Travel Circle International (Mauritius) Ltd

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Corporate data

		Date appointed
Directors	: Mr Mohinder Dyall	26 May 2017
	Ms Sangeeta Bissessur	11 September 2018
Company Secretary	: Apex Mauritius Apex House, Bank Street TwentyEight Cybercity Ebene 72201 Republic of Mauritius	
Registered Office	: C/o Apex Mauritius Apex House, Bank Street TwentyEight Cybercity Ebene 72201 Republic of Mauritius	
Auditor	: Baker Tilly Level 4, Building A5 15 Wall Street Ebene 72201 Mauritius	
Bankers	: The Mauritius Commercial Bank Ltd Sir William Newton Street Port Louis Republic of Mauritius	
	Axis Bank Limited Gift City Branch, Unit No. 403 4th Floor, Hiranandani Signature Gandhinagar, Gujarat – 382355 Republic of India	
	Standard Chartered Bank Crescenzo, 6th Floor Bandra East Mumbai – 400051 Republic of India	
	Standard Chartered Bank Business Centre Khalid Bin Waleed Road Bur Dubaid – P.O Box 999 Dubai United Arab Emirates	

Travel Circle International (Mauritius) Ltd

Commentary of the directors

The directors of **Travel Circle International (Mauritius) Ltd**, the "Company", have the pleasure in submitting their report together with the audited financial statements for the year ended 31 March 2023.

Incorporation

The Company was incorporated in the Republic of Mauritius on 26 May 2017 under the Mauritius Companies Act 2001 as a private company with liability limited by shares.

Principal activity

The principal activity of the Company is to hold investments.

Results and dividends

The results for the year are as shown on page 9.

The directors do not recommend the payment of any dividend for the year under review (2022: USD Nil).

Directors

The present membership of the Board is set out on page 2.

Directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001 and IFRS, as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for Companies holding a Global Business Licence. 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.

Auditor

The auditor, **Baker Tilly**, has indicated its willingness to continue in office.

Certificate from the Secretary to the members of Travel Circle International (Mauritius) Ltd

We certify, to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required of **Travel Circle International (Mauritius) Ltd** under the Mauritius Companies Act 2001, during the financial year ended 31 March 2023.

____
for **APEX Financial Services (Mauritius) Ltd**
Company Secretary

Registered Office:
Apex House, Bank Street
TwentyEight Cybercity
Ebene 72201
Republic of Mauritius

Date: 11 May 2023

4th Floor Eagle House
Ebène 72201, Mauritius

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Travel Circle International (Mauritius) Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of *Travel Circle International (Mauritius) Ltd* (the "Company"), which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 8 to 33 give a true and fair view of the financial position of the Company as at 31 March 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Global Business Licence and in compliance with the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements section* of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants ("IESBA Code")* together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our opinion is not modified in this respect.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and that comply with the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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.

This opinion has been prepared for and only for the Company's shareholders, as a body, in accordance with Section 205 of the Mauritius Companies Act 2001 and for no other purposes.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Travel Circle International (Mauritius) Ltd

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with ISAs, we exercise professional judgement 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 on 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 directors.

- Conclude on the appropriateness of directors' 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 auditor's 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 auditor's 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.

Other information

The directors are responsible for the other information. The other information comprises the corporate information, commentary of the directors and certificate from the secretary.

Our opinion on the financial statements does not cover the other information and 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, 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.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Travel Circle International (Mauritius) Ltd

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditor and tax advisor.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Baker Tilly

Baker Tilly

Date: 11 May 2023

Sin C. LI, CPA, CGMA

Licensed by FRC

Travel Circle International (Mauritius) Ltd

Statement of financial position as at 31 March 2023

	Notes	2023 USD	2022 USD
Assets			
Non-current			
Investments in subsidiaries	7	**24,606,816**	24,606,816
Non-current assets		**24,606,816**	24,606,816
Current			
Loans	8 (i) (ii)	**61,214,410**	49,258,194
Receivables	9	**78,371**	127,795
Investment in fixed deposits	10	**1,605,775**	1,566,260
Cash and cash equivalents	11	**406,526**	536,460
Current assets		**63,305,082**	51,488,709
Total assets		**87,911,898**	76,095,525
Equity and liabilities			
Equity			
Stated capital	12.1	**4,133,001**	4,133,001
Share premium	12.2	**5**	5
Optionally convertible redeemable preference shares	13	**25,910,000**	25,910,000
Accumulated losses		**(3,749,198)**	(3,098,499)
Total equity		**26,293,808**	26,944,507
Liabilities			
Non-current liabilities			
Borrowings	14	-	5,000,000
Current			
Borrowings	14	**61,343,123**	43,948,151
Payables	15	**274,967**	202,867
Current liabilities		**61,618,090**	44,151,018
Total liabilities		**61,618,090**	49,151,018
Total equity and liabilities		**87,911,898**	76,095,525

Approved by the Board on 11 May 2023 and signed on its behalf by:

Director

Director

The notes on pages 12 to 33 form an integral part of these financial statements.

