

**TRAVEL CHOICE OVERSEAS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

# TRAVEL CHOICE OVERSEAS LIMITED

## COMPANY INFORMATION

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|                      |   |
|----------------------|---|
| Director             | Z Gama  |
| Registered number    | 00433790  |
| Registered office    | Lynton House<br>7-12 Tavistock Square<br>London<br>WC1H 9LT               |
| Independent auditors | Warrener Stewart<br>Harwood House<br>43 Harwood Road<br>London<br>SW6 4QP |

**TRAVEL CHOICE OVERSEAS LIMITED**

**CONTENTS**

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|  | Page    |
|--|---------|
| Strategic Report                               | 3 - 5   |
| Director's Report                              | 6 - 7   |
| Independent Auditors' Report                   | 8 - 10  |
| Statement of Profit or Loss                    | 11      |
| Statement of Other Comprehensive Income        | 12      |
| Statement of Financial Position                | 13      |
| Statement of Changes in Equity                 | 14      |
| Statement of Cash Flows                        | 15      |
| Notes to the Financial Statements              | 16 - 34 |
| Detailed Profit and Loss Account and Summaries | 34      |

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# TRAVEL CHOICE OVERSEAS LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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The director presents his strategic report for the year ended 31 December 2019.

### **Principal activity 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 is engaged in the business of:

- a) World travel agents; and
- b) Foreign currency 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 have been set for achievement in the context of the ongoing Covid-19 pandemic and the anticipated phased reopening of global travel. The goals are:

#### **Corporate travel income drivers:**

Travel Choice was providing services for the corporate, direct customer and leisure sectors but from now will be more focussed on the leisure and inbound tourism industries and online booking.

Management has taken the decision that all corporate business will be transferred to another Kanoo company that is operating in the travel sector in Egypt, "Kanoo Travel"

#### **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 a leisure travel sales target for 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; and
4. Promoting new destinations for leisure travel customers.

#### *Inbound travel - inbound luxury tourism/inbound incentive and conference income travel drivers*

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

Our 2021 inbound tourism strategy will focus on increasing the sales oblique revenue of our business to business and business to consumer existing and new accounts, coupled with the acquisition of niche of markets and luxury tour operators, as the inbound tourism improves.

Initiatives will include enhancing our existing sales plan and marketing materials such as website, CDs, brochures etc.

With respect to incentive and conference inbound travel, our 2021 strategy will concentrate on entering the United Kingdom, Indian, Gulf and Middle East markets.

#### *Financial services income drivers*

We will maintain the current high-quality services utilising our limited licensed scope and search for new products that would not conflict with the license while managing the challenge of the currency exchange regulations.

# TRAVEL CHOICE OVERSEAS LIMITED

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

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### Financial key performance indicators

The director has 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 2019. The profit largely resulted from the Egyptian economy stability during 2019 that has impacted sales revenues.

During the year, the company made a loss before income tax of £1.3 million.

The company's cash position of year and was still strong, with over £1 million in reserves. The director is confident that the company is in a strong position to continue his development in line with his development objectives set out below.

### Leisure outbound

- Increase outbound group business: increase materialisation on corporate group quotations offered
- Cross sell personal leisure into corporate accounts: acquire 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: maximise benefits obtained through increasing development funds dedicated to systems and customer enhancements.
- Maximise overrides: negotiate airline deals through local and global deals.
- Grow business to business expanding into neighbouring countries: acquire a number of general sales agents.

### Inbound travel - inbound luxury tourism

The Egyptian government, represented by the Tourism ministry is supporting and encouraging inbound tourism and the company will take the advantage of this and will expand in the inbound travel sector. The company will focus on increasing the sales/ revenue from niche consumers in the leisure business with luxury tour operators, as the inbound tourism outlook improves. Initiatives will include enhancing our existing sales plan and marketing materials such as website, CDs, brochures etc. With respect to incentive and conference inbound travel, our 2021 strategy will concentrate on entering the United Kingdom, Indian, Gulf and Middle East markets.

### Principal risks and uncertainties

The principal risk is the current pandemic and the restrictions of travel abroad and gathering events during COVID19. Also, the health of the regional and global economy. Leisure operations are dependent on disposable household incomes, social and economic trends and freedom to travel. Business travel is affected by international trade and domestic economic factors which in turn affect demand for international travel. The Board is aware of the specific risk attributable to the ongoing effects of the 2020 coronavirus outbreak that is continuing to cause disruption to both business and retail travel. The business entered the year in a strong financial position.

