

COMPANY REGISTRATION NUMBER: 00433790

# TRAVEL CHOICE OVERSEAS LIMITED

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

FRIDAY



\*L6G0UNO2\*

LD5

29/09/2017

#115

COMPANIES HOUSE

# **TRAVEL CHOICE OVERSEAS LIMITED**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

---

<b>CONTENTS</b>	<b>PAGE</b>
Officers and professional advisers	<b>1</b>
Strategic report	<b>2</b>
Directors' report	<b>5</b>
Statement of Directors' responsibilities	<b>6</b>
Independent auditor's report to the shareholders	<b>7</b>
Income statement	<b>8</b>
Statement of comprehensive income	<b>9</b>
Statement of financial position	<b>10</b>
Statement of changes in equity	<b>11</b>
Cash flow statement	<b>12</b>
Notes to the financial statements	<b>13</b>

---

# **TRAVEL CHOICE OVERSEAS LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

---

### **THE BOARD OF DIRECTORS**

Akbar Mahmood Ismaeel AlSaati  
Nabeel Khalid Mohamed Kanoo  
Maxwell Thomas Grosse  
Ahmed Fawzi Ahmed Ali Kanoo

### **REGISTERED OFFICE**

Lynton House  
7-12 Tavistock Square  
London  
WC1H 9LT

### **AUDITOR**

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

### **BANKERS**

HSBC Bank plc  
8 Canada Square  
London  
E14 5HQ

# TRAVEL CHOICE OVERSEAS LIMITED

## STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

---

The directors present their annual report on the affairs of the company, together with the audited financial statements and auditors' report. This annual report covers the financial year ended 31 December 2016.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Travel Choice Overseas Limited is an intermediate holding company and trading company conducting its affairs through its branch in Egypt. The company engages principally in the business of:

- i. World travel agents
- ii. Foreign exchange retailers

### STRATEGY AND FUTURE OUTLOOK

The company will continue to operate as a holding company for the branch in Egypt under the control and supervision of Yusuf Bin Ahmed Kanoo (Holdings) Co W.L.L.

The main developmental goals set for achievement are pointed out below.

#### *Corporate Travel income drivers:*

Acquire "Key" corporate travel accounts and maximise the revenue of the existing accounts in support of our leisure travel growth strategy. This will be done through:

1. Enhancing the e-commerce Business to Business solutions and tools used;
2. Enhancing our quality monitoring processes and practices in support of a competitive sales edge, account retention and growth;
3. Targeting new corporate travel accounts;
4. Promoting Business to Business solutions interfaced with back and mid office;
5. Promoting meeting and event management to our existing corporate account base and to the corporate clients of the competitors.

#### *Leisure Travel income drivers:*

Focus on promoting outbound leisure travel to our corporate account base and positioning Travel Choice Egypt as a leisure travel specialist to both the traveller and local/regional travel agencies through:

1. Establishing leisure travel sales targets per existing corporate account manager;
2. Matching products to the leisure travel requirements of the corporate account staff;
3. Promoting Travel Choice Egypt as a leisure travel specialist within Egypt and the Middle East through wholesale (Business to Business) and Electronic business;
4. Promoting new destinations for leisure travel customers.

#### *Inbound travel – Inbound Luxury Tourism/Inbound Incentive and Conference Travel income drivers:*

Travel Choice Egypt is currently positioned as a leader within the corporate travel and outbound tourism segments in the travel sector.

Our 2016 inbound tourism strategy will focus on increasing the sales/revenue of our Business to Business and Business to Consumer existing and new accounts, coupled with the acquisition of niche upmarket/luxury tour operators, as the inbound tourism improves. Initiatives will include enhancing our existing sales plan, and marketing materials e.g. website, CDs, brochures etc.

With respect to incentive and conference inbound travel, our 2016 strategy will concentrate on entering the United Kingdom, Indian, Gulf and the Middle East markets.

#### *Financial services income drivers:*

Maintaining the current high quality services utilising our limited license scope and search for new products that would not conflict with our license, while managing the challenges of the currency exchange regulations.

# TRAVEL CHOICE OVERSEAS LIMITED

## STRATEGIC REPORT (*continued*)

FOR THE YEAR ENDED 31 DECEMBER 2016

---

### FINANCIAL RISK MANAGEMENT

Risks are reviewed on multiple dimensions based on segregation of responsibilities. The local risk committee meets every week to review the various operational risk involved. On a day to day basis, operational risks are monitored (daily, and on a regular basis, weekly and monthly scheduled meetings) in terms of money laundering, credit management, cash and foreign currency balances, suppliers and customer contracts, employee relations, third party contracts. From a macro management perspective, risks are regularly reviewed by the Board and senior management using appropriate matrices. Authority levels and processes are put in place to monitor and mitigate any unforeseen risks.

### PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's objectives and strategy are subject to operational risks.

The UK group have identified a number of principal risks and uncertainties that could potentially damage the current business model and future growth opportunities:

- Downturn in the global economy and in the economies of our source markets leading to a reduction in demand for our product and services.
- Environmental risks and regulations
- Major health and safety incident
- Loss of, or difficulty in replacing, senior talent

The company's activities expose it to a variety of financial risks including foreign currency exchange risk. The company's overall risk management programme seeks to minimise the potential adverse effects on the financial performance.

- Information Technology - IT plays a major role in day to day operations, the company recognises this importance and invests accordingly in systems to ensure an efficient and reliable service is maintained.
- Foreign currency exchange rates risk - The Company is exposed to foreign exchange risk arising from various currency exposures. The company FOREX strategy has been guided by the strategy of the Central Bank Of Egypt. For example, during 2016, the Central Bank Of Egypt has announced in many TV interviews ,when CBE has announced the strategy towards the Egyptian Pound Floating, TC CFO took the decision to let the Foreign currency balance accumulate, which resulted in a foreign currency revaluation gain of EGP38M at year end closing 2016.
- Credit risk - The Company's principal financial assets are bank balances, cash and trade and inter-company debtors which represent the company's maximum exposure to credit risk in relation to financial assets. Risk is managed through internal monitoring processes.
- Price risk - The Company is not materially exposed to commodity price risk as a result of its operations.
- Liquidity risk - The company has appropriate overdraft facilities in place with various banks where considered necessary. The company uses its annual budget and planning process to predict and manage expected future liquidity. The liquidity forecast is reviewed and updated on a regular basis.
- Interest rate risk - The Company is subject to risks arising from interest rate movement in connection with the costs of servicing its short-term borrowings and the returns on its liquid assets. The risks associated with this are managed in conjunction with the liquidity risk.

# TRAVEL CHOICE OVERSEAS LIMITED

## STRATEGIC REPORT (*continued*)

FOR THE YEAR ENDED 31 DECEMBER 2016

---

### PERFORMANCE ACHIEVED AGAINST KEY PERFORMANCE INDICATORS

The Directors have adopted a fair and balanced approach, consistent with the size and nature of the company, when reviewing its development and performance during the year to 31 December 2016.

During the year, the company made a loss before income tax of £339,000 (2015: £570,000 profit), which largely resulted from the unstable nature of the Egyptian economy and currency during 2016 that impacted sales revenue.

Despite this, the company's cash position at the year-end was still very strong, with £2.7m in cash reserves. The Directors are confident that the company is in a strong position to continue its development in line with the development objectives, set out below:

#### *Corporate Travel*

- Acquire new corporate accounts.
- Fully exploit Global Distribution System incentives: Maximised benefits obtained through increasing development funds dedicated to the system and customer enhancements.
- Maximise airline overrides: negotiated airline deals through local and global deals. Obtained marketing money and increased benefits on some airlines.
- Maximise sales with existing customers: concentrated sales efforts while addressing category A business segmentation to maximise turnover sales on long-haul routes in Europe, Far East and USA.

#### *Leisure outbound*

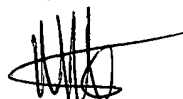
- Increase outbound group business: increased materialisation on corporate group quotations offered.
- Cross-sell personal leisure into corporate accounts: acquired new leisure business through dedicated sales and offering activities to cash clients working in corporate accounts through sales visits and email shots.
- Fully exploit Global Distribution System incentives: maximised benefits obtained through increasing development funds dedicated to the system and customer enhancements.
- Maximise airline overrides: negotiated airline deals through local and global deals.
- Grow Business to Business (expanding into neighbouring countries): acquired a number of general sales agents in Egypt, the GCC and the Middle East.

#### *Inbound Travel*

- Increase business with existing customers by 10%; some business was materialised.
- Increase business from India by 15%; regained some groups and individuals.
- Develop and enhance the GCC and Middle East business.

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

Signed by order of the directors



M T Grosse

Director

Approved by the directors on.....29.9.17.....

# TRAVEL CHOICE OVERSEAS LIMITED

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements of the company for the period from 1 January 2016 to 31 December 2016.

### DIRECTORS

The directors who served the company during the period were as follows:

Akbar Mahmood Ismaeel AlSaati  
Nabeel Khaled Mohamed Kanoo  
Maxwell Thomas Grosse  
Ahmed Fawzi Ahmed Ali Kanoo

### RESULTS AND DIVIDENDS

The company made a loss before income tax of £339,000 (2015: £570,000 profit).