Travel Circle International (Mauritius) Ltd

Statement of comprehensive income for the year ended 31 March 2023

	Notes	2023 USD	2022 USD
Income			
Interest income		3,766,026	1,399,680
Net foreign exchange gains		(549,090)	(103,027)
Total income		3,216,936	1,296,653
Expenditure			
Legal expenses		-	4,814
Professional fees		141,764	194,119
Fines		347	2,717
Other expenses		22,529	27,399
Audit fees		4,838	3,169
Accounting fees		12,000	12,000
Processing fees		65,000	65,000
Corporate guarantee fees		38,544	37,533
Interest expense	14(iii)	3,582,613	2,029,219
Total expenditure		3,867,635	2,375,970
Loss before tax		(650,699)	(1,079,317)
Tax expense	16	-	-
Loss for the year		(650,699)	(1,079,317)
Total comprehensive loss for the year		(650,699)	(1,079,317)

The notes on pages 12 to 33 form an integral part of these financial statements.

Travel Circle International (Mauritius) Ltd

Statement of changes in equity for the year ended 31 March 2023

	Stated capital USD	Share premium USD	Optionally convertible redeemable preference shares USD	Accumulated losses USD	Total USD
At 01 April 2022	**4,133,001**	**5**	**25,910,000**	**(3,098,499)**	**26,944,507**
Loss for the year	-	-	-	**(650,699)**	**(650,699)**
Total comprehensive loss for the year	-	-	-	**(650,699)**	**(650,699)**
At 31 March 2023	**4,133,001**	**5**	**25,910,000**	**(3,749,198)**	**26,293,808**
At 01 April 2021	4,133,001	5	25,910,000	(2,019,182)	28,023,824
Loss for the year	-	-	-	(1,079,317)	(1,079,317)
Total comprehensive loss for the year	-	-	-	(1,079,317)	(1,079,317)
At 31 March 2022	4,133,001	5	25,910,000	(3,098,499)	26,944,507

The notes on pages 12 to 33 form an integral part of these financial statements.

Travel Circle International (Mauritius) Ltd

Statement of cash flows for the year 31 March 2023

	Notes	2023 USD	2022 USD
Operating activities			
Loss before tax		**(650,699)**	(1,079,317)
Adjustments for:			
Interest income		**(3,766,026)**	(1,399,680)
Interest expense		**3,582,613**	2,029,219
Operating loss before working capital changes		**(834,112)**	(449,778)
Changes in working capital			
Change in payables		**72,100**	(41,190)
Change in receivables		**49,424**	64,999
Total changes in working capital		**121,524**	23,809
Net cash used in operating activities		**(712,588)**	(425,969)
Investing activities			
Investment in fixed deposits	10	**(39,515)**	(1,504,108)
Fixed deposits redeemed	10	-	1,504,543
Net cash (used in)/generated from investing activities		**(39,515)**	435
Financing activities			
Loans from related parties		**3,300,000**	3,316,671
Loans to related parties		**(11,666,054)**	(14,072,128)
Repayment of borrowings – related parties		**(1,453,217)**	(5,792,445)
Repayment of borrowings - bank		**(5,000,000)**	(5,000,000)
Additions in borrowings		**15,763,213**	21,690,000
Interest paid		**(497,639)**	(353,431)
Interest received		**175,866**	-
Net cash generated from/(used in) financing activities		**622,169**	(211,333)
Net change in cash and cash equivalents		**(129,934)**	(636,867)
Cash and cash equivalents, at beginning of the year		**536,460**	1,173,327
Cash and cash equivalents, at end of the year		**406,526**	536,460
Cash and cash equivalents made up of:			
Cash at bank	11	**406,526**	536,460

For reconciliation of liabilities arising from financing activities, refer to **Note 18.**

The notes on pages 12 to 33 form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2023

1. General information and statement of compliance with the International Financial Reporting Standards ("IFRS")

Travel Circle International (Mauritius) Ltd, the "Company", was incorporated on 26 May 2017 in the Republic of Mauritius under the Mauritius Companies Act 2001 as a private company with liability limited by shares. The Company holds a Global Business Licence issued (formerly Category 1 Global Business Licence) by the Financial Services Commission. The Company's registered office is Apex House, Bank Street, TwentyEight Cybercity, Ebene 72201, Republic of Mauritius.

