Company Registration No: 05776787 (England and Wales)

KANOO TRAVEL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

COMPANY INFORMATION

Directors	Mishal Hamad Ali Kanoo Nabeel Khalid Mohamed Kanoo Akber Mahmood Ismaeel Sa'ati Maxwell Grosse
Company Number	05776787
Registered office	Lynton House 7-12 Tavistock Square London WC1H 9LT
Business address	34 Union Street Birmingham B2 4SR
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 2013

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 providing international money transfer products and services.

Business Review

The business now serves customers from 25 offices across the UK and offers both travel and foreign exchange services at 14 of those locations, with the remaining 11 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.

The ending by American Express of their Card Member Servicing facilities via nine UK branches and as part of their worldwide cessation of this facility, also contributed to a decline in revenue streams.

During the year the business refocused its Scottish operations with the closure of the Glasgow office and the relocation of its activities in Edinburgh. In addition to the relocation of the Bristol branch, three new branches were opened during the year in Reading, Brent Cross and Bluewater shopping centres. Refurbishment and rebranding work continued in a number of locations.

Significant restructuring, dilapidation and depreciation costs were incurred during 2013 in order to achieve these changes to the portfolio. These costs have significantly impacted on the profitability of the business during 2013. Furthermore, a re-assessment of the recoverability of a number of aged debtor balances has resulted in a significant write down of these assets.

Excluding new branch openings, the established or existing branch network continued to generate an operating profit.

Company Performance - Overview

The key financial highlights for 2013 are summarised below.

	2013 UK £ 000s	2012 UK £ 000s
(Loss) for the year before exceptional item	(543)	(269)
Exceptional items	(1,117)	-
Revenue	7,898	8,458
Expenses	(8,441)	(8,727)
Tax charge	-	-

Outlook for 2014

The outlook for 2014 is again one of significant changes in the network structure with the relocation of our London activities from Haymarket to Oxford Street which will permit the business to benefit from the significant increase in economic activity expected following the completion of the Cross-rail project.

Outlook for 2014 (continued)

The rebranding of external and internal signage at our branches was completed during the early part of 2014. May 2014 will see the launch of a new foreign exchange website and brand K-FX which is targeted at the online, money comparison sourced segment of the foreign exchange market.

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.

Principal risks facing the business

Liquidity risk
The company manages its cash requirement in order to maximise interest income, whilst ensuring that the company has sufficient resources to meet the operating needs of the business.

Interest rate risk
The company is exposed to cash flow interest risk on floating rate deposits. The company uses regular reviews of cash balances to reduce its exposure to changes in interest rates.

Foreign currency risk
The company is directly affected by fluctuating foreign currency rates through the performance as a foreign exchange bureau. Intercompany loans are denominated in euros.

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

By order of the Board

Maxwell Grosse
Director

23/5/14

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

The Director's 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 2013.

Results & Dividends

The loss for the year amounted to £1,659,688. 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 3 times during the year ended 31 December 2013. 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 2013 were equivalent to 30 days' (2012: 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:

Mishal Hamad Ali Kanoo;
Nabeel Khalid Mohamed Kanoo;
Akber Mahmood Ismaeel Sa'ati
Maxwell Grosse

Strategic Report

The company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 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
....23/5/14...

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2013

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 and Group'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 Group'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

...23/5/14.....

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 2013 which comprise Income Statement, the Balance Sheet, 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 4, 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 2013 and of its 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.

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.

Menzies LLP

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

Lynton House
7-12 Tavistock Square
London
WC1H 9LT

23 May 2014

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £	Restated 2012 £
Revenue	5	7,898,477	8,458,127
Other (losses)	9	(351,176)	(457,035)
Administration expenses		(8,024,632)	(8,205,740)
Finance costs	10	(65,421)	(63,912)
Exceptional item	11	(1,116,936)	-
Operating loss		(1,659,688)	(268,560)
Income from shares in group undertakings		-	-
(Loss) before tax	6	(1,659,688)	(268,560)
Tax	12	-	-
(Loss) for the year		(1,659,688)	(268,560)
Total Comprehensive Income for the year		(1,659,688)	(268,560)

