

Company Registration No: 05776787 (England and Wales)

KANOO TRAVEL LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



KANOO TRAVEL LIMITED

COMPANY INFORMATION

Directors	Maxwell Grosse Zaeem Gama
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 2019

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 traveller's cheques, the sale and processing of prepaid traveller's cards and acting as an agent for international money transfer services.

Business Review

The business now serves customers from 16 offices across the UK and offers both travel and foreign exchange services at 7 of those locations, with the remaining 9 operating as foreign exchange bureaux.

The travel and foreign exchange markets remains highly competitive. The shift towards online retailing of both travel and foreign exchange continues. In response to this changing environment, the business continues to reshape its portfolio of properties and online service offerings. The new foreign exchange online ordering website will be operational in 2020.

During the year the business continued to focus on the profile of its operations. Oxford Street completed their move to a smaller office space to serve only corporate clients, reducing rent costs from £200,000 to £50,000 per year. Due to staffing issues of varying reasons Sheffield travel was also restructured so that the one remaining staff member now works from home and reports into Birmingham. The Sheffield branch is now foreign exchange only. We are working with the landlord to reduce our footprint in Sheffield to lower the costs now we do not require all the space we occupy.

The restructuring and continued review of our ongoing business and overhead expenses is reflected in the reduction and control of the day to day expenses. Expenses in 2019 were £80k less than 2018 and budgeted expenses for 2020 are £305k lower than 2019. Travel saw drop in sales in tours, air travel, fees and overrides compared to last year. Tours are down due to the focus on corporate travel which accounts for approx. 87% of our travel business now. Air travel and fees reducing are a result of more business moving towards online where the fees and margins we make are smaller than the offline bookings that we have done in the past. Foreign exchange saw a reduction in revenues due to continued intense competition from both high street and online outlets. The costs of the revaluations of stock were higher than last year and budget due to the volatile market that we had in 2019 due to the general election and continued Brexit uncertainty. Some of these lost revenues were recovered in our Western Union transactions which were higher than budget and 2018, this was largely due to the closure of a competitor in Croydon.

Company Key Performance Indicators

The key performance indicators are summarised below.

	2019 UK £ 000s	2018 UK £ 000s
Profit/(Loss) for the year	(421)	(53)
Revenue	5,340	5,694
Expenses	(5,811)	(5,841)
Net assets	2,995	3,416

KANOO TRAVEL LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Company Key Performance Indicators (continued)

	2019	2018
Revenue Growth	(3.50%)	(0.31%)
Net Profit Margin	(1.54%)	(0.19%)
Gross Profit Margin	18.38%	19.32%
Current Ratio	1.93	2.32
EBITDA	£893,976	£115,134

* Calculated as growth in Total Transaction Value

** Calculated as profit/(loss) before tax divided by Total Transaction Value

*** Calculated as Total Transaction Value divided by revenue

Outlook for 2020

The ongoing Coronavirus outbreak will result in the travel and foreign exchange markets being very uncertain. This uncertainty will come from future customer confidence in travelling and the perceptions of it increasing the risk of exposure to the virus. Current data does show that most people are not looking to book foreign holidays in 2020. Corporate travel will be affected due to companies having travel bans and the increase in the use of conference calls for meetings rather than travelling for face to face, this will continue well into Q4 of 2020. The uncertainty also comes from the availability of suppliers, airlines, hotels, cruises and car hire companies who will all have to change the way in which they do business and this will have an effect on the supply and demand for all these products.

The management team of Kanoo Travel Limited will do everything in their power to protect the cash position of the company so that we are able to trade again whenever possible and take advantage of any opportunities that will bring any profitability. Some of our competitors may not be able to do the same and some may cease to offer the same products as we do to concentrate on their core products until they return to some form of normality.

Coronavirus is causing the industry some concern and we have felt the effects of the public's fears over travelling and government restrictions on travel overseas as have all our competitors. It is still difficult to accurately assess the impact this may have on our business but the parent company in Bahrain remain committed to provide the necessary financial and other support to the company.

Principal risks facing the business

The company is exposed to credit, foreign exchange, liquidity and operational risks. The risks faced by the company and the ways they are mitigated are summarised below.

