional KPIs. In FY20, performance was assessed against the following Group and Regional KPIs linked to annual business objectives, and which were set by the Board at the beginning of the financial period.

KPI
Global and Regional EBITDA targets
Achievement of Business Plans
Client Satisfaction
Client Retention
Employee Satisfaction

Remuneration Report Continued

Executive KMP remuneration continued

FY20 Reward Outcomes under STI

The FY20 financial targets were not met, and therefore no incentive pool was formed and no STI incentives are payable.

Long-term performance incentive (LTI)

The LTI scheme was introduced during FY13 and has operated in the same manner since it was introduced. Awards under the LTI scheme are made in the form of Share Appreciation Rights (SARs). A SAR is a right to receive an award which may be satisfied by the issue of shares, cash payment, or a combination of both (at the Board's sole discretion), subject to the satisfaction of vesting conditions and performance hurdles. The award is calculated by reference to an increase in the CTM share price from a base price determined by the Board prior to the grant and the 30 day VWAP immediately preceding the time that the vesting conditions and performance hurdles are satisfied.

Purpose

The LTI scheme is designed to:

(a) assist in the reward, retention and motivation of eligible employees;

(b) link the reward of eligible employees to shareholder value creation; and

(c) align the interests of eligible employees with shareholders by providing an opportunity for eligible employees to receive an equity interest in the Group.

Participation

In FY20, 51 senior employees were invited by the Board to participate in the LTI scheme (FY19: 47 senior employees). All Executive KMP, other than the Managing Director, participate in the LTI scheme.

Performance hurdles and performance period

Under the scheme, vesting is conditional upon the Group achieving earnings per share growth over a three year period, with target performance being set at 10% average EPS growth and participants continuing to be employed by the Group at the end of the performance period, unless otherwise determined by the Board.

The Board may exercise its discretion with respect to adjustments to thresholds and targets at the time of testing. The Board retains the discretion to adjust long-term incentives (including vesting conditions, performance hurdles and the forfeiture of unvested SARs), in light of unexpected or unintended circumstances, or where an individual has acted fraudulently, dishonestly or has wilfully breached his or her duties to the Group. For example, incentives will not be awarded to team members if they engage in conduct which is contrary to CTM's values. The Group will provide a clear explanation if any adjustments are made to thresholds and targets.

Vesting

SARs will only vest if the performance hurdles, employment condition and conduct expectations are met. Participants are deemed to have automatically exercised all vested SARs and CTM will settle in line with the SARs Plan.

Grants made during FY20 will vest, subject to the achievement of the performance conditions, on a scaled basis as follows:

Minimum EPS growth from 1 July 2019 – 30 June 2022	Portion of SARs that become performance qualified
80% achievement of target growth rate (i.e. 8% EPS growth)	50% of SARs
90% achievement of target growth rate (i.e. 9% EPS growth)	75% of SARs
100% achievement of target growth rate (i.e. 10% EPS growth)	100% of SARs

SARs will become performance qualified on a straight-line basis where average EPS growth over the three year testing period falls between 8-10% EPS growth.

Upon vesting, the conversion of SARs to an equity or cash based settlement is determined using a formula referencing the increase in the strike price determined by the Board prior to the grant of the SARs (FY20: $22.84) and the 30 day VWAP immediately preceding the release of results for the financial year ended 30 June 2022.

Remuneration Report Continued

Executive KMP remuneration continued

Cessation of employment, change of control and clawback

All unvested SARs lapse immediately upon cessation of employment with the Group. However, the Board has discretion in special circumstances to determine the number of SARs retained and the terms applicable. Special circumstances include events such as retirement, redundancy, death and permanent disability. If a Change of Control Event occurs, or the Board determines in its absolute discretion that a Change of Control Event may occur, the Board has absolute discretion to determine the appropriate treatment regarding any awards.

Unvested SARs may be clawed back where there has been a material misrepresentation of the financial outcomes on which the award was assessed and/ or the participant's actions have been found to be fraudulent, dishonest or in breach of his or her duties. In addition, we plan to expand our clawback policy in FY21 to provide for variable remuneration to be clawed back in various circumstances, including where a participant acts in a manner which brings the Group into disrepute or any other circumstances where there would be an inappropriate benefit.

Dividend entitlements

Recipients of SARs are not entitled to dividends until shares are allocated (based on vesting and meeting the relevant performance hurdles, employment condition and conduct expectations).

Dilution

Shares issued under the Group's LTI Plan are subject to a cap of 5% of equity. This is inclusive of shares that may be issued in respect of each outstanding offer of shares, options or rights if accepted or exercised under other equity plans.

Hedging

In accordance with the terms of the Group's LTI Plan, Executive KMP are not permitted to hedge LTI awards.

FY20 Reward Outcomes under LTI

In FY20, 1,678,000 SARs were awarded to participants (FY19: 1,748,000). Vesting of the FY20 SARs is conditional upon the Group achieving earnings per share growth over a three year period, with target performance being set at 10% average EPS growth and participants continuing to be employed by the Group at the end of the performance period, unless otherwise determined by the Board. The performance period for the FY20 grant commenced on 1 July 2019 and ends on 30 June 2022.

FY17 SARs

In FY20, SARs which were awarded in FY17 vested, with 1,297,500 SARs converting into fully paid ordinary shares (386,762 fully paid ordinary shares were issued and allocated to participants in August 2019 and 162,500 FY17 SARs were forfeited).

Vesting was conditional upon the Group achieving earnings per share (EPS) growth per annum (compound) over the three year vesting period, with target performance being set at 10% average EPS growth and participants continuing to be employed by the Group at the end of the performance period, unless otherwise determined by the Board. The average EPS growth rate over the three year vesting period was 23%, resulting in 100% of the SARs vesting.

The number of fully paid ordinary shares issued to participants was calculated by reference to the increase in the strike price determined by the Board prior to the grant of the SARs ($15.33) and the 30 day VWAP immediately preceding the release of results for the financial year ended 30 June 2019 ($21.84).

FY18 SARs

The three year performance period for the FY18 SARs ended on 30 June 2020. Vesting was conditional on the Group achieving earnings per share (EPS) growth per annum (compound) over the three year vesting period, with target performance being set at 10% average EPS growth and participants continuing to be employed by the Group at the end of the performance period, unless otherwise determined by the Board.

As the performance conditions were not met, 100% of the FY18 SARs have been forfeited.

Remuneration Report Continued

Executive KMP remuneration continued

Awards made under STI and LTI in FY20

Awards made under the Group's STI and LTI schemes are strongly correlated to the Group's financial results. CTM's remuneration outcomes are strongly linked to delivery of return on investment to shareholders. In FY20, where the Group was significantly impacted by the effects of COVID-19, no STI incentives were awarded as financial targets for short-term incentives were not met, and LTIs awarded in FY18 (where the three year performance period ended on 30 June 2020) did not vest and were forfeited as the EPS growth performance condition was not met.

The table below outlines the performance of the Group and shareholder returns over the last five financial years.

	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Net profit/(loss) attributable to members ($'000)	(8,185)	86,235	76,712	54,556	42,134
Basic earnings per share (cents)	(7.5)	79.6	72.4	53.5	43.2
Dividends paid ($'000)	23,953	42,263	34,964	27,554	18,539
Dividend payout ratio (%)[1]	N/A	49.0	45.6	50.5	44.0
Increase/(decrease) in share price (%)	(56.9)	(17.6)	19.0	63.9	35.8
Total Executive KMP STI as percentage of net profit/(loss) (%)	**0.0**	**1.6**	**1.9**	**2.2**	**2.1**

1 Based on dividends paid in respect of the financial year

STI Awards

The following table sets out details of the maximum STI potential and the percentage split of the available bonus awarded and forfeited for FY20 and FY19. Where STIs are paid, the award is payable in cash.

	FY20			FY19		
Name	Maximum STI Potential (FY20)[3]	Awarded %	Forfeited %	Maximum STI Potential (FY19)[3]	Awarded %	Forfeited %
Jamie Pherous	270,000	0%	100%	250,000	40%	60%
Laura Ruffles	1,100,000	0%	100%	700,000	90%	10%
Neale O'Connell[1]	230,000	0%	100%	N/A	N/A	N/A
Larry Lo	286,352	0%	100%	267,262	60%	40%
Debbie Carling	234,522	0%	100%	187,617	80%	20%
Greg McCarthy	50,000	0%	100%	50,000	80%	20%
Chris Thelen[2]	297,663	0%	100%	297,663	30%	70%
Maureen Brady[1]	N/A	N/A	N/A	N/A	N/A	N/A
Stephen Fleming[2]	N/A	N/A	N/A	234,522	60%	40%

1 Executives who became a KMP during the year. Neale O'Connell commenced as a KMP on 9 July 2020. Maureen Brady commenced as a KMP on 1 April 2020.

2 KMPs who ceased to be a KMP during the year. Stephen Fleming ceased to be a KMP on 9 July 2019. Chris Thelen ceased to be a KMP on 1 April 2020.

3 Maximum STI potential for Larry Lo, Debbie Carling, Chris Thelen, Maureen Brady and Stephen Fleming are determined in local currency and converted at average exchange rates.

Remuneration Report Continued

Executive KMP remuneration continued

The following table sets out details of the SARs granted to persons in their capacity as Executive KMP during FY20 under the 2020 allocation and vested under the FY17 allocation, as well as details of SARs granted under prior awards that have not yet vested as at 30 June 2020.

The three year performance period for SARs granted under the FY18 allocation ended 30 June 2020 and were tested following the end of FY20. As the EPS performance condition was not met, the FY18 tranche did not vest and all SARs forfeited.

Name	Year of grant	Year in which rights may vest	Exercise Price	No. of rights granted	Value per right at grant date	No. of rights vested during the year	Vested	Forfeited	Max value yet to vest $
Laura Ruffles	2020	2023	N/A	100,000	$1.67	-	-	-	167,230
	2019	2022	N/A	150,000	$4.80	-	-	-	720,690
	2018	2021	N/A	150,000	$2.49	-	-	-	374,244
	2017	2020	N/A	200,000	$1.62	200,000	100%	-	-
Neale O'Connell[1]	2020	2023	N/A	100,000	$1.67	-	-	-	167,230
Larry Lo	2020	2023	N/A	75,000	$1.67	-	-	-	125,423
	2019	2022	N/A	75,000	$4.80	-	-	-	360,345
	2018	2021	N/A	75,000	$2.49	-	-	-	187,122
	2017	2020	N/A	75,000	$1.62	75,000	100%		-
Debbie Carling	2020	2023	N/A	75,000	$1.67	-	-	-	125,423
	2019	2022	N/A	75,000	$4.80	-	-	-	360,345
	2018	2021	N/A	75,000	$2.49	-	-	-	187,122
	2017	2020	N/A	75,000	$1.62	75,000	100%	-	-
Greg McCarthy	2020	2023	N/A	75,000	$1.67	-	-	-	125,423
	2019	2022	N/A	100,000	$4.80	-	-	-	480,460
Chris Thelen[2]	2020	2023	N/A	75,000	$1.67	-	-	100%	-
	2019	2022	N/A	75,000	$4.80	-	-	100%	-
	2018	2021	N/A	75,000	$2.49	-	-	100%	-
	2017	2020	N/A	75,000	$1.62	75,000	100%	-	-
Stephen Fleming[2, 3]	2020	2023	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2019	2022	N/A	75,000	$4.80	N/A	N/A	N/A	N/A
	2018	2021	N/A	75,000	$2.49	N/A	N/A	N/A	N/A
	2017	2020	N/A	75,000	$1.62	N/A	N/A	N/A	N/A

1 Executives who became a KMP during the year. Neale O'Connell commenced as a KMP on 9 July 2020.

2 KMPs who ceased to be a KMP during the year. Chris Thelen ceased to be a KMP on 1 April 2020. Stephen Fleming ceased to be a KMP on 9 July 2019.

3 Stephen Fleming ceased to be a KMP
(i) prior to the grant date of the FY20 allocation;
(ii) prior to the vesting date of the FY17 allocation; and
(iii) did not forfeit any SARs in his capacity as a KMP during FY20.

Remuneration Report Continued

Contractual arrangements for Executive KMP

Each Executive KMP, including the Managing Director, has a formal contract, known as a service agreement. Except for the changes noted below, there were no changes to the service agreements for Executive KMP in FY20.

Executive KMP	Contract duration	Notice period by KMP	Notice period by Group	Termination payment
Jamie Pherous	No fixed duration	6 months	6 months	Combination of notice and payment in lieu totaling no less than 6 months
Laura Ruffles	No fixed duration	24 weeks	24 weeks	Combination of notice and payment in lieu totaling no less than 24 weeks
Neale O'Connell	No fixed duration	12 weeks	12 weeks	Combination of notice and payment in lieu totaling no less than 12 weeks
Larry Lo	No fixed duration	6 months	6 months	Combination of notice and payment in lieu totaling no less than 6 months
Debbie Carling	No fixed duration	3 months	3 months	Combination of notice and payment in lieu totaling no less than 3 months
Greg McCarthy	No fixed duration	12 weeks	12 weeks	Combination of notice and payment in lieu totaling no less than 12 weeks
Maureen Brady	No fixed duration	3 months[1]	3 months[1]	Combination of notice and payment in lieu totaling no less than 3 months[1]

[1] From 1 April 2021. Prior to 1 April 2021, KMP or Group may resign or terminate without notice

Termination payments are assessed on a case-by-case basis and are capped at law. As is the case for all employees, the employment of Executive KMP may be terminated immediately in the case of serious misconduct.

Non-executive Director Remuneration

Non-executive Directors receive a base fee and, where applicable, an additional fee in recognition of the higher workload and extra responsibilities resulting from chairing Board Committees. The Chairman receives an all-inclusive fee as Chairman of the Board and as a member of all Board Committees (including as Chairman of the Nomination Committee).

Board fees are not paid to Executive Directors and Executive KMP do not receive fees for directorships of any subsidiaries.

Fee Structure

As approved by shareholders at the 2019 Annual General Meeting, the maximum aggregate Non-executive Directors' fee pool is $950,000 per annum, of which the Group utilised $632,421 in FY20. Fees paid to Non-executive Directors are set out in the table below and are inclusive of superannuation. Fees are reviewed annually by the Board.

	Board	Audit & Risk Committee	Remuneration & Sustainability Committee	Nomination Committee
Chair	$242,500	$22,500	$22,500	-
Member	$122,500	-	-	-

Remuneration Report Continued

Non-executive Director Remuneration continued

In FY20:

— Non-executive Director base fees increased by 1.7%(FY20: $122,500, FY19:$120,450)

— the Chairman's fee increased by 1.0%(FY20: $242,500, FY19:$240,000)

— Fees for Committee chairs of $22,500 were introduced for the chairs of the Audit & Risk Committee and the Remuneration & Sustainability Committee

— Fees were temporarily reduced by an equivalent of 33% for the period 1 April – 31 July 2020.

Non-executive Directors do not receive incentive payments, nor are they entitled to participate in any Group employee equity plans. They receive no non-monetary benefits and do not participate in any retirement benefit scheme, other than statutory superannuation contributions, where applicable. Non-executive Directors are reimbursed for expenses properly incurred in performing their duties as a Director of the Group. This policy is consistent with Non-Executive Directors being responsible for objective and independent oversight of the Group.