The notes on pages 10 to 28 form part of these financial statements

KANOO TRAVEL LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2013

Assets	Notes	2013 £	2013 £	2012 £	2012 £
Non- current assets					
Property plant and equipment	**14**	740,309		536,883	
Intangibles	**13**	762,114		762,114	
Other assets	**15**	43,267		28,164	
Total non-current assets			1,545,690		1,327,161
Current assets					
Trade and other receivables	**15**	2,182,770		3,481,171	
Cash and bank balances	**25**	2,603,416		2,768,024	
Total current assets			4,786,186		6,249,195
Total Assets			6,331,876		7,576,356
Equity and liabilities					
Equity					
Issued capital	**17**	5,804,000		5,804,000	
Retained earnings	**18**	(3,898,498)		(2,238,810)	
Total equity			1,905,502		3,565,190
Current liabilities					
Trade and other payables	**16**	4,426,374		4,011,166	
Total current liabilities			4,426,374		4,011,166
Non-current liabilities					
Borrowings		-		-	
Total non-current liabilities			-		-
Total equity and liabilities			6,331,876		7,576,356

The financial statements were approved by the Board of Directors and authorised for issue on 23/5/14
The notes on pages 10 to 28 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 2013

	Share capital £	Retained earnings £	Total £
Balance as at 1 January 2012	5,804,000	(1,970,250)	3,833,750
(Loss) for the period	-	(268,560)	(268,560)
Balance as at 1 January 2013	5,804,000	(2,238,810)	3,565,190
(Loss) for the period	-	(1,659,688)	(1,659,688)
Balance as at 31 December 2013	5,804,000	(3,898,498)	1,905,502

KANOO TRAVEL LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £	2012 £
Cash flows from operating activities			
Loss for the year		(1,659,688)	(268,560)
Finance costs recognised in profit or loss		65,421	63,912
Depreciation and amortisation of non-current assets		195,122	219,252
Loss on disposal of fixed assets		87,391	3,192
		(1,311,754)	17,796
Movements in working capital			
Decrease/(increase) in trade and other receivables		1,274,966	(642,149)
Increase/decrease in trade and other payables		423,542	527,143
Cash generated by/(used in) operations		386,754	(97,210)
Finance and bank charges		(65,421)	(63,912)
Receipts for tax losses surrendered		-	-
Net cash generated by/(used in) operating activities		321,333	(161,122)
Cash flows from investing activities			
Payments for property, plant and equipment		(485,941)	(133,585)
Net cash acquired with trade/business		-	-
Net cash used in investing activities		(485,941)	(133,585)
Cash flows from financing activities			
Decrease in long term debt		-	(900,000)
Net cash used in financing activities		-	(900,000)
Net decrease in cash and cash equivalents		(164,608)	(1,194,707)
Cash and cash equivalents at the beginning of the financial year		2,768,024	3,962,731
Cash and cash equivalents at 31 December 2013	25	2,603,416	2,768,024

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

In the current period, the following new and revised Standard and Interpretations have been adopted and have affected the amounts reported in these financial standards.

Standards affecting presentation and disclosure

IAS1 (revised 2007) Preparation of Financial Statements	IAS1 (2007) has introduced a number of changes in the format and content of the financial statements.
IFRS1 First-time Adoption of International Reporting Standards	IFRS1 has introduced a number of changes in the format and content of the financial statements including reconciliations at the date of transition.
IFRS3 Business combinations	IFRS3 dictates that all business combinations should be accounted for by applying the acquisition method. Merger accounting is not permitted.
IAS7 Statement of Cash Flows	The adoption of IAS7 has introduced the inclusion of a statement of cash flows.
IAS17 Leases	IAS17 introduces changes to the definition of a lease in addition to changes in the disclosures required for both finance and operating leases.
IAS24 Related Party Disclosures	IAS24 has introduced more expansive disclosures in relation to transactions and balances with directors and related parties.
IAS27 Consolidated and separate financial statements	IAS27 contains a number of changes regarding circumstances where a parent is exempt from consolidation as well as changes in ownership and control guidance.
IAS38 Intangible assets	IAS38 does not allow the amortisation of goodwill. After initial recognition goodwill acquired in a business combination is measured at cost.