Credit risk

In relation to the travel business, credit is only extended to one long standing corporate client and then only for fees due. Therefore, the risk from customers defaulting is minimal in frequency and value. In the foreign exchange business corporate clients are well established businesses to whom credit facilities are extended after rigid credit verification checks. 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 or cash. 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.

KANOO TRAVEL LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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 minimal 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 a 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.

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.

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



Maxwell Grosse
Director

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

..... 19 June 2020

KANOO TRAVEL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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 31 December 2019.

Results & Dividends

The loss for the year amounted to £421,011. The directors have not recommended a dividend in the current or previous period.

Going concern

The directors have adopted the going concern basis of accounting in preparing the financial statements and the relevant matters which they have considered are set out in note 3.2 to these financial statements.

Corporate Governance and Compliance

The Company is governed through its Board of Directors which met twice during the year ended 31 December 2019. 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 2019 were equivalent to 30 days' (2018: 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:

Maxwell Grosse
Zaeem Gama

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, details of the principal risks and uncertainties and 'future developments' paragraph.

Financial Instruments

Exposure to foreign currency, credit, and liquidity risks arises in the normal course of the Company's business. These risks are limited by the Company's financial management policies and practices described in note 21.

KANOO TRAVEL LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Events after the reporting period

The directors are aware of the worldwide outbreak of the Corona virus and are monitoring the impact on the company's results for the 31 December 2020 reporting period. Further detail on the impact has been made in note 26.

Disclosure of information to auditor

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

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

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

Auditor

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

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



Maxwell Grosse
Director

..... 19 June, 2020

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

KANOO TRAVEL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2019

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.

On behalf of the Board.



Maxwell Grosse
Director

..... 19 June 2020

KANOO TRAVEL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KANOO TRAVEL LIMITED

Opinion

We have audited the financial statements of Kanoo Travel Limited for the year ended 31 December 2019 which comprise a Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019, and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

KANOO TRAVEL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KANOO TRAVEL LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 6 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

19-Jun-2020

..... 2020

Lynton House
7-12 Tavistock Square
London
WC1H 9LT

Menzies LLP

Richard Watson FCCA (Senior
Statutory Auditor)
For and on behalf of
Menzies LLP
Chartered Accountants
& Statutory Auditor

KANOO TRAVEL LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
Revenue	5	5,339,739	5,693,774
Other operating income	6	50,000	95,000
Expenses			
Administration expenses		(4,903,779)	(5,457,935)
Exchange losses		(350,399)	(299,318)
Finance costs	10	(215,928)	(84,535)
Impairment of assets	14	(340,644)	-
Loss before tax	7	(421,011)	(53,014)
Tax	11	-	-
Loss for the year		(421,011)	(53,014)
Total Comprehensive Income for the year		(421,011)	(53,014)

The notes on pages 13 to 31 form part of these financial statements.

All activities of the Company are classed as continuing.

KANOO TRAVEL LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

Assets	Notes	2019	2018
		£	£
Non-current assets			
Intangibles	12	762,114	762,114
Property plant and equipment	13	301,559	380,686
Right-of-use-assets	14	2,812,726	-
Other assets	15	49,508	70,368
Total non-current assets		3,925,907	1,213,168
Current assets			
Trade and other receivables	15	702,196	1,282,199
Cash and bank balances	25	2,516,866	2,428,612
Total current assets		3,219,063	3,710,811
Total Assets		7,144,970	4,923,979
Equity and liabilities			
Equity			
Issued capital	18	8,304,000	8,304,000
Retained earnings		(5,308,958)	(4,887,947)
Total equity		2,995,042	3,416,053
Current liabilities			
Trade and other payables	16	1,070,813	1,507,926
Lease Liability	17	615,510	-
Total current liabilities		1,686,323	1,507,926
Non-Current liabilities			
Lease liability	17	2,399,747	-
Other Creditors		63,858	-
Total non-current liabilities		2,463,605	-
Total equity and liabilities		7,144,970	4,923,979

The financial statements were approved by the Board of Directors and authorised for issue on 19 June 2020.
The notes on pages 13 to 31 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 2019**

