

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

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KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

COMPANY INFORMATION

Directors Maxwell Grosse
Zaeem Gama (Appointed on 8 May 2018)

Company Number 05776641

Registered office Lynton House
7-12 Tavistock Square
London
WC1H 9LT

Auditors Menzies LLP
Lynton House
7-12 Tavistock Square
London
WC1H 9LT

Business address 20 – 22 Charles Street
Sheffield
S1 1GW

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

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KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Principal Activity

The principal activity of Kanoo Travel and Foreign Exchange Services Limited was that of a holding Company.

The principal activity of the main operating subsidiary, Kanoo Travel Limited, is the buying and selling of foreign exchange currency and provision of travel related services. Kanoo Foreign Exchange Services Limited did not undertake any activities during the year and Bureau de Change Manuel Kanoo SA ceased trading in 2018.

Business Review

Kanoo Travel Limited – Overview

The business now serves customers from 17 offices across the UK and offers both travel and foreign exchange services at 8 of those locations, with the remaining 9 operating as foreign exchange bureaux.

The travel and foreign exchange markets remains highly competitive. The shift towards online retailing of both travel and foreign exchange continues, as does the mix of corporate versus leisure business. In response to this changing environment, the business continues to reshape its portfolio of properties and online service offerings.

During the year there was a continued focus on the footprint and location of all our branches to ensure that we were in the most effective locations possible in relation to generating profits. We were satisfied with the location of most branches considering any other opportunities available to us but believed we had the chance to improve the profitability by relocating 3 branches, Guildford, Nottingham and Oxford Street. Guildford and Nottingham were completed in 2018 and Oxford Street will complete in Q1 2019.

Although we will always assess opportunities as they are presented to us, we consider ourselves to be in a period of consolidation moving forward whereby the branches each have the tools necessary to generate a profit.

The previous restructuring and continued review of our ongoing business and overhead expenses is reflected in the reduction and control of the day to day expenses, with total expenses reducing by £387k on the prior year. The loss of some key clients and the continued tightening of margins led to reduced revenues and the Company making a loss in 2018. The Company continues to maintain a strong net asset position of £3,416k at the year end.

Company Key Performance Indicators

The key performance indicators are summarised below.

	2018 UK £ 000s	2017 UK £ 000s
Profit/(Loss) for the year	(53)	41
Revenue	5,694	6,269
Expenses	(5,841)	(6,228)
Net assets	3,416	3,469

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Kanoo Travel Limited – Outlook for 2019

Competition will remain strong in 2019 but through reduced expenses the target is for 2019 to be a profitable year.

The holding company in the UK and the parent company in Bahrain remain committed to provide the necessary financial and other support to the Company.

Kanoo Foreign Exchange Services Limited – Overview

This entity has not traded following the merger of the UK Foreign Exchange and Travel entities on the 1 April 2011. As such the entity has made no profit or loss in the current or preceding period.

Bureau de Change Manuel Kanoo SA – Overview

The Board of Directors report that the Company has recorded a loss of £726k for the year ending 31 December 2018.

Bureau de Change Manuel Kanoo SA – Company Key Performance Indicators

The key performance indicators for 2018 are summarised below.

	2018 € 000s	2017 € 000s
(Loss)/profit for the year	(824)	(380)
Revenue	352	1,529
Expenses	1,176	1,909

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Principal risks facing the business

The Group is exposed to credit, foreign exchange, interest rate, liquidity and operational risks. The risks faced by the Group and the way they are mitigated are summarised below.

Credit risk

In relation to the travel business, credit is only extended to two long standing corporate client and therefore risk from customers defaulting is minimal in frequency and value. In the foreign exchange business corporate clients are well established businesses to whom credit facilities are extended after rigid credit verification checks. These customers have signed direct debit mandates and there are well defined IT controls in place to facilitate recovery of funds in a timely manner. Other Travel and foreign exchange customers pay with either debit cards, credit cards, bank transfer, cash or cheque. Cheque settlements and bank transfers in are subject to thorough review to ensure funds clear before cash funds or travel documents are released.

Foreign exchange risk

Due to the nature of its business, the Group is exposed to fluctuations in foreign currency rates, as any significant changes in these rates can have material impact on the Group's financial performance. These risks are addressed by the Group by careful and continuous monitoring of its cash holdings vis-à-vis exchange rates. Significant exchange risks are also discussed at the Board meetings where strategies are discussed to mitigate these risks. New software was commissioned to further mitigate these risks by allowing real time central monitoring of non-GBP cash balances across the network.

Interest rate risk

Since the Group does not hold any financial instruments, it is not exposed to any interest rate fluctuation risks.

Liquidity risk

The management monitors the liquidity risk regularly to ensure that funding is available through its own cash resources and credit facilities to settle its current and long-term liabilities as and when they arise.

Operational risks

The Group operates its business from offices that are leased properties for which the real estate portfolio is being managed and monitored by professional property surveyors. Most lease agreements are long-term and there is no risk of having to vacate properties except for natural disasters, acts of terrorism or fire.