The Board continues to monitor the situation and will be swift to enact any necessary operational changes in the event of prolonged global disruption. As such, the Board is confident it has sufficient financial strength and operational flexibility to weather any medium-term fall in demand for international travel. I

# TRAVEL CHOICE OVERSEAS LIMITED

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

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### **Director's statement of compliance with duty to promote the success of the Company**

The Directors of Travel Choice Overseas Travel Limited considers that he has fulfilled their individual and collective duty under section 172(1) of the Companies Act 2006 to act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of the shareholders as a whole. This has been achieved through strong systemic controls; investment in our staff through training and incentives; and a focus on high standards of customer service. All share classes have had representation at Board level and the Board is committed to a strategy that will drive long term value for the equity holders in the business.

This report was approved by the board and signed on its behalf.

**Z Gama**  
Director

Date: 29 March 2021

# TRAVEL CHOICE OVERSEAS LIMITED

## DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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The director presents his report and the financial statements for the year ended 31 December 2019.

### Director

The director who served during the year was:

Z Gama

### Results and dividends

The loss for the year, after taxation, amounted to £1,323,000 (2018 - profit £740,000).

The directors do not recommend the payment of a dividend.

### Going concern

Taking into account the position of the Company, and his assessment of the impact on the Company summarised in Future developments of the Director's Report, the director is of the view, to the best of his current knowledge, that COVID-19 will not have a material adverse impact on the Company's ability to continue as a going concern. Accordingly, the Company continues to adopt the going concern basis in preparing these financial statements. Further information is provided in note 21.

### Future developments

Leisure operations are dependent on disposable household incomes, social and economic trends and freedom to travel. Business travel is affected by international trade and domestic economic factors which in turn affect demand for international travel.

In January 2020, an outbreak of a new strain of coronavirus, COVID-19, was identified in Wuhan, China. The virus has spread globally and the World Health Organization (WHO) declared COVID-19 a pandemic on 11 March 2020. Governments have imposed restrictions to reduce the risk of further spread of the disease - closing borders, ordering home quarantine and cancelling public events.

The pandemic has had a significant impact on the travel and tourism industry. The closure of international borders, local lockdowns and major restrictions on travel have all combined to reduce demand for the Company's services. In addition, limitations in travel, social distancing and the availability of materials may affect the efficiency of operations.

The current unprecedented economic environment has created uncertainty in relation to the timing of a return to normalised demand levels and the ability to run operations at full efficiency.

### 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 that would which have been included in future developments.

### 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 25.

# TRAVEL CHOICE OVERSEAS LIMITED

## DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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### Equal opportunities

The Company is committed to employment policies which follows 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.

### Engagement with employees

The company communicates and consults with its employees on a wide range of subjects, including those which directly affects them, using email, websites, intranet, in-house publications and meetings at business locations. The employees of the company are instrumental in its success and the organization works hard to maintain good relationships with its employees around the world through continual communications.

### Employee Involvement

Application for employment by disabled person is always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members becoming disabled, every effort is made to ensure that their employment with the company continues and 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 (2018: Nil). The company made no political donations during the current or prior year.

### Disclosure of information to auditors

The director at the time when this Director's Report is approved has confirmed that:

- so far as is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- 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 auditors are aware of that information.

### Auditors

The auditors, Warrener Stewart, were appointed in place of Menzies, who resigned after the end of the year. Warrener Stewart will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

**Z Gama**  
Director

Date: 29 March 2021



# TRAVEL CHOICE OVERSEAS LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRAVEL CHOICE OVERSEAS LIMITED

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### Opinion

We have audited the financial statements of Travel Choice Overseas Limited for the year ended 31 December 2019 which comprise the Statement of Profit or Loss, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies set out on pages 16 - 20. 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 loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditors' 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 United Kingdom, including the Financial Reporting Council'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.

### Material uncertainty related to going concern

We draw attention to note 3.2 in the financial statements, which indicates that the ongoing Coronavirus pandemic may cast doubt on the Company's ability to continue as a going concern.. As stated in note 3.2, these events or conditions, along with the other matters as set forth in note 3.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other information

The director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' 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.

# TRAVEL CHOICE OVERSEAS LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRAVEL CHOICE OVERSEAS LIMITED (CONTINUED)

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### Opinion 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report has been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the 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 or the Director's 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 director's 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 director's responsibilities statement on page 68, the director is 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 director determines 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 director is 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 director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditors' 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 auditors' 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.