Dividends of £751,000 (2015: £Nil) were paid during the financial period.

### GOING CONCERN

The directors have a reasonable expectation that the company has adequate resources to continue operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### STRATEGIC REPORT

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

### EQUAL OPPORTUNITIES

The company is committed to employment policies which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status and offers appropriate training and career development for disabled staff. If members of staff become disabled, the company continues employment wherever possible and arranges retraining.

### EMPLOYEE INVOLVEMENT

Application for employment by disabled persons is always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

### CHARITABLE AND POLITICAL DONATIONS

During the year, no charitable donations were made (2015: £nil). The company made no political donations during the current or prior year.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

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

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

### AUDITOR

Menzies LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

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

Signed by order of the directors

  
M T Grosse  
Director

Approved by the directors on 29.9.17

# TRAVEL CHOICE OVERSEAS LIMITED

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2016

---

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 period. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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.

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

Signed by order of the directors



M T Grosse

Director

Approved by the directors on 29.9.17



# TRAVEL CHOICE OVERSEAS LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TRAVEL CHOICE OVERSEAS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2016

We have audited the financial statements of Travel Choice Overseas Limited for the year ended 31 December 2016 which comprises the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement 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 AUDITOR

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. 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 the 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](http://www.frc.org.uk/apb/scope/private.cfm).

### OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the period 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 MATTER PRESCRIBED BY THE COMPANIES ACT 2006

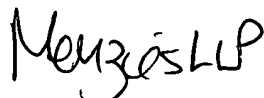
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

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.

### 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.



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

29/9/2017

# TRAVEL CHOICE OVERSEAS LIMITED

## INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Year to 31 Dec 16 £000	Year to 31 Dec 15 £000
<b>REVENUE</b>	<b>3</b>	3,563	5,111
Administrative expenses – other		4,559	4,593
Administrative expenses – foreign exchange gain		(742)	-
<b>OPERATING PROFIT / (LOSS)</b>	<b>5</b>	(254)	518
Finance income	<b>4</b>	17	64
Finance costs	<b>4</b>	(102)	(12)
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(339)	570
Tax on profit / (loss) on ordinary activities	<b>9</b>	169	165
<b>PROFIT / (LOSS) FOR THE FINANCIAL PERIOD</b>		(508)	405

The result for the year is wholly attributed to the continuing operations of the company.

The notes on pages 13 to 27 form part of these financial statements.

# TRAVEL CHOICE OVERSEAS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

---

	Year to 31 Dec 16 £000	Year to 31 Dec 15 £000
Profit / (loss) for the financial period	(508)	405
<b>Other comprehensive expense:</b>		
Currency translation differences	(2,079)	(282)
<b>Total comprehensive income/(loss) for the period</b>	<b>(2,587)</b>	<b>123</b>

---

The notes on pages 13 to 27 form part of these financial statements.

# TRAVEL CHOICE OVERSEAS LIMITED

## STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2016

	Note	31 Dec 16 £000	31 Dec 15 £000	31 Dec 15 £000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	10		130	342
Investments in subsidiary	11		11	21
Deferred tax	16		41	215
Total non-current assets			182	578
<b>CURRENT ASSETS</b>				
Trade and other receivables	12	4,228	8,533	
Cash and cash equivalents	13	2,726	4,379	
Current tax asset		-	52	
Total current assets			6,954	12,964
<b>TOTAL ASSETS</b>			<u>7,136</u>	<u>13,542</u>
<b>NON-CURRENT LIABILITIES</b>				
Trade and other payables	15		44	99
Total non-current liabilities			44	99
<b>CURRENT LIABILITIES</b>				
Trade and other payables	14	2,427	5,440	
Current tax liability		-	-	
Total current liabilities			2,427	5,440
<b>TOTAL LIABILITIES</b>			<u>2,471</u>	<u>5,539</u>
<b>EQUITY</b>				
Called-up equity share capital	17	6,387	6,387	
Share premium account		293	293	
Retained earnings		(2,015)	1,323	
Total equity			4,665	8,003
<b>TOTAL EQUITY AND LIABILITIES</b>			<u>7,136</u>	<u>13,542</u>

These accounts were approved by the directors and authorised for issue on 29.9.17, and are signed on their behalf by:

M T Grosse  
Director

Company Registration Number: 00433790

The notes on pages 13 to 27 form part of these financial statements.