In identifying an opportunity to improve current performance management, the Senior Management Team (SMT) has developed a comprehensive training and induction program which will improve the overall productivity. All staff undergo an annual appraisal and merit review to establish goals and identify areas for development which are strongly linked to both remuneration and career progression.

All system enhancements, security and protection initiatives in addition to robust continuation plans, are continually monitored for risk assessment purposes. The Group is committed to compliance with all standards set in relation to data storage and handling.

The SMT is responsible for ensuring that the Group has all the appropriate trading licenses required to operate our Travel and FES business in the UK which will meet all statutory trading requirements.

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Risk Management

Risk governance

The Group's risk governance is manifested in a set of established policies, procedures and controls which have been designed based on the existing organisational structure, available IT and other resources to meet strategic targets. All budgets, strategic plans and related risks are discussed at the Board meetings and approved.

Board of Directors

To achieve defined corporate goals, the risk governance is reviewed by the Board of Directors, providing direction and approval of strategies and policies.

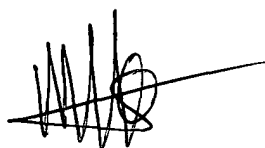
Senior Management

The senior management is responsible for the day to day operations to achieve the strategic corporate goals.

Internal Controls

The internal controls department performs risk-based audits in all offices at regular intervals. The scope of their review includes verifying that the Group adheres to all external and internal compliance requirements. In addition, in the foreign exchange business they verify that physical stocks of cash and bought paper reconcile with system balances at least once and usually twice a year. Many controls are monitored centrally using the Travel and FES systems.

This report was approved by the board of directors and signed on behalf of the board by:



Maxwell Grosse
Director

Registered office
Lynton House
7-12 Tavistock Square
London
WC1H 9LT

Date 21st June 2019

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors have the pleasure in submitting the Annual Report, the audited financial statements of Kanoo Travel & Foreign Exchange Services Limited (the Company), and its subsidiaries (together the "Group") for the year ended 31 December 2018.

Results & Dividends

The losses for the Company for the year ending 31 December 2018 were £18,500 (2017 - £15,550). The losses for the Group were £799,086 (2017 - £308,885).

The directors have not recommended a dividend in the current or previous period.

Going concern

The directors have obtained confirmation that the Ultimate Parent Company, Yusuf Bin Ahmed Kanoo (Holdings) W.L.L. will provide financial and other support to Kanoo Travel & Foreign Exchange Services Limited and its subsidiaries in order for the Group to continue its operations for the foreseeable future. On this basis the directors continue to adopt the going concern basis of accounting in preparing the financial statements

Corporate Governance and Compliance

The Group is governed through its Board of Directors which met twice during the year ended 31 December 2018. The Board also acts as a collegial decision making body to discuss the Group's overall strategies.

Supplier Payment Policy

The Group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction and to ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Group at 31 December 2018 were equivalent to 30 days (2017 – 30 days) purchases based on the average daily amount invoiced by suppliers during the period.

Directors

The directors, who served throughout the period except as noted, were as follows:

Maxwell Grosse
Zaeem Gama (Appointed on 8 May 2018)

Strategic Report

The Company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2014 to set out within the Company's Strategic Report the Company's Strategic Report Information Required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Menzies LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

This report was approved by the board of directors and signed on behalf of the board by:



Maxwell Grosse

Director

Date 21st June 2019

Registered office

Lynton House
7-12 Tavistock Square
London WC1H 9LT

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2018

Directors' responsibilities

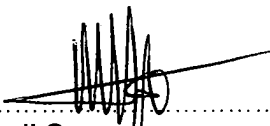
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

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

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

On behalf of the Board.



Maxwell Grosse
Director

Date: 21st June 2019

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

Opinion

We have audited the financial statements of Kanoo Travel & Foreign Exchange Services Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018, and of the group's and the parent company's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

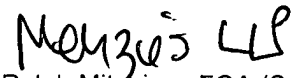
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Date 24/6/2019

Lynton House
7-12 Tavistock Square
London
WC1H 9LT


Ralph Mitchison FCA (Senior
Statutory Auditor)
For and on behalf of
Menzies LLP
Chartered Accountants
& Statutory Auditor

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Revenue	5	6,003,334	7,605,420
Other operating income	6	95,000	-
Administration expenses		(6,511,793)	(7,254,052)
Finance costs	10	(84,535)	(90,678)
Exchange losses		(301,092)	(569,575)
Loss before tax		(799,086)	(308,885)
Tax	11	-	-
Loss for the year	7	(799,086)	(308,885)
Other comprehensive income for the year			
Exchange differences on translation of foreign operations		(5,264)	54,530
Other comprehensive income for the year		(5,264)	54,530
Total comprehensive income for the year		(804,350)	(254,355)

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Parent Company statement of comprehensive income.

All activities of the Group are classed as continuing.

The notes on pages 15 to 37 form part of these consolidated financial statements.