The principal activity of the Company is to hold investments.

The Company holds investments in subsidiaries, and is required to present consolidated financial statements. In accordance with the Fourteeth Schedule of the Mauritius Companies Act, Section 212, the Company may not prepare group financial statements as it is a wholly owned subsidiary of another company and, in accordance with Section 211 of the Mauritius Companies Act, content and form of the financial statements, these financial statements present the financial position, financial performance and cash flow of the Company.

2. Application of new and revised IFRS

2.1 Application of new and revised International Financial Reporting Standards ("IFRS")

Up to the date of issue of these financial statements, the IASB has issued the following amendments which are effective for annual periods beginning on or after 01 April 2022:

• Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets– Onerous Contracts – Cost of Fulfilling a Contract

• Annual Improvements to IFRS Accounting Standards 2018-2020

These amendments to various IFRS standards are mandatorily effective for reporting periods beginning on or after 1 April 2022.

<u>Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets– Onerous Contracts – Cost of Fulfilling a Contract</u>

IAS 37 Provisions, Contingent Liabilities and Contingent Assets defines an onerous contract as a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets clarify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs directly related to contracts activities (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

The amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets apply for annual periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

Travel Circle International (Mauritius) Ltd

Notes to the financial statements

For the year ended 31 March 2023

2.1 Application of new and revised International Financial Reporting Standards ("IFRS") (Continued)

In accordance with the transitional provisions, the entity applies the amendments prospectively, i.e., to business combinations occurring after the annual periods beginning on or after 1 April 2022 in which it first applies the amendments (the date of initial application).

Annual Improvements to IFRS Accounting Standards 2018-2020

The Annual Improvements to IFRS Accounting Standards 2018-2020 include amendments to four standards:

(a) IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

(b) IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

(c) IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example (non-obligatory part of IFRS), so no effective date is stated.

(d) IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The above-mentioned amendments did not have any major impact on the Company's financial statements for the year ended 31 March 2023 .

Travel Circle International (Mauritius) Ltd

Notes to the financial statements

For the year ended 31 March 2023

2.2 Standards and amendments to existing standards that are not yet effective and have not been adopted early by the Company

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. They are mandatory for accounting periods beginning on the specified dates, but the Company has not early adopted them. The directors have assessed that the below standards would not have an impact on the financial statements.

Amendments	Effective for accounting period beginning on or after
IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 (Amendments – Disclosure of Accounting Policies)	1 January 2023
IAS 8 Accounting policies, Changes in Accounting Estimates and Errors (Amendments - Definition of Accounting Estimates)	1 January 2023
IAS 12 Income Taxes (Amendments – Deferred Tax related to Assets and Liabilities arising from a Single Transaction)	1 January 2023
Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17)	1 January 2023
IAS 1 Presentation of Financial Statements (Amendments– Classification of Liabilities as Current or Non-current)	1 January 2024
IAS 1 Presentation of Financial Statements (Amendments– Non-current Liabilities with Covenants)	1 January 2024
IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (Amendments - Sale or contribution of assets between an investor and its associate or joint venture)	Defer the effective date of the September 2014 amendments to these standards indefinitely

The Company is in the process of making an assessment of the impact of these amendments, new standards and new interpretations are expected to be in the period of initial application. The amendments are not expected to have any major impact on the Company's financial statement.

Notes to the financial statements

For the year ended 31 March 2023

3. Summary of accounting policies

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Investments in subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are initially shown at cost. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

The Company does not present consolidated financial statements as it is wholly-owned by a parent company (see Note 7.4).

3.3 Foreign currency

Functional and presentation currency

The financial statements are presented in currency United States Dollar ("USD"), which is also the functional currency of the Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Notes to the financial statements

For the year ended 31 March 2023

3. Summary of accounting policies (Continued)

3.4 Revenue recognition

Dividend income is recognised when the right to receive payment is established.

Interest income is accounted on an accrual basis unless collectability is in doubt.

3.5 Operating expenses

Operating expenses are accounted on an accrual basis in the statement of comprehensive income.

3.6 Borrowings

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

Borrowing costs are expensed in the year in which they are incurred.

3.7 Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. When an indication of an impairment loss exists, the carrying amount of the asset is assessed and is written down to its recoverable amount.

3.8 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Travel Circle International (Mauritius) Ltd

Notes to the financial statements

For the year ended 31 March 2023

3. Summary of accounting policies (Continued)

3.8 Financial instruments (Continued)

Classification and initial measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs, where appropriate.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss ("FVTPL"); and
- fair value through other comprehensive income ("FVOCI").

In the current year, the Company does not have any financial assets categorised as FVTPL and FVOCI.