# TRAVEL CHOICE OVERSEAS LIMITED

## STATEMENT OF CHANGES IN EQUITY

AT 31 DECEMBER 2016

	Share Capital £'000	Retained Earnings £'000	Share Premium £'000	Total £'000
Balance as at 1 January 2015	6,387	1,200	293	7,880
Total comprehensive income for the period	-	123	-	123
Dividends paid	-	-	-	-
<b>Balance as at 31 December 2015</b>	<b><u>6,387</u></b>	<b><u>1,323</u></b>	<b><u>293</u></b>	<b><u>8,003</u></b>
Balance as at 1 January 2016	6,387	1,323	293	8,003
Total comprehensive income for the period	-	(2,587)	-	(2,587)
Dividends paid	-	(751)	-	(751)
<b>Balance as at 31 December 2016</b>	<b><u>6,387</u></b>	<b><u>(2,015)</u></b>	<b><u>293</u></b>	<b><u>4,665</u></b>

The notes on pages 13 to 27 form part of these financial statements.

# TRAVEL CHOICE OVERSEAS LIMITED

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

		Year to 31 Dec 16 £'000	£'000	Year to 31 Dec 15 £'000	£'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash generated from operations	19	1,291		438	
Net finance (cost)/income		(85)		52	
Taxation		(76)		(247)	
<b>Net cash generated from operating activities</b>			1,130		243
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment		(22)		(110)	
Proceeds on disposal of property, plant and equipment		43		22	
<b>Net cash (used in)/generated from investing activities</b>			21		(88)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>					
Equity dividends paid		(751)		-	
<b>Net cash used in financing activities</b>			(751)		-
Effect of foreign exchange			(2,053)		(263)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			(1,653)		(108)
Cash and cash equivalents at beginning of the year			4,379		4,487
<b>Cash and cash equivalents at the end of the year</b>			<b>2,726</b>		<b>4,379</b>

The notes on pages 13 to 27 form part of these financial statements.

# TRAVEL CHOICE OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

---

### 1. GENERAL INFORMATION

Travel Choice Overseas Limited is a private company limited by shares incorporated in Great Britain under the Companies Act 2006. The address of its registered office is Lynton House, 7-12 Tavistock Square, London, WC1H 9LT. The nature of the Company's operations and its principal activities are set out in the Strategic report. These financial statements are presented in pounds sterling, which is the Company's presentational currency, and rounded to the nearest £1,000.

The Company is a wholly-owned subsidiary company of Yusuf Bin Ahmed Kanoo (Holdings) Co W.L.L., a company incorporated in Bahrain. The Company is exempt from the requirement to prepare group accounts in accordance with section 402 of the Companies Act 2006. The Company has a 98% shareholding in Travel Choice Services S.A.E., a company incorporated in Egypt which is excluded from consolidation on the basis that the inclusion of the subsidiary is not material for the purpose of giving a true and fair view in accordance with section 405 of the Companies Act 2006

The following new standards, amendments to standards and interpretations that have not been applied in these financial statements, were in issue but not yet effective:

IFRS 15 Revenue from Contracts with Customers: 1 January 2018

IFRS 16 Leases: 1 January 2019

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

IAS 7 Statement of Cash Flows: 1 January 2017

IAS 12 Income Taxes: 1 January 2017

### 2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial information presented in this document are set out below and have been applied consistently to the periods presented.

#### **Basis of preparation**

These financial statements have been prepared in accordance with IFRS and IFRIC interpretations as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The accounting policies adopted are consistent with those of the previous financial period except for those the Company has adopted.

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (functional currency). The financial statements are presented in sterling which is the company's presentational currency. All amounts related to the Egypt branch are translated from Egyptian Pound to Sterling.

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments where required. The principal accounting policies adopted are set out below.

# TRAVEL CHOICE OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

---

### 2. ACCOUNTING POLICIES (continued)

#### Revenue

Revenue comprises commission from services rendered as a touristic agency for flight companies, hotels and other travel arrangements and margins arising on the sale of foreign exchange and travellers' cheques. Revenue is stated net of VAT and trade discounts.

Revenues and expenses relating to package holidays and commissions on travel arrangements are recognised on holiday departure.

Foreign exchange commissions and margins on the sale of currencies are recognised at point of purchase.

Profit from inclusive tours and the cost of brochure publication relating thereto are taken to the income statement in the financial year in which the tour commences.

#### Trade receivables

Trade receivables are carried at cost less any impairment. An impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the carrying amount and the recoverable amount, and the amount of the loss is recognised in the income statement within "Administrative Expenses". Expected cash flows are discounted at the market rate of interest for similar borrowers.

#### Cash and cash equivalents

Cash and cash equivalents are carried at cost. Bank overdrafts are included within borrowings in current liabilities on the Statement of Financial Position. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, cash at bank, and bank overdrafts.