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

		Group		Company	
	Notes	2018 £	2017 £	2018 £	2017 £
ASSETS					
Non- current assets					
Goodwill and other intangibles	12	762,114	762,114	-	-
Property plant and equipment	13	380,686	308,067	-	-
Investments	14	-	-	3,724,490	3,724,490
Other receivables	15	75,350	68,838	-	-
Total non-current assets		1,218,150	1,139,019	3,724,490	3,724,490
Current assets					
Trade and other receivables	15	1,298,064	1,474,743	185,968	203,978
Cash at bank and in hand	26	2,469,095	3,631,235	-	-
Total current assets		3,767,159	5,105,978	185,968	203,978
Total Assets		4,985,309	6,244,997	3,910,458	3,928,468
EQUITY					
Capital and reserves					
Share capital	18	9,500,000	9,500,000	9,500,000	9,500,000
Translation reserve		30,047	35,311	-	-
Retained earnings		(6,689,162)	(5,890,076)	(5,852,107)	(5,833,607)
Total equity		2,840,885	3,645,235	3,647,893	3,666,393
LIABILITIES					
Current liabilities					
Trade and other payables	16	1,894,424	2,349,762	12,565	12,075
Tax payable		-	-	-	-
Total current liabilities		1,894,424	2,349,762	12,565	12,075
Non-current liabilities	17	250,000	250,000	250,000	250,000
Total liabilities		2,144,424	2,599,762	262,565	262,075
Total equity and liabilities		4,985,309	6,244,997	3,910,458	3,928,468

The Company's loss for the financial year determined in accordance with the Companies Act is £18,500.

The financial statements were approved by the Board of Directors and authorised for issue on 21st June 2019
They were signed on its behalf by:


Maxwell Grosse
Director

Company Registration Number: 05776641

The notes on page 15 to 37 form part of the financial statements.

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

Group	Translation reserve	Share capital	Retained earnings	Total attributable to equity holders of parent
	£	£	£	£
Balance as at 1 January 2017	(19,219)	9,500,000	(5,581,191)	3,899,590
Loss for the year	-	-	(308,885)	(308,885)
Other comprehensive income for the year	54,530	-	-	54,530
Total comprehensive income for the year	35,311	-	(308,885)	(254,355)
Balance as at 1 January 2018	35,311	9,500,000	(5,890,076)	3,645,235
Loss for the year	-	-	(799,086)	(799,086)
Other comprehensive income for the year	(5,264)	-	-	(5,264)
Total comprehensive income for the year	(5,264)	-	(799,086)	(804,350)
Balance as at 31 December 2018	30,047	9,500,000	(6,689,162)	2,840,885

Company	Share capital £	Retained earnings £	Total £
Balance as at 1 January 2017	9,500,000	(5,818,057)	3,681,943
Total comprehensive income	-	(15,550)	(15,550)
Balance as at 1 January 2018	9,500,000	(5,833,607)	3,666,393
Total comprehensive income	-	(18,500)	(18,500)
Balance as at 31 December 2018	9,500,000	(5,852,107)	3,647,893

Total recognised income and expense for the year was entirely attributable to equity shareholders of the Company.

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

Group	Notes	2018 £	2017 £
Cash flows from operating activities			
Loss for the year		(799,086)	(308,885)
Finance costs recognised in profit or loss		84,535	90,678
Depreciation of non-current assets		148,108	160,428
Loss on disposal of fixed assets		20,038	26,286
Amortisation of intangible assets		-	-
Impairment of investment		-	-
		<u>(546,405)</u>	<u>(31,493)</u>
Movements in working capital			
(Increase)/decrease in trade and other receivables		176,695	384,075
(Decrease)/increase in trade and other payables		<u>(490,035)</u>	<u>(273,603)</u>
Cash (used in)/generated by operating activities		<u>(859,745)</u>	<u>78,979</u>
Interest paid		<u>(84,535)</u>	<u>(90,678)</u>
Net cash used in operating activities		<u>(944,280)</u>	<u>(11,699)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		<u>(243,345)</u>	<u>(43,002)</u>
Net cash used in investing activities		<u>(243,345)</u>	<u>(43,002)</u>
Cash flow from financing activities			
Increase in long term debts		<u>-</u>	<u>-</u>
Net cash generated by financing activities		<u>-</u>	<u>-</u>
Effect of exchange rates on cash and cash equivalents		<u>25,485</u>	<u>80,427</u>
Net (decrease)/increase in cash and cash equivalents		<u>(1,162,140)</u>	<u>25,726</u>
Cash and cash equivalents at the beginning of the year		<u>3,631,235</u>	<u>3,605,509</u>
Cash and cash equivalents at the end of the year	26	<u>2,469,095</u>	<u>3,631,235</u>

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

COMPANY STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Loss for the year		(18,500)	(15,550)
Impairment of investments		-	-
		<u>(18,500)</u>	<u>(15,550)</u>
Movements in working capital			
Increase/ (decrease) in trade and other receivables		18,010	16,300
Increase/ (decrease) in trade and other payables		490	(750)
		<u>18,500</u>	<u>(750)</u>
Cash (used in)/generated by operating activities		-	-
Interest paid		-	-
		<u>-</u>	<u>-</u>
Net cash (used in)/generated by operating activities		<u>-</u>	<u>-</u>
Cash flows from investing activities			
Payments for investment		-	-
		<u>-</u>	<u>-</u>
Net cash generated by operating activities		<u>-</u>	<u>-</u>
Cash flow from financing activities			
Increase / (decrease) in long term debt		-	-
		<u>-</u>	<u>-</u>
Net cash (used in)/generated by financing activities		<u>-</u>	<u>-</u>
Net (decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the financial year		-	-
		<u>-</u>	<u>-</u>
Cash and cash equivalents at the end of the financial year	26	<u>-</u>	<u>-</u>

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1 General information

Kanoo Travel & Foreign Exchange Services Limited is a private company limited by shares, incorporated in England and Wales under the Companies Act 2006. The addresses of its registered office and principal place of business are disclosed in the introduction to the financial statements.

