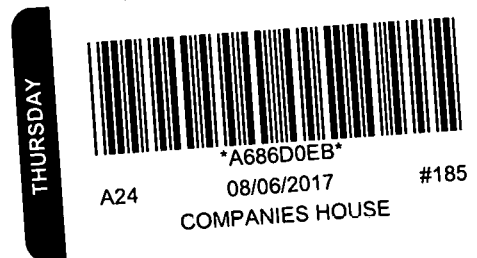


KANOO TRAVEL LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016



KANOO TRAVEL LIMITED

COMPANY INFORMATION

Directors

Mishal Hamad Ali Kanoo
Akber Mahmood Ismaeel Sa'ati
Maxwell Grosse
Praveen Gandhi

Company Number

05776787

Registered office

Lynton House
7-12 Tavistock Square
London
WC1H 9LT

Business address

20 – 22 Charles Street
Sheffield
S1 1GW

Auditors

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

KANOO TRAVEL LIMITED

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KANOO TRAVEL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Principal Activity

The principal activities of the Company are:

- Providing outbound travel related services to retail and corporate customers.
- Buying and selling of foreign currency notes, the sale and encashment of travellers cheques, the sale and processing of prepaid travellers cards and acting as an agent for international money transfer services.

Business Review

The business now serves customers from 18 offices across the UK and offers both travel and foreign exchange services at 9 of those locations, with the remaining 9 operating as foreign exchange bureaux.

The travel and foreign exchange market 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 the business continued to focus on the profile of its operations and the footprint and location of two branches.

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 and continued trend in the profitability improvement of the last two years.

Company Performance - Overview

The key financial highlights for 2016 are summarised below.

	2016 UK £ 000s	2015 UK £ 000s
Profit / (Loss) for the year before exceptional item	(36)	(69)
Exceptional items	95	95
Revenue	6,338	6,680
Expenses	(6,374)	(6,749)

Outlook for 2017

Following a successful 2016, the outlook for 2017 is positive.

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 TRAVEL LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

Principal risks facing the business

The company is exposed to credit, foreign exchange, interest rate, liquidity and operational risks. The risks faced by the company and the manner in which they are mitigated are summarised below.

Credit risk

In relation to the travel business, credit is not extended to its Corporate Travel clients and therefore has no risk from customers defaulting. In the foreign exchange business corporate clients are well established businesses to whom credit facilities are extended after rigid credit verification checks. For these customers 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 company is exposed to fluctuations in foreign currency rates, as any significant changes in these rates can have material impact on the company's financial performance. These risks are addressed by the company 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. Software assists in helping us to mitigate these risks by allowing real time central monitoring of non GBP cash balances across the network.

Interest rate risk

Since the company 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 company 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.

The Senior Management Team (SMT) continues to monitor individual counsellor and cashier productivity. There is an attractive bonus system in place to reward individual and branch profitability. 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 company is committed to compliance with all standards set in relation to data storage and handling.

The SMT is responsible for ensuring that the company 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 LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

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.

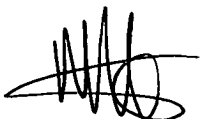
Senior Management

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 and least once and usually twice a year. Many Controls are monitored centrally using the Travel and FES systems.

By order of the Board



Maxwell Grosse
Director

Date 7.6.17

Registered office

Lynton House
7-12 Tavistock Square
London WC1H 9LT

KANOO TRAVEL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors have the pleasure in submitting the Annual Report and the audited financial statements of Kanoo Travel Limited (the Company) and independent auditor's report for the year ended 31st December 2016.

Results & Dividends

The profit for the year amounted to £58,277. 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 (including Kanoo Travel Limited) 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 Company is governed through its Board of Directors which met 2 times during the year ended 31 December 2016. The Board also acts as a collegial decision making body to discuss the Company'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 2016 were equivalent to 30 days' (2015: 30 days) purchases based on the average daily amount invoiced by suppliers during the period.