The classification is determined by both:

- the Company's business model for managing the financial asset.
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance income, finance costs or other financial items, except for impairment of receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's loans, investment in fixed deposits, cash and cash equivalents and most receivables fall into this category of financial instruments.

Notes to the financial statements

For the year ended 31 March 2023

3. Summary of accounting policies (Continued)

3.8 Financial instruments (Continued)

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of these requirements include mainly loans.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

The Company makes use of a simplified approach in accounting for its loans and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

The Company writes off a financial asset when there is information indicating that the borrowers are in severe difficulty and there is no realistic prospect of recovery. Receivables or other financial assets written off are still subject to recovery procedures based on legal advices.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include payables and borrowings.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges on financial liabilities are included within finance costs or finance income.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.9 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company, or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

3.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, together with other short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the financial statements

For the year ended 31 March 2023

3. Summary of accounting policies (Continued)

3.11 Equity and reserves

Stated capital is determined using the nominal values of shares that have been issued. The amount received in excess of the nominal values is classified as share premium.

Accumulated losses include all the current and prior years' results as disclosed in the statement of comprehensive income.

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.12 Taxation

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those claims from, or obligations to fiscal authorities relating to the current or prior reporting years, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting year.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

3.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. At time of effective payment, the provision is deducted from the corresponding expenses.

All known risks at the reporting date are reviewed in detail and provision is made where necessary.

Notes to the financial statements

For the year ended 31 March 2023

3. Summary of accounting policies (Continued)

3.14 Significant management judgements in applying accounting policies and estimation uncertainties

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Significant management judgements

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the USD.

Recognition of deferred tax assets

The extent to which the deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilised.

Impact of COVID-19 and going concern

In January 2020, the World Health Organisation has declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets.

The directors have considered the potential adverse impact of COVID-19 on the Company's investment activities and have exercised significant judgement in assessing that the preparation of these financial statements on a going concern basis is appropriate. In making this assessment, the directors have considered the holding companies' financial capacity to provide continuing financial support to the Company, future investment strategies of the group and global economic conditions.

Notes to the financial statements

For the year ended 31 March 2023

3. Summary of accounting policies (Continued)

3.14 Significant management judgements in applying accounting policies and estimation uncertainties (Continued)

Estimation uncertainties

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of loans

The Company uses the guidance of IFRS 9 to determine the degree of impairment of its loans. Management considers a broader range of information when assessing credit risk and estimating the credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the receivables. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Impairment of investments in subsidiaries

In assessing impairment, management estimates the recoverable amount of each asset based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. The directors have assessed the recoverable amount of the investments and confirmed that the carrying amounts have not suffered any impairment in value at the reporting date.

4. Financial instrument risk

Risk management objectives and policies

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company risk management policies are designed to identify and analyse these risks, to set up appropriate risk limits and controls, and to monitor the risks.

The Company's risk is managed at group level and focuses on securing the Company's short to medium term cash flows by minimising the exposure to financial risks.

Notes to the financial statements

For the year ended 31 March 2023

4. Financial instrument risk (Continued)

Risk management objectives and policies (Continued)

The Company's financial assets and financial liabilities by category are summarised below:

	2023 USD	2022 USD
Financial assets		
Current		
Loans	61,214,410	49,258,194
Cash and cash equivalents	406,526	536,460
Current assets	61,620,936	49,794,654
Total financial assets	61,620,936	49,794,654

	2023 USD	2022 USD
Financial liabilities		
Amortised cost		
Non-current		
Borrowings	-	5,000,000
Current		
Borrowings	61,343,123	43,948,151
Payables	274,967	202,867
	61,618,090	44,151,018
Total financial liabilities	61,618,090	49,151,018

* *Financial assets exclude prepayments.*

The most significant financial risks to which the Company is exposed are described below.

4.1 Market risks analysis

Foreign currency exchange risk

The Company's exposure to foreign exchange risk relates mostly to its financial assets and liabilities denominated in Australian Dollars ("AUD").

Notes to the financial statements

For the year ended 31 March 2023

4. Financial instrument risk (Continued)

Risk management objectives and policies (Continued)

4.1 Market risks analysis (Continued)

Foreign currency exchange risk (Continued)

The currency profile of the Company's financial assets and liabilities is as follows:

	Financial assets 2023 USD	Financial assets 2022 USD	Financial liabilities 2023 USD	Financial liabilities 2022 USD
Australian Dollar ("AUD")	5,983,794	240,000	-	-
United States Dollar ("USD")	55,637,142	49,554,654	61,618,090	49,151,018
Total	**61,620,936**	49,794,654	**61,618,090**	49,151,018

It assumes a 10% change in the AUD/USD exchange rates for the year ended 31 March 2023 (2022: 10%). The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the USD had strengthened against the AUD by 10%, profit would have decreased by USD 598,379 at 31 March 2023 (2022: loss would have increased by USD 597,770). If the USD had weakened by the same percentage against the foreign currency, profit would have increased by USD 598,379 (2022: profit would have increased by USD 597,770).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has interest-bearing financial assets and financial liabilities in the form of loans and borrowings respectively. The interests thereon are at fixed rate.