Statutory KMP Remuneration

		Fixed Remuneration				Variable remuneration			
Name	Year	Cash salary and fees $	Non-cash benefits[3] $	Leave[4] $	Superannuation $	Short-term incentive $	Long-term incentive[5] $	Total $	Performance Related %
Non-Executive Directors									
Ewen Crouch AM	FY20	211,662	-	-	10,615	-	-	222,277	N/A
	FY19	59,010	-	-	5,133	-	-	64,143	N/A
Jon Brett[1]	FY20	40,178	-	-	3,817	-	-	43,995	N/A
	FY19	-	-	-	-	-	-	-	-
Stephen Lonie[1]	FY20	39,346	-	-	3,738	-	-	43,084	N/A
	FY19	110,000	-	-	10,450	-	-	120,450	N/A
Sophie Mitchell[1]	FY20	95,205	-	-	9,044	-	-	104,249	N/A
	FY19	-	-	-	-	-	-	-	-
Greg Moynihan[2]	FY20	94,273	-	-	8,956			103,229	N/A
	FY19	110,000	-	-	10,450	-	-	120,450	N/A
Admiral Robert Natter[2, 6]	FY20	115,587	-	-	-	-	-	115,587	N/A
	FY19	144,618	-	-	-	-	-	144,618	N/A
Tony Bellas[2]	FY20	-	-	-	-	-	-	-	N/A
	FY19	102,846	-	-	9,770	-	-	112,616	N/A
Sub-Total Non-Executive Directors	**FY20**	**596,251**	**-**	**-**	**36,170**	**-**	**-**	**632,421**	**N/A**
	FY19	**526,474**	**-**	**-**	**35,803**	**-**	**-**	**562,277**	**N/A**
Executive Directors									
Jamie Pherous	FY20	441,164	8,983	(35,140)	21,003	-	-	436,010	0%
	FY19	470,808	8,908	23,857	39,531	100,000	-	643,104	16%
Laura Ruffles	FY20	653,171	10,104	(49,529)	21,003	-	(489,498)	145,251	0%
	FY19	700,000	10,280	66,058	76,229	630,000	473,109	1,955,676	56%
Sub-Total Executive Directors	**FY20**	**1,094,335**	**19,087**	**(84,669)**	**42,006**	**-**	**(489,498)**	**581,261**	
	FY19	**1,170,808**	**19,188**	**89,915**	**115,760**	**730,000**	**473,109**	**2,598,780**	

Directors' Report

Continued

Remuneration Report Continued

Statutory KMP Remuneration continued

Name	Year	Fixed Remuneration: Cash salary and fees $	Fixed Remuneration: Non-cash benefits[3] $	Fixed Remuneration: Leave[4] $	Fixed Remuneration: Superannuation $	Variable remuneration: Short-term incentive $	Variable remuneration: Long-term incentive[5] $	Total $	Performance Related %
Other Key Management Personnel (Group)									
Neale O'Connell[1]	FY20	401,007	8,817	16,499	21,003	-	-	447,326	0%
	FY19	-	-	-	-	-	-	-	-
Stephen Fleming[2, 6]	FY20	14,070	-	3,968	1,338	-	5,176	24,552	0%
	FY19	497,521	-	(9,046)	47,265	135,688	223,024	894,452	40%
Larry Lo[6]	FY20	524,646	-	(8,517)	3,436	-	(244,749)	274,816	0%
	FY19	562,457	-	8,533	3,206	149,608	223,024	946,828	39%
Debbie Carling[6]	FY20	333,635	-	636	10,353	-	(244,749)	99,875	0%
	FY19	345,220	-	4,384	7,519	144,734	223,024	724,881	51%
Greg McCarthy	FY20	305,309	-	(8,463)	21,003	-	(160,153)	157,696	0%
	FY19	379,951	-	12,252	20,531	40,000	160,153	612,887	33%
Chris Thelen[2, 6]	FY20	530,931	5,860	-	-	-	(244,749)	292,042	0%
	FY19	642,198	-	(1,371)	-	83,790	223,024	947,641	32%
Maureen Brady[1, 6]	FY20	109,166	3,494	-	-	-	-	112,660	0%
	FY19	-	-	-	-	-	-	-	-
Sub-Total Other Key Management Personnel	**FY20**	**2,218,764**	**18,170**	**4,123**	**57,133**	**-**	**(889,224)**	**1,408,967**	
	FY19	**2,427,347**	**-**	**14,752**	**78,521**	**553,820**	**1,052,249**	**4,126,689**	
Total	**FY20**	**3,909,350**	**37,257**	**(80,546)**	**135,309**	**-**	**(1,378,722)**	**2,622,649**	
	FY19	**4,124,629**	**19,188**	**104,667**	**230,084**	**1,283,820**	**1,525,358**	**7,287,746**	

1 Commenced as a KMP during the year. Jon Brett commenced as a KMP on 31 January 2020. Sophie Mitchell commenced as a KMP on 2 September 2019. Neale O'Connell commenced as a KMP on 9 July 2020. Maureen Brady commenced as a KMP on 1 April 2020.

2 KMPs who ceased to be a KMP during the year. Stephen Lonie ceased to be a KMP on 6 November 2019. Greg Moynihan ceased to be a KMP on 3 April 2020. Admiral Robert Natter ceased to be a KMP on 2 March 2020. Tony Bellas ceased to be a KMP on 25 March 2019. Stephen Fleming ceased to be a KMP on 9 July 2019. Chris Thelen ceased to be a KMP on 1 April 2020.

3 Non-cash benefits represent the cost to the Group of providing parking and in the US, health and communications benefits.

4 Leave represents the movement in the annual leave and long service leave provision balances. The accounting value may be negative, for example, where a KMP's leave balance decreases as a result of taking more than the leave entitlement accrued during the year.

5 For accounting purposes, long-term incentives are calculated at fair value on grant date and expensed over the period, in accordance with AASB 2 *Share Based Payments*. The accounting value may be negative where SARs are forfeited, resulting in amounts expensed in prior years being reversed. There can also be a reversal of amounts expensed where there is a reduction in the probability of performance conditions being met. For Stephen Fleming, the long term incentive balance represents the accounting expense for the period under AASB 2 Share Based Payments, in his capacity as KMP. Jamie Pherous did not participate in the Long Term Incentive Plan.

6 Payments made to Admiral Robert Natter, Larry Lo, Debbie Carling, Chris Thelen, Maureen Brady and Stephen Fleming are in local currency and converted at average exchange rates.

The table above is prepared in accordance with the *Corporations Act 2001* requirements. The amounts that appear under the heading 'Long-term incentive' represent the amounts expensed by the Group in accordance with the required Accounting Standards in respect of current and past incentive allocation rights. These amounts are therefore not amounts actually received by Executive KMP during the year. Whether Executive KMP receive any value from the allocation of long-term incentives in the future will depend on whether applicable performance conditions are met.

Remuneration Report Continued

Other information

Minimum Shareholding Guidelines for Non-executive Directors

To align the Non-executive Directors' interest with the interests of shareholders, the Board has established guidelines to encourage Non-executive Directors to progressively acquire and hold shares within three years of their appointment with a value equal to 100% of base fees. Direct and indirect holdings count towards the minimum shareholding target.

Minimum Shareholding Guidelines for Executive KMP

Executive KMP are encouraged to progressively, through participation in the Group's long-term incentive program, acquire and hold shares over a reasonable period from the date of their appointment. They are expected to hold a minimum number of shares commensurate to their role and responsibilities. Direct and indirect holdings together with unvested equity will count towards the minimum shareholding target.

Equity instruments held by Key Management Personnel

The tables below show the number of shares and share appreciation rights held by Non-executive Directors and Executive KMP respectively at the beginning and end of the financial year.

Ordinary Shares

	Balance as at 30 June 2019	Purchased	Disposed	Received on vesting of rights	Other changes during the year	Balance at 30 June 2020
Non-Executive Directors						
Ewen Crouch AM	5,000	5,000	-	-	-	10,000
Jon Brett[2]	N/A	1,000	-	-	-	1,000
Stephen Lonie[1]	254,312	-	-	-	-	N/A
Sophie Mitchell[2]	N/A	-	-	-	22,122	22,122
Greg Moynihan[1]	254,312	-	-	-	-	N/A
Admiral Robert Natter[1]	119,200	-	-	-	-	N/A
Executive Directors						
Jamie Pherous	21,266,893	-	-	-	-	21,266,893
Laura Ruffles	177,915	-	-	59,616	-	237,531
Other Key Management Personnel						
Neale O'Connell[2]	N/A	10,172	-	-	-	10,172
Stephen Fleming[1]	84,974	-	-	-	-	N/A
Larry Lo	139,276	6,000	6,000	22,356	-	161,632
Debbie Carling	26,761	-	10,539	22,356	-	38,578
Greg McCarthy	85,627	12,000	-	-	-	97,627
Chris Thelen[1]	431,007		6,499	22,356	-	N/A
Maureen Brady[2]	N/A	-	-	-	-	-

1 Ceased as a KMP during the year. Stephen Lonie ceased to be a KMP on 6 November 2019. Greg Moynihan ceased to be a KMP on 3 April 2020. Admiral Robert Natter ceased to be a KMP on 2 March 2020. Stephen Fleming ceased to be a KMP on 9 July 2019. Chris Thelen ceased to be a KMP on 1 April 2020.

2 Commenced as a KMP during the year. Jon Brett commenced as a KMP on 31 January 2020. Sophie Mitchell commenced as a KMP on 2 September 2019. Neale O'Connell commenced as a KMP on 9 July 2020. Maureen Brady commenced as a KMP on 1 April 2020. Other changes represent ordinary shares held at the time of commencing as a KMP.

Remuneration Report Continued

Other information continued

Share Appreciation Rights

	Balance as at 30 June 2019	Awarded during the year	Vested	Forfeited	Other changes during the year	Balance at 30 June 2020
Executive Directors						
Jamie Pherous	-	-	-	-	-	-
Laura Ruffles	500,000	100,000	200,000	-	-	400,000
Other Key Management Personnel						
Neale O'Connell[2]	-	100,000	-	-	-	100,000
Stephen Fleming[1, 3]	225,000	N/A	N/A	N/A	N/A	N/A
Larry Lo	225,000	75,000	75,000	-	-	225,000
Debbie Carling	225,000	75,000	75,000	-	-	225,000
Greg McCarthy	100,000	75,000	-	-	-	175,000
Chris Thelen[1]	225,000	75,000	75,000	(225,000)	-	N/A
Maureen Brady[2]	-	-	-	-	50,000	50,000

1 Ceased as a KMP during the year. Stephen Fleming ceased to be a KMP on 9 July 2019, prior to the grant date of the FY20 allocation and prior to the vesting date of the FY17 allocation. Stephen Fleming did not forfeit any SARs in his capacity as a KMP during FY20. Chris Thelen ceased to be a KMP on 1 April 2020.

2 Commenced as a KMP during the year. Neale O'Connell commenced as a KMP on 9 July 2019. Maureen Brady commenced as a KMP on 1 April 2020. Other changes represent SARs held at the time of commencing as a KMP.

3 Stephen Fleming ceased to be KMP
(i) prior to the grant date of the FY20 allocation;
(ii) prior to the vesting date of the FY17 allocation; and
(iii) did not forfeit any SARs in his capacity as a KMP during FY20.

Securities Trading Policy

The Group's Securities Trading Policy prohibits employees from dealing in CTM securities while in possession of material non-public information relevant to CTM. It also prohibits entry into transactions in associated products that limit the economic risk of participating in unvested entitlements under equity-based remuneration schemes.

Shares under option

There are currently no unissued ordinary shares of CTM under option. No share options were granted as equity compensation benefits during the financial year (FY19: nil).

Loans to KMP

There have been no loans granted to Non-executive Directors and Executive KMP of the Company or their related entities (FY19: nil).

Other transactions and balances with key management personnel

Contingent consideration of $700,000 in relation to the acquisition of SCT Travel Group Pty Ltd and the achievement of performance conditions in FY19 was paid to Greg McCarthy during the financial year.

In the normal course of business, the Group may enter into transactions with various entities that have Directors in common with CTM. Transactions with these entities are made on commercial arm's length terms and conditions. The relevant Directors do not participate in any decisions regarding these transactions.

Non-executive Directors and Executive KMP can acquire travel and event management services from the Group. All transactions are made on normal commercial terms and conditions and at market rates. There are no amounts outstanding in relation to these transactions at 30 June 2020.

Insurance of officers and indemnities

The Company has entered into directors' and officers' insurance policies and paid an insurance premium in respect of the insurance policies, to the extent permitted by the *Corporations Act 2001* (Cth). The insurance policies cover former Directors of the Company along with the current Directors of the Company. Executive officers and employees of the Company and its related bodies corporate are also covered.

In accordance with Rule 24 of its Constitution, the Company, to the maximum extent permitted by law, must indemnify any current or former Director or Company Secretary and current or former executive officers of the Company or any of its related bodies corporate, against all liabilities incurred in those capacities. For the year ended 30 June 2020, no amounts have been paid pursuant to indemnities (FY19: nil).

A Deed of Indemnity, Access and Insurance is in place between the Company and Directors, the Company Secretary and some other current and former executives. The deed indemnifies those persons, to the extent permitted by law, against liabilities, including costs and expenses, incurred as a result of acting in their capacity as officers of the Company or its related bodies corporate.

The Company's Constitution also allows the Company to pay insurance premiums for contracts insuring the officers of the Company in relation to any such liabilities and legal costs. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability insurance contract, as, in accordance with normal commercial practice, such disclosure is prohibited under the terms of the contract.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, PwC, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. No payment for this reason has been made to PwC during or since the end of the financial year.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with the leave of the Court under section 237 of the Corporations Act.

Non-Audit Services

PwC provided $327,650 of non-audit services during the year ended 30 June 2020, comprising:

- Tax compliance services - $116,074
- Tax advisory services - $210,169
- Other advisory services - $1,407

The Directors are satisfied that the provision of these non-audit services is compatible with the general standard of independence for auditors in accordance with the *Corporations Act 2001* (Cth). The nature, value and scope of each type of non-audit service provided is considered by the Directors not to have compromised auditor independence.

Auditor's Independence Declaration

The Auditor's Independence Declaration for the year ended 30 June 2020 has been received from PwC. This is set out at page 57 of the Directors' Report.

Rounding of amounts

Amounts in the Directors' Report are presented in Australian dollars (unless otherwise indicated) with values rounded to the nearest thousand dollars, or in certain cases, the nearest dollar, in accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial/ Directors' Reports) instrument 2016/191.

This Report is made in accordance with a resolution of the Directors and is signed for and on behalf of the Board.

Mr Ewen Crouch AM
Chairman

Mr Jamie Pherous
Managing Director

19 August 2020
Brisbane

Auditor's Independence Declaration

Auditor’s Independence Declaration

As lead auditor for the audit of Corporate Travel Management Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Corporate Travel Management Limited and the entities it controlled during the period.

Michael Crowe
Partner
PricewaterhouseCoopers

Brisbane
19 August 2020

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Consolidated Financial Statements

General information

Corporate Travel Management Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 24,
307 Queen Street
Brisbane
Queensland 4000

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Note	2020 $'000	2019 $'000
Revenue	4	316,364	446,739
Other Income	5	33,541	2,744
Total revenue and other income		**349,905**	**449,483**
Operating Expenses			
Employee benefits		(213,987)	(225,394)
Depreciation and amortisation	9	(42,512)	(20,348)
Impairment	9	(23,643)	-
Information technology and telecommunications		(36,377)	(38,790)
Travel and entertainment		(3,758)	(5,542)
Occupancy		(4,863)	(18,557)
Administrative and general		(26,898)	(17,148)
Total operating expenses		**(352,038)**	**(325,779)**
Finance costs	9	(9,620)	(2,765)
Profit/(loss) before income tax (expense)/income		**(11,753)**	**120,939**
Income tax (expense)/income	8	1,129	(31,466)
Profit/(loss) after income tax (expense)/income for the year		**(10,624)**	**89,473**
Profit/(loss) for the year is attributable to:			
Non-controlling interest	29	(2,439)	3,238
Ordinary Equity Holders of Corporate Travel Management Limited	22	(8,185)	86,235
		(10,624)	**89,473**
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		6,330	19,339
Changes in the fair value of cash flow hedges		-	(447)
Other comprehensive income/(loss) for the year, net of tax		**6,330**	**18,892**
Total comprehensive income/(loss) for the year		**(4,294)**	**108,365**
Total comprehensive income/(loss) for the year is attributable to:			
Non-controlling interest		(1,851)	3,941
Ordinary Equity Holders of Corporate Travel Management Limited		(2,443)	104,424
		(4,294)	**108,365**

		Cents	Cents
Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the Group			
Basic earnings per share	6	(7.5)	79.6
Diluted earnings per share	6	(7.5)	79.3

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2020

	Note	2020 $'000	2019 $'000
ASSETS			
Current assets			
Cash and cash equivalents	12	92,843	138,791
Trade and other receivables	13	64,535	328,771
Income tax receivable		11,657	-
Other assets	26	4,787	10,576
Total current assets		**173,822**	**478,138**
Non-current assets			
Property, plant and equipment	27	12,091	13,328
Right-of-use assets	14	46,828	-
Intangible assets	11	524,458	506,690
Deferred tax assets	8	6,318	5,693
Total non-current assets		**589,695**	**525,711**
Total assets		**763,517**	**1,003,849**
LIABILITIES			
Current liabilities			
Trade and other payables	15	100,499	316,753
Borrowings	16	-	19,205
Lease liabilities	17	8,672	-
Income tax payable		-	5,971
Provisions	19	33,826	25,905
Total current liabilities		**142,997**	**367,834**
Non-current liabilities			
Trade and other payables	15	522	1,573
Borrowings	16	-	20,085
Lease liabilities	17	44,423	-
Deferred tax liabilities	8	12,095	14,802
Provisions	19	5,393	7,073
Total non-current liabilities		**62,433**	**43,533**
Total liabilities		**205,430**	**411,367**
Net assets		**558,087**	**592,482**
EQUITY			
Contributed equity	20	375,314	364,368
Reserves	21	20,174	27,001
Retained earnings	22	143,345	177,190
Equity attributable to the owners of the Group		538,833	568,559
Non-controlling interests - equity	29	19,254	23,923
Total equity		**558,087**	**592,482**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2018	301,747	19,369	133,218	17,158	471,492
Profit after income tax expense for the year	-	-	86,235	3,238	89,473
Other comprehensive income for the year, net of tax	-	18,189	-	703	18,892
Total comprehensive income for the year	**-**	**18,189**	**86,235**	**3,941**	**108,365**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 20)	62,621	-	-	-	62,621
Share-based payments (note 21)	-	(10,557)	-	-	(10,557)
Non-controlling interests acquisition of subsidiary	-	-	-	5,560	5,560
Non-controlling interests disposal of subsidiary	-	-	-	272	272
Dividends paid (note 7)	-	-	(42,263)	(3,008)	(45,271)
Balance at 30 June 2019	**364,368**	**27,001**	**177,190**	**23,923**	**592,482**

	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2019	364,368	27,001	177,190	23,923	592,482
Impact of AASB 16	-	-	(1,707)	(315)	(2,022)
Balance at 1 July 2019 - post AASB 16	364,368	27,001	175,483	23,608	590,460
Loss after income tax income for the year	-	-	(8,185)	(2,439)	(10,624)
Other comprehensive income for the year, net of tax	-	5,742	-	588	6,330
Total comprehensive income/(loss) for the year	**-**	**5,742**	**(8,185)**	**(1,851)**	**(4,294)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 20)	10,946	-	-	-	10,946
Share-based payments (note 21)	-	(12,569)	-	-	(12,569)
Dividends paid (note 7)	-	-	(23,953)	(2,503)	(26,456)
Balance at 30 June 2020	**375,314**	**20,174**	**143,345**	**19,254**	**558,087**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of consumption tax)		630,031	455,131
Payments to suppliers and employees (inclusive of consumption tax)		(525,483)	(292,252)
Transaction costs relating to acquisition		(70)	(634)
Interest received		261	292
Finance costs		(4,338)	(2,582)
Income taxes paid		(21,152)	(26,478)
Net cash from operating activities	12	79,249	133,477
Cash flows from investing activities			
Payment for property, plant and equipment	27	(2,637)	(8,138)
Payment for intangibles - software	11	(19,588)	(18,770)
Proceeds from sale of property, plant and equipment		3	13
Purchase of controlled entities, contingent/deferred consideration	10	(700)	(15,835)
Payments relating to purchase of controlled entities, net of cash acquired	10	(22,763)	(30,777)
Proceeds from sale of controlled entities		-	1,546
Net cash used in investing activities		(45,685)	(71,961)
Cash flows from financing activities			
Proceeds from issue of new shares		-	40,016
Share issue transaction costs	20	(10)	(796)
Proceeds from borrowings		206,581	198,537
Repayments of borrowings		(252,985)	(206,963)
Release of secured deposits		6,014	4,991
Dividends paid to company's shareholders	7	(23,953)	(42,263)
Dividends paid to non-controlling interests in subsidiaries		(2,503)	(3,008)
Principal elements of lease payments		(7,745)	-
Net cash used in financing activities		(74,601)	(9,486)
Net increase/(decrease) in cash and cash equivalents		(41,037)	52,030
Cash and cash equivalents at the beginning of the financial year		138,791	84,297
Effects of exchange rate changes on cash and cash equivalents		(4,911)	2,464
Cash and cash equivalents at the end of the financial year		**92,843**	**138,791**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Note 1. Basis of preparation

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of Corporate Travel Management Limited and its controlled entities ("CTM" or "the Group").