Directors

The directors, who served the company during the year were as follows:

Mishal Hamad Ali Kanoo
Akber Mahmood Ismaeel Sa'ati
Maxwell Grosse
Praveen Gandhi

KANOO TRAVEL LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

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.

By order of the Board



Maxwell Grosse

Director

Date..... 7.6.17

Registered office

Lynton House
7-12 Tavistock Square
London WC1H 9LT

KANOO TRAVEL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2016

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 and Article 4 of the IAS Regulation. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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

Auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the 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.

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.

On behalf of the Board.



Maxwell Grosse
Director

Date: 7.6.17

KANOO TRAVEL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KANOO TRAVEL LIMITED

We have audited the financial statements of Kanoo Travel Limited for the year ended 31 December 2016 which comprise Income Statement, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes.

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.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its result 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

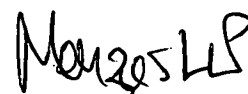
Matters on which we are required to report by exception

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

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

Lynton House
7-12 Tavistock Square
London
WC1H 9LT

Date 7 June 2017



RALPH MITCHISON FCA (Senior
Statutory Auditor)
For and on behalf of
MENZIES LLP
Chartered Accountants
& Statutory Auditor

KANOO TRAVEL LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Revenue	5	6,337,881	6,680,462
Administration expenses		(6,067,018)	(6,300,041)
Other losses	9	(219,510)	(363,983)
Finance costs	10	(87,800)	(85,015)
Exceptional items	11	94,724	94,724
		<hr/>	<hr/>
Operating profit	6	58,277	26,147
Income from shares in group undertakings		-	-
		<hr/>	<hr/>
Profit before tax		58,277	26,147
Tax	12	-	-
		<hr/>	<hr/>
Profit for the year		58,277	26,147
		<hr/>	<hr/>
Total Comprehensive Income for the year		58,277	26,147
		<hr/>	<hr/>

The notes on pages 12 to 30 form part of these financial statements

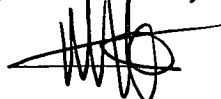
KANOO TRAVEL LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

Assets	Notes	£	2016 £	£	2015 £	£
Non-current assets						
Intangibles	13	762,114			762,114	
Property plant and equipment	14	447,371			607,172	
Other assets	15	65,593			33,352	
Total non-current assets			1,275,078		1,402,638	
Current assets						
Trade and other receivables	15	1,202,511			1,097,671	
Cash and bank balances	25	2,774,420			2,990,713	
Total current assets			3,976,930		4,088,384	
Total Assets			5,252,009		5,491,022	
Equity and liabilities						
Equity						
Issued capital	17	8,304,000			5,804,000	
Retained earnings	18	(4,876,013)			(4,934,290)	
Capital contribution	17	-			2,500,000	
Total equity			3,427,987		3,369,710	
Current liabilities						
Trade and other payables	16	1,824,022			2,121,312	
Total current liabilities			1,824,022		2,121,312	
Non-current liabilities						
Borrowings		-			-	
Total non-current liabilities			-		-	
Total equity and liabilities			5,252,009		5,491,022	

The financial statements were approved by the Board of Directors and authorised for issue on 7.6.17
The notes on pages 12 to 30 form part of the financial statements

Signed on behalf by



Maxwell Grosse
Director

Company Registration No. 05776787

KANOO TRAVEL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital £	Retained earnings £	Capital contribution £	Total £
Balance as at 1 January 2015	5,804,000	(4,960,437)	-	843,563
Profit for the period	-	26,147	-	26,147
Capital contribution	-	-	2,500,000	2,500,000
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 1 January 2016	5,804,000	(4,934,290)	2,500,000	3,369,710
Profit for the period	-	58,277	-	58,277
Capital contribution converted to share capital	2,500,000	-	(2,500,000)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 31 December 2016	<u>8,304,000</u>	<u>(4,876,013)</u>	<u>-</u>	<u>3,427,987</u>