Standards not affecting the reported results nor the financial position

The following new and revised Standards and Interpretations have been adopted in the current period. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

IAS8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS12	Income Taxes
IAS16	Property, Plant and Equipment
IAS18	Revenue

2 Adoption of new and revised standards (continued)

IAS 21	The effect of changes in foreign currency rates.

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 2	Share-based payment (effective for annual periods beginning on or after 1 July 2014)
IFRS 3	(Revised) Business combinations (January 2008): (effective for annual periods beginning on or after 1 July 2014)
IFRS 7	Financial instruments: Disclosure: (effective for annual periods beginning on or after 1 January 2015)
IFRS 8	Operating segments: (effective for annual periods beginning on or after 1 July 2014)
IFRS 9	Financial Instruments (issued October 2010): (effective for annual periods beginning on or after 1 January 2015)
IFRS 10	Consolidated Financial Statements: (effective for annual periods beginning on or after 1 January 2014)
IFRS 12	Disclosure of Interests in Other Entities: (effective for annual periods beginning on or after 1 January 2014)
IFRS 13	Fair Value Measurement: (effective for annual periods beginning on or after 1 July 2014)
IFRS 14	Regulatory Deferral Accounts: (effective for annual periods beginning on or after 1 January 2016)
IAS 16	Property plant and equipment: (effective for annual periods beginning on or after 1 July 2014)
IAS 19	Employee benefits: (effective for annual periods beginning on or after 1 July 2014)
IAS 24	Related Party Disclosures: (effective for annual periods beginning on or after 1 July 2014)
IAS 27	Separate Financial Statements: (effective for annual periods beginning on or after 1 January 2014)
IAS 32	Financial instruments: Presentation: (effective for annual periods beginning on or after 1 January 2014)
IAS 36	Impairment of assets: (effective for annual periods beginning on or after 1 January 2014)
IAS 38	Intangible assets: (effective for annual periods beginning on or after 1 July 2014)
IAS 39	Financial instruments: Recognition and measurement : (effective for annual periods beginning on or after 1 January 2014)
IAS 40	Investment property: (effective for annual periods beginning on or after 1 July 2014)
IFRIC 21	Levies: (effective for annual periods beginning on or after 1 January 2014)

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.

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 Significant accounting policies (continued)

3.2 Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have 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.

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 has changed its accounting policy recognising revenue on a net basis as commission earned. The 2012 comparatives have been restated to reflect this change in accounting policy.

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.

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 Significant accounting policies (continued)

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:

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 Significant accounting policies (continued)

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.

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. Note 19 provides details of the applicable interest rates. 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.

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

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 18 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:

	2013 £	Restated 2012 £
Continuing operations		
Revenue from the rendering of services	7,898,477	8,458,127
Total Transaction Value (TTV)	36,378,432	35,888,619

In the year, 100% of revenue was generated from sales within the United Kingdom (2012: 100%)

Change in revenue recognition policy on commission on travel bookings

During the current year the Company has changed the basis on which it recognises commission revenue earned on travel sales (flight tickets, hotel bookings, car hire). The revenue has previously been recognised gross, as the full sales price of the product sold with an associated cost of sales shown as a separate line on the face of the income statement being the purchase price of the product owed to the supplier. Since the Company acts solely as an agent, revenue in the current period represents the net commission earned on a sale, and the prior period has been restated to maintain comparability.

The total transaction value shown above represents the total gross sales amount receivable for the period, this figure would have been disclosed as 'Revenue' under the previous revenue recognition policy.