	Share capital	Retained earnings	Total
	£	£	£
Balance as at 1 January 2018	8,304,000	(4,834,933)	3,469,067
Total comprehensive income	-	(53,014)	(53,014)
	<hr/>	<hr/>	<hr/>
Balance as at 31 December 2018	8,304,000	(4,887,947)	3,416,053
Total comprehensive income		(421,011)	(421,011)
	<hr/>	<hr/>	<hr/>
Balance as at 31 December 2019	<u>8,304,000</u>	<u>(5,308,958)</u>	<u>2,995,042</u>

KANOO TRAVEL LIMITED**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
Cash flows from operating activities			
Loss for the year		(421,011)	(53,014)
Finance costs recognised in profit or loss		215,928	84,535
Depreciation and amortisation of non-current assets		818,205	148,108
Loss on disposal of fixed assets		-	20,038
Impairment of assets		340,644	-
		<u>953,766</u>	<u>199,667</u>
Movements in working capital			
(Increase)/decrease in trade and other receivables		600,862	(171,172)
(Decrease)/increase in trade and other payables		(543,543)	(284,186)
		<u>1,011,085</u>	<u>(255,691)</u>
Cash generated (used in)/by operations			
Interest paid		(59,790)	(84,535)
		<u>951,295</u>	<u>(340,226)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(77,922)	(243,345)
Additions to right of use asset		-	-
		<u>(77,922)</u>	<u>(243,345)</u>
Cash flows from financing activities			
Payments against lease liabilities		(785,119)	-
		<u>(785,119)</u>	<u>-</u>
Net cash generated by/(used in) financing activities			
		<u>88,254</u>	<u>(583,571)</u>
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the financial year		2,428,612	3,012,183
		<u>2,516,866</u>	<u>2,428,612</u>
Cash and cash equivalents at 31 December 2019	25		

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 General information

Kanoo Travel Limited is a private company limited by shares, 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 strategic 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 2 Conceptual Framework: 1 January 2020
IFRS 3 Conceptual Framework: 1 January 2020
IFRS 3 Business Combinations: 1 January 2020
IFRS 6 Conceptual Framework: 1 January 2020
IFRS 7 Financial instruments: Disclosure: 1 January 2020
IFRS 9 Financial Instruments (Amendments regarding pre-replacement issues in context of IBOR reform): 1 January 2020
IFRS 14 Conceptual Framework: 1 January 2020
IFRS 17 Insurance Contracts: 1 January 2021
IAS 1 Conceptual Framework: 1 January 2020
IAS 1 Presentation of Financial Statements: 1 January 2020
IAS 8 Conceptual Framework: 1 January 2020
IAS 34 Conceptual Framework: 1 January 2020
IAS 37 Conceptual Framework: 1 January 2020
IAS 38 Conceptual Framework: 1 January 2020
IAS 39 Financial instruments: IFRS 9 effective date
IAS 39 Financial instruments (Amendments regarding pre-replacement issues in context of IBOR reform): 1 January 2020
IFRIC 12 Conceptual Framework: 1 January 2020
IFRIC 19 Conceptual Framework: 1 January 2020
IFRIC 20 Conceptual Framework: 1 January 2020
IFRIC 22 Conceptual Framework: 1 January 2020
SIC-32 Conceptual Framework: 1 January 2020

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

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2 Adoption of new and revised standards (continued)

IFRS 16 Leases

The company has adopted IFRS 16 from 1 January 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

IFRS 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption was nil on retained earnings as the carrying value of the right of use asset was equivalent to the lease liability, adjusted for prepayments of rent.

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

On 11 March 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The Company has implemented its business continuity plans in response to this outbreak and the Company's employees across all branches are either working remotely or the Company has taken advantage of the UK Government's Coronavirus Job Retention Scheme by placing employees on furlough, the Retail, Hospitality and Leisure Grant Funds for branches under the rateable value of £51k plus business rates relief on all applicable branches. All retail stores have been closed since the UK Government placed restrictions in place in March 2020.