KANOO TRAVEL LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Profit for the year		58,277	26,147
Finance costs recognised in profit or loss		87,800	85,015
Depreciation and amortisation of non-current assets		170,862	196,495
Loss on disposal of fixed assets		568	47,117
		<u>317,507</u>	<u>354,774</u>
Movements in working capital			
(Increase)/decrease in trade and other receivables		(137,121)	653,345
(Decrease)/increase in trade and other payables		(270,675)	127,124
		<u>(90,289)</u>	<u>1,135,243</u>
Cash generated (used in)/by operations			
Finance and bank charges		(114,413)	(64,401)
		<u>(204,702)</u>	<u>1,070,842</u>
Net cash generated by/(used in) operating activities			
		<u>(204,702)</u>	<u>1,070,842</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(11,591)	(89,306)
		<u>(11,591)</u>	<u>(89,306)</u>
Net cash used in investing activities			
		<u>(11,591)</u>	<u>(89,306)</u>
Net (decrease)/increase in cash and cash equivalents		(216,293)	981,536
Cash and cash equivalents at the beginning of the financial year		2,990,713	2,009,177
		<u>2,774,420</u>	<u>2,990,713</u>
Cash and cash equivalents at 31 December 2016	25		

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 General information

Kanoo Travel Limited is a company incorporated in England and Wales under the Companies Act. The addresses of its registered office and principal place of business are disclosed in the introduction to the financial statements. The principal activities of the Company are described in the directors' report.

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 1 First-time Adoption of International Financial Reporting Standards: 1 January 2018

IFRS 2 Share-based Payment: 1 January 2018

IFRS 4 Insurance Contracts: 1 January 2018

IFRS 7 Financial instruments: Disclosure : IFRS 9 effective date (1 January 2018)

IFRS 9 Financial Instruments (issued October 2010) : 1 January 2018

IFRS 12 Disclosure of Interest in Other Entities: 1 January 2017

IFRS 15 Revenue from Contracts with Customers : 1 January 2018

IFRS 16 Leases : 1 January 2019

IFRS for Small and Medium-sized Entities : 1 January 2017

IAS 7 Statement of Cash Flows : 1 January 2017

IAS 12 Income Taxes : 1 January 2017

IAS 28 Investments in Associates and Joint Ventures : 1 January 2018

IAS 39 Financial instruments: IFRS 9 effective date

IAS 40 Investment Property: 1 January 2018

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 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

3 Significant accounting policies

3.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

3.2 Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. The company meets its day to day working capital requirements through facilities provided by its ultimate controlling parent company, Yusif Bin Ahmed Kanoo (Holdings) W.L.L., who have confirmed to the directors their intention to continue to support the company.

3.3 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 Company 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 Company as the primary obligor with the customer and whether the Company has latitude in determining pricing.

Commission

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

Such 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, package holidays and insurance. The revenue is recognised on the date of booking for flight-only and insurance sales, and when it becomes non-refundable for all other products. The differing recognition basis reflects the date at which such commission becomes non-refundable and the primary service to the customer is fulfilled.

Traded currencies

Revenue also includes the commission value of currencies traded as a result of the Company'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.

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

3 Significant accounting policies (continued)

3.4 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.

3.5 Foreign currency

The Company's finance statements are presented in the currency of the primary economic environment in which it operates (its functional currency), that being Pounds Sterling.

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.

3.6 Operating profit

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

3.7 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

3.8 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:

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

3 Significant accounting policies (continued)

3.8 Property, Plant and Equipment (continued)

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.

3.9 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.

3.10 Financial Instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company 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.

Significant financial difficulties of the customer, probability that the customer will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statements of comprehensive income within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against the administrative expenses in the profit and loss.

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.

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

3 Significant accounting policies (continued)

3.10 Financial Instruments (continued)

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.

3.11 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company 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.

4 Critical judgements in applying the Entity's accounting policies

In the application of the Company'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 IAS18 Revenue and, in particular, whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods.