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has ability to affect those returns through its power to direct the activities of the entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-Group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

(b) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in profit or loss in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in other comprehensive income.

(iii) Foreign operations

The results and financial position of all the foreign operations that have functional currencies different to the presentation currencies are translated into the presentation currency as follows:

- Assets and liabilities for each Consolidated Statement of Financial Position item presented are translated at the closing rate at the date of that statement;
- Income and expenses for each profit and loss item in the Consolidated Statement of Profit or Loss and Other Comprehensive Income are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

Exchange differences arising from the translation of any net investment in foreign operations and of borrowings and other financial instruments designated as hedges of such investments are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is recognised in the profit and loss in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as the foreign operations' assets and liabilities and translated at the closing rate.

Notes to the Consolidated Financial Statements

Note 2. Critical accounting judgements, estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are considered to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, management is required to exercise judgement. Those judgements involving estimations may have an effect on the amounts recognised in the financial statements.

The Group makes estimates, assumptions and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in this report, as follows:

- Value of intangible assets relating to acquisitions:
  - Refer note 10 'Business combination'.
  - Refer note 11 'Intangible assets'.
- Software developed or acquired not as part of a business combination:
  - Refer note 11 'Intangible assets'.
- Impairment of goodwill:
  - Refer note 23 'Impairment testing of goodwill'.
- Expected credit losses:
  - Refer note 18 'Financial risk management'.
- Provisions:
  - Refer note 19 'Provisions'.
- Share based payments:
  - Refer note 28 'Share-based payments'.

Judgements and estimates as a result of the Coronavirus (COVID-19) pandemic

During the reporting period, the COVID-19 pandemic had a significant impact on the Group. From March 2020, governments enforced border closures in all jurisdictions in which the Group operates, impacting the entire travel industry. This had a significant impact on the revenue recognised in the final months of FY20, and while the impact is expected to be temporary, the impact is expected to last for several years.

COVID-19 has necessitated the need for additional judgements and estimates which involve assumptions. Key judgements require an assessment of forecast performance of the Group and its businesses, and, at the time of this report, those assessments have inherent uncertainty.

These judgements were made based on the best available information to date regarding the circumstances existing at 30 June 2020 including key assumptions as set out above. Evidence since the reporting date to the date of these financial statements has been evaluated, and adjustments made where required. The assumptions made should not be taken to indicate the outcome of future Group decisions. Should actual performance differ significantly from the assumptions outlined, there may be material changes to the carrying value of the assets and liabilities in future reporting periods.

Consideration of liquidity risk

The unprecedented impact of COVID-19 has had a negative impact on the Group's operational and financial position. In light of this, the Group agreed a covenant waiver with its lenders for the testing periods at 30 June 2020 and 31 December 2020. Covenant testing for the period ending 30 June 2021 will be based on 2H21 performance.

To the extent the Group's operational or financial position deteriorates further, there is no guarantee that it will be able to obtain further relief from covenant testing in the future. In such circumstances, the banks may require loans to be repaid immediately, which may have a material adverse effect on the Group's future financial performance.

However, CTM's modelling indicates that, notwithstanding the present uncertainties, its strong balance sheet, including significant cash holdings and no debt, coupled with the actions it has taken to date and the continued activity of its clients ensures that it has the capacity to continue through the challenges caused by the impacts of the COVID-19 pandemic.

Refer to Note 18(c) for further information in relation to Liquidity risk.

Notes to the Consolidated Financial Statements

Note 3. Segment reporting

(a) Description of segments

The operating segments are based on the reports reviewed by the group of key senior managers who assess performance and determine resource allocation.

The Chief Operating Decision Makers (CODMs) are the Managing Director Jamie Pherous (MD), Global Chief Financial Officer Neale O'Connell (CFO) and Global Chief Operating Officer Laura Ruffles (COO).

The CODMs consider, organise and manage the business from a geographic perspective. The CODMs have identified four operating segments being Travel Services Australia and New Zealand, Travel Services North America, Travel Services Asia, and Travel Services Europe. There are currently no non-reportable segments.

(b) Segment information provided to the Chief Operating Decision Makers

The CODMs assess the performance of the operating segments based on a measure of underlying EBITDA. This measurement basis excludes the effects of the costs of acquisitions, acquisition related adjustments, and other non-recurring items during the year.

The segment information provided to the CODMs for the reportable segments for the year ended 30 June 2020 is as follows:

	Travel services	Travel services	Travel services	Travel services		
	Australia and New Zealand	North America	Asia	Europe	Other[1]	Total
June 2020	$'000	$'000	$'000	$'000	$'000	$'000
Total revenue from external parties	77,946	113,623	49,994	74,801	-	316,364
Underlying EBITDA	32,780	14,740	6,842	26,745	(6,708)	74,399
Total segment assets	110,173	281,071	152,988	185,488	33,797	763,517
Total segment liabilities	41,585	44,642	81,037	36,306	1,860	205,430

	Travel services	Travel services	Travel services	Travel services		
	Australia and New Zealand	North America	Asia	Europe	Other[1]	Total
June 2019	$'000	$'000	$'000	$'000	$'000	$'000
Total revenue from external parties	121,761	149,284	80,372	95,322	-	446,739
Underlying EBITDA	51,530	43,424	24,748	40,845	(10,457)	150,090
Total segment assets	142,367	285,996	295,202	267,386	12,898	1,003,849
Total segment liabilities	59,859	42,300	167,485	96,983	44,740	411,367

[1] The other segment represents the cost of the Group's support service, created to support the operating segments and growth of the global business.

Notes to the Consolidated Financial Statements

Note 3. Segment reporting continued

(c) Other segment information

Underlying EBITDA

The reconciliation of underlying EBITDA to operating profit/(loss) before income tax is provided as follows:

	2020 $'000	2019 $'000
Underlying EBITDA	**74,399**	**150,090**
Interest revenue	261	292
Finance costs	(4,328)	(2,765)
Interest on lease liabilities	(1,813)	-
Depreciation - Plant and equipment	(3,841)	(3,342)
Depreciation - Right-of-use assets	(9,257)	-
Amortisation - Intangibles	(20,339)	(17,006)
Impairment - Intangibles	(2,128)	-
Non-recurring items		
Activist response costs	-	(1,242)
Hong Kong office restructure costs	-	(4,152)
US legal settlement	(3,138)	-
Acquisition and other non-recurring items	(518)	(936)
Significant COVID-19 impacts		
Bad and doubtful debts	(13,034)	-
Redundancy costs	(15,056)	-
Amortisation - Intangibles	(9,075)	-
Impairment - Software WIP	(1,361)	-
Borrowing cost acceleration	(3,479)	-
Impairment - Goodwill	(20,154)	-
Contingent consideration adjustment	21,108	-
Net profit/(loss) before income tax from continuing operations	**(11,753)**	**120,939**

'Bad and doubtful debts' includes $8.4m of volume based incentive revenue reversed during the period due to the reduction in volumes resulting from COVID-19 associated travel restrictions in the second half of FY20, refer to Note 4 'Revenue'. The additional $4.6m relates to credit losses incurred on balances written off or provided for as a result of COVID-19.

Accounting policy

AASB 8 *Operating Segments* requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are reported in a manner that is consistent with the internal reporting provided to the Chief Operating Decision Makers. The CODMs have been identified as a group of executives, which is the committee that makes strategic decisions.

Goodwill is allocated by management to groups of cash-generating units on a segment level.

Notes to the Consolidated Financial Statements

Note 4. Revenue

(a) Disaggregation of revenue from contracts with customers

Consolidated - 2020	Travel services Australia and New Zealand $'000	Travel services North America $'000	Travel services Asia $'000	Travel services Europe $'000	Total $'000
Transactional revenue	72,465	100,487	35,958	67,731	276,641
Volume based incentive revenue	5,226	12,730	13,961	5,837	37,754
Other revenue	255	406	75	1,233	1,969
Total revenue from external parties	**77,946**	**113,623**	**49,994**	**74,801**	**316,364**

Consolidated - 2019	Travel services Australia and New Zealand $'000	Travel services North America $'000	Travel services Asia $'000	Travel services Europe $'000	Total $'000
Transactional revenue	98,426	130,745	50,088	85,264	364,523
Volume based incentive revenue	23,042	16,207	30,197	8,421	77,867
Other revenue	293	2,332	87	1,637	4,349
Total revenue from external parties	**121,761**	**149,284**	**80,372**	**95,322**	**446,739**

During the year, volume based incentive revenue had been recognised in line with the Group's policy at amounts that were deemed highly probable to be received. Due to the reduction in volumes resulting from COVID-19 associated travel restrictions in the second half of FY20, estimates in relation to the achievement of volume based performance criteria were revised. This led to a reversal in volume based incentive revenue in the second half of FY20 of $8.4m.

(b) Assets related to contracts with customers

The Group has contract assets related to contracts with customers:

	2020 $'000	2019 $'000
Contract assets	8,522	31,035

Contract assets represent only current balances for amounts outstanding from suppliers for volume based incentive revenue.

Notes to the Consolidated Financial Statements

Note 4. Revenue continued

Accounting policy

Transactional revenue

Transactional revenue is revenue derived from clients and suppliers generated from the provision of travel services to clients. The performance obligation is the facilitation of travel related services on behalf of clients. Transactional revenue is the fixed amount per client transaction and is recognised at either the ticketed date of the travel booking or on the date of travel, depending on the terms of the contract.

Transactional revenue also includes Pay Direct Commission, which is recognised when the performance obligation has been satisfied and the amount of the commission is highly probable, which is either upon receipt from the supplier or when it is confirmed commissionable by the supplier.

Volume based incentive revenue

Volume based incentive revenue is revenue derived from contracts with suppliers. The revenue is variable and is dependent upon the achievement of contractual performance criteria specific to each supplier. Revenue is recognised over time and is measured as the amount that is deemed highly probable to be received, which has been determined using the most likely amount method and the Group's experience with the contracts.

Other revenue

Other revenue is recognised when the transfer of the promised goods or service to the customer has been completed. Other revenue includes third party licensing and development fees, interest revenue, rental income, and other minor operating revenue.

Notes to the Consolidated Financial Statements

Note 5. Other income

This note provides a breakdown of the items included in other income.

	2020 $'000	2019 $'000
Net foreign exchange gain	4,071	1,327
Government grants	7,732	-
Other	21,738	1,417
Other income	**33,541**	**2,744**

Income from Government grants as a result of the COVID-19 pandemic have been recognised in other income. The Group has received government assistance for operations in Australia, New Zealand, Singapore, Hong Kong and the United Kingdom. Regional assistance packages from which the Group benefited from included JobKeeper (Australia), Employer Wage Subsidy Scheme (New Zealand), Job Support Scheme (Singapore), Employment Support Scheme (Hong Kong) and the Job Retention Scheme (United Kingdom). There are no unfulfilled conditions or other contingencies attached to these grants. The Group did not benefit directly from any other forms of government assistance. Government grant income is offset by the cost of retaining additional staff. In the Asia and Europe regions, access to the grants has been made possible by retaining these staff.

Other income includes the revaluation reversal of the non-cash contingent consideration liability in relation to the acquisition of Corporate Travel Planners, Inc (CTP) at 30 June 2020 in the amount of $20,408,000. The assessment performed determined that earn-out hurdles would not be met due to the impact of COVID-19 and therefore, the amounts were expected to not require settlement. Refer note 10 'Business combination' for details. Impairment of Goodwill was recorded in the CTP cash generating unit, reflecting the impact of COVID-19 on the recoverable amount of CTP (refer note 23 'Impairment testing of goodwill'). Both the non-cash reversal of the earn-out liability recorded in Other income and the Goodwill impairment have been treated as non-recurring items due to the impact of COVID-19 (refer note 3 'Segment reporting').

Accounting Policy

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. If conditions are attached to the grant which must be satisfied before the Group is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

Other predominately represents the amount of non-cash contingent consideration required to be reversed as a result of the reassessment of provisions from prior acquisitions. Amounts are recognised where there is reduced probability of the obligations having to be paid by the Group.

Notes to the Consolidated Financial Statements

Note 6. Earnings per share

The following information reflects the income and share data used in the basic and diluted earnings per share computations:

	2020 $'000	2019 $'000
Profit/(loss) after income tax	(10,624)	89,473
Non-controlling interest	2,439	(3,238)
Profit/(loss) after income tax attributable to ordinary equity holders of Corporate Travel Management Limited	**(8,185)**	**86,235**

	Number	Number
Weighted average number of ordinary shares used as a denominator in calculating basic earnings per share	108,868,570	108,278,527
Adjustments for calculation of diluted earnings per share:		
Share appreciation rights[1]	-	416,657
Weighted average number of ordinary shares used as a denominator in calculating diluted earnings per share	**108,868,570**	**108,695,184**

[1] Share Appreciation Rights (SARs) are considered to be potential ordinary shares. SARs are included in the diluted weighted average number of ordinary shares when the share price is above the strike price. The SARs have not been included in the determination of basic earnings per share. Details relating to the SARs are set out in note 28 'Share-based payments'.

Accounting policy

Basic earnings per share

Basic earnings per share is calculated as net profit/(loss) attributable to owners of the Group, adjusted to exclude any costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share

Diluted earnings per share is calculated as net profit/(loss) attributable to members of the Group, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element, and adjusted for:

— Costs of servicing equity (other than dividends);

— The after tax-effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

— Other non-discretionary changes in revenues or expenses during the period that would result from the conversion into potential ordinary shares.

Notes to the Consolidated Financial Statements

Note 7. Dividends paid and proposed

	2020 $'000	2019 $'000
Final ordinary dividend for the prior financial year ended 30 June	23,953	22,734
Interim ordinary dividend for the year ended 30 June	-	19,529
Total dividends paid	**23,953**	**42,263**

	2020 $'000	2019 $'000
Approved by the Board of Directors but not recognised as a liability as at 30 June 2020[1]	-	23,868

[1] This dividend does not include shares issued post balance sheet date as part of the vesting of share appreciation rights.

On 19 February 2020 a interim dividend of 18.0 cents per share was determined by the Board. On 20 March 2020, payment of the interim dividend was deferred to 2 October 2020.

On 19 August 2020, the Board resolved to cancel the interim dividend. The Board has determined that no final dividend will be paid for the year ended 30 June 2020.

Franking credit balance

	2020 $'000	2019 $'000
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2019: 30%)	(813)	3,848

These amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or of receivables for income tax and dividends after the end of the year.