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3 Significant accounting policies (continued)

3.2 Going concern (continued)

Due to the current uncertainty regarding the scope, duration and severity of the COVID-19 outbreak, the Company is unable to estimate with reasonable certainty the ultimate impact it will have on its business and financial condition. Management continue to review the viability of each branch within the Group and has plans to reopen most branches in a phased manner when there is sufficient footfall to support the reopening. Until branches reopen for foreign exchange transactions it is difficult for management to assess how quickly trade will recover to pre-COVID-19 levels. As such the Company's business and financial condition will be materially adversely affected by the current pandemic. The Company is currently dependent on the UK Government's Coronavirus Job Retention Scheme and other measures introduced by the UK Government, which the Directors are aware will not continue indefinitely. As a result of these conditions in order for the Directors to conclude on the appropriateness of the going concern basis of preparation, they 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 Limited in order for the Company to continue its operations for the foreseeable future. On the basis of this support being provided the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Subject to the support being provided by the Ultimate Parent Company the directors consider the company to be a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

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.

Revenue is measured at the transaction price, being the fair value of the consideration received or receivable. The transaction price is reduced for expected returns, such estimates are determined using either the 'expected value' or 'most likely' method.

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 and as such the Company recognised revenue on a net basis as commission earned.

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

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

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3 Significant accounting policies (continued)

3.3 Revenue recognition and associated costs (continued)

Fees

Where an initial fee is receivable this is recognised on the date of booking for all products. Amendments to bookings that attract additional fees are recognised at the point of amendment.

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 Foreign currency

The Company's financial 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.

3.5 Operating profit

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

3.6 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.

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3 Significant accounting policies (continued)

3.7 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.

3.8 Right-of-use assets

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

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

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.

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3 Significant accounting policies (continued)

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.

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.

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3 Significant accounting policies (continued)

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.

3.12 Lease Liabilities

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

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

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 services set out in IFRS15 Revenue and, in particular, whether the Company has satisfied its performance objective.

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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.

Impairment of right of use assets

The company has leases which are reviewed for impairment such that cash generated from the activity of the branches covers the lease payments made. Under the provisions of IAS36 Impairment of assets the company provides for impairment if the carrying value of the right of use asset is amended to be less than the recoverable amount. This involves fair value less costs of disposal or value in use calculations, which incorporate a number of key estimates and assumptions.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Carrying value of intangible assets and investments

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. Impairment of investments is assessed at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

5 Revenue

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

	2019 £	2018 £
Continuing operations		
Revenue from the rendering of services	5,348,059	5,693,774
Total Transaction Value (TTV)	27,849,191	28,764,774

In the year, 100% of revenue was generated from sales within the United Kingdom (2018: 100%)

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

6 Other operating income

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

7 Operating profit

The operating profit is stated after charging the following items:

	2019 £	2018 £
Continuing Operations		
Depreciation	122,245	148,108
Depreciation – right-of-use assets	695,960	-
Impairment – right-of-use assets	340,644	-
Loss on disposal of fixed assets	-	20,038
Exchange losses	350,399	299,318
Lease payments under operating leases recognised as an expense	-	1,127,085
Interest on lease liability	156,138	-
Staff costs (see note 9)	2,702,957	2,768,372
	<u> </u>	<u> </u>

8 Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor for the audit of the Company's financial statements	30,000	28,750
	<u> </u>	<u> </u>

9 Employees

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

	2019 Number	2018 Number
Directors	2	2
Operational staff	110	119
Administration staff	19	20
	<u> </u>	<u> </u>
	131	141
	<u> </u>	<u> </u>

KANOO TRAVEL LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****9 Employees (continued)**

Their aggregate remuneration comprised:

	2019 £	2018 £
Employment costs		
Wages and salaries	2,364,090	2,432,589
Social security costs	174,079	187,854
Other pension costs	164,788	148,199
	<u>2,702,957</u>	<u>2,768,372</u>

10 Finance costs

	2019 £	2018 £
Finance and bank charges	215,928	84,535
	<u>215,928</u>	<u>84,535</u>

11 Taxation

	2019 £	2018 £
Corporation tax:		
Current Year	-	-
	<u>-</u>	<u>-</u>

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

	2019 £	2018 £
Profit from continuing operations	(421,011)	(53,014)
Income tax expense calculated at 19% (2018: 19%)	(79,992)	(10,073)
Loss on disposal	-	3,807
Capital allowances in excess of depreciation	(24,607)	(48,146)
Tax losses unrelieved/(utilised)	96,983	51,856
Other tax adjustments	7,616	2,556
Tax expense for the year	<u>-</u>	<u>-</u>

The company has estimated unrecognised losses of £2,686,595 (2018: £2,591,410) available for carry forward against future trading profits.