#### Administrative expenses

Administrative expenses include the cost of staff, finance, and general administrative services.

#### Property, plant and equipment

Fixed assets are stated at historical cost less accumulated depreciation. The cost of fixed assets is their purchase price, together with any cost to the asset in a working condition as intended by management.

#### Depreciation

Depreciation is provided on a straight-line basis so as to write off the cost or valuation of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Buildings and leasehold buildings	-	over the shorter of 50 years or the lease term
Furniture, fittings, vehicles and equipment	-	ranging between 7 and 33%

#### Investments

Investments in subsidiaries are included in the financial statement at cost.

#### Borrowings

Borrowings are recognised initially at fair value, net of transactions costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transactions costs) and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest method.

Borrowings are classified as a current liability unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

#### Trade payables

Trade payables are generally carried at the value of services received from others, whether invoiced or not. Where services received and trade payables are initially recognised at the present value of expected cash outflows using the market rate of interest for similar borrowings. Thereafter, trade payables are carried at amortized cost.

#### Operating leases

Costs in respect of operating leases are charged directly to the income statement on a straight line basis over the lease term.



# TRAVEL CHOICE OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

---

### 2. ACCOUNTING POLICIES (continued)

#### **Foreign currencies**

Exchange differences arising from the retranslation of the opening net assets of its branch which has currencies of operation other than Sterling are taken to the reserves together with the differences arising when the income statement are translated at average rates and compared with rates ruling at year-end.

Other transactions denominated in foreign currencies are translated into sterling at the actual rates of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into sterling at the rates of exchange ruling at the balance sheet date. Exchange gains and losses are taken to the income statement.

#### **Taxation**

Income tax comprises current and deferred tax. It is recognised in the income statement, except to the extent it relates to items recognised directly in equity, in which case the associated tax is also recognised in equity.

Current tax is the expected tax payable on taxable income for the financial period, using tax rates enacted at balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the liability method whereby deferred tax arises on temporary differences between the tax base of assets and liabilities used for taxation purposes and their carrying amounts for financial reporting purposes. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

#### **Non derivative financial instruments**

The treatment of non-derivative financial instruments is set out below.

#### ***Trade and other receivables***

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. 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 Income Statement within 'administrative expenses'. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in the Income Statement.

#### ***Trade and other payables***

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. When there is objective evidence that the Company will not be invoiced for amounts due over one year, these amounts are recognised in the Income Statement.

#### **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, 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, and are continually reviewed on an ongoing 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.

# TRAVEL CHOICE OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

### 3. REVENUE

Revenue analysis as follows:

	Year to 31 Dec 16 £000	Year to 31 Dec 15 £000
Sales of package holidays and other travel services	3,462	4,931
Foreign exchange services	101	180
<b>Total</b>	<b>3,563</b>	<b>5,111</b>

Business and geographical segments:

The business and geographical segments can be split as follows:

	Year to 31 Dec 16 £000	Year to 31 Dec 15 £000
Africa	3,563	5,111
<b>Total</b>	<b>3,563</b>	<b>5,111</b>

### 4. FINANCE INCOME/ (COSTS)

	Year to 31 Dec 16 £000	Year to 31 Dec 15 £000
Bank interest received	17	64
Bank interest paid	(102)	(12)
<b>Total</b>	<b>(85)</b>	<b>52</b>

### 5. OPERATING PROFIT / (LOSS)

Operating profit / (loss) for the period has been arrived at after charging the following items within administrative expenses:

	Year to 31 Dec 16 £000	Year to 31 Dec 15 £000
Staff costs (see note 7)	1,907	2,368
Directors fees	26	18
Depreciation of property, plant and equipment - owned assets	102	160
Profit on disposal of fixed assets	37	22
Operating lease rentals - land and buildings	537	552
Exchange (gain) / loss	(742)	-

# TRAVEL CHOICE OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

### 6. AUDITOR'S REMUNERATION

	Year to 31 Dec 16 £000	Year to 31 Dec 15 £000
Fees payable for audit services	15	9
Fees payable for taxation compliance services	8	20
	<u>23</u>	<u>29</u>

### 7. STAFF COSTS

	Year to 31 Dec 16 £000	Year to 31 Dec 15 £000
Wages and salaries	1,700	2,164
Social security costs	207	204
	<u>1,907</u>	<u>2,368</u>

The average monthly number of employees are as follows:

	Year to 31 Dec 16 No	Year to 31 Dec 15 No
Retail staff	237	266
Administrative staff	48	40
	<u>285</u>	<u>306</u>