# TRAVEL CHOICE OVERSEAS LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRAVEL CHOICE OVERSEAS LIMITED (CONTINUED)

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As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Colin Edney (Senior Statutory Auditor)

for and on behalf of

**Warrener Stewart**

Harwood House  
43 Harwood Road  
London  
SW6 4QP

29 March 2021

# TRAVEL CHOICE OVERSEAS LIMITED

## STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2019

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|  | <b>Note</b> | <b>2019<br/>£000</b>  | <b>2018<br/>£000</b> |
|--|-------------|-----------------------|----------------------|
| <b>Revenue</b>                                   | 5           | <b>2,064</b>          | 2,683                |
| <b>Gross profit</b>                              |             | <u>2,064</u>          | <u>2,683</u>         |
| Administrative expenses                          |             | (3,369)               | (1,982)              |
| Other expenses                                   |             | -                     | 31                   |
| <b>(Loss)/profit from operations</b>             |             | <u>(1,305)</u>        | <u>732</u>           |
| Finance income                                   | 8           | 41                    | 54                   |
| Finance expense                                  | 8           | (15)                  | (46)                 |
| <b>(Loss)/profit before tax</b>                  |             | <u>(1,279)</u>        | <u>740</u>           |
| Tax expense                                      | 9           | (44)                  | (257)                |
| <b>(Loss)/profit for the year</b>                |             | <u><u>(1,323)</u></u> | <u><u>483</u></u>    |
| <b>Profit or loss</b>                            |             |                       |                      |
| <b>Profit or loss from continuing operations</b> |             |                       |                      |

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# TRAVEL CHOICE OVERSEAS LIMITED

## STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

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|                                   | 2019<br>£000          | 2018<br>£000      |
|-----------------------------------|-----------------------|-------------------|
| (Loss)/profit for the year        | (1,323)               | 483               |
| Currency translation difference   | -                     | 166               |
| <b>Total comprehensive income</b> | <u><u>(1,323)</u></u> | <u><u>649</u></u> |

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# TRAVEL CHOICE OVERSEAS LIMITED

REGISTERED NUMBER: 00433790

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

|                                    | Note | 2019<br>£000 | 2018<br>£000 |
|------------------------------------|------|--------------|--------------|
| <b>Assets</b>                      |      |              |              |
| <b>Non-current assets</b>          |      |              |              |
| Property, plant and equipment      | 11   | 41           | 60           |
| Deferred tax assets                | 9    | 50           | 10           |
| <b>Current assets</b>              |      |              |              |
| Trade and other receivables        | 12   | 5,134        | 4,386        |
| Cash and cash equivalents          | 19   | 1,239        | 1,801        |
| <b>Total assets</b>                |      | <u>6,464</u> | <u>6,257</u> |
| <b>Liabilities</b>                 |      |              |              |
| <b>Non-current liabilities</b>     |      |              |              |
| Trade and other liabilities        | 14   | 59           | 62           |
| <b>Current liabilities</b>         |      |              |              |
| Bank overdraft                     | 19   | 197          | -            |
| Trade and other liabilities        | 14   | 3,532        | 2,244        |
| Provisions                         | 13   | 552          | 504          |
| <b>Net assets</b>                  |      | <u>2,124</u> | <u>3,447</u> |
| <b>Issued capital and reserves</b> | 16   |              |              |
| Share capital                      | 15   | 6,387        | 6,387        |
| Share premium reserve              |      | 293          | 293          |
| Retained earnings                  |      | (4,556)      | (3,233)      |
| <b>TOTAL EQUITY</b>                |      | <u>2,124</u> | <u>3,447</u> |

The financial statements on pages 11 to 34 were approved and authorised for issue by the board of director and were signed on its behalf by:

**Z Gama**  
Director

Date: 29 March 2021

The notes on pages 16 to 20 form part of these financial statements.

# TRAVEL CHOICE OVERSEAS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2019

|   | Share capital       | Share premium     | Retained earnings (restated) | Total equity (restated) |
|---|---------------------|-------------------|------------------------------|-------------------------|
|   | £000                | £000              | £000                         | £000                    |
| <b>At 1 January 2018 (as previously stated)</b> | 6,387               | 293               | (3,433)                      | 3,247                   |
| Prior year adjustment                           | -                   | -                 | (449)                        | (449)                   |
| <b>At 1 January 2018 (as restated)</b>          | <u>6,387</u>        | <u>293</u>        | <u>(3,882)</u>               | <u>2,798</u>            |
| <b>Comprehensive income for the year</b>        |                     |                   |                              |                         |
| Profit for the year                             | -                   | -                 | 483                          | 483                     |
| Other comprehensive income                      | -                   | -                 | 166                          | 166                     |
| <b>Total comprehensive income for the year</b>  | <u>-</u>            | <u>-</u>          | <u>649</u>                   | <u>649</u>              |
| <b>At 31 December 2018</b>                      | <u><b>6,387</b></u> | <u><b>293</b></u> | <u><b>(3,233)</b></u>        | <u><b>3,447</b></u>     |
| <b>At 1 January 2019</b>                        | 6,387               | 293               | (3,233)                      | 3,447                   |
| Loss for the year                               | -                   | -                 | (1,323)                      | (1,323)                 |
| <b>Total comprehensive income for the year</b>  | <u>-</u>            | <u>-</u>          | <u>(1,323)</u>               | <u>(1,323)</u>          |
| <b>At 31 December 2019</b>                      | <u><b>6,387</b></u> | <u><b>293</b></u> | <u><b>(4,556)</b></u>        | <u><b>2,124</b></u>     |