Kanoo Travel & Foreign Exchange Services Limited (the Company) and its subsidiaries (together "the Group") provide leisure travel services and commercial and wholesale foreign exchange services to business and individuals. See Note 14 for details of the subsidiaries.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. Foreign operations are included in accordance with the policies set out in Note 3.

2 Adoption of new and revised standards

Standards in issue but not yet effective

At the date of approval of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 3 Business Combinations: 1 January 2019
IFRS 3 Conceptual Framework: 1 January 2020
IFRS 6 Conceptual Framework: 1 January 2020
IFRS 7 Financial instruments: Disclosure: IFRS 9 effective date (1 January 2018)
IFRS 9 Financial Instruments (Amendments regarding prepayment features with negative compensation and modifications of financial liabilities): 1 January 2019
IFRS 11 Joint Arrangements: 1 January 2019
IFRS 14 Conceptual Framework: 1 January 2020
IFRS 16 Leases: 1 January 2019
IFRS 17 Insurance Contracts: 1 January 2021
IAS 1 Conceptual Framework: 1 January 2020
IAS 8 Conceptual Framework: 1 January 2020
IAS 12 Income Taxes: 1 January 2019
IAS 19 Employee Benefits: 1 January 2019
IAS 23 Borrowing Costs: 1 January 2019
IAS 28 Investments in Associates and Joint Ventures (Amendments regarding long-term interests in associates and joint ventures): 1 January 2019
IAS 34 Conceptual Framework: 1 January 2020
IAS 37 Conceptual Framework: 1 January 2020
IAS 38 Conceptual Framework: 1 January 2020
IAS 39 Financial instruments: IFRS 9 effective date
IFRIC 12 Conceptual Framework: 1 January 2020
IFRIC 19 Conceptual Framework: 1 January 2020
IFRIC 20 Conceptual Framework: 1 January 2020
IFRIC 22 Conceptual Framework: 1 January 2020
SIC-32 Conceptual Framework: 1 January 2020

The Directors have considered the above new standards, interpretations and amendments to published standards that are not yet effective and concluded that they are either not relevant to the Company or that they would not have a material impact on the Company's financial statements.

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2 Adoption of new and revised standards (continued)

IFRS 9 Financial Instruments

The company has adopted IFRS 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest.

For receivables, impairment is measured using expected credit losses using a lifetime expected loss allowance is available. The Company has considered the impact of providing for expected credit losses and does not consider any amount will arise.

IFRS 15 Revenue from Contracts with Customers

The company had adopted IFRS 15 from 1 January 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on allocation of the transaction price. This is described further in the accounting policies below. Credit Risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

There are no transition adjustments required under IFRS 9 or IFRS 15.

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2 Adoption of new and revised standards (continued)

IFRS 16 Leases

IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The company currently expects to adopt IFRS 16 for the year ending 31 December 2019. No decision has been made about whether to use any of the transitional options in IFRS 16.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

Furthermore, the classification of cash flows will also be affected because operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2018, the Company has non-cancellable operating lease commitments of £4,401,869. IAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in note 20. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Company will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Company's financial statements and the directors are currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the directors complete the review.

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3 Significant accounting policies

3.1 Basis of preparation

The financial statements are prepared under the historical cost convention on the accrual basis and have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union. The financial statements also comply with specific provisions of the Companies Act 2006 applicable to companies reporting under IFRS.

3.2 Going concern

The directors have obtained confirmation that the Ultimate Parent Company, Yusuf Bin Ahmed Kanoo (Holdings) W.L.L. will provide financial and other support to Kanoo Travel & Foreign Exchange Services Limited and its subsidiaries in order for the Group to continue its operations for the foreseeable future. On this basis the directors continue to adopt the going concern basis of accounting in preparing the financial statements

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December 2018. Control is achieved where the Company has the power to govern the financial and operating policies of an invested entity so as to obtain benefits from its activities.

The results of the subsidiaries acquired or disposed of during the period are included in the consolidated income statements from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

3.4 Revenue recognition and associated costs

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

When deciding the most appropriate basis for presenting revenue and cost of sales, both the legal form and the substance of the agreement between the Group and its business partners and customers, are reviewed to determine each party's respective role in the transaction. Factors taken into consideration include whether the Group as the primary obligor with the customer and whether the Group has latitude in determining pricing.