Accounting policy

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance dates. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Notes to the Consolidated Financial Statements

Note 8. Income tax expense/(income)

Income tax expense/(income)

	2020 $'000	2019 $'000
Current income tax		
Current tax on profits for the year	2,828	29,693
Adjustments for current tax of prior periods	630	(398)
Deferred income tax		
(Increase) in deferred tax assets	(1,350)	(2,514)
Increase/(decrease) in deferred tax liabilities	(3,237)	4,685
Income tax expense/(income)	**(1,129)**	**31,466**
Numerical reconciliation of income tax expense/(income) to prima facie tax payable/(receivable)		
Accounting profit/(loss) before income tax	(11,753)	120,939
Tax at the Australian tax rate of 30% (2019: 30%)	(3,526)	36,282
Tax effect amounts which are not deductible/(assessable) in calculating taxable income:		
Non-deductible amounts	6,909	776
Other amounts	(5,727)	(813)
	(2,344)	36,245
Adjustments for current tax of prior periods	630	(398)
Recognition of temporary differences previously not brought to account	(177)	1,676
Difference in overseas tax rates	1,168	(6,006)
Research and development tax credit	(22)	(36)
Utilisation of previously unrecognised tax losses	(384)	(15)
Income tax expense/(income)	**(1,129)**	**31,466**

Notes to the Consolidated Financial Statements

Note 8. Income tax expense/(income) continued

Deferred income tax

	2020 $'000	2019 $'000
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Provisions	6,042	5,774
Employee benefits (SARs)	-	3,641
Lease liabilities	11,540	-
Tax losses	7,347	1,180
Other	30	30
	24,959	10,625
Set-off of deferred tax liabilities pursuant to set-off provisions	(18,641)	(4,932)
Net deferred tax assets	**6,318**	**5,693**

	2020 $'000	2019 $'000
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Depreciation and amortisation	15,800	15,000
Accrued income	1,383	2,493
Right-of-use assets	10,070	-
Other	3,483	2,241
	30,736	19,734
Set-off of deferred tax assets pursuant to set-off provisions	(18,641)	(4,932)
Net deferred tax liabilities	**12,095**	**14,802**

Notes to the Consolidated Financial Statements

Note 8. Income tax expense/(income) continued

Deferred income tax

Deferred tax assets	At 1 July $'000	Adjustment on adoption of AASB 16 $'000	At 1 July (Restated) $'000	(Charged)/ credited in year via P&L $'000	(Charged)/ credited in year via equity $'000	Acquisition of subsidiaries $'000	Change in FX rates $'000	At 30 June $'000
2020								
Provisions	5,774	-	5,774	476	3	-	(211)	6,042
Employee benefits (SARs)	3,641	-	3,641	(1,699)	(1,942)	-	-	-
Lease liabilities	-	14,059	14,059	(1,943)	-	-	(576)	11,540
Tax losses	1,180	-	1,180	4,516	1,941	-	(290)	7,347
Other	30	-	30	-	-	-	-	30
	10,625	**14,059**	**24,684**	**1,350**	**2**	**-**	**(1,077)**	**24,959**
2019								
Provisions	4,815	-	4,815	703	(60)	179	137	5,774
Employee benefits (SARs)	6,638	-	6,638	636	(3,633)	-	-	3,641
Tax losses	-	-	-	1,175	-	-	5	1,180
Other	30	-	30	-	-	-	-	30
	11,483	**-**	**11,483**	**2,514**	**(3,693)**	**179**	**142**	**10,625**

Deferred tax liabilities	At 1 July $'000	Adjustment on adoption of AASB 16 $'000	At 1 July (Restated) $'000	(Charged)/ credited in year via P&L $'000	(Charged)/ credited in year via equity $'000	Acquisition of subsidiaries $'000	Change in FX rates $'000	At 30 June $'000
2020								
Depreciation and amortisation	15,000	-	15,000	(745)	-	1,656	(111)	15,800
Accrued income	2,493	-	2,493	(1,248)	-	-	138	1,383
Right-of-use assets	-	12,840	12,840	(2,261)	-	-	(509)	10,070
Other	2,241	-	2,241	1,017	225	-	-	3,483
	19,734	**12,840**	**32,574**	**(3,237)**	**225**	**1,656**	**(482)**	**30,736**
2019								
Depreciation and amortisation	8,708	-	8,708	4,907	-	970	415	15,000
Accrued income	2,383	-	2,383	19	-	-	91	2,493
Other	1,952	-	1,952	(241)	530	-	-	2,241
	13,043	**-**	**13,043**	**4,685**	**530**	**970**	**506**	**19,734**

The Group has tax losses that arose in foreign subsidiaries of $3,484,000 (2019 - nil) that are available for offsetting against future taxable profits of the companies in which the losses arose. In most cases, the unused tax losses have no expiry date. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group and there is insufficient evidence to support recoverability in the near future. If the Group was able to recognise all unrecognised deferred tax assets, the profit would increase by $681,000 (2019 - nil).

Notes to the Consolidated Financial Statements

Note 8. Income tax expense/(benefit) continued

Accounting policy

Tax consolidation

Corporate Travel Management Limited and its 100% owned Australian resident subsidiaries have formed a tax consolidated group with effect from 1 July 2008. Corporate Travel Management Limited is the head entity of the tax consolidated group. Members of the Group have entered into a tax sharing agreement in order to enable Corporate Travel Management Limited to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. In addition, the agreement provides for the allocation of income tax liabilities amongst the entities should the head entity default on its tax payment obligations.

Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group in accordance with their accounting profit for the period, while deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB 112 Income Taxes. Allocations under the tax funding agreement are made at the end of each quarter.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' inter-company accounts with the tax consolidated group head company, Corporate Travel Management Limited.

The income tax expense (or revenue) for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. It includes adjustments for tax expected to be payable or recoverable in respect of previous periods. Where the amount of tax payable or recoverable is uncertain, management establishes provisions based on either: the Group's judgment of the most likely amount of the liability or recovery or; where there is a range of possible non-binary outcomes, the expected value calculated under a probability weighted approach.

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

— When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

— Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position. Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Notes to the Consolidated Financial Statements

Note 9. Expenses

Profit/(loss) before income tax includes the following specific expenses:

	2020 $'000	2019 $'000
Depreciation and amortisation		
Depreciation of non-current assets – plant and equipment	3,841	3,342
Amortisation of client contracts and relationships – intangibles	10,229	7,165
Amortisation of software – intangibles	15,580	9,378
Amortisation of other intangible assets – intangibles	3,605	463
Depreciation of non-current assets - right-of-use asset	9,257	-
Total depreciation and amortisation expense	**42,512**	**20,348**

	2020 $'000	2019 $'000
Impairment		
Impairment of goodwill (refer notes 5, 10, 23)	20,154	-
Impairment of software – intangibles	3,489	-
Total impairment expense	**23,643**	**-**
Finance costs		
Bank loans	3,371	2,538
Other finance costs[1]	6,249	227
Total finance costs	**9,620**	**2,765**

[1] Other finance costs include the write off of capitalised borrowing costs upon amendment to the mulit-currency facility (refer note 16 'Borrowings and contingent liabilities') and interest from the implementation of AASB 16 *Leases*.

Notes to the Consolidated Financial Statements

Note 9. Expenses continued

Accounting policy

Depreciation expense

Depreciation is calculated on property, plant and equipment using the following estimated useful lives and methods:

Item	Years	Method
Leasehold improvements	3 – 15	Straight line
Computer hardware	3 – 5	Straight line
Furniture, fixture and equipment	4 – 10	Diminishing value or straight line

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted, if appropriate, at each financial year end.

Amortisation expense

The useful lives of the below intangible assets are assessed to be finite.

A summary of the amortisation policies applied to the Group’s intangible assets is as follows:

Item	Years	Method	Internally generated/acquired
Client contracts and relationships	3 – 6	Straight line or timing of projected cash flows	Acquired
Software	3 – 5	Straight line	Acquired/Internally generated
Other intangible assets	2 – 10	Straight line	Acquired

Where amortisation is charged on assets with finite lives, this expense is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the expense category ‘depreciation and amortisation’.

Impairment expense

Goodwill and indefinite life intangibles are tested for impairment annually, or whenever facts and circumstances indicate impairment. An impairment loss is recognised when the carrying amount exceeds recoverable amount. The recoverable amount is the higher of fair value less costs of disposal or value-in-use.

Finance costs

This expense is recognised as interest accrues, using the effective interest method for bank loans and an incremental borrowing rate for lease liabilities. These methods calculate the amortised cost of a financial liability and allocate the interest expense over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount of the financial liability.

Notes to the Consolidated Financial Statements

Note 10. Business combination

Corporate Travel Planners Inc

On 1 January 2020, the Group acquired 100% of the shares of Corporate Travel Planners, Inc (CTP), an American based travel management company. The initial cost of the acquisition was $25,593,000 (USD $18,000,000), paid partly in cash $23,087,000 (USD $16,200,000) and partly in equity $2,506,000 (USD $1,800,000). Additional earn-out consideration to a maximum of USD $18,000,000 ($25,593,000), contingent upon achieving calendar year net profit after tax thresholds, were expected to be met at the date of acquisition, and has been included within the acquisition date fair value consideration as goodwill. Due to the impact of COVID-19, at 30 June 2020, it was determined that this earn-out liability will not be paid and therefore, the liability has been written back (refer note 5 'Other income'). Additionally, the impact on the CTP business' short-term cash flows due to COVID-19 has resulted in an impairment to the goodwill recognised on acquisition at 1 January 2020 (refer note 23 'Impairment testing of goodwill').

The full value of the goodwill and intangible assets are not expected to be tax deductible.

Acquisition-related costs of $70,000 are included in administrative and general expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Trade and other receivables approximate the gross contractual amount receivable, of which no balances were expected to be uncollectable.

The acquired business contributed revenues of $5,250,000 and a net loss after tax of $1,257,000 to the Group for the period 1 January 2020 to 30 June 2020. If the acquisition had occurred on 1 July 2019, the Group's consolidated Revenue and net loss after tax for the year ended 30 June 2020 would change from $316,364,000 to $327,956,000 and from $10,624,000 to $9,330,000 respectively.

Notes to the Consolidated Financial Statements

Note 10. Business combination continued

Fair value acquisition consideration and reconciliation to cash flow	CTP $'000
Initial consideration - cash paid	23,087
Initial consideration - equity issued	2,506
Working capital adjustment	(212)
Acquisition date fair value contingent consideration - earn-out liability	19,157
Total acquisition date fair value consideration	**44,538**
Cash paid	23,087
less: cash balances acquired	(324)
Total outflow of cash - investing activities	**22,763**

The provisional fair values of the assets and liabilities of the acquired businesses, as at the date of acquisition, are as follows:

	CTP $'000
Cash and cash equivalents	324
Trade and other receivables	1,675
Plant and equipment	46
Intangible assets: client contracts and relationships (net of tax)	4,048
Intangible assets: brand (net of tax)	133
Trade and other payables	(2,333)
Income tax payable	68
Right of use assets	1,213
Lease liabilities	(1,213)
Net identifiable assets acquired	**3,961**
Less: non-controlling interest	-
Goodwill on acquisition	40,577
Net assets acquired	**44,538**

Notes to the Consolidated Financial Statements

Note 10. Business combination continued

Prior period business combinations

During the year ended 30 June 2020, contingent consideration of $700,000, relating to the achievement of performance conditions in FY19 was paid for the Platinum business combination. There was no amount payable at 30 June 2020, as the conditions by which the payment is contingent upon have not been met due to the COVID-19 pandemic. This amount has been reversed to the Consolidated Statement of Profit or Loss and Other Comprehensive Income. $1,939,000 remains available contingent upon meeting earn-out hurdles (refer note 19 'Provisions').

Summary of consideration paid for acquisitions made in prior periods	Platinum $'000
Cash paid	700

Accounting policy

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred is measured as the fair value of the assets acquired, shares issued or liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed in the period in which the costs are incurred.

Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

With limited exceptions, all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the consideration transferred for the acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the cash consideration is deferred, the amounts payable in the future are discounted to their present value, as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as a financial liability at acquisition. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in other income or other expenses, and interest expense resulting from discounting is recognised within finance costs in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Any subsequent adjustment to the final contingent consideration, based on actual results as at 30 June 2020, has been reflected in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The Group recognises any non-controlling interest, in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position and Consolidated Statement of Changes in Equity.

Critical estimates, assumptions and judgements

Value of intangible assets relating to acquisitions

The Group has allocated portions of the cost of acquisitions to client contracts and relationships and other intangibles, valued using the multi-period excess earnings method. These calculations require the use of assumptions including future customer retention rates and cash flows.

Value of contingent consideration

The Group values contingent consideration on the expected cash outflows estimate based on the terms of the sale contract and the entity's knowledge of the business and how the current economic environment is likely to impact it. Management assess at each reporting period the likelihood of earnings targets being met and where necessary the liability is revalued.

Notes to the Consolidated Financial Statements

Note 11. Intangible assets

	2020 $'000	2019 $'000
Goodwill - at cost	498,448	453,522
Less: Impairment (refer notes 5, 10, 23)	(20,237)	-
	478,211	453,522
Customer contracts - at cost	69,016	62,924
Less: Accumulated amortisation	(53,894)	(43,668)
	15,122	19,256
Software - at cost	72,101	52,684
Less: Accumulated amortisation	(37,756)	(22,370)
Less: Impairment	(3,480)	-
	30,865	30,314
Other intangible assets - at cost	5,181	4,924
Less: Accumulated amortisation	(4,921)	(1,326)
	260	3,598
	524,458	**506,690**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Client contracts and relationships $'000	Software $'000	Goodwill $'000	Other intangible assets $'000	Total $'000
Balance at 1 July 2018	20,140	20,399	407,187	3,871	451,597
Additions	-	18,770	-	-	18,770
Additions through business combinations (note 10)	5,381	-	31,023	-	36,404
Exchange differences	900	523	15,312	190	16,925
Amortisation expense	(7,165)	(9,378)	-	(463)	(17,006)
Balance at 30 June 2019	19,256	30,314	453,522	3,598	506,690
Additions	-	19,588	-	-	19,588
Additions through business combinations (note 10)	5,462	-	40,577	180	46,219
Exchange differences	633	32	4,266	87	5,088
Impairment expense	-	(3,489)	(20,154)	-	(23,643)
Amortisation expense	(10,229)	(15,580)	-	(3,605)	(29,414)
Balance at 30 June 2020	**15,122**	**30,865**	**478,211**	**260**	**524,458**

Notes to the Consolidated Financial Statements

Note 11. Intangible assets continued

Management performed an assessment of the recoverability of future economic benefits of software and other intangibles. Based on this assessment, impairment and accelerated amortisation has been recognised where future economic benefits reduced as a result of COVID-19 impacts.

Management applied the assumptions used in the goodwill impairment assessment to client intangibles. As a result, accelerated amortisation has been recognised for client intangibles to reflect the reduction in economic benefits expected to be recovered over the remaining life of the client contracts and relationships.

Accounting policy

Customer contracts and relationships

The customer contracts were acquired as part of a business combination (refer note 10 'Business combination' for details). They are recognised at their fair value at the date of acquisition and are subsequently amortised based on the consumption of future economic benefits from the acquired customer base, or on a straight line basis.

Refer note 9 'Expenses' for accounting policies regarding amortisation of finite life intangible assets.

Software developed or acquired not as part of a business combination

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised as software and systems assets.

Refer note 9 'Expenses' for accounting policies regarding amortisation and impairment of finite life intangible assets.

Goodwill

Goodwill is reviewed for impairment, annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired (refer note 23 'Impairment testing of goodwill').

Critical estimates, assumptions and judgements

Customer contracts and relationships

The Group recognises customer contracts and relationships arising from business combinations. Estimates and judgements are used in determining the fair value of future benefits of contracts and relationships acquired.

Software developed or acquired not as part of a business combination

The Group recognises internally generated software assets arising from development once they meet the criteria set out in the Australian Accounting Standards. Estimates are used in determining the useful life for amortisation. There is also judgement involved in assessing how the asset will deliver probable future economic benefit to the Group.

Goodwill

Refer note 23 'Impairment testing of goodwill'.

Notes to the Consolidated Financial Statements

Note 12. Cash and cash equivalents

	2020 $'000	2019 $'000
Current assets		
Cash at bank and on hand	90,445	96,571
Client cash	2,398	42,220
Total cash and cash equivalents	**92,843**	**138,791**

Cash at bank and on hand and client cash earns interest at floating rates based on daily bank deposit rates. The range of deposit rates as at 30 June 2020 is: 0.00%-1.89% (2019: 0.00%-1.95%).

Accounting policy

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and on hand and short-term deposits, with an original maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Client cash represents amounts contributed by clients that the Group is required by regulation or contract to hold separately before release.

For the purpose of the Consolidated Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined, net of outstanding bank overdrafts.

	2020 $'000	2019 $'000
Reconciliation of profit after income tax to net cash inflow from operating activities		
Profit for the year	(10,624)	89,473
Adjustments for:		
Depreciation and amortisation	42,512	20,348
Impairment of intangible assets	23,643	-
Net exchange differences	(267)	406
Non-cash interest	5,681	122
Adjustment relating to acquisition	(21,107)	-
Non-cash employee benefits expense - share-based payments	(4,160)	3,690
Net (gain) on sale of subsidiary	-	(423)
Fair value adjustment of acquisition payable	(1,015)	(602)
Net gain/(loss) on disposal of non-current assets	203	169
Changes in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	286,892	(7,464)
(Increase)/decrease in prepayments	217	(546)
Increase/(decrease) in deferred tax balances	(4,183)	2,190
Increase/(decrease) in income tax payable	(18,095)	2,797
Increase/(decrease) in payables and provisions	(220,448)	23,317
Net cash flow from operating activities	**79,249**	**133,477**

Notes to the Consolidated Financial Statements

Note 13. Trade and other receivables

	2020 $'000	2019 $'000
Trade receivables[1]	14,662	25,882
Client receivables[1]	32,243	253,942
Contract assets	7,762	31,035
	54,667	310,859
Deposits[2]	7,887	16,574
Other receivables	1,981	1,338
	9,868	17,912
Total trade and other receivables	**64,535**	**328,771**

[1] Trade and client receivables are non-interest bearing and are generally on terms ranging from 7 to 30 days.