# TRAVEL CHOICE OVERSEAS LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

|  | 2019<br>£000 | 2018<br>£000 |
|--|--------------|--------------|
| <b>Cash flows from operating activities</b>              |              |              |
| Receipts from customers                                  | (856)        | (242)        |
| Cash generated from operations                           | (856)        | (242)        |
| Interest paid  | (26)         | (8)          |
| Income taxes paid  | 128          | 18           |
| <b>Net cash from operating activities</b>                | <b>102</b>   | <b>10</b>    |
| <b>Cash flows from investing activities</b>              |              |              |
| Payments for property, plant and equipment               | (5)          | -            |
| <b>Net cash (used in)/from investing activities</b>      | <b>(5)</b>   | <b>-</b>     |
| <b>Cash flows from financing activities</b>              |              |              |
| Proceeds from issue of equity instruments of the Company | -            | 178          |
| <b>Net cash from financing activities</b>                | <b>-</b>     | <b>178</b>   |
| <b>Net increase in cash and cash equivalents</b>         |              |              |
| Cash and cash equivalents at the beginning of the year   | 1,801        | 1,855        |
| <b>Cash and cash equivalents at the end of the year</b>  | <b>1,042</b> | <b>1,801</b> |



# TRAVEL CHOICE OVERSEAS LIMITED

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

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### 1. General Information

Travel Choice Overseas Limited is a private limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office is Harwoowd House, 43 Harwood Road, London, SW6 4QP. The nature of the company's operations and its principal activities are set out in the Strategic report. These financial statements are presented in pound 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.

### 2. Adoption of new and revised standards

The Company has elected not to early adopt the following revised and amended standards, which are not yet mandatory in the EU.

The list below includes only standards and interpretations that could have an impact on the financial statements of the Company.

- IAS 1 Presentation of financial statements and IAS 8 Accounting policies, changes in accounting estimates and errors (effective in the EU 1 January 2020)

### 3. Accounting policies

#### 3.1 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. The principal accounting policies adopted are set out below:

# TRAVEL CHOICE OVERSEAS LIMITED

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

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### 3. Accounting policies (continued)

#### 3.2 Going concern

The pandemic has had a significant impact on the travel and tourism industry. The closure of international borders, local lockdowns and major restrictions on travel have all combined to reduce demand for the Company's services. In addition, limitations in travel, social distancing and the availability of materials may affect the efficiency of operations.

At 31 December 2019, the Company had cash reserves of over £1.2 million and the director believes the Company should have sufficient cash reserves to trade comfortably through the next twelve months.

In common with all businesses operating within the travel sector, medium term survival is dependent on local and global efforts to reduce the effects of the pandemic. However, on the basis of worldwide vaccination programmes and considerable pent-up consumer demand the director remains confident that the Company will continue in operational existence for the foreseeable future and the going concern basis is applicable to the preparation of the Company's financial statements.

#### 3.3 Revenue

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. Revenue is recognised at the point in time when the relevant obligation is satisfied.

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 re determined using either the 'expected value' or 'most likely amount' method. Payment is typically due within 30 days of the booking being completed. Contracts with customers do not contain a financing component or any element of variable consideration. The company does not engage in contracts whose performance obligations are satisfied over time. The Company does not have any contract assets and contract liabilities from contracts with customers.

##### **Tourism services**

Revenue from the provision of services as a tourism agent are recognised upon the booking of the service.

##### **Commission revenue from airlines**

Commission revenue from airlines are recognised upon receipt of the commission which is paid after passengers have travelled to their end destinations.

##### **Revenues from foreign exchange activities**

Revenue from foreign exchange activities are recognised upon the exchange.

# TRAVEL CHOICE OVERSEAS LIMITED

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

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### 3. Accounting policies (continued)

#### 3.4 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

##### The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets.

For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in the 'Loans and borrowings' line in the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Property, Plant and Equipment' and 'Investment Property' lines, as applicable, in the Statement of Financial Position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 3.7.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

# TRAVEL CHOICE OVERSEAS LIMITED

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

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### 3. Accounting policies (continued)

#### 3.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### 3.6 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 respects 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 the 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 difference can be utilised.