### 8. DIRECTORS REMUNERATION

	Year to 31 Dec 16 £000	Year to 31 Dec 15 £000
Aggregate emoluments	26	18
	<u>26</u>	<u>18</u>

During the year, no pension payments were made on behalf of any of the directors (2015: £nil)

# TRAVEL CHOICE OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

### 9. INCOME TAX CREDIT/ (CHARGE)

	Year to 31 Dec 16 £000	Year to 31 Dec 15 £000
<b>Current tax:</b>		
UK corporation tax charge for the year	-	140
Double taxation relief	-	(140)
Overseas tax charge for the year	(21)	111
Overseas tax adjustment in respect to prior years	-	54
<b>Total current tax charge</b>		<b>165</b>
<b>Deferred tax:</b>		
Movement in current year	190	-
<b>Tax charge (credit)</b>	<b>169</b>	<b>165</b>

Corporation tax is calculated at 20.00% (2015: 20.25%) of the estimated taxable profit / loss for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The charge for the period can be reconciled to the profit / loss per the income statement as follows:

	Year to 31 Dec 16 £000	Year to 31 Dec 15 £000
<b>Profit / (loss) before tax</b>	<b>(339)</b>	<b>570</b>
Profit/ (loss) before tax multiplied by the current tax rate of 20.00% (2015: 20.25%)	(68)	115
Effects of:		
Adjustments to tax in respect of the prior periods	-	54
Capital allowances in excess of depreciation	31	-
Unrelieved losses carried forward	37	-
Expenses not deductible for tax purposes	-	(5)
Foreign tax credits	-	(135)
Depreciation not in deferred tax	190	25
Overseas tax charge for the year	(21)	111
Deferred tax effect of reduction in main corporation tax	-	-
<b>Tax charge / (credit) for the year</b>	<b>169</b>	<b>165</b>

The UK corporation tax rates have fallen from 20.25.8% to 20.00% in the current period as a result of reductions in the UK main rate of corporation tax reducing from 21% to 20% during the year ended 31 March 2016.

### Statement of financial position

	31 Dec 16 £000	31 Dec 15 £000
Corporation tax receivable / (payable)	162	52

# TRAVEL CHOICE OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

### 10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings £000	Furniture, fittings, vehicles and equipment £000	Total £000
<b>Cost</b>			
At 1 January 2015	127	1,536	1,663
Exchange adjustment	(5)	(55)	(60)
Additions	-	110	110
Disposals	(13)	(238)	(251)
<b>At 1 January 2016</b>	<b>109</b>	<b>1,353</b>	<b>1,462</b>
Exchange adjustment	(55)	(669)	(724)
Additions	-	22	22
Disposals	-	(31)	(31)
<b>At 31 December 2016</b>	<b>54</b>	<b>675</b>	<b>729</b>
<b>Accumulated Depreciation</b>			
At 1 January 2015	51	1,202	1,253
Exchange adjustment	(2)	(40)	(42)
Charge for the period	3	157	160
Disposals	(13)	(238)	(251)
<b>At 1 January 2016</b>	<b>39</b>	<b>1,081</b>	<b>1,120</b>
Exchange adjustment	(21)	(532)	(553)
Charge for the period	1	59	60
Disposals	-	(28)	(28)
<b>At 31 December 2016</b>	<b>19</b>	<b>580</b>	<b>599</b>
<b>At 31 December 2016</b>	<b>35</b>	<b>95</b>	<b>130</b>
At 31 December 2015	70	272	342
At 31 December 2014	76	334	410

# TRAVEL CHOICE OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

### 11. INVESTMENTS

On 27 May 2012 Travel Choice Services S.A.E. was established in Egypt. The investment in the subsidiary is represented in a paid capital payment of 245,000 Egyptian pounds. The subsidiary is 98% owned by Travel Choice Overseas Limited.

Investment in the subsidiary is as follows:

	Country of incorporation	Investment Value £'000
Travel-Choice Services S.A.E.	Egypt	11
This investment can be broken down as follows:		
<b>Cost</b>		£'000
As at 31 December 2015		21
Additions		-
Exchange adjustment		(10)
As at 31 December 2016		11
	<b>31 Dec 16 £000</b>	<b>31 Dec 15 £000</b>
<b>Aggregate capital and reserves</b>		
Travel Choice Services S.A.E.	(10)	(12)
<b>Profit and (loss) for the year</b>		
Travel Choice Services S.A.E.	(4)	(7)

### 12. TRADE AND OTHER RECEIVABLES

	31 Dec 16 £000	31 Dec 15 £000
<b>Current assets</b>		
Trade receivables	3,360	7,773
Less: provision for impairment of trade receivables	(92)	(214)
<b>Net Trade receivables</b>	<b>3,268</b>	<b>7,559</b>
Amounts owed by group undertakings	291	232
Other receivables	506	76
Prepayments and accrued income	162	666
	<b>4,228</b>	<b>8,533</b>

The average credit period taken on sales is 45 days (2015: 45 days). No interest is charged on the receivables. The credit risk in respect of direct receivables from customers is limited, as it is guaranteed by corporate contracts.