[2] Deposit balance represents advanced deposits to suppliers and deposits made on behalf of clients for travel which will occur at a future date.

Accounting policy

Trade and client receivables are recognised initially at fair value and, subsequently, measured at amortised cost using the effective interest method, less a provision for impairment in accordance with the simplified approach permitted by AASB 9 *Financial Instruments* (AASB 9).

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade and client receivables and contract assets (Refer note 18 'Financial risk management').

Notes to the Consolidated Financial Statements

Note 14. Right-of-use assets

	2020 $'000	2019 $'000
Buildings - right-of-use	46,828	-

	2020 $'000	2019 $'000
Opening net book value	-	-
Recognition on application of AASB 16	50,893	-
Additions	6,056	-
Additions through the acquisition of entities/businesses	1,213	-
Disposals	(2,667)	-
Depreciation	(9,257)	-
Exchange difference	590	-
Closing net book value	**46,828**	**-**

	2020 $'000	2019 $'000
Expense relating to short-term leases (included in occupancy expenses)	1,029	-
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in operating expenses)	420	-
Expense relating to variable lease payments not included in lease liabilities (included in operating expenses)	193	-

Accounting policy

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Extension and termination options are included in a number of building leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the extension and termination options held are exercisable only by the Group and not the respective lessors. Most extension options have been included in the lease liabilities. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred, refer note 35 'Changes in accounting policies'.

Notes to the Consolidated Financial Statements

Note 15. Trade and other payables

	2020 $'000	2019 $'000
Current liabilities		
Trade payables [1]	7,801	13,373
Client payables [1]	52,443	267,424
Other payables and accruals	40,255	35,256
Acquisition payable	-	700
Total current trade and other payables	**100,499**	**316,753**
Non-current liabilities		
Other payables and accruals	522	1,573
Total trade and other payables	**101,021**	**318,326**

[1] Trade payables and client payables are non-interest bearing and are normally settled on terms ranging from 7 to 30 days.

Accounting policy

Other payables and accruals represent liabilities for goods and services provided, amounts recognised as redundancy payments and amounts owed to clients for refund. These amounts are unsecured and are paid within terms ranging from 7 to 30 days from recognition. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Client payables result from provision of travel services and products to clients. Trade payables result from other activities required to provide those travel services, such as corporate services.

Acquisition payables are recognised where contingent consideration hurdles have been satisfied and the amount is to be settled from previously acquired entities.

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

Notes to the Consolidated Financial Statements

Note 16. Borrowings and contingent liabilities

Borrowings

The carrying amounts of the Group's borrowings were as follows at 30 June:

	2020 $'000	2019 $'000
Current borrowings - senior secured		
Bank loans	-	19,205
Total current borrowings	-	19,205
Non-current borrowings - senior secured		
Bank loans	-	20,072
Finance leases	-	13
Total non-current borrowings	-	20,085
Total borrowings	**-**	**39,290**

The Group maintains a revolving multi-currency bank loan facility which was established in August 2019, refinancing the existing facility. The facility expires on 31 August 2022 and has a total capacity of GBP100,000,000 (AUD $179,630,000) at 30 June 2020. The Facility is secured against the assets of certain members of the Group who also are guarantors under the facility.

The Group has remained in compliance with its bank facility covenants throughout the period. The Group has agreed a covenant waiver with its lenders for the testing period at 30 June 2020 and 31 December 2020. The following key terms were amended as part of the waiver:

- Waiver of all financial covenants for calendar year 2020 including the exclusion of COVID-19 from the Material Adverse Effect definition;
- Covenant testing for the period ending 30 June 2021 to be based on 2H21 performance;
- Total facility size reduced to £100,000,000 from £125,000,000; and
- A minimum liquidity requirement of $80,000,000 until 30 June 2021.

As a result of the material amendments to the multi-currency facility executed as part of the covenant waiver, capitalised borrowing costs of $3,479,000 incurred in the establishment of the facility remaining, were expensed in full (refer note 3 'Segment reporting').

Bank guarantees/letters of credit

The Group provides bank guarantees and letters of credit primarily for the benefit of suppliers in accordance with local travel agency licensing and International Air Transport Association (IATA) regulations. The table below shows the outstanding balance of guarantees issued by the Group at 30 June:

	2020 $'000	2019 $'000
Bank guarantees	54,349	123,021

Bank guarantees are used primarily for trade support for transactions with airlines in Greater China and European rail. The requirement for these bank guarantees is mandatory by these suppliers and represents a significant barrier to entry for competitors and new entrants in these markets, which are constrained by growth of financial capacity, and provides an important competitive advantage for the Group.

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost, using the effective interest rate method. Establishment costs are capitalised and are amortised over the life of the related borrowing.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Notes to the Consolidated Financial Statements

Note 17. Lease liabilities

	2020 $'000	2019 $'000
Current liabilities		
Lease liability	8,672	-
Non-current liabilities		
Lease liability	44,423	-
Total lease liabilities	**53,095**	**-**

Reconciliation of lease liabilities at 30 June was as follows:

	2020 $'000	2019 $'000
Recognition on application of AASB 16	55,723	-
Additions	6,056	-
Additions through acquisition of entities	1,213	-
Disposals	(2,783)	-
Repayment of principal element of lease liabilities	(7,745)	-
Exchange difference	631	-
Total lease liabilities	**53,095**	**-**

Accounting policy

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Notes to the Consolidated Financial Statements

Note 18. Financial risk management

The Group is exposed to market risk (interest rate risk and foreign exchange risk), credit risk and liquidity risk in the normal course of business. The Group's financial risk management is controlled by a central treasury department under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in co-operation with the Group's operating units, and in accordance with the Board approved Treasury Policy. The Treasury Policy provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

Interest rate risk

The Group holds both interest bearing assets and liabilities, therefore the Group's income and operating cash flows are impacted by changes in market interest rates.

The Group's main interest rate exposure arises from floating rate interest payments on borrowings and interest receivable on cash deposited with banks. As at 30 June 2020 the Group had no outstanding variable rate borrowings (Refer note 16 'Borrowings and contingent liabilities').

Interest rate risk is managed using natural hedges, borrowing terms available under facility documents or using interest rate derivatives. As at the balance date, the Group has no interest rate derivatives outstanding. The Group has considered its exposure to interest rate movements and note that significant changes in interest rates would not result in a material impact to finance costs.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk. Foreign exchange risk arises from future transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity.

The Group uses foreign exchange spot and forward contracts to manage its net risk position. At times, the Group also uses its multi-currency debt facility allowing for borrowings in relevant currencies to provide an offset to revaluation of foreign currency assets or future foreign currency earnings.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows.

2020	Cash and cash equivalents $'000	Trade and other receivables $'000	Related party loans $'000	Trade and other payables $'000	Total $'000
HKD	9,759	16	(59,440)	(8)	(49,673)
USD	2,046	52	22,642	(499)	24,241
GBP	7,504	6	(25,884)	(43)	(18,417)
NZD	3	15	1,397	-	1,415
EUR	304	13	884	(20)	1,181
CHF	133	-	921	(1)	1,053
Other	964	339	1,266	(304)	2,265
Total foreign exchange risk	**20,713**	**441**	**(58,214)**	**(875)**	**(37,935)**

Based on the 30 June 2020 balances, a 10% stronger and 10% weaker Australian dollar against the currencies held, would result in a gain of $3,449,000 and a loss of $4,215,000 respectively.

Note 18. Financial risk management continued

2019	Cash and cash equivalents $'000	Trade and other receivables $'000	Related party loans $'000	Trade and other payables $'000	Total $'000
USD	2,071	3,145	23,438	(3,179)	25,475
HKD	264	133	(22,302)	(117)	(22,022)
GBP	324	-	857	(260)	921
NZD	2	34	2,894	-	2,930
JPY	295	25	-	(1,348)	(1,028)
EUR	487	514	4,788	(313)	5,476
CHF	267	-	1,388	(13)	1,642
Other	1,684	838	3,209	(1,736)	3,995
Total foreign exchange risk	**5,394**	**4,689**	**14,272**	**(6,966)**	**17,389**

Based on the 30 June 2019 balances, a 10% stronger and 10% weaker Australian dollar against the currencies held, would result in a loss of $902,000 and a gain of $1,103,000 respectively.

(b) Credit risk

Credit risk arises from cash and cash equivalents placed on deposit with counterparties, and balances owing from clients and suppliers including outstanding receivables.

The Group's exposure to credit risk relating to cash and cash equivalents arises from the ability of the counterparty to repay funds placed on deposit. The Group's cash and cash equivalent investments are held on deposit with counterparties holding an investment grade credit rating.

The Group's policy is that all clients that wish to trade on credit terms are subject to credit verification procedures, and subsequent risk limits, which are set for each individual client in accordance with the Group's policies. For some client receivables, the Group may also obtain security in the form of deposits. In addition, receivable balances are actively monitored on an ongoing basis, with the result that the Group's exposure to bad debts has been historically negligible.

Trade and other receivables are subject to the expected credit loss model. The Group has applied the AASB 9 *Financial Instruments* simplified approach to measuring the expected credit loss, which uses a lifetime expected loss allowance for all receivables and contract assets. All allowances are equal to 12-month expected credit losses.

Due to the impact of the COVID-19 pandemic, credit risk associated with receivables and contract assets has increased. Recognising this, the Group has increased expected loss rates to align to the assessed risk of the receivable. The Group has classified several customers low risk where the debtor is a government entity.

To measure the expected credit losses, receivables and contract assets have been grouped based on shared credit risk characteristics (by client industry or supplier type) and the days past due. Based on the grouping of clients, an expected loss rate has been applied. Any individual receivable or contract asset which had significantly increased credit risk, were individually assessed and allowed for in addition to the expected loss rate. Historic loss events and forward-looking assumptions regarding the pandemic have been factored into the allowance calculation for these assets as at 30 June 2020.

Notes to the Consolidated Financial Statements

Note 18. Financial risk management continued

Contract assets represent balances earned which are not yet unconditional and have the same characteristics as trade receivables. The Group has, therefore, concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

On this basis, the loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows:

2020	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate (%)	3	21	86	54	10
Carrying amount – client receivables ($'000)	25,983	4,092	227	5,816	36,118
Carrying amount – trade receivables ($'000)	14,823	1,053	98	125	16,099
Carrying amount – contract assets ($'000)	8,522	-	-	-	8,522
Loss allowance ($'000)	1,463	1,092	281	3,235	6,071

2019	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate (%)	-	3	9	12	1
Carrying amount – client receivables ($'000)	238,082	7,264	4,106	6,592	256,044
Carrying amount – trade receivables ($'000)	24,604	731	4	543	25,882
Carrying amount – contract assets ($'000)	31,035	-	-	-	31,035
Loss allowance ($'000)	669	208	369	856	2,102

The loss allowances for receivables and contract assets as at 30 June reconcile to the opening loss allowances as follows:

	Client Receivables $'000	Trade Receivables $'000	Contract Assets $'000
Opening loss allowance as at 1 July 2019	**2,102**	**-**	**-**
Increase in loss allowances recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	2,989	1,437	760
Receivables written off during the year as uncollectable	(1,217)	-	-
Closing loss allowance as at 30 June 2020	**3,874**	**1,437**	**760**

	Client Receivables $'000	Trade Receivables $'000	Contract Assets $'000
Opening loss allowance as at 1 July 2018	**2,667**	**-**	**-**
Increase in loss allowances recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	244	-	-
Receivables written off during the year as uncollectable	(809)	-	-
Closing loss allowance as at 30 June 2019	**2,102**	**-**	**-**

Receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a client or supplier to engage in a repayment plan.

Losses on client and trade receivable and contract assets are presented as bad and doubtful debts for client receivables and transactional overrides or a write back of revenue for volume-based overrides. Subsequent recoveries will be written back against the same line items.

Notes to the Consolidated Financial Statements

Note 18. Financial risk management continued

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities. The Group's approach to managing liquidity is to ensure sufficient cash and credit facilities are available to meet its liabilities when due, under both normal and stressed conditions.

In addition to the cash position outlined in note 12 'Cash and cash equivalents', the Group had the following credit facilities available at 30 June 2020. These include the Group's £100,000,000 (AUD $179,630,000) multi-currency revolving loan facility which matures in August 2022 and overdraft facilities.

	2020 $'000	2019 $'000
Bank loans and overdraft facilities		
Used	-	39,290
Unused	196,699	93,710
Total bank loans and overdrafts limit	**196,699**	**133,000**
Credit cards		
Used	10,098	45,432
Unused	88,238	112,235
Total credit cards limit	**98,336**	**157,667**

The Group's credit card facilities are primarily used for the benefit of clients for client bookings via virtual credit cards.

The following table summarises the contractual timing of undiscounted cashflows of financial liabilities, expressed in AUD as at 30 June 2020. No derivative financial instruments were held as at the reporting date. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 30 June 2020.

Contractual maturities of financial liabilities	Less than 6 months $'000	6 - 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount (assets)/ liabilities $'000
June 2020							
Trade and other payables	87,386	13,113	91	391	40	101,021	101,021
Borrowings	-	-	-	-	-	-	-
Lease liabilities	5,170	5,036	9,596	22,522	16,954	59,278	53,095
Total non-derivative financial liabilities	**92,556**	**18,149**	**9,687**	**22,913**	**16,994**	**160,299**	**154,116**
June 2019							
Trade and other payables	309,414	7,339	304	1,229	40	318,326	318,326
Borrowings	796	796	39,578	-	-	41,170	39,290
Lease liabilities	-	-	-	-	-	-	-
Total non-derivative financial liabilities	**310,210**	**8,135**	**39,882**	**1,229**	**40**	**359,496**	**357,616**

Notes to the Consolidated Financial Statements

Note 19. Provisions

Movements in provisions	Employee entitle-ments $'000	Make-good provision $'000	Provisions for other liabilities and charges $'000	Total $'000
At 1 July 2019	8,882	2,450	21,646	32,978
Acquisition of subsidiary	-	-	19,157	19,157
Arising during the year	7,772	245	235,137	243,154
Utilised	(9,790)	(834)	(218,908)	(229,532)
Write back of provision	(974)	(182)	(24,949)	(26,105)
Transfer to acquisition payable	-	-	-	-
Changes due to change in foreign currency	(65)	52	(420)	(433)
At 30 June 2020	**5,825**	**1,731**	**31,663**	**39,219**
At 1 July 2018	5,935	655	11,029	17,619
Acquisition of subsidiary	1,749	927	7,489	10,165
Arising during the year	8,935	1,138	90,412	100,485
Utilised	(7,454)	(320)	(84,788)	(92,562)
Write back of provision	(592)	-	(2,599)	(3,191)
Transfer to acquisition payable	-	-	(700)	(700)
Changes due to change in foreign currency	309	50	803	1,162
At 30 June 2019	**8,882**	**2,450**	**21,646**	**32,978**
2020				
Current	4,001	101	29,724	33,826
Non-current	1,824	1,630	1,939	5,393
	5,825	**1,731**	**31,663**	**39,219**
2019				
Current	6,813	31	19,061	25,905
Non-current	2,069	2,419	2,585	7,073
	8,882	**2,450**	**21,646**	**32,978**

The increase to provisions for other liabilities and charges is due to refunds, predominately in Asia, and CTP contingent consideration, as a result of travel restrictions caused by the COVID-19 pandemic.

Accounting policy

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. At the end of the reporting period, provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, net of any reimbursement.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Consolidated Financial Statements

Note 19. Provisions continued

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries including non-monetary benefits, expected to be settled within 12 months of the reporting period, are recognised in other payables and accruals in respect of employees' services up to the reporting date. Liabilities for annual leave and accumulated sick leave, expected to be settled within 12 months of the reporting period, are recognised in the provision for employee benefits in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulated sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Other long-term employee benefits

Liabilities for long service leave are recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by the employees up to the reporting date, using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on government bonds, with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Consolidated Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Retirement benefit obligations

Contributions to defined contribution funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments are available.

Bonus plans

The Group recognises a provision for future bonus payments where it is contractually obliged or where there is a past practice that has created a constructive obligation.

Make-good provision

In accordance with the Group's contractual obligations under tenancy lease agreements, the Group may be required to restore the leased premises on the expiry of the lease term.

Provision for other liabilities and charges

Provision for unclaimed charges

The Group recognises a provision for unclaimed charges, arising from the sale of travel services. Based on historical data and past experience, management considers the possibility of claims and, if appropriate, it is written back to the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Consolidated Financial Statements

Note 20. Contributed equity

	2020 $'000	2019 $'000
Ordinary shares - fully paid	375,314	364,368

Ordinary shares entitle the holder to receive dividends as declared and, in the event of winding up the Group, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

On a show of hands, every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Movements in ordinary share capital

Details	Date	Number of shares	$'000
Balance	1 July 2018	106,108,452	301,747
Initial consideration for the SCT Travel Group Pty Ltd business combination.	2 July 2018	85,627	2,298
Capital raising used primarily for the acquisition of Lotus Travel Group.	17 July 2018	1,554,000	40,016
Share appreciation rights issue.	22 August 2018	509,961	14,585
Deferred consideration payment for the Chambers Travel business combination.	22 October 2018	233,908	6,456
Less: transaction costs arising on share issue		-	(796)
Deferred tax credit recognised directly in equity		-	62
Balance	30 June 2019	108,491,948	364,368
Share appreciation rights issue.	21 August 2019	386,762	8,447
Initial consideration for the Corporate Travel Planners Inc. business combination.	21 February 2020	122,240	2,506
Less: transaction costs arising on share issue		-	(10)
Deferred tax credit recognised directly in equity		-	3
Balance	**30 June 2020**	**109,000,950**	**375,314**

Accounting policy

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

Note 20. Contributed equity continued

Capital management

The Group maintains a conservative funding structure that allows it to meet its operational and regulatory requirements, while providing sufficient flexibility to fund future strategic opportunities.