#### 3.7 Property, plant and equipment

Items of property, plant and equipment are measured 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 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:

|                              |  |
|------------------------------|--|
| Long-term leasehold property | over the shorter of 50 years or the lease term |
| Fixtures and fittings        | ranging between 7 and 33%                      |

# TRAVEL CHOICE OVERSEAS LIMITED

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

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### 3. Accounting policies (continued)

#### 3.8 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 the 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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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.

#### 3.9 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

# TRAVEL CHOICE OVERSEAS LIMITED

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

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### 4. Accounting estimates and judgments

In the application of the Company's accounting policies, which are described in note 3, the director is 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 relevant and are continually reviewed on an ongoing basis.

#### Revenue from contracts with customers

When deciding the most appropriate basis for presenting revenue, 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 attitude in determining pricing.

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

#### Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, group based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

### 5. Revenue

The following is an analysis of the Company's revenue for the year from continuing operations:

|  | 2019<br>£000 | 2018<br>£000 |
|--|--------------|--------------|
| Sales of package holidays and other services | 1,991        | 2,576        |
| Foreign exchange services                    | 73           | 107          |
|  | <u>2,064</u> | <u>2,683</u> |

Analysis of revenue by country of destination:

|        | 2019<br>£000 | 2018<br>£000 |
|--------|--------------|--------------|
| Africa | <u>2,064</u> | <u>2,683</u> |

# TRAVEL CHOICE OVERSEAS LIMITED

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

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### 6. Operating loss

The result for the year is stated after full provision of £638,000 for an employee fraud that had previously been under investigation.

### 7. Employee expenses

|   | 2019<br>£000 | 2018<br>£000 |
|---|--------------|--------------|
| <b>Employee benefit expenses (including director) comprise:</b> |              |              |
| Wages and salaries  | 1,043        | 784          |
| Social security costs   | 127          | 108          |
|   | <u>1,170</u> | <u>892</u>   |

### 8. Finance income and expense

|  | 2019<br>£000 | 2018<br>£000 |
|--|--------------|--------------|
| <b>Finance income</b>                                  |              |              |
| Bank interest received                                 | 2            | 54           |
| Other interest receivable                              | 39           | -            |
| Bank interest payable                                  | 15           | 46           |
|  | <u>26</u>    | <u>8</u>     |
| <b>Net finance income recognised in profit or loss</b> |              |              |

# TRAVEL CHOICE OVERSEAS LIMITED

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

### 9. Tax expense

#### 9.1 Income tax recognised in profit or loss

|                                     | 2019<br>£000 | 2018<br>£000 |
|-------------------------------------|--------------|--------------|
| <b>Current tax</b>                  |              |              |
| Current tax on profits for the year | -            | 213          |
| Overseas tax                        | 44           | 44           |
| <b>Total current tax</b>            | <b>44</b>    | <b>257</b>   |

#### Total tax expense

|  |           |            |
|--|-----------|------------|
| Tax expense excluding tax on sale of discontinued operation and share of tax of equity accounted associates and joint ventures | <b>44</b> | <b>257</b> |
|--|-----------|------------|

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

|   | 2019<br>£000   | 2018<br>£000 |
|---|----------------|--------------|
| (Loss)/profit for the year  | (1,323)        | 483          |
| Income tax expense (including income tax on associate, joint venture and discontinued operations) | 44             | 257          |
| <b>(Loss)/profit before income taxes</b>  | <b>(1,279)</b> | <b>740</b>   |
| Non-tax deductible amortisation of goodwill and impairment  | -              | 141          |
| Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment        | -              | 17           |
| Capital allowances for the year in excess of depreciation   | -              | (26)         |
| Utilisation of tax losses   | -              | (133)        |
| Adjustments to tax charge in respect of prior periods   | -              | 68           |
| Overseas taxation   | 44             | -            |
| Double tax relief   | -              | 190          |
| <b>Total tax expense</b>  | <b>44</b>      | <b>257</b>   |



# TRAVEL CHOICE OVERSEAS LIMITED

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

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### 9. Tax expense (continued)

#### 9.2 Current tax assets and liabilities

#### 9.3 Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the statement of financial position:

|                     | <b>2019</b>      | <b>2018</b>      |
|---------------------|------------------|------------------|
|                     | <b>£000</b>      | <b>£000</b>      |
| Deferred tax assets | <u><b>50</b></u> | <u><b>10</b></u> |

### 10. Auditors remuneration

|                                 | <b>2019</b>      | <b>2018</b>      |
|---------------------------------|------------------|------------------|
|                                 | <b>£000</b>      | <b>£000</b>      |
| Fees payable for audit services | <u><b>17</b></u> | <u><b>30</b></u> |