Commission

Based on the above factors, the directors have concluded, that in respect of travel bookings, the Group acts as a disclosed agent and does not take ownership of the products being sold and as such the Group recognised revenue on a net basis as commission earned.

Additional commission revenue includes margins (sale price of tickets less direct cost of goods sold) earned on: passenger ticket sales in respect of flights, hotels, car hire, insurance and leisure travel bookings.

This revenue is recognised at the point at which the customer settles the final balance on any given travel segment.

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3 Significant accounting policies (continued)

Traded currencies

Revenue also includes the commission value of currencies traded as a result of the Group's operation of bureaux de change, its wholesale trading operation and its commercial foreign currency exchange business. It includes sales of travellers' cheques and transactions involving money transfers, banker's drafts, credit cards and encashment of American Express cheques. Agency commissions and fees received on other items are also included.

3.5 Leases

Rental payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefit from the leased asset are consumed.

3.6 Functional and presentation currency

The individual financial statements of each Group Company are presented in the currency of the primary economic environment in which it operates (its functional currency). The functional currency of Kanoo Travel and Foreign Exchange Services Limited, Kanoo Travel Limited and Kanoo Foreign Exchange Services Limited is Pounds Sterling. The functional currency of Bureau de Change Kanoo SA is Euros, as it operates in France. For the purpose of the consolidated financial statements, the results and financial position of each Group Company are expressed in Pounds Sterling.

3.7 Translation of foreign subsidiaries

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

3.8 Translation of foreign currency transactions

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3 Significant accounting policies (continued)

3.9 Operating profit

Operating profit is stated after charging exceptional costs but before finance costs.

3.10 Tax

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period taking into account relief for overseas taxation where appropriate. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

3.11 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write the cost of an asset, less its estimated residual values over their useful lives, using the straight line method on the following basis:

Leasehold Improvements	the shorter of 10 years or over the term of the lease
Plant, equipment and fittings	3-5 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.12 Intangible assets – Goodwill

Goodwill arising on an acquisition represents any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired.

Goodwill is recognised as an asset. At each balance sheet date, the management reviews the carrying amounts of its assets and goodwill to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3 Significant accounting policies (continued)

3.13 Financial Instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group has become party to the contractual provisions of the instrument.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. A provision for impairment is made where there is objective evidence of impairment (including customers in financial difficulty or seriously in default against agreed payment terms). There is no material variance between carrying and fair values.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Cash and cash equivalents

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

Trade payables

Trade payables are initially recognised at cost and subsequently measured at amortised cost using the effective interest method. There is no material variance between book and fair values.

Borrowings

Bank loans and overdrafts are recorded initially at their fair value, net of direct transaction costs, and finance charges are recognised in profit or loss over the term of the instrument. There is no material variance between book and fair values.

Equity instruments

Equity instruments are recorded at the proceeds received, net of direct issue costs.

3.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

4 Critical judgements in applying the Entity's accounting policies

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Revenue recognition

In the recognition of revenue in accordance with the accounting policy the management consider the detailed criteria for the revenue recognition from the sale of goods set out in IFRS 15 and, in particular, whether the Group had transferred to the buyer the significant risks and rewards of ownership of the goods.

Key sources of estimation uncertainty

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

Impairment of trade receivables

The management include impairment provisions for any potential unrecoverable trade receivables which is estimated based on the age of the trade receivables, as further outlined in note 15 and provide fully against any known unrecoverable amounts. Bad debts are written off as incurred.

Carrying value of intangible assets

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

5 Revenue

An analysis of the Group's revenue for the year is as follows:

	2018 £	2017 £
Continuing operation		
Rendering of services	6,003,334	7,605,420
	<hr/>	<hr/>
Total transaction value	28,764,774	30,880,711
	<hr/>	<hr/>

In the year 95% of revenue was generated from sales within the United Kingdom (2017: 82%), the remaining 5% of revenue was generated from sales in France (2017: 18%).

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

6 Other operating income

Other operating income arises from a reverse premium on a lease for properties the Group vacated in the year. Since this is not considered to be part of the main revenue generating activities, the Group presents this income separately from revenue.

7 Operating loss

The operating loss stated after charging the following items:	2018 £	2017 £
Continuing Operations		
Amortisation	-	-
Depreciation	148,108	160,428
Loss on disposal of fixed assets	20,038	26,286
Exchange losses	301,092	569,575
Lease payments under operating leases recognised as an expense	1,216,967	1,519,567
Staff costs (note 9)	3,328,724	3,504,600
	<u> </u>	<u> </u>

8 Auditor's remuneration

	2018 £	2017 £
Fees payable to the Company's auditor for the audit of the Company's financial statements	5,850	5,700
	<u> </u>	<u> </u>

9 Employees

Group

Number of employees

The average monthly number of employees (including directors) during the year was:

	2018 Number	2017 Number
Directors	2	3
Operational Staff	125	133
Administration Staff	22	21
	<u> </u>	<u> </u>
	149	157
	<u> </u>	<u> </u>
	2018 £	2017 £
Employment costs		
Wages and salaries	2,878,041	2,972,169
Social security costs	283,191	368,103
Other pension costs	167,492	164,328
	<u> </u>	<u> </u>
	3,328,724	3,504,600
	<u> </u>	<u> </u>

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

9 Employees (continued)

Company

The parent Company has no employees other than the directors, who did not receive any remuneration (2017 - £Nil) in the parent Company.