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

4 Critical judgements in applying the Entity's accounting policies (continued)

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. The carrying amount of goodwill at the balance sheet date was £762,114 after an impairment loss of £226,305 was recognised in 2008 and 2009.

5 Revenue

An analysis of the Company's revenue for the year, for continuing operations is as follows:

	2016 £	2015 £
Continuing operations		
Revenue from the rendering of services	6,337,881	6,680,462
Total Transaction Value (TTV)	27,983,841	31,060,221
	<u> </u>	<u> </u>

In the year, 100% of revenue was generated from sales within the United Kingdom (2015: 100%)

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

6 Operating profit

The operating profit is stated after charging the following items:

	2016 £	2015 £
Continuing Operations		
Auditors' remuneration	33,375	32,175
Depreciation	170,862	196,495
Loss on fixed asset disposal	530	47,117
Staff costs (see note 8)	3,025,386	3,027,818

7 Auditor's remuneration

	2016 £	2015 £
Fees payable to the Company's auditor for the audit of the Company's financial statements	27,000	26,000
Fees payable to the Company's auditor for other services provided to the company	6,375	6,175
	33,375	32,175

8 Employees

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

	2016 Number	2015 Number
Directors	4	4
Operational Staff	124	127
Administration Staff	18	20
	146	151

Their aggregate remuneration comprised:

	2016 £	2015 £
Employment costs		
Wages and salaries	2,681,272	2,687,750
Social security costs	209,125	201,611
Other pension costs	134,989	138,457
	3,025,386	3,027,818

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

9 Other gains and losses	2016	2015
	£	£
Net foreign exchange losses	219,510	363,983
	<hr/>	<hr/>
	219,510	363,983
	<hr/>	<hr/>

10 Finance costs	2016	2015
	£	£
Finance and bank charges	87,800	85,015
	<hr/>	<hr/>
Total interest expense	87,800	85,015
	<hr/>	<hr/>

11 Exceptional Items

During the period, the Company incurred income and expenses of material size and nature as detailed below:

	2016	2015
	£	£
Movement on onerous lease provision	94,724	94,724
	<hr/>	<hr/>
Total exceptional items	94,724	94,724
	<hr/>	<hr/>

12 Taxation

	2016	2015
	£	£
Corporation tax:		
Current Year	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

12 Taxation (continued)

The charge for the period can be reconciled to the income statement as follows:

	2016 £	2015 £
Profit/(Loss) from continuing operations	58,277	26,147
Income tax expense calculated at 20% (2015: 20%)	11,655	5,229
Non-deductible expenses	302	16,084
Depreciation in excess of capital allowances	34,172	39,299
Unrelieved tax losses arising in the period	(3,289)	-
Tax losses utilised	(42,840)	(60,612)
Tax expense for the year	-	-

13 Goodwill

	2016 £
Cost	
Balance at 1 January 2016	1,028,419
Balance at 31 December 2016	1,028,419
Accumulated impairment losses	
Balance at 1 January 2016	266,305
Balance at 31 December 2016	266,305
Carrying amount	
As at 31 December 2016	762,114
As at 31 December 2015	762,114

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

13 Goodwill (continued)

	2015 £
Cost	
Balance at 1 January 2015	1,028,419
	<hr/>
Balance at 31 December 2015	1,028,419
	<hr/>
Accumulated impairment losses	
Balance at 1 January 2015	266,305
	<hr/>
Balance at 31 December 2015	266,305
	<hr/>
Carrying amount	
As at 31 December 2015	762,114
	<hr/> <hr/>
As at 31 December 2014	762,114
	<hr/> <hr/>