6 Operating (loss)/profit

The operating (loss)/profit is stated after charging the following items:

	2013 £	2012 £
Continuing Operations		
Auditors' remuneration	34,300	33,750
Depreciation	195,122	219,252
Loss on fixed asset disposal	87,391	3,192
Staff costs (see note 8)	3,655,157	3,637,193

7 Auditor's remuneration

	2013 £	2012 £
Fees payable to the Company's auditor for the audit of the Company's financial statements	28,500	28,000
Fees payable to the Company's auditor for other services provided to the company	5,800	5,750
	34,300	33,750

8 Employees

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

	2013 Number	2012 Number
Directors	4	4
Operational Staff	158	155
Administration Staff	22	17
	184	176

Their aggregate remuneration comprised:

	2013 £	2012 £
Employment costs		
Wages and salaries	3,257,229	3,228,778
Social security costs	264,133	265,836
Other pension costs	133,795	142,579
	3,655,157	3,637,193

9 Other gains and losses

	2013 £	2012 £
Net foreign exchange (losses)	(351,176)	(457,035)
	(351,176)	(457,035)

10 Finance costs

	2013 £	2012 £
Finance and bank charges	62,294	61,296
Other interest expense	3,127	2,616
Total interest expense	65,421	63,912

11 Exceptional Costs

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

	2013 £
Exceptional balance sheet write-offs	649,726
Dilapidation expenses incurred	204,208
Branch relocation and closure costs	85,317
Loss on disposal of assets following branch closures	87,391
Severance pay expense	90,294
	1,116,936

12 Taxation

	2013 £	2012 £
Corporation tax:		
Current Year	-	-
Adjustments in respect of prior periods	-	-
	-	-

12 Taxation (continued)

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

	2013 £	2012 £
(Loss) from continuing operations	(1,659,688)	(268,560)
Income tax expense calculated at 23.25% (2012: 24.50%)	(385,877)	(65,797)
Non-deductible expenses	18,332	9,428
Depreciation in excess of capital allowances	65,675	54,499
Unrelieved tax losses and other deductions	302,089	-
Other tax adjustments	(219)	(10,639)
Relief for losses brought forward	-	12,509
Tax expense for the year	-	-

13 Goodwill

	2013 £
Cost	
Balance at 1 January 2013	1,028,419
Transfers	-
Balance at 31 December 2013	1,028,419
Accumulated impairment losses	
Balance at 1 January 2013	266,305
Impairment losses recognised in the year	-
Balance at 31 December 2013	266,305
Carrying amount	
As at 31 December 2013	762,114
As at 31 December 2012	762,114

13 Goodwill (continued)

	2012
	£
Cost	
Balance at 1 January 2012	1,028,419
Transfers	-
Balance at 31 December 2012	1,028,419
Accumulated impairment losses	
Balance at 1 January 2012	266,305
Impairment losses recognised in the year	-
Balance at 31 December 2012	266,305
Carrying amount	
As at 31 December 2012	762,114
As at 31 December 2011	762,114

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

14 Property, plant and equipment

2013

	Leasehold Improvements £	Plant and equipment £	Total £
Cost or valuation			
Balance at 1 January 2013	1,150,701	436,691	1,587,392
Additions	157,565	328,376	485,941
Disposals	(208,027)	(21,953)	(229,980)
Balance at 31 December 2013	1,100,239	743,114	1,843,353
Accumulated depreciation and impairment			
Balance at 1 January 2013	758,121	292,388	1,050,509
Accumulated depreciation on disposals	(124,481)	(18,106)	(142,587)
Depreciation expense	101,344	93,778	195,122
Balance at 31 December 2013	734,984	368,060	1,103,044
Carrying amount			
As at 31 December 2013	365,255	375,054	740,309
As at 31 December 2012	392,580	144,303	536,883

14 Property, plant and equipment (continued)

2012

	Leasehold Improvements £	Plant and equipment £	Total £
Cost or valuation			
Balance at 1 January 2012	1,097,221	433,764	1,530,985
Additions	77,254	56,332	133,586
Transfers	(23,774)	(53,405)	(77,179)
Balance at 31 December 2012	1,150,701	436,691	1,587,392
Accumulated depreciation and impairment			
Balance at 1 January 2012	616,666	288,578	905,244
Depreciation expense	(21,394)	(52,593)	(73,987)
Transfers	162,849	56,403	219,252
Balance at 31 December 2012	758,121	292,388	1,050,509
Carrying amount			
As at 31 December 2012	392,580	144,303	536,883
As at 31 December 2011	480,555	145,186	625,741

15 Trade and other receivables

	2013 £	2012 £
Trade receivables	1,165,135	2,788,187
Amounts due from parent undertakings and fellow subsidiary undertakings	-	-
Prepayments	862,445	606,537
Other receivables	155,190	86,447
	2,182,770	3,481,171
Due in more than one year:		
Deposits	43,267	28,164

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.