Deposits and prepayments include amounts paid in advance to suppliers of services and historically have covered periods from 1 to 12 months in advance. The Group's current policy, which is also adopted by the Company, is that deposits and prepayments will normally only be made for periods of up to twelve months in advance.

The Company's credit risk is primarily attributable to these receivables. The amounts presented in the balance sheet include allowances for doubtful receivables. This allowance has been determined by reference to past default experience.

# TRAVEL CHOICE OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

### 12. TRADE AND OTHER RECEIVABLES (continued)

	31 Dec 16 £000	31 Dec 15 £000
<b>Movement in allowances for doubtful trade receivables</b>		
At the beginning of the year	214	317
Exchange adjustment	(102)	-
Less: Used provision	(18)	-
Charged to the Income statement	(2)	(103)
	<u>92</u>	<u>214</u>

The other classes within trade and other receivables do not contain impaired assets.

At the year end, trade receivables of £2,324,000 (2015: £4,710,000) were past due but not impaired. The analysis of the age of these financial assets is set out below.

	31 Dec 16 £000	31 Dec 15 £000
<b>Ageing analysis of overdue trade and other receivables</b>		
Up to 3 months overdue	1,744	3,260
Between 3 and 6 months overdue	580	953
Above 6 months overdue	-	497
	<u>2,324</u>	<u>4,710</u>

Trade and other receivables are not subject to restrictions on title and no collateral is held as security. The company considers that the carrying amount of trade and other receivables is a reasonable approximation of their fair values. Intercompany receivables are unsecured, repayable on demand and are interest free.

### 13. CASH AND CASH EQUIVALENTS

	31 Dec 16 £000	31 Dec 15 £000
Short term bank deposits	-	-
Cash at bank and in hand	2,726	4,379
<b>Cash and cash equivalents per the cash flow statement</b>	<u>2,726</u>	<u>4,379</u>

For the purpose of the cash flow statement, cash and cash equivalents comprises deposits with banks, bank and cash balances and, net of bank overdrafts. The carrying amount of these assets approximates their fair value.

# TRAVEL CHOICE OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

---

### 14. TRADE AND OTHER PAYABLES

	31 Dec 16 £000	31 Dec 15 £000
Trade payables	1,189	2,533
Amounts owed to group undertakings	-	2,000
Other payables	853	406
Accruals	385	501
	<u>2,427</u>	<u>5,440</u>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and on-going costs. The average credit period taken for trade purchases between 15 and 30 days (2015: 15 and 30 days).

The company consider that the carrying amount of trade payables approximates to their fair value.

The amounts owed to the group and subsidiary undertakings are unsecured, payable on demand and are interest free.

### 15. TRADE AND OTHER PAYABLES (MORE THAN 1 YEAR)

	31 Dec 16 £000	31 Dec 15 £000
Other payables	44	99
	<u>44</u>	<u>99</u>

The other payable disclosed as more than one year is in regard to an employee benefit liability.



# TRAVEL CHOICE OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

### 16. DEFERRED TAXATION

	Accelerated tax depreciation £'000	Fair value gains £'000	Other £'000	Total £'000
<b>At 31 December 2014</b>	<b>190</b>	<b>-</b>	<b>25</b>	<b>215</b>
Current year tax credit to the Income statement	-	-	-	-
<b>At 31 December 2015</b>	<b>190</b>	<b>-</b>	<b>25</b>	<b>215</b>
Current year tax credit to the Income statement	(190)	-	16	(174)
<b>At 31 December 2016</b>	<b>-</b>	<b>-</b>	<b>41</b>	<b>41</b>

No deferred tax assets have been offset against tax liabilities.

### 17. CALLED UP SHARE CAPITAL

	31 Dec 16 £'000	31 Dec 15 £'000
<b>Authorised</b>		
8,000,000 (2015: 8,000,000) ordinary shares of £1 each	8,000	8,000
<b>Allotted, issued and fully paid:</b>		
6,387,000 (2015: 6,387,000) ordinary shares of £1 each	6,387	6,387

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

### 18. RESERVES

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account - This reserve records retained earnings and accumulated losses.