4.2 Credit risk analysis

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

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised overleaf:

Notes to the financial statements

For the year ended 31 March 2023

4. Financial instrument risk (Continued)

Risk management objectives and policies (Continued)

4.2 Credit risk analysis (Continued)

	2023 USD	2022 USD
Current		
Loans	61,214,410	49,258,194
Cash and cash equivalents	406,526	536,460
Current assets	61,620,936	49,794,654
Total	61,620,936	49,794,654

** Financial assets exclude prepayments.*

The directors have assessed the loans due from related parties and concluded that these loans have not suffered from any impairment at the reporting date, hence no expected credit loss is to be recognised. Furthermore, the holding companies have undertaken to make good any loss suffered by the Company in the event of any default arising out from these loans. Also, the Company, acting as an investment vehicle, forms part of a group where the treasury functions are centrally managed and all loans within group companies are managed at the holding company level.

The credit risk for cash and cash equivalents is considered negligible, since the Company transacts with reputable banks.

4.3 Liquidity risk analysis

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages its liquidity needs by carefully monitoring its cash outflows due in day-to-day business and also by securing the financial support of its holding companies and financial institutions.

The Company considers expected cash flows from financial assets in assessing liquidity risk, in particular its cash resources and loans.

Notes to the financial statements

For the year ended 31 March 2023

4. Financial instrument risk (Continued)

Risk management objectives and policies (Continued)

4.3 Liquidity risk analysis (Continued)

The following are the contractual maturities of financial liabilities:

31 March 2023	Carrying amount USD	Contractual cash flows USD	Less than one year USD	1-5 years USD
Borrowings	61,343,123	61,343,123	61,343,123	-
Payables	274,967	274,967	274,967	-
	61,618,090	61,618,090	61,618,090	-

31 March 2022	Carrying amount USD	Contractual cash flows USD	Less than one year USD	1-5 years USD
Borrowings	48,948,151	48,948,151	43,948,151	5,000,000
Payables	202,867	202,867	202,867	-
	49,151,018	49,151,018	44,151,018	5,000,000

5. Capital management policies and procedures

The Company's capital management objectives are:

- to ensure its ability to continue as a going concern; and
- to provide an adequate return to shareholders and stakeholders.

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The Company sets the amount of capital in proportion to its overall financing structure, that is, equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid, reduce capital, issue new shares, or sell assets to reduce debts.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital:

Notes to the financial statements

For the year ended 31 March 2023

5. Capital management policies and procedures (Continued)

	2023 USD	2022 USD
Debt	**56,343,123**	38,939,570
Cash and cash equivalents	**(406,526)**	(536,460)
Net debt	**55,936,597**	38,403,110
Equity	**26,293,808**	26,944,507
Total capital	**82,230,405**	65,347,617
Gearing ratio	**68.02%**	58.77%

Debt includes loans from related parties but excludes loans from banks (Note 14).

6. Fair value measurement

6.1 Fair value measurement of financial instruments

The Company's financial assets and liabilities are measured at their carrying amounts, which approximate their fair values.

The Company, acting as an investment vehicle in the group, has invested in a number of unquoted companies engaged in diversified business activities. The Company's policy is to revalue its financial assets on an annual basis for financial reporting purposes in collaboration with its holding company. The valuation is discussed at appropriate authority level and due consideration is given to impairment losses. The directors consider that it is not relevant and practicable to adjust for any fair value movement at the Company's level given the business model in which the Company operates within the group.

6.2 Fair value measurement of non-financial assets and non-financial liabilities

The Company's non-financial assets consist of investments in subsidiaries, investment in fixed deposits and prepayments and it did not have any non-financial liabilities.

For non-financial assets, fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis.