The Group's capital structure includes a mix of debt (refer note 16 'Borrowings and contingent liabilities'), general cash (refer note 12 'Cash and cash equivalents') and equity attributable to the parent's equity holders.

When determining dividend returns to shareholders the Board considers a number of factors, including the Group's anticipated cash requirements to fund its growth, operational plan, and current and future economic conditions.

While dividend payments may vary from time to time, according to these anticipated needs, the Board's current dividend policy is to return between 50% to 60% of net profit after tax to shareholders. On 19 February 2020 a interim dividend of 18.0 cents per share was determined by the Board. On 20 March 2020, payment of the interim dividend was deferred to 2 October 2020.

On 19 August 2020, the Board resolved to cancel the interim dividend. The Board has determined that no final dividend will be paid for the year ended 30 June 2020.

	2020 $'000	2019 $'000
Total borrowings	-	39,290
Total equity	558,087	592,482

	%	%
Gearing ratio	-	7%

Notes to the Consolidated Financial Statements

Note 21. Reserves

The following table shows a breakdown of the 'reserves' line item as per the Consolidated Statement of Financial Position, and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided in the following table.

	FX translation $'000	Share-based payments $'000	Total $'000
At 30 June 2018	24,032	(4,663)	19,369
Currency translation differences	18,307	-	18,307
Deferred tax	(118)	-	(118)
Other comprehensive income	**18,189**	**-**	**18,189**
Share-based payments:			
Expense for the year	-	3,690	3,690
Issuance of shares on vesting	-	(14,585)	(14,585)
Effect of tax	-	338	338
At 30 June 2019	**42,221**	**(15,220)**	**27,001**
Currency translation differences	6,464	-	6,464
Deferred tax	(722)	-	(722)
Other comprehensive income	**5,742**	**-**	**5,742**
Share-based payments:			
Expense for the year	-	(4,160)	(4,160)
Issuance of shares on vesting	-	(8,447)	(8,447)
Effect of tax	-	38	38
At 30 June 2020	**47,963**	**(27,789)**	**20,174**

Nature and purpose of reserves

Foreign currency translation

Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income when the net investment is sold.

Share-based payments

The share-based payments reserve is used to recognise an expense for the grant date fair value of deferred shares granted to employees but not yet vested over the vesting period, as well as deferred tax associated with estimated future tax deductions. Upon vesting of shares, the fair value of the shares issued is recognised in share capital (refer note 20 'Contributed equity') and a corresponding entry recognised in the share-based payment reserve.

Notes to the Consolidated Financial Statements

Note 22. Retained earnings

	2020 $'000	2019 $'000
Retained earnings at the beginning of the financial year	177,190	133,218
Adjustment for change in accounting policy (note 35)	(1,707)	-
Retained earnings at the beginning of the financial year - post AASB 16	175,483	133,218
Profit/(loss) after income tax (expense)/income for the year	(8,185)	86,235
Dividends paid (note 7)	(23,953)	(42,263)
Retained earnings at the end of the financial year	**143,345**	**177,190**

Notes to the Consolidated Financial Statements

Note 23. Impairment testing of goodwill

For goodwill impairment testing, a cash-generating unit (CGU) for the Group has been defined as the lowest level of travel services operations to which goodwill relates, where individual cash flows can be identified in order to discount future cash flows. Following the acquisition of Corporate Travel Planners, Inc (CTP) on 1 January 2020, this business has been determined a cash-generating unit at 30 June 2020 due to the ongoing integration process enabling the identification of separate cash inflows which remained largely independent from the assets of the North America CGU at that time.

	2020 $'000	2019 $'000
The carrying amount of goodwill to the cash generating unit:		
Travel services - Australia and New Zealand	54,874	54,893
Travel services - North America	208,004	204,742
Travel services - Asia	54,132	52,987
Travel services - Europe	140,090	140,900
Travel services – Corporate Travel Planners (CTP)	21,111	-
Total goodwill	**478,211**	**453,522**

The recoverable amount of the cash-generating unit has been determined based on probability-weighted scenarios of future economic conditions, with the value-in-use (VIU) basis being used for all valuations. A total of three different scenarios were considered, sourced from external research conducted by a global consulting firm. That research included a global survey of senior executives, the results of which were used to determine the probability of each of the scenarios occurring. Each of the scenarios was then translated into probable outcomes for the respective cash-generating unit with specifically targeted recovery paths identified through to FY23. The recovery path projections were modelled with reference to FY19 actual performance, with different levels of recovery modelled under each scenario, ranging from a partial to full recovery relative to FY19. The externally determined probabilities were then applied to the individual cash flow forecasts developed for each scenario to generate a probability-weighted cash flow forecast for each CGU to be used in the assessment of its recoverable amount.

The three economic scenarios considered most probable as a result of the research, in order of weighting, were as follows:

1. COVID-19 recurs, long-term economic growth is slowed with a muted world recovery;
2. COVID-19 causes damage to the economy, with growth insufficient to deliver a full recovery to historic levels for an extended period; and
3. COVID-19 is contained in a reasonable amount of time, and growth returns to trend historic growth over the medium term.

Notes to the Consolidated Financial Statements

Note 23. Impairment testing of goodwill continued

The following table sets out the remaining key assumptions for those cash-generating units that have goodwill allocated to them.

	ANZ	NA	Asia	Europe	CTP
2020					
Pre-tax nominal discount rate applied to the cash flow projection	13.25%	12.58%	11.69%	10.99%	17.38%
Cash flows beyond FY23, up to year 5, are extrapolated using an average nominal growth rate of:					
Revenue	3.50%	3.43%	3.50%	3.00%	4.72%
Operating expenses	3.00%	3.00%	3.00%	2.00%	3.00%
Long-term growth rate	2.00%	2.00%	2.00%	2.00%	2.00%
2019					
Pre-tax nominal discount rate applied to the cash flow projection	13.72%	12.14%	11.38%	11.04%	-
Cash flows beyond the next financial year, up to year 5, are extrapolated using a nominal growth rate of:					
Revenue	3.50%	3.50%	3.50%	3.00%	-
Operating expenses	3.00%	3.00%	3.00%	3.00%	-
Long-term growth rate	2.00%	2.00%	2.00%	2.00%	-

The following key assumptions were used in the modelling:

— Recovery path projections through to FY23.

— Pre-tax discount rates - reflect specific risks and conditions relating to the relevant cash-generating units and the countries in which they operate.

— Revenue – the basis used to determine the amount assigned to sales volume is based on historical experience, expected client retentions and acquisitions, and adjusted for growth and other known circumstances. This information was overlayed to create three revenue scenarios based on the economic recovery paths determined with reference to the external research outlined above.

— Operating expenses – the basis used to determine the amount assigned to the forecast costs are based on historical margins and patterns of revenue, adjusted for growth and other known circumstances.

— Long term growth rate – the growth rate used to extrapolate cash flows beyond the current period is based on historical experience and future expectations for growth in the context of inflation expectations in the countries in which the cash-generating units operate.

Notes to the Consolidated Financial Statements

Note 23. Impairment testing of goodwill continued

Sensitivity to changes in key assumptions

Management recognises that there are various reasons the estimates used in these assumptions may vary. For each CGU, changes in key assumptions could cause the carrying value of the CGU to exceed its recoverable amount.

Whilst a probability weighted cash flow forecast has been developed for each CGU, management note that under each individual scenario, the recoverable amount exceeds the carrying value of the CGU, with the exception of the Corporate Travel Planners CGU.

Whilst management do not believe reasonably possible changes in any one key assumption would result in an impairment charge, the unprecedented impact of the COVID-19 pandemic on the travel industry has resulted in the excess of recoverable amount over carrying value materially reducing in all cash generating units.

All cash-generating units have been affected by the unprecedented closure of borders, both domestic and international, caused by the COVID-19 pandemic. Whilst the probability-weighted scenario modelling of cash flows inherently captures probable and possible impacts of border closures, an expectation of persistent border closures over long periods of time could cause the recoverable amount of cash generating units to fall below their carrying values. Persistent border closures would affect the cash-generating units individually, with the Asia CGU's cash flows most sensitive to international border closures while the Australia and New Zealand, North America, Europe, and Corporate Travel Planners CGU's cash flows more sensitive to domestic border closures.

Goodwill impairment

Corporate Travel Planners, Inc (CTP) was acquired by CTM effective 1 January 2020 (see note 10 'Business combination'). Since the acquisition, COVID-19 has impacted travel services globally, including CTP such that its near-term performance is not expected to meet projections used at the date of the acquisition. The recoverable amount of CTP was determined by reference to its value in use such that over the long-term this CGU is expected to deliver value to the Group above its current fair value less costs to dispose at 30 June 2020. Impairment testing procedures performed at 30 June 2020 have resulted in a non-cash write-down of goodwill in CTP of US$13,900,000 (AUD $20,154,000).

Linked to the above impairment, COVID-19 also impacted the contingent consideration provision. An assessment performed determined that earn-out hurdles would not be met due to the impact of COVID-19 and therefore, the amounts were expected to not require settlement. The non-cash contingent consideration (AUD $20,408,000) has been reversed to the Statement of Profit or Loss and Other Comprehensive Income. Refer note 5 'Other income'.

As Corporate Travel Planners CGU was written down at 30 June 2020, any negative change in key assumptions would cause this CGU's value to exceed its recoverable amount.

Accounting policy

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. To assess impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that have suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

In assessing value in use, estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Notes to the Consolidated Financial Statements

Note 24. Commitments

The Group has entered into commercial leases for the rental of premises. These leases have a remaining life of between one and ten years. There are no restrictions placed upon the lessee by entering into these leases. From 1 July 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases, see note 35 'Changes in accounting policies' for further information.

	2019 $'000
Within one year	10,371
One to five years	25,843
More than five years	3,733
Total commitments	**39,947**

Note 25. Events after the reporting period

No matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 26. Other assets

	2020 $'000	2019 $'000
Prepayments	4,787	4,824
Secured deposits	-	5,752
Total other assets	**4,787**	**10,576**

Notes to the Consolidated Financial Statements

Note 27. Property, plant and equipment

No additions during the year (2019: $nil) were financed under lease agreements.

	Furniture, fixtures and equipment $'000	Computer equipment $'000	Leasehold improve-ments $'000	Other $'000	Total $'000
Year ended 30 June 2020					
Cost	7,376	15,727	9,224	1,325	33,652
Accumulated depreciation	(5,126)	(12,374)	(3,710)	(351)	(21,561)
	2,250	3,353	5,514	974	12,091
Opening net book amount	2,833	2,871	6,441	1,183	13,328
Additions	208	1,997	415	50	2,670
Additions through the acquisition of entities/ businesses (note 10 'Business combination')	46	-	-	-	46
Disposal	(346)	(1,037)	(628)	(153)	(2,164)
Depreciation charge	(710)	(1,526)	(1,371)	(234)	(3,841)
Exchange differences	219	1,048	657	128	2,052
Closing net book amount	**2,250**	**3,353**	**5,514**	**974**	**12,091**
Year ended 30 June 2019					
Cost	7,052	14,668	9,090	1,405	32,215
Accumulated depreciation	(4,219)	(11,797)	(2,649)	(222)	(18,887)
	2,833	2,871	6,441	1,183	13,328
Opening net book amount	1,176	2,208	2,599	135	6,118
Additions	1,912	1,583	4,644	1,133	9,272
Additions through the acquisition of entities/ businesses	267	666	35	323	1,291
Depreciation charge	(533)	(1,656)	(850)	(303)	(3,342)
Exchange differences	11	70	13	(105)	(11)
Closing net book amount	**2,833**	**2,871**	**6,441**	**1,183**	**13,328**

Accounting policy

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the item. All other repairs and maintenance costs are charged to the profit and loss in the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the reporting period in which they are incurred.

Derecognition

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the year the asset is derecognised.

Notes to the Consolidated Financial Statements

Note 28. Share-based payments

Share appreciation rights

The establishment of the CTM Share Appreciation Rights (SARs) Plan was approved by the Board on 19 October 2012. The SARs Plan is designed to provide long-term incentives for senior executives to deliver long-term shareholder returns. Under the plan, participants are granted SARs which only vest if certain performance standards are met, and the employee remains in service. Participation in the plan is at the Board's absolute discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Once vested, a participant will be deemed to have automatically exercised all vested SARs and CTM will settle its obligation in line with the SARs Plan. There is no consideration payable by the participant upon exercise of vested SARs. When exercised, the conversion of a SAR to an equity or cash based settlement, is determined using a formula referencing the relevant share prices of CTM, the number of SARs exercised, and is at the Board's sole absolute discretion.

Grants made during the 30 June 2020 financial year will vest on a scaled basis as follows:

- 50% vest at 80% target achievement;
- 75% vest at 90% target achievement; and
- 100% at 100% target achievement.

For equity based settlements, the calculation is as follows:

- Equity Settlement Amount = ((SMV – BP) / SMV) x PQSAR

For cash based settlements, the calculation is as follows:

- Cash Settlement Amount = (SMV – BP) x PQSAR

Where:

- Equity Settlement Amount – is the number of shares to be issued or transferred to the relevant participant in equity settlement of the performance qualified SAR at exercise;
- Cash Settlement Amount – is the amount paid to a participant in cash settlement of a performance qualified SAR at exercise;
- SMV – the Subsequent Market Value is the 30 day VWAP immediately preceding the release of financial results relating to the performance qualification date in connection with that SAR;
- BP – the Base Price of the SAR as determined by the Board; and
- PQSAR – is the total number of performance qualified SARs with the same Base Price held by the relevant participant.

SARs granted under the plan carry no dividend or voting rights.

The following table summarises the movement in SARs granted under the plan:

	2020 Number of SARs	2019 Number of SARs
As at 1 July	3,868,500	3,575,500
Granted during the year	1,698,000	1,613,000
Exercised during the year	(1,297,500)	(845,000)
Forfeited during the year	(780,000)	(475,000)
As at 30 June	3,489,000	3,868,500
Vested and exercisable at 30 June	-	-

No SARs issued during the periods above expired during those periods.

Note 28. Share-based payments continued

SARs outstanding at the end of the year have the following performance period and share base prices:

Grant date	Performance period	Base price	2020 Number of SARs	2019 Number of SARs
1 July 2016	1 July 2016 – 30 June 2019	$15.33	-	1,307,500
22 August 2017	1 July 2017 – 30 June 2020	$23.90	983,000	1,158,000
22 August 2018	1 July 2018 – 30 June 2021	$29.00	1,113,000	1,403,000
9 September 2019	1 July 2019 – 30 June 2022	$22.84	1,393,000	-
			3,489,000	**3,868,500**

On 21 August 2019, 386,762 shares were issued upon vesting of 1,297,500 SARs. In addition to the share issue, 1,698,000 SARs were granted during FY20, pursuant to the CTM SARs plan.

Fair value of SARs granted

The assessed fair value at grant date of the SARs granted during the year ended 30 June 2020 was $1.67 per SAR (2019: $4.80). The fair value at grant date has been determined using a Black-Scholes pricing model that takes into account the share price at the time of the grant, the exercise price, the term of the SAR, the expected dividend yield, the expected price volatility of the underlying share and the risk free interest rate for the term of the SAR.

The fair value model inputs for SARs granted during the year ended 30 June 2020 included:

— SARs are granted for no consideration and vest based on the Group's Earnings per Share growth over a 3 year vesting period.

— Base price: $22.84 (2019: $29.00).

— Grant Date: 9 September 2019 (2019: 22 August 2018).

— Expiry Date: 1 July 2022 (2019: 1 July 2021).

— Share Price at Grant Date: $18.20 (2019: $30.87).

— Expected price volatility of CTM's shares: 27.5% (2019: 22.5%).

— Expected dividend yield: 2.0% (2019: 3.0%).

— Risk-free interest rate: 0.81% (2019: 2.13%).

The expected price volatility is based on the historic volatility, based on the remaining life of the SARs, adjusted for any expected changes to future volatility due to publicly available information.

Expenses arising from SARs

At 30 June 2020, the probability of performance hurdles being achieved was reassessed, with none of the unvested SARs expected to vest. This resulted in a reversal of previously recognised SARs expenses for all unvested SARs. The net credit for the year of $4,160,000 (2019 expense: $3,690,000) can be seen in Note 21 'Reserves'.