# TRAVEL CHOICE OVERSEAS LIMITED

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

### 11. Property, plant and equipment

|  | Long-term<br>leasehold<br>property<br>£000 | Fixtures and<br>fittings<br>£000 | Total<br>£000 |
|--|--|----------------------------------|---------------|
| <b>Cost or valuation</b>                       |  |                                  |               |
| At 1 January 2018                              | 56   | 674                              | 730           |
| <b>At 31 December 2018</b>                     | <b>56</b>                                  | <b>674</b>                       | <b>730</b>    |
| Additions                                      | 5  | -                                | 5             |
| Disposals                                      | -  | (11)                             | (11)          |
| <b>At 31 December 2019</b>                     | <b>61</b>                                  | <b>663</b>                       | <b>724</b>    |
|  |  |                                  |               |
|  | Long-term<br>leasehold<br>property<br>£000 | Fixtures and<br>fittings<br>£000 | Total<br>£000 |
| <b>Accumulated depreciation and impairment</b> |  |                                  |               |
| At 1 January 2018                              | 24   | 646                              | 670           |
| <b>At 31 December 2018</b>                     | <b>24</b>                                  | <b>646</b>                       | <b>670</b>    |
| Charge owned for the year                      | 4  | 9                                | 13            |
| <b>At 31 December 2019</b>                     | <b>28</b>                                  | <b>655</b>                       | <b>683</b>    |
| <b>Net book value</b>                          |  |                                  |               |
| At 31 December 2018                            | 32   | 28                               | 60            |
| At 31 December 2019                            | 33   | 8                                | 41            |

# TRAVEL CHOICE OVERSEAS LIMITED

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

### 12. Trade and other receivables

|  | 2019<br>£000   | 2018<br>£000   |
|--|----------------|----------------|
| Trade receivables  | 5,954          | 4,677          |
| Less: provision for impairment of trade receivables  | (1,164)        | (1,085)        |
| <b>Trade receivables - net</b>   | <b>4,790</b>   | <b>3,592</b>   |
| Receivables owed by group companies  | -              | 524            |
| <b>Total financial assets other than cash and cash equivalents classified as loans and receivables</b> | <b>4,790</b>   | <b>4,116</b>   |
| Prepayments and accrued income   | 63             | 68             |
| Other receivables  | 281            | 202            |
| <b>Total trade and other receivables</b>   | <b>5,134</b>   | <b>4,386</b>   |
| Less: current portion - trade receivables  | (4,790)        | (3,592)        |
| Less: current portion - prepayments and accrued income   | (63)           | (68)           |
| Less: current portion - other receivables  | (281)          | (202)          |
| Less: current portion - receivables from related parties   | -              | (524)          |
| <b>Total current portion</b>   | <b>(5,134)</b> | <b>(4,386)</b> |
| <b>Total non-current portion</b>   | <b>-</b>       | <b>-</b>       |

The company's credit risk is primarily attributable to these receivables. The amounts presented in the balance sheet include allowances for specific doubtful receivables and expected credit losses.

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.

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

# TRAVEL CHOICE OVERSEAS LIMITED

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

### 12. Trade and other receivables (continued)

Movements in the impairment allowance for trade receivables are as follows:

|   | 2019<br>£000 | 2018<br>£000 |
|---|--------------|--------------|
| At 1 January  | 1,085        | 1,389        |
| Movements in the year                                   | 969          | 122          |
| Receivable written off during the year as uncollectable | (890)        | (107)        |
| Unused amounts reversed                                 | -            | (360)        |
| Exchange adjustment                                     | -            | 41           |
|   | <u>1,164</u> | <u>1,085</u> |

### Allowance for expected credit losses

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing.

### 13. Provisions

|                             | Legal cases<br>£000 | General<br>£000   | Total<br>£000     |
|-----------------------------|---------------------|-------------------|-------------------|
| At 1 January 2019           | 303                 | 201               | 504               |
| Charged to profit or loss   | 32                  | -                 | 32                |
| Released during the year    | -                   | 16                | 16                |
| <b>At 31 December 2019</b>  | <u><b>335</b></u>   | <u><b>217</b></u> | <u><b>552</b></u> |
| Due within one year or less | 335                 | 217               | 552               |
|                             | <u><b>335</b></u>   | <u><b>217</b></u> | <u><b>552</b></u> |

# TRAVEL CHOICE OVERSEAS LIMITED

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

### 13. Provisions (continued)

#### Legal cases

The Provision represents claims against the company, by a landlord and various former employees. The claims are expected to be settled in the next financial year and the outcome of the claims are not expected to exceed the amount provided for, based on independent legal advice.