Notes to the financial statements

For the year ended 31 March 2023

7. Investments in subsidiaries

7.1 Movement during the year

	2023 USD	2022 USD
At 01 April and 31 March	**24,606,816**	24,606,816

7.2 Details pertaining to the investments are as follows:

Name of companies	Country of Incorporation	% Holding
Kuoni Australia Holding Pty Ltd	Australia	100%
Asian Trails Holdings Ltd	Republic of Mauritius	100%
Reem Tours and Travel LLC (Note 7.5)	United Arab Emirates	100%
Gulf Dunes LLC (Note 7.5)	United Arab Emirates	100%
Desert Adventures Tourism LLC (Note 7.5)	United Arab Emirates	100%
Kuoni Private Safaris (Pty) Ltd	Republic of South Africa	100%
Private Safaris (EA) Ltd	Kenya	100%
DEI Holdings Limited	United Arab Emirates	51%

7.3 As the Company forms part of a group, the impairment assessment for financial reporting is done at group level. The directors consider that these investments have not suffered any impairment at the reporting date.

7.4 No consolidated financial statements have been prepared as the directors of the Company have taken advantage of the exemption under the Mauritius Companies Act 2001, which exempts a company holding a Global Business License from preparing consolidated financial statements when it is a wholly owned or a virtually wholly owned subsidiary of any company.

7.5 The Company holds 49% each of the shares of Reem Tours and Travel LLC, Gulf Dunes LLC and Desert Adventures Tourism LLC and the remaining shares are indirectly held by the Company through distinct nominees. The Company maintains beneficial ownership of these investments.

7.6 The Company has not received any dividend income during the current financial year (2022: USD nil).

Notes to the financial statements

For the year ended 31 March 2023

8. Loans

	2023 USD	2022 USD
Current		
Loans to related companies (Note (i))	**61,214,410**	49,258,194

(i) The loans are unsecured, receivable within twelve months, partly interest-free and partly bear interest.

(ii) Interest accrued on the loans to related companies for the year amounted to USD 5,431,128 (2022: USD 1,375,848).

(iii) Expected credit losses

The Company applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all its loans receivable as these items do not have a significant financing component.

The directors consider no expected credit loss is to be recognised for the loans receivable as the borrowers form part of the same group of companies and the holding companies have undertaken to make good of any loss suffered by the Company in the event of any default arising out from these loans receivable.

9. Receivables

	2023 USD	2022 USD
Prepayments	**78,371**	127,795

10. Investment in fixed deposits

	2023 USD	2022 USD
At 01 April 2022	**1,566,260**	1,542,429
Investment during the year	-	1,504,108
Redeemed during the year	-	(1,504,543)
Interest element	**39,515**	24,266
At 31 March 2023	**1,605,775**	1,566,260

(i) At 31 March 2023, the Company held fixed deposits with maturity dates of 10 June 2024 and 24 July 2024 and interest rates which vary from 0.1% to 3%.

(ii) Interest accrued on the investment in fixed deposits for the year amounted to USD 39,515 (2022: USD 24,266).

Notes to the financial statements

For the year ended 31 March 2023

11. Cash and cash equivalents

	2023 USD	2022 USD
Cash at bank (USD)	**406,526**	536,460

12.1 Stated capital

	2023 USD	2022 USD
4,133,001 ordinary shares of USD 1 each	**4,133,001**	4,133,001

Balance consists of the issue of 1 ordinary share of par value USD 1 to Thomas Cook (Mauritius) Holding Company Limited, at a price of USD 6.18, thus resulting in a premium of USD 5.18 (Note 12.2).

12.2 Share premium

	2023 USD	2022 USD
Share premium	5	5

13. Optionally convertible redeemable preference shares ("OCRPS")

	2023 USD	2022 USD
Nominal value	**23,649,535**	23,649,535
Share premium (Note 13.3)	**2,260,465**	2,260,465
Total	**25,910,000**	25,910,000

13.1 The OCRPS are redeemable at the option of the issuer anytime during the tenure of these shares. At the end of 20 years from date of issue, the OCRPS shall be converted into ordinary shares.

13.2 The OCRPS carry the following rights:

- to receive notice of and attend shareholder meetings generally and class meetings of the OCRPS but no right to vote on any matters to be considered by the shareholders generally, provided that each OCRPS shall have the right to vote on any matter to be considered by holders of the OCRPS shares.
- right to dividend out of profits, only if, dividend is also declared to equity shareholders. OCRPS dividend would be non-cumulative. However, the Board would have the right to change the dividend rights at any time during the tenure of the OCRPS.

13.3 In prior years, 3,139,535 OCRPS have been issued at a premium of USD 0.72 per share, resulting in a premium of USD 2,260,465.

Notes to the financial statements

For the year ended 31 March 2023

14. Borrowings

	2023 USD	2022 USD
Non-current		
Loans from banks (Note (i))	-	5,000,000
Current		
Loans from banks (Note (i))	**5,012,896**	5,008,581
Loans from related parties (Note (ii))	**56,330,227**	38,939,570
Total current	**61,343,123**	43,948,151
Total borrowings	**61,343,123**	48,948,151

(i) The loans from the banks are interest-bearing and secured by a fixed charge on the Company's investment in DEI Holdings Limited and Desert Adventures Tourism LLC, a corporate guarantee by Thomas Cook (India) Limited.