10 Finance costs

	2018 £	2017 £
Finance and bank charges	84,535	90,678
	<u>84,535</u>	<u>90,678</u>

11 Taxation

Tax recognised in the income statement

	2018 £	2017 £
Current tax credit	-	-
	<u>-</u>	<u>-</u>
Tax recognised in the income statement	-	-

The total charge for the year can be reconciled to the accounting loss as follows:

	2018 £	2017 £
Loss from continuing operations	(799,086)	(308,885)
Losses from ordinary activities before taxation multiplies by standard rate of UK Corporation tax of 19.00% (2017: 19.25%)	(151,826)	(59,460)
Loss on disposal	3,807	5,060
Capital allowances in excess of depreciation	(48,146)	30,900
Difference in rates of tax suffered on overseas earnings	104,031	44,268
Tax losses utilised	-	(43,494)
Unrelieved tax losses arising in the period	55,708	3,475
Other tax adjustments	36,426	19,251
	<u>-</u>	<u>-</u>
Current tax credit	-	-

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

11 Taxation (continued)

UK corporation tax is calculated at the effective tax rate of 19% (2017: 19.25%) on assessable profits for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group has estimated unrecognised losses of £2,589,612 (2017: £2,414,998) available for carry forward against future trading profits

12 Goodwill & other intangible assets

Group	2018 £ Goodwill	2018 £ Other	2017 £ Goodwill	2017 £ Other
Cost				
Balance at 1 January	1,213,907	6,234	1,213,907	6,234
Additions	-	-	-	-
Foreign exchange differences	-	-	-	-
Balance at 31 December	1,213,907	6,234	1,213,907	6,234
Accumulated impairment losses				
Balance at 1 January	451,793	6,234	451,793	6,234
Amortisation charge for the year	-	-	-	-
Foreign exchange differences	-	-	-	-
Impairment losses	-	-	-	-
Balance at 31 December	451,793	6,234	451,793	6,234
Carrying amount				
As at 31 December	762,114	-	762,114	-

Company

The Company does not have any goodwill or other intangibles.

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

13 Property, plant and equipment

Group	Leasehold Improvements £	Plant and equipment £	Total £
Cost or valuation			
Balance at 1 January 2018	1,061,201	872,621	1,933,822
Foreign exchange differences	-	-	-
Additions	132,505	110,841	243,346
Disposals	(126,042)	(340,214)	(466,256)
Balance at 31 December 2018	1,067,664	643,248	1,710,912
Accumulated depreciation and impairment			
Balance at 1 January 2018	820,444	805,354	1,625,755
Foreign exchange differences	-	-	-
Accumulated depreciation on disposals	(86,741)	(356,897)	(443,638)
Depreciation expense	101,582	46,483	148,109
Balance at 31 December 2018	835,285	494,940	1,330,226
Carrying amount			
As at 31 December 2018	232,379	148,308	380,686
Carrying amount			
As at 31 December 2017	240,757	67,267	308,067

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

13 Property, plant and equipment (continued)

	Leasehold Improvements £	Plant and equipment £	Total £
Cost or valuation			
Balance at 1 January 2017	1,061,201	1,132,531	2,193,732
Foreign exchange differences	-	10,986	10,986
Additions	-	43,002	43,002
Disposals	-	(313,898)	(313,898)
Balance at 31 December 2017	1,061,201	872,621	1,933,822
Accumulated depreciation and impairment			
Balance at 1 January 2017	760,771	981,654	1,742,425
Foreign exchange differences	-	10,557	10,557
Accumulated depreciation on disposals	-	(287,612)	(287,612)
Depreciation expense	59,673	100,755	160,428
Balance at 31 December 2017	820,444	805,354	1,625,755
Carrying amount			
As at 31 December 2017	240,757	67,267	308,067
Carrying amount			
As at 31 December 2016	300,430	150,877	451,307

The Company does not hold any property, plant and equipment.

14 Fixed asset investments

Group

The Group does not hold any investments other than the shares within the Group for subsidiary undertakings.

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

14 Fixed asset investments (continued)

Company

	Loans in Group undertakings £	Shares in Group undertakings £
2018		
Cost		
Balance at 1 January 2018	-	7,946,462
Additions	-	-
Balance at 31 December 2018	-	7,946,462
Impairment		
Balance at 1 January 2018	-	4,221,972
Write down of investment	-	-
Balance at 31 December 2018	-	4,221,972
Carrying amount		
As at 31 December 2018	-	3,724,490
Carrying amount		
As at 31 December 2017	-	3,724,490
2017		
Cost		
Balance at 1 January 2017	-	7,946,462
Additions	-	-
Balance at 31 December 2017	-	7,946,462
Impairment		
Balance at 1 January 2017	-	4,221,972
Write down of investment	-	-
Balance at 31 December 2017	-	4,221,972
Carrying amount		
As at 31 December 2017	-	3,724,490
Carrying amount		
As at 31 December 2016	-	3,724,490