Accounting policy

Share-based compensation benefits are provided to employees by way of a SAR. The fair value of SARs granted is recognised as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights granted, which includes any market performance conditions and the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of SARs that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, CTM revises its estimates of the number of SARs that are expected to vest based on the non-market vesting conditions. CTM recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Notes to the Consolidated Financial Statements

Note 29. Interest in other entities

(a) Subsidiary entities

The Group's subsidiary entities at 30 June 2020 are set out in the following table. Unless otherwise stated, each entity has share capital consisting solely of ordinary shares that are held by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Company	Region	Country	Ownership 2020	Ownership 2019
Corporate Travel Management Group Pty Ltd[1]	AUNZ	Australia	100.00%	100.00%
Floron Nominees Pty Ltd[1]	AUNZ	Australia	100.00%	100.00%
WA Travel Management Pty Ltd[1]	AUNZ	Australia	100.00%	100.00%
Sainten Pty Ltd[1]	AUNZ	Australia	100.00%	100.00%
ETM Travel Pty Ltd[1]	AUNZ	Australia	100.00%	100.00%
Travelcorp Holdings Pty Ltd[1]	AUNZ	Australia	100.00%	100.00%
Travelogic Pty. Limited[1]	AUNZ	Australia	100.00%	100.00%
Andrew Jones Travel Pty Ltd	AUNZ	Australia	100.00%	100.00%
SCT Travel Group Pty Ltd	AUNZ	Australia	100.00%	100.00%
Travelcorp (Aust) Pty Ltd[1]	AUNZ	Australia	100.00%	100.00%
Corporate Travel Management (New Zealand) Limited[1]	AUNZ	New Zealand	100.00%	100.00%
CTMNA Holdings Limited[1]	North America	United States of America	100.00%	100.00%
Corporate Travel Management North America Inc[1]	North America	United States of America	100.00%	100.00%
Corporate Travel Planners, Inc	North America	United States of America	100.00%	-
Corporate Travel Management (CAN) Limited	North America	Canada	100.00%	100.00%
CTM Global Services (UK) Limited	Europe	United Kingdom	100.00%	100.00%
Corporate Travel Management (UK) Limited	Europe	United Kingdom	100.00%	100.00%
USD Treasury Coy (UK) Limited	Europe	United Kingdom	100.00%	100.00%
GBP Treasury Coy (UK) Limited	Europe	United Kingdom	100.00%	100.00%
AUD Treasury Coy (UK) Limited	Europe	United Kingdom	100.00%	100.00%
HKD Treasury Coy (UK) Limited	Europe	United Kingdom	100.00%	100.00%
Corporate Travel Management (Europe) Limited	Europe	United Kingdom	100.00%	100.00%
Corporate Travel Management (North) Limited	Europe	United Kingdom	100.00%	100.00%
Portall Travel Limited	Europe	United Kingdom	100.00%	100.00%
Arizonaco Limited	Europe	United Kingdom	100.00%	100.00%
AIT Travel Limited	Europe	United Kingdom	100.00%	100.00%
Alpha-Omega (Travel) Limited	Europe	United Kingdom	100.00%	100.00%
Corporate Travel Management (United Kingdom) Ltd	Europe	United Kingdom	100.00%	100.00%
Corporate Travel Management (France) SAS	Europe	France	100.00%	100.00%
Corporate Travel Management (Germany) GmbH	Europe	Germany	100.00%	100.00%
Corporate Travel Management (Netherlands) BV	Europe	Netherlands	100.00%	100.00%
Corporate Travel Management (Switzerland) GmbH	Europe	Switzerland	100.00%	100.00%
Corporate Travel Management (Sweden) AB	Europe	Sweden	100.00%	100.00%
Chambers Travel Management s.r.o (Czech Republic)	Europe	Czech Republic	100.00%	100.00%

Notes to the Consolidated Financial Statements

Note 29. Interest in other entities continued

Company	Region	Country	Ownership 2020	Ownership 2019
Corporate Travel Management (Norway) AS	Europe	Norway	100.00%	100.00%
Corporate Travel Management (Denmark) ApS	Europe	Denmark	100.00%	100.00%
Corporate Travel Management (Hungary) Kft	Europe	Hungary	100.00%	100.00%
Corporate Travel Management (Poland) Sp. z.o.o	Europe	Poland	100.00%	100.00%
Wealthy Aim Investments Limited	Asia	British Virgin Islands	75.10%	75.10%
Westminster Travel Limited	Asia	Hong Kong	75.10%	75.10%
Westminster Travel (China) Limited	Asia	Hong Kong	75.10%	75.10%
Jecking Tours & Travel Limited	Asia	Hong Kong	75.10%	75.10%
Far Extent Investments Limited	Asia	Hong Kong	75.10%	75.10%
Profit Shine Holdings Limited	Asia	British Virgin Islands	75.10%	75.10%
Bees.Travel Limited	Asia	Hong Kong	75.10%	75.10%
Corporate Travel Management Limited	Asia	Hong Kong	75.10%	75.10%
CTM Overseas Education Centre Limited	Asia	Hong Kong	75.10%	75.10%
Lotus Travel Group Limited	Asia	British Virgin Islands	75.10%	75.10%
Lotus Tours Limited	Asia	Hong Kong	75.10%	75.10%
Travel Resources Limited	Asia	Hong Kong	75.10%	75.10%
Memory Holidays Limited	Asia	Hong Kong	75.10%	75.10%
Westminster Travel (S) Pte. Ltd.	Asia	Singapore	75.10%	75.10%
Westminster Travel Limited (Taiwan)	Asia	Taiwan	75.10%	75.10%
Lotus Tours Taiwan Co Ltd (Taiwan)	Asia	Taiwan	75.10%	75.10%
Westminster Travel Limited (Macau)	Asia	Macau	75.10%	75.10%
Beijing Westminster Air Service Limited	Asia	People's Republic of China	75.10%	75.10%
Westminster Travel Consultancy (Guangzhou) Limited	Asia	People's Republic of China	75.10%	75.10%
Guangzhou Anlu Travel Service Co Ltd	Asia	People's Republic of China	75.10%	75.10%

[1] These subsidiary entities have been granted relief from the necessity to prepare financial reports in accordance with Class Order 2016/785 issued by the Australian Securities and Investments Commission. For further information refer note 32 'Deed of cross guarantee'.

Notes to the Consolidated Financial Statements

Note 29. Interest in other entities continued

(b) Non-controlling interests (NCI)

The following table summarises the financial information for entities which have a non-controlling interest which is material to the Group.

The amounts disclosed are before inter-company eliminations.

	2020 $'000	2019 $'000
Summarised Statement of Financial Position		
Current assets	123,296	243,801
Current liabilities	(60,815)	(164,246)
Current net assets	62,481	79,555
Non-current assets	77,827	60,587
Non-current liabilities	(20,679)	(4,064)
Non-current net assets	57,148	56,523
Net assets	**119,629**	**136,078**
Accumulated NCI	19,254	23,923
Summarised Statement of Profit or Loss and Other Comprehensive Income		
Revenue and other income	53,124	80,704
Profit/(loss) for the year	(9,334)	13,079
Other comprehensive income for the year	4,088	5,453
Total other comprehensive income for the year	**(5,246)**	**18,532**
Profit/(loss) for the year allocated to NCI	(2,439)	3,238
Dividends paid to NCI	2,503	3,008
Summarised Statement of Cash Flows		
Cash flows from operating activities	27,161	29,982
Cash flows from investing activities	(2,091)	(47,965)
Cash flows from financing activities	(42,600)	45,350
Net increase/(decrease) in cash and cash equivalents	**(17,530)**	**27,367**

Notes to the Consolidated Financial Statements

Note 30. Related party transactions

(a) Parent entities

The ultimate parent entity within the Group is Corporate Travel Management Limited.

(b) Subsidiary entities

Interest in subsidiary entities are set out in note 29 'Interest in other entities'.

(c) Key management personnel compensation

	2020 $'000	2019 $'000
Short-term	3,947	5,428
Post-employment	135	230
Long-term benefits	(81)	105
Share-based payments	(1,379)	1,525
Total KMP compensation	**2,622**	**7,288**

Detailed remuneration disclosures are provided in the Remuneration Report.

(d) Transactions with other related parties

During the year ended 30 June 2020, contingent consideration of $700,000, relating to the achievement of conditions in FY19, was paid to Greg McCarthy for the Platinum business combination.

During the year ended 30 June 2020, travel related services were provided to Directors of Wealthy Aim Investments Limited at arm's length.

(e) Outstanding balances with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2020 $'000	2019 $'000
Contingent consideration		
Key management personnel[1]	1,939	3,285

[1] The balance represents the present value of the contingent consideration to Greg McCarthy, as a part of the acquisition of SCT Travel Group Pty Ltd, trading as Platinum Travel Corporation – refer note 19 'Provisions'.

(f) Terms and conditions

Directors of the Group hold other directorships as detailed in the Directors' Report. Where any of these entities are clients of the Group, the arrangements are on similar terms to other clients. All transactions are made on normal commercial terms and conditions and at market rates.

Directors and executives can acquire travel and event management services. All transactions are made on normal terms and conditions and at market rates. There are no amounts outstanding in relation to these transactions at 30 June 2020.

Notes to the Consolidated Financial Statements

Note 31. Parent entity information

(a) Summary financial information

The individual financial statements of the parent entity show the following aggregate amounts:

Statement of profit or loss and other comprehensive income

	2020 $'000	2019 $'000
Profit after income tax	213	53,051
Total comprehensive income	**213**	**53,051**

Statement of financial position

	2020 $'000	2019 $'000
Total current assets	24,032	8,186
Total assets	462,419	444,327
Total current liabilities	57,588	14,878
Total liabilities	57,990	27,627
Net assets	**404,429**	**416,700**
Equity		
Contributed equity	395,717	384,771
Reserve	1,105	582
Retained earnings	7,607	31,347
Total equity	**404,429**	**416,700**

(b) Guarantees entered into by the parent entity

The parent entity is party to the overall financing arrangements and related security as detailed in note 16 'Borrowings and contingent liabilities'.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2020 or 30 June 2019.

Notes to the Consolidated Financial Statements

Note 31. Parent entity information continued

(d) Contractual commitments

The parent did not have any contractual commitments at 30 June 2020 or 30 June 2019.

Accounting policy

The financial information for the parent entity, Corporate Travel Management Limited, has been prepared on the same basis as the consolidated financial statements, except as follows:

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of Corporate Travel Management Limited.

(ii) Tax consolidation legislation

Corporate Travel Management Limited and its wholly-owned Australian controlled entities have implemented tax consolidation in accordance with legislation. The head entity, Corporate Travel Management Limited and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Corporate Travel Management Limited also recognises the current tax liabilities or assets and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

These entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Corporate Travel Management Limited for any current tax payable assumed and are compensated by Corporate Travel Management Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Corporate Travel Management Limited in accordance with the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts, to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to or distribution from wholly-owned tax consolidated entities.

(iii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for in the parent company and consolidated financial statements.

Notes to the Consolidated Financial Statements

Note 32. Deed of cross guarantee

Corporate Travel Management Limited, Corporate Travel Management Group Pty Ltd, Floron Nominees Pty Ltd, Sainten Pty Ltd, Travelogic Pty Limited, WA Travel Management Pty Ltd, Travelcorp Holdings Pty Ltd, Travelcorp (Aust) Pty Ltd, ETM Travel Pty Ltd, Corporate Travel Management (New Zealand) Limited, CTMNA Holdings Limited and Corporate Travel Management North America, Inc, are parties to a deed of cross guarantee, under which each company guarantees the debts of the other companies.

By entering into the deed, the wholly owned Australian entities have been relieved from the requirement to prepare a financial report and Directors' Report under Class Order 2016/785 (as amended) issued by the Australian Securities and Investments Commission.

These companies represent a 'closed group' for the purposes of the Class Order and, as there are no other parties to the deed of cross guarantee that are controlled by Corporate Travel Management Limited, they also represent the 'extended closed group'.

The following table presents, a Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position and a Consolidated Statement of Changes in equity for the year ended 30 June 2020 of the closed group.

	2020	2019
Statement of profit or loss and other comprehensive income	$'000	$'000
Revenue	187,244	271,265
Other income	39,076	39,308
Employee benefits	(129,948)	(145,724)
Depreciation and amortisation	(20,014)	(10,413)
Impairment	(2,659)	-
Information technology and telecommunications	(23,268)	(24,838)
Travel and entertainment	(2,488)	(3,494)
Occupancy	(1,392)	(7,217)
Administrative and general	(12,482)	(9,111)
Operating profit/(loss)	**34,069**	**109,776**
Finance costs	(9,782)	(5,545)
Profit/(loss) before income tax (expense)/income	**24,287**	**104,231**
Income tax (expense)/income	206	(23,682)
Profit/(loss) after income tax (expense)/income	**24,493**	**80,549**
Other comprehensive income/(loss)		
Exchange differences on translation of foreign operations	10,277	8,662
Changes in the fair value of cash flow hedges	-	(447)
Other comprehensive income/(loss) for the year, net of tax	**10,277**	**8,215**
Total comprehensive income/(loss) for the year	**34,770**	**88,764**

Notes to the Consolidated Financial Statements

Note 32. Deed of cross guarantee continued

Statement of financial position	2020 $'000	2019 $'000
Current assets		
Cash and cash equivalents	29,347	38,599
Trade and other receivables	23,645	98,149
Income tax receivable	9,625	1,980
Related party receivables	-	2,083
Other assets	2,332	1,576
Total current assets	**64,949**	**142,387**
Non-current assets		
Investments	301,043	247,734
Property, plant and equipment	5,412	4,603
Right-of-use assets	23,320	-
Intangible assets	275,073	271,888
Deferred tax assets	5,185	5,517
Related party receivables	31,254	207
Total non-current assets	**641,287**	**529,949**
Total assets	**706,236**	**672,336**
Current liabilities		
Trade and other payables	39,770	83,850
Lease liabilities	4,484	-
Related Party	60,514	11,998
Provisions	3,732	5,356
Total current liabilities	**108,500**	**101,204**
Non-current liabilities		
Trade and other payables	-	3,803
Borrowings and contingent liabilities	-	9,391
Lease liabilities	22,211	-
Related Party	55,287	47,312
Deferred tax liabilities	10,537	12,112
Provisions	2,738	1,455
Total non-current liabilities	**90,773**	**74,073**
Total liabilities	**199,273**	**175,277**
Net assets	**506,963**	**497,059**
Equity		
Contributed equity	375,314	364,368
Reserves	4,320	5,995
Retained earnings	127,329	126,696
Total equity	**506,963**	**497,059**

Notes to the Consolidated Financial Statements

Note 33. Auditors' remuneration

The auditor of the Group is PricewaterhouseCoopers.

	2020 $	2019 $
Audit services - PricewaterhouseCoopers		
Audit or review of the consolidated financial statements	521,553	560,594
Other services - PricewaterhouseCoopers		
Assurance services	5,000	40,000
Tax compliance services	115,000	138,993
Tax advisory services	146,711	197,286
	266,711	376,279
Total remuneration of PricewaterhouseCoopers Australia	**788,264**	**936,873**
Other PricewaterhouseCoopers network firms:		
Other services in relation to the entity and any other entity in the consolidated group:		
Audit and review of the financial reports	756,951	787,673
Other assurance services	18,369	11,455
Tax compliance services	1,074	5,558
Tax advisory services	63,458	29,350
Other advisory services	1,407	-
Total remuneration of PricewaterhouseCoopers network firms	**841,259**	**834,036**
Non-PricewaterhouseCoopers firms:		
Services in relation to the entity and any other entity in the consolidated group:		
Audit and review of the financial report	50,125	75,202
Total remuneration of Non-PricewaterhouseCoopers firms	**50,125**	**75,202**

Notes to the Consolidated Financial Statements

Note 34. Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Corporate Travel Management Limited is a for-profit entity for the purpose of preparing the consolidated financial statements.

The consolidated financial statements have been prepared on a going concern basis.

Compliance with IFRS

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The annual financial report is presented in Australian dollars and all values are, where appropriate, rounded to the nearest thousand dollars ($’000), unless otherwise stated.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities, fair value through Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(b) New or amended Accounting Standards and Interpretations adopted

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2019:

(i) AASB 16 Leases; and

(ii) AASB Interpretation 23 Uncertainty over Income Tax Treatments

The Group had to change its accounting policies and make certain presentation adjustments following the adoption of AASB 16 and AASB Interpretation 23, which is disclosed in note 35 'Changes in accounting policies'.

Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with policies adopted by the Group.

(c) Rounding of amounts

Amounts in the Consolidated Financial Statements are presented in Australian Dollars with values rounded to the nearest thousand dollars, or in certain circumstances, the nearest dollar, in accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Report) instrument 2016/191.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2 'Critical accounting judgements, estimates and assumptions'.

Notes to the Consolidated Financial Statements

Note 35. Changes in accounting policies

This note explains the impact of the adoption of new accounting standards and interpretations being AASB 16 *Leases* (AASB 16) and AASB Interpretation 23 *Uncertainty over Income Tax Treatments* (AASB Interpretation 23) on the Group's consolidated financial statements and discloses the new accounting policies that have been applied from 1 July 2019, where they are different to those applied in prior periods.

AASB 16 Leases – Impact of adoption

The Group has adopted AASB 16 using the modified retrospective approach from 1 July 2019 but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening Consolidated Statement of Financial Position on 1 July 2019.

(a) Adjustments recognised on adoption of AASB 16

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.26%.