The Company tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

14 Property, plant and equipment

2016

	Leasehold Improvements £	Plant and equipment £	Total £
Cost or valuation			
Balance at 1 January 2016	1,015,983	826,938	1,842,922
Additions	-	11,591	11,591
Disposals	-	(5,488)	(5,488)
Balance at 31 December 2016	1,015,983	833,041	1,849,025
Accumulated depreciation and impairment			
Balance at 1 January 2016	716,908	518,842	1,235,750
Depreciation expense	59,673	111,189	170,862
Accumulated depreciation on disposals	-	(4,958)	(4,958)
Balance at 31 December 2016	776,581	625,073	1,401,654
Carrying amount			
As at 31 December 2016	239,402	207,968	447,371
As at 31 December 2015	299,075	308,097	607,172

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

14 Property, plant and equipment (continued)

2015

	Leasehold Improvements £	Plant and equipment £	Total £
Cost or valuation			
Balance at 1 January 2015	1,000,741	828,111	1,828,852
Additions	65,574	23,731	89,306
Disposals	(50,332)	(24,904)	(75,236)
Balance at 31 December 2015	1,015,983	826,938	1,842,922
Accumulated depreciation and impairment			
Balance at 1 January 2015	658,701	408,673	1,067,374
Depreciation expense	70,790	125,705	196,495
Accumulated depreciation on disposals	(12,583)	(15,536)	(28,119)
Balance at 31 December 2015	716,908	518,842	1,235,750
Carrying amount			
As at 31 December 2015	299,075	308,097	607,172
As at 31 December 2014	342,040	419,438	761,478

15 Trade and other receivables

	2016 £	2015 £
Trade receivables	407,456	382,045
Prepayments	755,712	707,272
Other receivables	39,343	8,354
	1,202,511	1,097,671
Due in more than one year:		
Deposits	65,593	33,352

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.

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

15 Trade and other receivables (continued)

Trade receivables disclosed above include amounts which are past due at the reporting date but against which the Company has not recognised an allowance for doubtful receivables because the amounts are still considered recoverable.

The Company 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 Company to the counterparty.

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

16 Trade and other payables

	2016 £	2015 £
Trade payables	743,150	792,123
Amounts owed to parent undertakings and fellow subsidiaries	238,684	71,340
Accruals and deferred income	782,108	1,098,374
Other taxation and social security	-	49,667
Other payables	60,080	109,808
	<u>1,824,022</u>	<u>2,121,312</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 Company 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.

17 Share capital

	Share capital 2016 £	Share capital 2015 £
Authorised		
3,026,000 (2015: 526,000) "A" ordinary shares of £1 each	3,026,000	526,000
123,383 "B" ordinary shares of £0.810484 each	100,000	100,000
5,178,000 1% non-cumulative redeemable preference shares of £1 each	5,178,000	5,178,000
	<u>8,304,000</u>	<u>5,804,000</u>

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

17 Share capital (continued)

	Share capital 2016 £	Share capital 2015 £
Allotted, called up and fully paid		
3,026,000 (2015: 526,000) "A" ordinary shares of £1 each	3,026,000	526,000
123,383 "B" ordinary shares of £0.810484 each	100,000	100,000
5,178,000 1% non-cumulative redeemable preference shares of £1 each	5,178,000	5,178,000
	<u>8,304,000</u>	<u>5,804,000</u>

The "B" ordinary shares are non-voting and have no rights to participate in dividends or in the winding up of the sale of the business. The 1% non-cumulative redeemable preference shares are non-voting and had no rights in the winding up of the sale of the business. This class are entitled to Dividends at the directors' discretion. In all other respects "A" and "B" ordinary and 1% non-cumulative redeemable preference shares rank pari passu.

In the prior year, the directors of Kanoo Travel and Foreign Exchange Services Limited advised Kanoo Travel Limited that they would not seek repayment of £2,500,000 of the intercompany loan and that this would be converted to share capital during the current year. In the prior year, this amount had been treated as a capital contribution as at 31 December 2015. On 5 April 2016 the full capital contribution of £2,500,000 was converted to share capital.