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

14 Fixed asset investments (continued)

Holdings of more than 20%

The Company holds more than 20% of the share capital of the following companies:

Company	Country of registration or Incorporation	Shares held	
		Class	%
Kanoo Travel Limited	England and Wales	Ordinary	100
		Preference	100
Kanoo Foreign Exchange Services Limited	England and Wales	Ordinary	100
Bureau de Change Manuel Kanoo SA	France	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

Principal Activity

Kanoo Travel Limited	The provision of leisure travel services and the provision of commercial and wholesale foreign exchange services to businesses and individuals
Kanoo Foreign Exchange Services Limited	Dormant Subsidiary
Bureau de Change Manuel Kanoo SA	The provision of commercial and wholesale foreign exchange services to businesses and individuals

The registered office of Kanoo Travel Limited and Kanoo Foreign Exchange Services Limited is that of Kanoo Travel and Foreign Exchange Services Limited, as disclosed on the company information page. The registered office of Bureau de Change Manuel Kanoo SA is 24 Rue De Clichy, 75009, Paris.

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

15 Trade and other receivables

	2018	2017
Group	£	£
Trade receivables	551,552	607,529
Prepayments and accrued income	642,561	724,318
Other receivables	103,951	142,896
	<u>1,298,064</u>	<u>1,474,743</u>
Due in more than one year		
Deposits	75,350	68,838
	<u>75,350</u>	<u>68,838</u>
Company	2018	2017
	£	£
Amounts due from Group companies	185,968	203,978
	<u>185,968</u>	<u>203,978</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Allowances against doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Trade receivables disclosed above include amounts which are past due at the reporting date but against which the Group has not recognised an allowance for doubtful receivables because the amounts are still considered recoverable, based on the company's history of credit losses. The Group does not hold any collateral or other credit enhancements over any of its trade receivables nor does it have a legal right to offset against any amounts owed by the Group to the counterparty.

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Allowance for expected credit losses

The Company has recognised a loss of £Nil in profit or loss in respect of expected credit losses for the year ended 31 December 2018.

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

16 Trade and other payables

Group	2018 £	2017 £
Trade payables	831,433	1,216,301
Amounts owed to Parent Company	554,453	226,090
Other payables	9,023	158,088
Accruals and deferred income	494,717	654,490
Tax and Social Security	4,798	94,793
	<u>1,894,424</u>	<u>2,349,762</u>
Company	2018 £	2017 £
Accruals	12,565	12,075
	<u>12,565</u>	<u>12,075</u>

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and on-going costs. For most suppliers no interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

17 Non-current liabilities

Group	2018 £	2017 £
Borrowings	250,000	250,000
Company	2018 £	2017 £
Borrowings	250,000	250,000

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

Retained earnings – this reserve records retained earnings and accumulated losses.

Translation reserve – this reserve records exchange differences relating to the translation of the net assets of the Group's foreign operations, which relate to its French subsidiary only, from the functional currency into the Group's presentational currency.

18 Share capital

Group and Company	Share capital 2018 £	Share capital 2017 £
Allotted, called up and fully paid		
9,500,000 ordinary shares of £1 each	9,500,000	9,500,000

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

19 Reserves

Retained earnings – this reserve records retained earnings and accumulated losses.

Translation reserve – this reserve records exchange differences relating to the translation of the net assets of the Group's foreign operations, which relate to its French subsidiary only, from the functional currency into the Group's presentational currency.

20 Operating lease arrangements

Group

As a lessee:

Total of future minimum operating lease payments under non-cancellable operating lease commitments:

	2018 £	2017 £
Land and Buildings		
Due within one year	921,637	1,100,661
Longer than one year but no more than five years	1,875,465	2,956,120
More than 5 years	-	365,791
	<u>2,797,103</u>	<u>4,422,572</u>

Land and buildings operating leases relate to retail property with lease terms between 3 to 10 years. The Group does not have any options to purchase the leased assets at the expiry of the lease period.

	2018 £	2017 £
Other		
Due within one year	-	2,842
Longer than one year but no more than five years	-	7,106
	<u>-</u>	<u>9,948</u>

Group does not have any options to purchase the leased assets at the expiry of the lease period.

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

20 Operating lease arrangements (continued)

Company

The Company does not hold any operating lease arrangements.

21 Commitments and contingencies

As required by industry regulators including IATA, the Kanoo Travel Limited, a subsidiary of the Group, has trade bonds in place which are designed to protect consumers and airlines (IATA) in the event that an agent ceases trading.

The level of bonding required is determined on an annual basis by the regulators with reference to historical and expected future trading.

At 31 December 2018, Kanoo Travel Limited had bank guarantees in place to travel agency regulators totalling £142,256 (2017 - £1,138,611). Kanoo Travel Limited are jointly and severely liable with Yusuf Bin Ahmed Kanoo (Holdings) W.L.L. for these bank guarantees.