(ii) The loans from the related parties are interest-bearing, unsecured, and repayable within twelve months. The directors consider the carrying amount of the loans to be a reasonable approximation of the fair values.

(iii) Interest accrued on the loans for the year amounted to USD 3,582,613 (2022: USD 2,029,219).

15. Payables

	2023 USD	2022 USD
Accruals	**121,347**	87,792
Due to a related party	**153,620**	115,075
Total	**274,967**	202,867

The amount due to the related party is interest-free, unsecured, and repayable within twelve months.

16. Taxation

16.1 Income tax expense

The taxation of income and capital gains of the Company are subject to the fiscal laws and practice of the Republic of Mauritius and the countries in which the Company invests. The following is a summary in the key jurisdictions based on the taxation laws and practice currently in force; these may be subject to change.

Notes to the financial statements

For the year ended 31 March 2023

16. Taxation (Continued)

16.1 Income tax expense (Continued)

The Company holds a Global Business Licence for the purpose of the Financial Services Act 2007. Pursuant to the enactment of the Finance Act 2018, with effect as from 01 January 2019, the deemed tax credit has been phased out, through the implementation of a new tax regime. Companies which had obtained their Global Business Licence on or before 16 October 2017, including the Company, have been grandfathered and would benefit from the deemed tax credit regime up to 30 June 2021.

Accordingly, the Company is entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax ("Deemed tax credit") on its foreign source income resulting in an effective tax rate on net income of up to 3%, up to 30 June 2021. Further, the Company is exempted from income tax in Mauritius on profits or gains arising from sale of securities. In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to shareholders or in respect of redemptions or exchanges of shares.

Post 30 June 2021 and under the new tax regime and subject to meeting the necessary substance requirements as required under the Financial Services Act 2007 (as amended by the Finance Act 2018) and such guidelines issued by the Financial Services Commission, the Company would be entitled to either (a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company's tax liability computed at 15% on such income, or (b) a partial exemption of 80% of the income of the Company from tax in Mauritius, with the remaining 20% of the income to be subject to a 15% tax, resulting in effective tax rate on of 3%.

At 31 March 2023, the Company had no income tax liability due to accumulated tax losses of USD 1,619,411 (2022: USD 1,725,155) carried forward.

16.2 Income tax reconciliation

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	2023 USD	2022 USD
Loss before tax	(650,699)	(1,079,317)
Tax at 3%	(19,521)	(32,380)
Non-allowable expenses	132,502	57,633
Exempt income	(90,384)	(33,592)
Tax loss utilised	(22,597)	-
Deferred tax not recognised	-	8,339
Tax expense	-	-

Notes to the financial statements

For the year ended 31 March 2023

17. Related party transactions

During the year ended 31 March 2023, the Company had transactions with related entities. The nature, volume of transactions and balances with related parties are as follows.

Name of related party	Nature of transactions	Volume of transactions USD	Debit/(credit) balances at 31 March 2023 USD	Debit/(credit) balances at 31 March 2022 USD
Private Safaris East Africa	Borrowings	(363,098)	**(363,098)**	-
Thomas Cook (India) Limited	Borrowings	(17,347,430)	**(55,305,433)**	(37,970,899)
Thomas Cook (Mauritius) Holding Company Limited	Borrowings	306,975	**(661,696)**	(968,671)
Asian Trails Holdings Ltd	Loans	4,150,957	**25,898,708**	21,747,751
DEI Holdings Limited	Loans	7,211,513	**21,661,084**	14,449,571
Desert Adventures Tourism LLC	Loans	1,682,567	**3,712,154**	2,029,587
Kuoni Australia Holding Pty. Ltd	Loans	221,520	**6,644,290**	6,422,770
Private Safaris Africa	Loans	5,894	**1,443,939**	1,438,045
Private Safaris (EA) Ltd	Loans	(282,599)	-	282,599
Horizon Travel Services	Loans	(1,033,636)	**1,854,235**	2,887,871
Thomas Cook (Mauritius) Holding Company Limited	Payables	(38,545)	**(153,620)**	(115,075)
SOTC Travel Limited	OCRPS	-	**(11,600,000)**	(11,600,000)
Thomas Cook (India) Limited	OCRPS	-	**(14,310,000)**	(14,310,000)

The terms and conditions are described in Notes 8, 13, 14 and 15 to these financial statements.