# TRAVEL CHOICE OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

### 19. NOTES TO THE CASH FLOW STATEMENT

	Year to 31 Dec 16 £000	Year to 31 Dec 15 £000
<b>Operating profit / (loss) from continuing operations</b>	(254)	518
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	102	160
Profit on disposal of fixed assets	(37)	(22)
<b>Operating cash inflows before movements in working capital</b>	(189)	656
Decrease/(Increase) in trade and other receivables	4,368	418
Increase/(Decrease) in trade and other payables	(2,888)	(636)
<b>Cash generated from operating activities</b>	<b>1,291</b>	<b>438</b>

### 20. OPERATING LEASE AGREEMENTS

At the balance sheet date, the total commitments for future minimum lease payments under non-cancellable operating leases, which fall due, are as follows:

	31 Dec 16 £000	31 Dec 15 £000
Within 1 year	208	412
2 – 5 years	-	-
	<b>208</b>	<b>412</b>

Operating lease payments represent rentals payable by the Company for property leasing.

### 21. CONTINGENT LIABILITIES

At 31 December 2016 the Egyptian Branch had contingent liabilities in respect of banks of other guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business the Egyptian Branch grants letter of guarantees to third parties amounting to £200,686 (2015: £268,610).

# TRAVEL CHOICE OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

### 22. RELATED PARTY TRANSACTIONS

Yusuf Bin Ahmed Kanoo (Holdings) Co W.L.L. , the parent company, and its fellow group undertakings are considered as related parties of the company. Travel Choice Lebanon SAL and its fellow group undertakings are considered a related party of the company.

The transactions during the period were as follows:

	Year to 31 Dec 16 £000	Year to 31 Dec 15 £000
Total sales to Travel Choice Lebanon S.A.L.	5	28
Total purchases from Travel Choice Lebanon S.A.L.	56	49

The company has the following amounts outstanding at the balance sheet date with Group companies:

	31 Dec 16 £'000	31 Dec 15 £'000
<b>Amounts receivable from:</b>		
Travel Choice Services S.A.E.	21	34
American Express owned by Kanoo	18	
Travel Choice Lebanon S.A.L.	252	198
Amounts owed by group undertakings (note 12)	291	232
<b>Amounts payable to:</b>		
Travel Choice Lebanon S.A.L.	-	-
Yusuf Bin Ahmed Kanoo (Holdings) Co W.L.L.	-	2,000
Amounts owed to group undertakings (note 14)	-	2,000

#### Key management remuneration

Total remuneration paid to key management was £92k (2015: £70k)

# TRAVEL CHOICE OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

### 23. FINANCIAL INSTRUMENTS

Carrying values of financial assets and liabilities

The carrying values of the Company's financial assets and liabilities as at 31 December 2016 and 31 December 2015 are set out below:

	Loans & Receivables £'000	Financial liabilities at amortised cost £'000
<b>At 31 December 2016</b>		
Trade and other receivables (note 12)	3,268	-
Trade and other payables (note 14)	-	1,189
	<u>3,268</u>	<u>1,189</u>
<b>At 31 December 2015</b>		
Trade and other receivables (note 12)	7,559	-
Trade and other payables (note 14)	-	2,533
	<u>7,559</u>	<u>2,533</u>

### 24. FINANCIAL RISKS

The Company's activities are exposed to a variety of financial risks. The Company's overall risk management policies seek to minimise the potential adverse effects on financial performance and net assets of the Company.

#### *Foreign currency risk*

The company is exposed to foreign currency risk arising from operations domestically and overseas, primarily with respect to United States Dollars and Euros. The company does not currently hedge its cash flows, but management aims to minimize open positions in foreign currencies to the extent that is necessary to conduct its activities.

#### *Interest rate risk*

The Company's income and operating cash flows are subject to changes in market interest rates, total financial assets subject to fixed interest amounts £Nil (2015: £Nil).

#### *Credit risk*

Concentrations of credit risk with respect to trade receivables are limited due to the Company's large number of customers, and the fact that these are multinational companies with good financial position, in addition to the company stating proper terms and conditions in the contracts made with customers to secure collection. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Company's trade receivables. The Company's approach to credit risk is set out in note 12.

#### *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash, and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Company management aims at maintaining flexibility in funding by keeping committed credit lines available.

# TRAVEL CHOICE OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

---

### 24. FINANCIAL RISKS (continued)

#### *Capital Management*

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. 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 monitors capital on the basis of net assets and the Company strategy is to maintain a net asset position, the values of which are shown on the balance sheet at 31 December 2016 and 31 December 2015.

### 25. ULTIMATE PARENT AND CONTROLLING PARTY

The company is a subsidiary of Yusuf Bin Ahmed Kanoo (Holdings) Co W.L.L., which is incorporated in Bahrain.