22 Financial instruments

Significant accounting policies

Details of the significant accounting policies and methods adopted (including criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

Financial risk management objectives

The management monitor and manages the financial risks relating to the operations of the Group on a periodic basis and analyses exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk.

Market Risk

Foreign currency risk management

The effect of changing foreign currency rates are outlined in the directors' report. Due to the nature of the business and fluctuations in foreign currency rates this can have a material effect on financial performance of the Group. Management addresses these risks through regular Board meetings where ongoing performance and strategy of the business is continually evaluated and adjusted as required.

The Company buys and sells foreign currency and as such is not exposed to significant risk in respect of fluctuations in exchange rates. Sensitivity analysis is therefore not considered material and has not been performed.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. On-going credit evaluation is performed on the financial condition of accounts receivable.

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

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

22 Financial instruments (continued)

The company has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the company based on recent sales experience, historical collection rates and forward looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Responsibility for liquidity risk management rests with the board of directors, which has established an appropriate framework for the management of funding and liquidity management requirements. The Group manages liquidity risk by producing regular forecasts that estimate the cash inflows and outflows for the next 12 months so that management can ensure that sufficient financing is in place as it is required. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and finance leases.

Capital risk management

The Group's objectives when managing capital (i.e. equity and borrowings) are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's policy is not to use forward contracts and therefore none were outstanding at the end of the financial year.

Maturity analysis

The table below analyses the Group's financial liabilities based on the contractual gross undiscounted cash flows for amounts outstanding at the reporting date up to maturity date

	Less than 6 months £	Between 6 months and 1 year £	Between 1 year and 5 years £	Total £
31 December 2018:				
Trade and other payables	1,889,627	-	-	1,889,627
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	1,889,627	-	-	1,889,627
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2017:				
Trade and other payables	2,254,970	-	-	2,254,970
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	2,254,970	-	-	2,254,970
	<hr/>	<hr/>	<hr/>	<hr/>

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

22 Financial instruments (continued)

The above financial liabilities consist of trade and other payables of £1,894,424 (2017: £2,349,763), as per note 16 of the financial statements, less taxation and social security of £4,797 (2017: £94,793) which are not deemed to be financial liabilities and as such are not included within the disclosures above. The Group would normally expect that sufficient cash is generated in the operating cycle to meet the contractual cash flows as disclosed above through effective cash management.

Financial assets

	2018 £	2017 £
Trade and other receivables	710,539	796,950

The above financial assets comprise of current and non-current trade and other receivables of £1,298,064 (2017: £1,474,744) and £75,530 (2017: £68,838) respectively, as per note 15 of the financial statements, less prepayments of £642,561 (2017: £724,319) and VAT debtor of £20,494 (2017: £22,313) which are not deemed to be financial assets and as such are not included within the disclosures above. The maximum exposure is the carrying amount as disclosed in note 15.

23 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

At the year end the Company had outstanding balances with the following Group related parties:

	Amounts owed by related parties		Amounts owed to related parties	
	2018 £	2017 £	2018 £	2017 £
Kanoo Travel Limited	185,969	203,978	-	-
Bureau de Change Manuel Kanoo SA	-	-	-	-
Yusuf Bin Ahmed Kanoo (Holdings) W.L.L.	-	-	250,000	250,000
	<u>185,969</u>	<u>203,978</u>	<u>250,000</u>	<u>250,000</u>

The Group consists of Kanoo Travel and Foreign Exchange Services Limited, Kanoo Travel Limited, Kanoo Foreign Exchange Services Limited and Bureau de Change Manuel Kanoo SA. Details of transactions outside this Group and other related parties are disclosed below.

Loans to related parties

At the balance sheet date the following amounts were outstanding;

- Owed to Yusuf Bin Ahmed Kanoo (Holdings) W.L.L by Kanoo Travel and Foreign Exchange Services Limited £250,000 (2017: £250,000).
- Owed to Yusuf Bin Ahmed Kanoo (Holdings) W.L.L by Kanoo Travel Limited £Nil (2017: £Nil).
- Owed to Yusuf Bin Ahmed Kanoo (Holdings) W.L.L by Bureau de Change Manuel Kanoo SA £554,453 (2017: £226,090).

KANOO TRAVEL & FOREIGN EXCHANGE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

24 Transactions with key management personnel

The directors did not receive any remuneration from the Company during the year (2017: £Nil).

25 Ultimate controlling party

The Company's immediate and Ultimate Parent Company is Yusuf Bin Ahmed Kanoo (Holdings) W.L.L., a Company incorporated in Bahrain whose registered office is Building 26, Road 302, Block 304, Manama Center, Bahrain. This is the largest and smallest group for which group accounts are prepared.

The ultimate controlling party is Mishal Hamad Ali Kanoo and family. Mishal Hamad Ali Kanoo was a director of Kanoo Travel and Foreign Exchange Services Limited but resigned during 2017.

26 Cash and Cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the balance sheet as follows:

Group	2018 £	2017 £
Cash at bank and in hand	2,469,095	3,631,235
	<u>2,469,095</u>	<u>3,631,235</u>
Company	2018 £	2017 £
Cash at bank and in hand	-	-
	<u>-</u>	<u>-</u>