18 Retained earnings

	2016 £
Balance at 1 January 2015	(4,960,437)
Net profit / (loss) for period	26,147
	<u> </u>
Balance at 1 January 2016	(4,934,290)
Net profit / (loss) for period	58,277
	<u> </u>
Balance at 31 December 2016	<u>(4,876,014)</u>

19 Operating lease arrangements

As a lessee:

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

	2016 £	2015 £
Land and Buildings		
Due within one year	1,218,628	1,337,302
Longer than one year but no more than five years	2,282,975	3,006,200
More than five years	738,473	1,132,048
	<u>4,240,075</u>	<u>5,475,550</u>

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

19 Operating lease arrangements (continued)

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

	2016 £	2015 £
Other		
Due within one year	29,202	47,850
Longer than one year but no more than five years	-	29,202
	<u>29,202</u>	<u>77,052</u>

Other operating leases relate to rental of equipment with lease terms of 5 years. The company does not have any options to purchase the leased asset at the expiry of the lease period.

As a lessor:

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

	2016 £	2015 £
Land and Buildings		
Due within one year	32,375	41,625
Longer than one year but no more than five years	-	32,375
More than five years	-	-
	<u>32,375</u>	<u>74,000</u>

Operating leases relate to the sublet of a property that is being leased by the company with a lease term of 2 years.

20 Commitments and contingencies

As required by industry regulators including IATA, the Company 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 2016, the Company had bank guarantees in place to travel agency regulators in the total amount of £1,137,454 (2015 - £1,138,611). The Company is jointly liable with Yusuf Bin Ahmed Kanoo (Holdings) W.L.L. for these bank guarantees.

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

21 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 Company 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.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. 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.

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 Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching maturity profiles of financial assets and liabilities.

Capital risk management

The Company'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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

21 Financial instruments (continued)

Maturity analysis

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

31 December 2016:

	Less than 6 months £	Between 6 months and 1 year £	Between 1 year and 5 years £	Total £
Maturity analysis				
Trade and other payables	1,824,023	-	-	1,824,023
Total liabilities	1,824,023	-	-	1,824,023

Included within financial liabilities above are amounts of £1,824,022 (2015 - £2,121,312) as per note 16 of the financial statements, less taxation and social security of £nil (2015 - £49,667) which are not deemed to be financial liabilities and as such are not included within the disclosures above.

The Company 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.

31 December 2015:

	Less than 6 months £	Between 6 months and 1 year £	Between 1 year and 5 years £	Total £
Maturity analysis				
Trade and other payables	2,071,645	-	-	2,071,645
Total liabilities	2,071,645	-	-	2,071,645

Financial assets

	2016 £	2015 £
Trade and other receivables	512,391	423,751

The above financial assets comprise of current and non-current trade and other receivables of £1,202,510 (2015: £1,097,671) and £65,593 (2015: £33,352) respectively, as per note 15 of the financial statements, less prepayments of £755,712 (2015: £721,025) 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.

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

22 Related party transactions

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

	Amounts owed by related parties		Amounts owed to related parties	
	2016 £	2015 £	2016 £	2015 £
Kanoo Travel & Foreign Exchange Services Limited	-	-	220,278	15,270
Bureau De Change Manuel Kanoo SA	-	-	18,406	24,134
Yusuf Bin Ahmed Kanoo (Holdings) W.L.L.	-	-	-	31,936
	<u>-</u>	<u>-</u>	<u>238,684</u>	<u>71,340</u>

23 Transactions with key management personnel

The directors did not receive any remuneration from the Company during the year (2015: £Nil).

24 Ultimate controlling party

The immediate parent company is Kanoo Travel & Foreign Exchange Services Limited a company incorporated in England and Wales.

The ultimate parent company is Yusuf Bin Ahmed Kanoo (Holdings) W.L.L. a company incorporated in Bahrain.

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

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

25 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks, 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:

	2016 £	2015 £
Cash and bank balances	2,774,420	2,990,713
	<u>2,774,420</u>	<u>2,990,713</u>