#### General

The provision represents estimated costs in respect of end of employment service compensation, and dispute with the tax authority in Egypt in regards to sales tax, salaries tax, corporation tax and stamp duty for the period under investigation. The claims are expected to be settled in the next financial year and the outcome of the claims are not expected to exceed the amount provided for, based on independent legal advice.

### 14. Trade and other payables

|  | 2019<br>£000   | 2018<br>£000   |
|--|----------------|----------------|
| Trade payables   | 1,088          | 1,023          |
| Payables to related parties  | 1,062          | 197            |
| Other payables   | 147            | 508            |
| Accruals   | 726            | 450            |
| <b>Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost</b> | <b>3,023</b>   | <b>2,178</b>   |
| Other payables - tax and social security payments  | -              | 128            |
| Payments on account  | 566            | -              |
| <b>Total trade and other payables</b>  | <b>3,589</b>   | <b>2,306</b>   |
| Less: current portion - trade payables   | (1,088)        | (1,023)        |
| Less: current portion - payables to related parties  | (1,062)        | (197)          |
| Less: current portion - other payables   | (88)           | (574)          |
| Less: current portion - accruals   | (726)          | (450)          |
| Less: current portion - payments on account  | (566)          | -              |
| <b>Total current portion</b>   | <b>(3,530)</b> | <b>(2,244)</b> |
| <b>Total non-current position</b>  | <b>59</b>      | <b>62</b>      |

# TRAVEL CHOICE OVERSEAS LIMITED

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

### 15. Share capital

#### Authorised

|                               | 2019<br>Number   | 2019<br>£000 |
|-------------------------------|------------------|--------------|
| <b>Authorised</b>             |                  |              |
| Ordinary shares of £1.00 each | 8,000,000        | 8,000        |
|                               | <u>8,000,000</u> | <u>8,000</u> |

#### Issued and fully paid

|                                      | 2019<br>Number   | 2019<br>£000 | 2018<br>Number   | 2018<br>£000 |
|--------------------------------------|------------------|--------------|------------------|--------------|
| <b>Ordinary shares of £1.00 each</b> |                  |              |                  |              |
| At 1 January and 31 December         | <u>6,387,140</u> | <u>6,387</u> | <u>6,387,140</u> | <u>6,387</u> |

|  | 2019<br>Number   | 2019<br>£000     |
|--|------------------|------------------|
| <b>Allotted, issued and fully paid</b> |                  |                  |
| Ordinary shares of £1.00 each          | 6,387,000        | 6,387,000        |
|  | <u>6,387,000</u> | <u>6,387,000</u> |

### 16. Reserves

#### Share premium

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

#### Retained earnings

This reserve records retained earnings and accumulated losses.

# TRAVEL CHOICE OVERSEAS LIMITED

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

### 17. Financial instruments - fair values and risk management

|                                       | Loans &<br>receivables at<br>amortised cost<br>£000 | Financial<br>liabilities at<br>amortised cost<br>£000 |
|---------------------------------------|---|---|
| <b>At 31 December 2019</b>            |   |   |
| Trade and other receivables (note 11) | 6,173   | -   |
| Trade and other payables (note 13)    | -   | 2,178   |
|                                       | <u>6,173</u>  | <u>2,178</u>  |
|                                       |   |   |
|                                       | Loans &<br>receivables at<br>amortised cost<br>£000 | Financial liabilities<br>at amortised cost<br>£000    |
| <b>At 31 December 2018</b>            |   |   |
| Trade and other receivables (note 11) | 4,318   | -   |
| Trade and other payables (note 13).   | -   | 2,116   |
|                                       | <u>4,318</u>  | <u>2,116</u>  |

#### Financial risk management

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 below:

#### Market risk-foreign currency risk

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

#### Foreign currency sensitivity analysis

With all other variables held constant, at 31 December 2019, it is estimated that a general increase of 1% in the value of Egyptian pound against United States Dollars and Euros, would decrease the company's profits after tax and retained earnings by approximately £10,000 (2018: £6,000) and a general decrease of 1% in the Egyptian Pound against the United State Dollars and Euros, would increase the company's profits after tax and retained earnings by approximately £10,000 (2018: £25,000).

This analysis assumed the change in exchange rates occurs at the end of the reporting period and is applied to the exposure to foreign exchange risk for balances outstanding at the 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.

# TRAVEL CHOICE OVERSEAS LIMITED

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

### Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The company does not hold collateral.

The company has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the company based on recent sales experience, historical collection rates and forward-looking information that is available. The expected credit loss allowance is detailed in note 8.

There are no guarantees against receivables but management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer mitigate risk. Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 365 days old.