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

	2013 £	2012 £
Trade payables	1,515,987	1,960,992
Amounts owed to parent undertakings and fellow subsidiaries	2,050,462	1,463,151
Accruals and deferred income	658,013	340,653
Other taxation and social security	79,372	72,972
Other payables	122,540	173,398
	4,426,374	4,011,166

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 2013 £	Share capital 2012 £
Authorised		
526,000 "A" ordinary shares of £1 each	526,000	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
	5,804,000	5,804,000

17 Share capital (continued)

	Share capital 2013 £	Share capital 2012 £
Allotted, called up and fully paid		
526,000 "A" ordinary shares of £1 each	526,000	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
	5,804,000	5,804,000

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.

18 Retained earnings

	2013 £
Balance at 1 January 2012	(1,970,250)
Net profit/ (loss) for period	(268,560)
Balance at 1 January 2013	(2,238,810)
Net profit/ (loss) for period	(1,659,688)
Balance at 31 December 2013	(3,898,498)

19 Operating lease arrangements

Leasing arrangements

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

Land and Buildings	2013 £	2012 £
Due within one year	1,316,447	1,387,413
Longer than one year but no more than five years	3,861,159	4,286,508
More than five years	1,946,689	2,361,873
	7,124,295	8,035,794

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.

Other	2013 £	2012 £
Due within one year	62,122	78,146
Longer than one year but no more than five years	142,524	183,987
More than five years	-	-
	204,646	262,133

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.

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. In the event that the Company ceased trading, the restricted cash deposits would not be returned to the Company, but would be utilised to cover any outstanding liabilities.

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 2013, the Company had bank guarantees in place to travel agency regulators in the total amount of £1,390,329 (2012- £1,348,329). The Company is jointly and with Yusuf Bin Ahmed Kanoo (Holdings) W.L.L. for these bank guarantees.

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.

21 Financial instruments (continued)

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

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.

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 2013:

	Less than 6 months £	Between 6 months and 1 year £	Between 1 year and 5 years £	Total £
Maturity analysis				
Trade and other payables	4,347,002	-	-	4,347,002
Total liabilities	4,347,002	-	-	4,347,002

21 Financial instruments (continued)

Included within financial liabilities above are amounts of £4,426,374 (2012 - £4,011,166) as per note 16 of the financial statements, less taxation and social security of £79,372 (2012 - £72,972) 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 2012:

	Less than 6 months £	Between 6 months and 1 year £	Between 1 year and 5 years £	Total £
Maturity analysis				
Trade and other payables	3,938,194	-	-	3,938,194
Total liabilities	3,938,194	-	-	3,938,194

Financial assets	2013 £	2012 £
Trade and other receivables	1,363,592	2,902,799

Included within financial assets above are amounts of £2,182,770 (2012 - £3,481,171) and £43,267 (2012 - £28,165) as per note 15 of the financial statements, less prepayments of £862,445 (2012 - £606,537) 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.

22 Related party transactions

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

	Amounts owed by related parties 2013 £	Amounts owed by related parties 2012 £	Amounts owed to related parties 2013 £	Amounts owed to related parties 2012 £
Kanoo Foreign Exchange Services Limited	-	-	-	-
Kanoo Travel & Foreign Exchange Services Limited	-	-	1,651,164	1,116,476
Bureau De Change Manuel Kanoo SA	-	-	51,817	67,924
Yusuf Bin Ahmed Kanoo (Holdings) W.L.L.	-	-	347,481	278,751
	-	-	2,050,462	1,463,151

22 Related party transactions (continued)

During the year the company paid a management charge of £nil (2012 £98,473) to Yusuf Bin Ahmed Kanoo (Holdings) W.L.L.

23 Transactions with key management personnel

The directors do not receive any remuneration from the Company. There were no key management personnel who received remuneration from the company during the course of the financial year.

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.

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:

	2013	2012
	£	£
Cash and bank balances	2,603,416	2,768,024
Bank overdraft	-	-
	2,603,416	2,768,024