KANOO TRAVEL LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****12 Goodwill**

	2019 £
Cost	
Balance at 1 January 2019	1,028,419
	<hr/>
Balance at 31 December 2019	1,028,419
	<hr/>
Accumulated impairment losses	
Balance at 1 January 2019	266,305
	<hr/>
Balance at 31 December 2019	266,305
	<hr/>
Carrying amount	
As at 31 December 2019	762,114
	<hr/>
As at 31 December 2018	762,114
	<hr/>
	<hr/>
	2018 £
Cost	
Balance at 1 January 2018	1,028,419
	<hr/>
Balance at 31 December 2018	1,028,419
	<hr/>
Accumulated impairment losses	
Balance at 1 January 2018	266,305
	<hr/>
Balance at 31 December 2018	266,305
	<hr/>
Carrying amount	
As at 31 December 2018	762,114
	<hr/>
As at 31 December 2016	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 2019

13 Property, plant and equipment

2019	Improvements £	Leasehold equipment £	Plant and Total £
Cost or valuation			
Balance at 1 January 2019	1,067,664	639,998	1,707,662
Additions	25,334	52,588	77,922
Disposals	(530,446)	(335,741)	(866,187)
Reclassifications	(82,321)	82,321	-
Impairment	(16,166)	(18,584)	(34,750)
Balance at 31 December 2019	464,065	420,582	884,647
Accumulated depreciation			
Balance at 1 January 2019	896,313	430,663	1,326,976
Charge in year	85,723	36,522	122,245
Depreciation on disposal	(530,446)	(335,687)	(866,133)
Reclassifications	(170,963)	170,963	-
Balance at 31 December 2019	280,627	302,461	583,088
Carrying amount			
As at 31 December 2019	183,438	118,121	301,559
Carrying amount			
As at 31 December 2018	171,351	209,335	380,686
2018	Leasehold Improvements £	Plant and equipment £	Total £
Cost or valuation			
Balance at 1 January 2018	1,015,983	560,535	1,576,518
Additions	132,505	110,841	243,346
Disposals	(80,824)	(31,378)	(112,202)
Balance at 31 December 2018	1,067,664	639,998	1,707,662
Accumulated depreciation and impairment			
Balance at 1 January 2018	836,254	434,778	1,271,032
Depreciation expense	101,582	46,526	148,108
Accumulated depreciation on disposals	(41,523)	(50,641)	(92,164)
Balance at 31 December 2018	896,313	430,663	1,326,976
Carrying amount			
As at 31 December 2018	171,351	209,335	380,686
As at 31 December 2017	179,729	125,757	305,847

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

14 Right-of-use assets

	2019 £
Land and buildings – right of use	3,814,580
Impairment	(305,894)
Less: Accumulated Depreciation	(695,960)
	<u>2,812,726</u>

The entity leases buildings for its offices and retail outlets under agreements of between one to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

15 Trade and other receivables

	2019 £	2018 £
Trade receivables	323,864	547,942
Prepayments and accrued income	350,666	642,561
Other receivables	27,667	91,696
	<u>702,197</u>	<u>1,282,199</u>
Due in more than one year:		
Deposits	<u>49,508</u>	<u>70,368</u>

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

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

Trade receivables disclosed above include amounts which are past due at the reporting date but against which the 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.

With all other variables held constant, as at 31 December 2019, it is estimated that a general increase of 1% in the value of British Pound against United States Dollars and Euros, would decrease the company's profit after tax and retained earnings by approximately £6,000 (2018: £6,000), and a general decrease of 1% in the value of the British Pound against the United States Dollar and Euros, would increase the company's profit after tax and retained earnings by approximately £6,000. (2018: £6,000)

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

15 Trade and other receivables (cont.)

This analysis assumed the change in exchange rates occurs at the end of the reporting period and is applied to the exposure of foreign exchange risk for balances outstanding at that date. The 1% increase or decrease represents management's assessment of the likely maximum change in foreign currency over the period until the next reporting date.