### Liquidity Risk

The directors have ultimate responsibility for liquidity risk management in maintaining adequate reserves, banking facilities and reserve borrowing facilities. They do this by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company does not have loans and borrowings outside of the group or parties other than related parties. The following table details the contractual maturities at the end of reporting date of the Company's financial liabilities.

In view of the directors, the key risk to liquidity is in meeting short term cash flow needs. All amounts repayable on demand or within three months are covered by the company's cash and accounts receivable balances, giving confidence that funds will be available to settle liabilities as they fall due.

### 2019

|                          | Carrying<br>amount<br>£000 | Total contractual<br>undiscounted<br>cashflow<br>£000 | Within 1 year<br>or on demand<br>£000 | More than 1<br>year but less<br>than 2 years<br>£000 |
|--------------------------|----------------------------|---|---------------------------------------|--|
| Intercompany loans       | 1,062                      | 1,062   | 1,063                                 | -  |
| Trade and other payables | 2,523                      | 2,523   | 2,464                                 | 59   |
|                          | <u>3,585</u>               | <u>3,585</u>  | <u>3,527</u>                          | <u>59</u>  |



# TRAVEL CHOICE OVERSEAS LIMITED

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

2018

|                          | <i>Carrying<br/>amount<br/>£000</i> | <i>Total contractual<br/>undiscounted<br/>cashflow<br/>£000</i> | <i>Within 1 year<br/>or on demand<br/>£000</i> | <i>More than 1<br/>year but less<br/>than 2 years<br/>£000</i> |
|--------------------------|-------------------------------------|---|--|--|
| Intercompany loans       | 192                                 | 192   | 192  | -  |
| Trade and other payables | 2,114                               | 2,052   | 2,052  | 62   |
|                          | <u>2,306</u>                        | <u>2,244</u>  | <u>2,244</u>                                   | <u>62</u>  |

### Capital Management

The directors consider the company's capital to comprise share capital and reserves stated on the statement of financial position. The Company's objective when managing capital is to provide sufficient resources to allow the continued investment in new products that is required in the rapidly changing market in which the Company operates and to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders.

The Company manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analysis. No changes were made in the objectives, policies and processes during the current or previous year.

The Company is wholly owned by its parent undertaking, Yusuf Bin Ahmed Kanoo (Holdings) Co W.L.L. The share capital, including share premium and reserves totalling £2,124,000 (2018: £3,447,000). The Company is not subject to either internally or externally imposed capital requirements.

# TRAVEL CHOICE OVERSEAS LIMITED

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

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### 18. 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.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

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

|  | 2019<br>£000 | 2018<br>£000 |
|--|--------------|--------------|
| <b>Loans to related parties</b>        |              |              |
| Travel Choice Services S.A.E           | 26           | 24           |
| American Express owned by Kanoo        | -            | 72           |
| Travel Choice Lebanon S.A.L            | 661          | 452          |
| Impairment of loans to related parties | (687)        | (24)         |
|  | <u>-</u>     | <u>524</u>   |

|                                   | 2019<br>£000 | 2018<br>£000 |
|-----------------------------------|--------------|--------------|
| <b>Loans from related parties</b> |              |              |
| Kanoo Travel El Bahrain           | 1,062        | 197          |
|                                   | <u>1,062</u> | <u>197</u>   |

### Compensation of key management personnel

Total remuneration paid to key management was £33,000 (2018: £33,000).

# TRAVEL CHOICE OVERSEAS LIMITED

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

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### 19. Notes supporting statement of cash flows

|   | 2019<br>£000 | 2018<br>£000 |
|---|--------------|--------------|
| Cash at bank available on demand                                | 1,239        | 1,801        |
| Bank overdrafts used for cash management purposes               | (197)        | -            |
| <b>Cash and cash equivalents in the statement of cash flows</b> | <b>1,042</b> | <b>1,801</b> |

### 20. 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.

### 21. Contingent liabilities

At 31 December 2019 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 £74,000 (£2018: £119,000).

### 22. Events after the reporting date

On 30 January 2020, the World Health Organisation declared COVID-19 as a public health emergency and on 11 March 2020 the virus was declared as a pandemic. Given the COVID-19 escalation subsequent to the Balance Sheet date and considering the virus did not impact the Company in the year ended 31 December 2019, none of the conditions at the Balance Sheet date indicated that any adjustment would be required to the Company's financial statement, in accordance with IAS10.

Given the uncertainty around the extent and timing of the potential future spread or mitigation of COVID-19, the director continues to monitor the situation closely and will regularly update his assessment of the impact of the pandemic.

Other than as described above, there were no significant events after 31 December 2019 that required adjustment to or disclosure in the financial statements.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.