	$'000
Operating lease commitments disclosed as at 30 June 2019	39,947
Discounted using the lessee's weighted average incremental borrowing rate of 3.26% at the date of initial application	(6,136)
(Less): short-term leases recognised on a straight line basis as an expense	(597)
(Less): low-value leases recognised on a straight line basis as expense	(1,182)
Add/(less): adjustments as a result of a different treatment of extension and termination options	23,691
Lease liability recognised as at 1 July 2019	55,723
Of which are:	-
Current lease liabilities	7,761
Non-current lease liabilities	47,962
Lease liability recognised as at 1 July 2019	55,723

The associated right-of-use assets for property leases were measured on a modified retrospective basis as if the new rules had always been applied with the incremental borrowing rate at 1 July 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	$'000
Buildings	50,893

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

		$'000
Right-of-use asset	Increase by	50,893
Deferred tax assets	Increase by	12,510
Lease liability	Increase by	55,723
Deferred tax liabilities	Increase by	11,350
Trade and other payables	Decrease by	1,649
Retained earnings	Decrease by	2,022

Notes to the Consolidated Financial Statements

Note 35. Changes in accounting policies continued

(i) Impact on segment disclosures and earnings per share

Underlying EBITDA, segment assets and segment liabilities for 30 June 2020 all increased as a result of the change in accounting policy. The following segments were affected by the change in policy:

June 2020	Australia and New Zealand $'000	North America $'000	Asia $'000	Europe $'000	Total $'000
Underlying EBITDA	3,416	1,924	2,803	1,222	9,365
Total segment assets	16,641	7,666	18,092	4,429	46,828
Total segment liabilities	19,089	8,605	20,620	4,781	53,095

Earnings per share decreased by 1.0c for the year ended 30 June 2020 as a result of the adoption of AASB 16.

(ii) Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

— the use of a single incremental borrowing rate to a portfolio of leases with reasonably similar characteristics;

— the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;

— the use of incremental borrowing rate at 1 July 2019;

— the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and

— the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Notes to the Consolidated Financial Statements

Note 35. Changes in accounting policies continued

(b) The Group's leasing activities and how these are accounted for

The Group's leases relate primarily to property leases. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Prior to 1 July 2019, leases of property, plant and equipment were classified as operating leases. Payments (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life or the assumed lease term (including extension option where applicable) on a straight line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds over a similar term secured by a similar asset. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable; and
- variable lease payments that are based on an index or a rate.

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

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with an assumed lease term (including extension option where applicable) of 12 months or less. Low-value assets are those assets with an initial value less than $10,000.

Extension and termination options

Extension and termination options are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

AASB Interpretation 23 Uncertainty over Income Tax Treatments – Impact of adoption

Upon adoption of AASB Interpretation 23, the Group changed its accounting policy for current tax to reflect the adoption of the probability weighted approach, with the current year policy outlined at note 8 'Income Tax Expense/ Income'. The adoption of AASB Interpretation 23 does not have a material impact on the Group's consolidated financial statements.

Directors' Declaration

30 June 2020

In the Directors' opinion:

— the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

— the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 34 'Summary of significant accounting policies' to the financial statements;

— the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date;

— there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

— at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 32 'Deed of cross guarantee' to the financial statements.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Ewen Crouch

Mr Ewen Crouch AM
Chairman

Mr Jamie Pherous
Managing Director

19 August 2020
Brisbane

Independent Auditor's Report

To the members of Corporate Travel Management Limited

Independent auditor's report

To the members of Corporate Travel Management Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Corporate Travel Management Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2020
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* 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 are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

The Group provides travel management solutions to the corporate market and operates in four broad geographic regions, being Australia & New Zealand ("ANZ"), North America, Asia and Europe. The regional finance functions report to the Group finance function in Brisbane, Australia where the consolidation is performed.

Materiality

- For the purpose of our audit we used overall Group materiality of $3.1 million, which represents approximately 1% of the Group's revenue.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group revenue because it is reflective of the Group's operating activities during the year and provides a level of materiality which, in our view, is appropriate for the audit having regard to the expected users of the Group financial report.
- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- In establishing the overall approach to the Group audit, we determined the type of audit work that needed to be performed by us, as the Group engagement team, and by component auditors in Hong Kong and the UK operating under our instruction. We structured our audit as follows:
  - We performed audit procedures over the Australia & New Zealand and North America regions, in addition to auditing the consolidation of the Group's regional reporting units into the Group's financial report.
  - Component auditors in Hong Kong and the UK performed audit procedures over the Asia and Europe regions respectively.

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- For the work performed by component auditors in Hong Kong and the UK, we determined the level of involvement we needed to have in the audit work at these locations to be satisfied that sufficient audit evidence had been obtained as a basis for our opinion on the Group financial report as a whole. This included active dialogue throughout the year through discussions, issuing written instructions, receiving formal interoffice reporting, as well as attending meetings with local management.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	*How our audit addressed the key audit matter*
Basis of preparation of the financial report *(Refer to notes 2, 16, 18(c), 34)* As described in Note 34 to the financial report, the financial statements have been prepared by the Group on a going concern basis. COVID-19 has had a significant impact on the Group during the reporting period and there remains significant uncertainty around the impact that this event will have on the Group and the broader travel industry in the future. In Note 2 to the financial report, the Group has outlined their consideration of the liquidity risk to the Group arising from the impact of COVID-19, as well as mitigating factors in relation to this risk. In Notes 16 and 18(c) to the financial report, the Group has outlined the available debt facilities as at 30 June 2020, including the key terms amended as part of the agreed covenant waiver for the testing periods at 30 June 2020 and 31 December 2020. Assessing the appropriateness of the Group's basis of preparation for the financial report was a key audit matter due to its importance to the financial report and the level of judgement required by the Group in assessing the Group's ability to comply with debt covenants at 30 June 2021, in particular with respect to the Group's forecasting of future cash flows for a period of at least 12 months from the audit report date (the "cash flow forecasts").	Our procedures in relation to assessing the basis of preparation of the financial report included, amongst others: • Evaluating the appropriateness of the Group's assessment of their ability to continue as a going concern, ensuring the period covered is at least 12 months from the date of our auditor's report and relevant information of which we are aware as a result of the audit has been included • Reading the terms associated with the Group's borrowing arrangements and assessing the amount of the facility available for drawdown over the forecast period • Enquiring of management and the board of directors as to their knowledge of events or conditions that may cast significant doubt on the Group's ability to continue as a going concern • Assessing the Group's forecast covenant calculations and applying sensitivities consistent with the scenarios considered as part of the Group's impairment testing analysis • Requesting written representations from management and the board of directors regarding their plans for future action and the feasibility of these plans • Evaluating whether, in view of the requirements of Australian Accounting Standards, the financial report provides adequate disclosures about these events or conditions.

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Key audit matter	***How our audit addressed the key audit matter***
Impairment assessment of the Group's goodwill *(Refer to note 23)* At 30 June 2020, the Group recorded $524.5m of intangible assets, of which $478.2m related to goodwill. The goodwill is allocated to five cash generating units ("CGUs"), being Australia & New Zealand, North America, Europe, Asia and Corporate Travel Planners ("CTP") - the entity acquired by the Group on 1 January 2020 (refer to the "Accounting for the CTP business combination" Key Audit Matter). As required by Australian Accounting Standards, at 30 June 2020 the Group performed an impairment assessment over the goodwill balances by calculating the recoverable amount for each CGU, using discounted cash flow models prepared on a 'value in use' basis. The recoverable amount of each CGU was determined by the Group based on three probability-weighted forecast scenarios, which model recovery path projections through to FY23 with reference to FY19 actual performance. Different levels of recovery have been modelled under each scenario, ranging from a partial to full recovery relative to FY19. As a result of the significant impact of COVID-19 on the Group and the broader travel industry, and the uncertainty with regards to the future impact of COVID-19 on the Group's operations, there is considerable judgement involved in estimating the expected recovery of the business in the short-term and long-term and the key assumptions used in the Group's impairment valuation models, including discount rates and long-term growth rates. Given the degree of judgement involved in the Group's impairment models as a result of COVID-19, and the financial significance of the goodwill recognised on the Group's consolidated statement of financial position, we determined that this was a key audit matter. As disclosed in Note 23, an impairment charge of $20.2m was recognised in respect of the CTP CGU.	Our procedures in relation to the impairment assessment of goodwill included, amongst others: • Assessing the appropriateness of the Group's determination of its CGUs, including the identification of the new CGU for CTP in the current year following its acquisition • Developing an understanding of the process undertaken by the Group in the preparation of the discounted cash flow models used to assess the recoverable amount of the Group's CGUs (the "impairment models") • Assessing the basis upon which the Group developed the three forecast scenarios, and the probability weighting applied to each • Assessing the arithmetical accuracy of the impairment models • Assessing whether the allocation of assets, including goodwill, to CGUs, was consistent with our knowledge of the Group's operations and internal Group reporting • Assessing whether the CGUs included a reasonable allocation of corporate overheads • Evaluating the Group's forecast recovery path projections through to FY23, by comparison to external economic and industry forecasts • Assessing that the discount rates applied in the impairment models reflect the risks of the CGU, with the assistance of PwC valuation experts • Assessing the long-term growth rates, by comparing to economic forecasts, with the assistance of PwC valuation experts • Assessing the Group's consideration of the sensitivity to a change in key assumptions that either individually or collectively would be required for assets to be impaired and considered the likelihood of such a movement in those key assumptions arising • Evaluating the adequacy of the disclosures made in Note 23, including those regarding the key assumptions and sensitivities to changes in such assumptions, in light of the requirements of Australian Accounting Standards. Based on our procedures, for each of the Group's CGUs, with the exception of CTP, we found that headroom remained between the carrying value of the CGU's

Key audit matter	*How our audit addressed the key audit matter*
	assets and the Group's calculation of the recoverable amount, and as such, no impairment of goodwill was identified. For CTP, we assessed whether the impairment to goodwill identified in the Group's impairment models was consistent with the Group's financial records at balance date. We also compared the Group's net assets as at 30 June 2020 of $558.1m to its market capitalisation of $1,056.2m at 30 June 2020, and noted the $498.1m of implied headroom in the comparison.
Recognition and presentation of the Group's revenue *(Refer to note 4)* The Group's provision of travel services to clients drives a number of revenue streams. The recognition of revenue from these sources is dependent on the terms of the underlying contracts with customers and suppliers. Judgement is involved in the recognition of volume based incentive revenue, as revenue is accrued over the contract period based on the expected achievement of contractual performance criteria specific to each supplier. We considered the recognition and presentation of revenue to be a key audit matter due to the financial significance of the Group's revenue, the judgemental nature of volume based incentive revenue, and the disclosure considerations per the requirements of Australian Accounting Standards.	Our procedures in relation to the recognition and presentation of the Group's revenue included, amongst others: • Developing an understanding of the Group's revenue recognition processes • Agreeing a sample of recorded fees and commission transactions to supporting documents, including customer agreements, invoices, remittances and bank statements • Utilising data analytic techniques to identify revenue transactions for our testing of journal entries • Comparing on a sample basis, volume based incentive revenue amounts to supporting documents, including third party confirmations, remittances and bank statements • Comparing the underlying calculations of volume based incentive revenue, for a sample of suppliers, to information in the supplier agreements, and data supplied by third parties • Assessing the completeness and accuracy of the Group's revenue disclosures per the requirements of Australian Accounting Standards.

Key audit matter	*How our audit addressed the key audit matter*
Accounting for the CTP business combination *(Refer to note 10)* The Group completed the acquisition of Corporate Travel Planners Inc. ("CTP") on 1 January 2020. We determined that the accounting for the CTP business combination was a key audit matter due to the financial significance of the value of the transaction, net assets acquired and resultant goodwill arising on the acquisitions, as well as the level of judgement involved in the Purchase Price Allocation ("PPA") calculation. The key areas of judgement included: • The value of the contingent consideration liability recognised at acquisition date, and the subsequent remeasurement of the liability at 30 June 2020 • The fair value of the acquired assets and liabilities recognised at acquisition date, including client contracts and relationships intangible assets.	Our procedures in relation to the accounting for the CTP business combination included, amongst others: • Testing of the initial consideration paid for the acquisition by obtaining supporting documentation including bank statements, share issue documents and the purchase agreement • Obtaining the purchase agreement to determine the level of deferred consideration, and whether any consideration is contingent on future events • Assessing the amount of the contingent consideration liability recognised by the Group at acquisition date, and the subsequent remeasurement of this liability at 30 June 2020, with reference to forecast financial information • Comparing the consistency of discount rates applied in the Group's calculation of the present value of the contingent consideration liability to those used in the Group's impairment testing. • Testing a sample of acquired working capital balances to post acquisition date payments and receipts • Assessing the Group's valuation of client contracts and relationship intangible assets, with reference to forecast future financial performance • Assessing the mathematical accuracy of the Group's calculation of the resulting goodwill arising on the PPA calculation • Considering the completeness of the recognition of intangible assets by reference to the purchase contract and intangible assets recognised in previous acquisitions by the Group • Assessing the accuracy and completeness of business combination disclosures in the financial statements in light of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

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Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 39 to 55 of the directors' report for the year ended 30 June 2020.

In our opinion, the remuneration report of Corporate Travel Management Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Michael Crowe

Michael Crowe
Partner

Brisbane
19 August 2020

Shareholder Information

As at 3 August 2020

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Securities	% of Total Securities
1 to 1,000	11,744	4,210,753	4
1,001 to 5,000	4,057	8,877,291	8
5,001 to 10,000	491	3,493,453	3
10,001 to 100,000	309	6,860,008	6
100,001 and over	41	85,559,445	79
Total	**16,642**	**109,000,950**	**100**
Holding less than a marketable parcel	1,626	60,034	

Based on the Company's closing share price on 3 August 2020 ($8.18), there were 1,626 holders of less than a marketable parcel of ordinary shares and together they hold 60,034 shares.

Equity security holders

The names of the twenty largest registered shareholders are listed below:

	Ordinary shares	
	Number held	% of total shares issued
1. HSBC Custody Nominees (Australia) Limited	24,491,565	22.47
2. Pherous Holdings Group Pty Ltd	19,740,000	18.11
3. J P Morgan Nominees Australia Pty Limited	10,137,482	9.30
4. Citicorp Nominees Pty Limited	7,637,138	7.01
5. BNP Paribas Noms Pty Ltd (DRP)	3,320,921	3.05
6. National Nominees Limited	3,043,691	2.79
7. BNP Paribas Nominees Pty Ltd (Agency Lending DRP A/C)	2,929,741	2.69
8. CS Third Nominees Pty Limited (HSBC Cust Nom AU Ltd 13 A/C)	2,896,436	2.66
9. Matimo Pty Ltd (Matimo A/C)	1,279,350	1.17
10. Mr Steven Craig Smith	1,090,838	1.00
11. LJP2 Pty Ltd	1,000,000	0.92
12. Ms Helen Logas	978,554	0.90
13. Shamiz Pty Ltd (Sami Superfund A/C)	526,893	0.48
14. Buttonwood Nominees Pty Ltd	463,517	0.43
15. Christopher Alexander Thelen	446,864	0.41
16. Merrill Lynch (Australia) Nominees Pty Ltd	439,016	0.40
17. Citicorp Nominees Pty Limited (Colonial First State Inv A/C)	399,548	0.37
18. Warbont Nominees Pty Ltd (Accumulation Entrepot A/C)	328,325	0.30
19. Ms Karen Ann Shaw	278,514	0.26
20. Amalfi Trading Pty Ltd (Michael Pherous Family A/C)	273,251	0.25
Top 20 Holders	**81,701,644**	**74.97**
Remaining Holders balance	**27,299,306**	**25.03**
Grand Total	**109,000,950**	**100**

Shareholder Information

As at 3 August 2020

Continued

Unquoted equity securities

	Number on issue	Number of holders
Share Appreciation Rights	3,489,000	50

Substantial holders

As at 3 August 2020, the Company has been notified of the following substantial holders (including associate holdings):

	Ordinary shares	
	Number held	% of total shares issued
Pherous Holdings Group	21,266,893	19.51
First Sentier Investors Holdings Pty Limited	13,258,393	12.16
Bennelong Australian Equity Partners	11,705,222	10.74
Mitsubishi UFJ Financial Group Inc.	8,338,963	7.65
Invesco Australia Limited	8,219,401	7.54
ECP Asset Management Pty Ltd	5,611,329	5.15

Voting rights

The voting rights attaching to each class of equity securities are set out below:

Ordinary shares voting rights

On a show of hands, every member present at a meeting in person or by proxy shall have one vote. Upon a poll, each share shall have one vote. There are currently no options held.

Share Appreciation Rights

Share appreciation rights have no voting rights.

Securities subject to voluntary escrow

Class	Expiry date	Number of shares
Ordinary shares	22 February 2021	122,240

Securities purchased on-market

During FY20, a total of 3,758 ordinary shares were acquired on-market for the purposes of the Company's employee equity plans and the average price per share purchased was $17.90.

Corporate Directory

Directors	Ewen Crouch AM Jamie Pherous Jon Brett Laura Ruffles Sophie Mitchell
Secretary	Anne Tucker
Annual General Meeting	The Annual General Meeting of Corporate Travel Management Limited is scheduled to be held on 27 October 2020 at 11:00am (AEST)
Registered office in Australia	Level 24, 307 Queen Street Brisbane QLD 4000 Telephone: +61 7 3211 2400
Share registrar	Computershare Investor Services Pty Limited Level 1, 200 Mary Street Brisbane, QLD 4000 Telephone: 1300 787 272 Outside Australia: +61 3 9415 4000
Auditor	PricewaterhouseCoopers Australia 480 Queen Street Brisbane QLD 4000
Stock exchange listing	Corporate Travel Management shares are quoted on the Australian Securities Exchange (ASX).
Website address	www.travelctm.com
ABN	ABN 17 131 207 611

Registered Office:

Corporate Travel Management Limited
Level 24, 307 Queen Street, Brisbane QLD 4000
www.travelctm.com