Allowance for expected credit losses

The Company has recognised a loss of £Nil in profit or loss in respect of expected credit losses for the year ended 31 December 2019.

16 Trade and other payables

	2019 £	2018 £
Trade payables	676,495	826,358
Amounts owed to parent undertakings and fellow subsidiaries	6,200	190,490
Accruals and deferred income	327,090	482,152
Other payables	61,028	8,926
	<hr/>	<hr/>
	1,070,813	1,507,926
Due in more than one year:	<hr/>	<hr/>
Amounts owed to parent undertakings and fellow subsidiaries	63,858	-
	<hr/>	<hr/>

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 Lease liabilities

	2019 £
Current	615,510
Non-current	2,399,747
	<hr/>
	3,015,257
	<hr/>

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

18 Share capital

	Share capital 2019 £	Share capital 2018 £
Allotted, called up and fully paid		
3,026,000 "A" ordinary shares of £1 each	3,026,000	3,026,000
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>8,304,000</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 have 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.

19 Reserves

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

20 Commitments and contingencies

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

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

At 31 December 2019, Kanoo Travel Limited had bank guarantees in place to travel agency regulators totalling £544,582 (2018 - £142,256). Kanoo Travel Limited are jointly and severally 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 2019

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 2019****21 Financial instruments (cont.)****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

	Less than 6 months £	Between 6 months and 1 year £	Between 1 year and 5 years £	Total £
31 December 2019 :				
Maturity analysis				
Trade and other payables	1,077,013	-	-	1,077,013
Lease liability	615,510	-	2,399,747	3,015,257
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
31 December 2018:				
Maturity analysis				
Trade and other payables	1,507,926	-	-	1,507,926
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	1,507,926	-	-	1,507,926
7,926	-	-	1,507,926	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The above financial liabilities consist of trade and other payables & lease liability, excluding taxation and social security 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.

Financial assets	2019 £	2018 £
Trade and other receivables	401,039	620,074
	<u> </u>	<u> </u>

The above financial assets comprise of current and non-current trade and other receivables, excluding prepayments and VAT debtor 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 going concern

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

22 Related party transactions

At the year end the Company had outstanding balances with the following related parties who are members of the same group:

	Amounts owed to/(from) related parties	
	2019 £	2018 £
Kanoo Travel & Foreign Exchange Services Limited	63,858	185,969
Bureau De Change Manuel Kanoo SA	-	(64,917)
Yusuf Bin Ahmed Kanoo (Holdings) W.L.L.	6,200	-
	<u>70,058</u>	<u>121,052</u>

23 Transactions with key management personnel

The directors did not receive any remuneration from the Company during the year (2018: £Nil).

24 Ultimate controlling party

The immediate parent company is Kanoo Travel & Foreign Exchange Services Limited, a company incorporated in England and Wales whose registered office is Lynton House, 7-12 Tavistock Square, London, WC1H 9LT. This is the smallest group for which group accounts are prepared. Copies of these group accounts are available to the public, and can be obtained from Companies House.

The ultimate parent company is Yusuf Bin Ahmed Kanoo (Holdings) W.L.L., a company incorporated in Bahrain whose registered office is Building 26, Road 302, Block 304, Manama Center, Bahrain. This is the largest group for which group accounts are prepared.

The ultimate controlling party is Mishal Hamad Ali Kanoo and family. Mishal Hamad Ali Kanoo was a director of Kanoo Travel and Foreign Exchange Services Limited but resigned during 2018.

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:

	2019 £	2018 £
Cash and bank balances	2,516,866	2,428,612
	<u>2,516,866</u>	<u>2,428,612</u>

KANOO TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

26 Events after the reporting period

On 11 March 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. When undertaking impairment reviews on relevant assets at the year end the directors were unable to take into account the impact of the outbreak of coronavirus into their calculation, as the condition did not exist at the balance sheet date.

At the time of approving these accounts the directors do not have sufficient certainty as to when the business will be fully open and have undertaken certain measures to mitigate the costs of the company. Further the directors believe it too soon to assess the impairment of assets (if any) that may have occurred in the post year end period in relation to the effects of the coronavirus on the Group. The directors will keep under review the carrying values of investments, goodwill and other assets of the group until such time that any impact can be fully assessed.