18. Reconciliation of liabilities arising from financing activities

2023	At 01 April 2022 USD	Cash flows USD	Non-cash flows USD	At 31 March 2023 USD
Loans from related parties	38,939,570	**17,390,657**	-	**56,330,227**
Loans from banks	10,008,581	**(4,995,685)**	-	**5,012,896**
Total	48,948,151	**12,394,972**	-	**61,343,123**

2022	At 01 April 2021 USD	Cash flows USD	Non-cash flows USD	At 31 March 2022 USD
Loans from related parties	21,366,075	15,897,555	1,675,940	38,939,570
Loans from banks	15,008,735	(5,000,000)	(154)	10,008,581
Total	36,374,810	10,897,555	1,675,786	48,948,151

Notes to the financial statements

For the year ended 31 March 2023

19. **Holding companies**

The holding companies are SOTC Travel Limited and Thomas Cook (India) Limited, companies incorporated in the Republic of India and Thomas Cook (Mauritius) Holding Company Limited, a company incorporated in the Republic of Mauritius.

20. **Contingencies and capital commitments**

The Company does not have any contingent liability and capital commitment at year and.

21. **Events after reporting date**

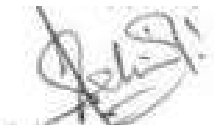
There has been no significant event after the reporting date which requires disclosures or amendments to the financial statements.

Reem Tours & Travels LLC

Statement of financial position

As at 31 December 2022

	31 December 2022 AED	31 December 2021 AED
Current assets		
Non-Interest Bearing Financial Assets	**-**	-
Due from Related Party – Desert Adventures	**608,868**	608,868
	--------------	--------------
Total current assets	**608,868**	608,868
	--------------	--------------
	--------------	--------------
Total assets	**608,868**	608,868
	========	========
Equity and liabilities		
Equity		
Share capital	**300,000**	300,000
Statutory reserve	**150,000**	150,000
Retained earnings	**158,868**	158,868
	------------	------------
Total equity	**608,868**	608,868
	------------	------------
	--------------	--------------
Total equity and liabilities	**608,868**	608,868
	========	========



Salim Sikander
Head of Finance

Peter Payet
CEO

Note: There is no Profit and Loss account from Jan 1, 2012 as the business of Reem Tours and Travels LLC has been integrated into Desert Adventures Tourism LLC.

The notes on page 2-4 are an integral part of these financial statements.

Reem Tours & Travels LLC

Notes
(forming part of the financial statements)

1 Reporting entity

Reem Tours & Travels LLC is a limited liability company registered with the Department of Economic Development, Government of Dubai.

The registered office of the Reem Tours & Travels LLC is P.O. Box No. 6655, Dubai, United Arab Emirates.

The authorised and fully paid up share capital of the Company is U.A.E. Dirham 300,000 divided into 100 shares of U.A.E. Dirham AED 3,000.

SHARE HOLDINGS

During the year, UAE Government amended the federal Commercial Companies Law, granting foreign investors full ownership of limited liability company. As a result, on 21st July 2022, the shareholding structure of the company was changed. Ahmad Abdulaziz Abdulla Almannei sold his 51% shares, transferring ownership to Travel Circle International (Mauritius) Limited. Consequently, the company transformed into a single owner entity, with Travel Circle International (Mauritius) Limited now holding 100% of the shares.

Below is the shareholding pattern of the Company before 21 July 2022:

Name	% holding
Ahmad Abdulaziz Abdulla Almannei	51
Travel Circle International (Mauritius) Limited ("the holding company")*	49

2) Basis of accounting

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by International Accounting Standards Board (IASB) and the preparation requirements of the UAE Federal Law No. (2) of 2015.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

c) Functional and presentation currency

The financial statements are presented in United Arab Emirates Dirham ("AED"), which is the Company's functional currency.

d) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

3(a) Changes in significant accounting policies

The Company has initially applied IFRS 15 and IFRS 9 from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have any material effect on the Company's financial statements.

Application of IFRS-9 and IFRS-15 did not have any material financial impact on the Company's financial statements.

3(a).2 *IFRS 9 Financial Instruments*

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Company has adopted the consequential amendments to IAS 1 Presentation of Financial Statements, which require the charge for impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Company's approach was to include the impairment of trade receivables in administrative and general expenses.

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss account (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The application of IFRS 9 has not had any material financial impact effect on the Company's financial statements.

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at 1 January 2018 did not have any material financial impact on the allowance for impairment.

Transition

Changes if any, in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively.

3(b) Significant accounting policies

The Company has consistently applied the accounting policies set out below to all periods presented in these financial statements.

Financial instruments
Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as and measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

3(b) Significant accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets – Policy applicable from 1 January 2018 (continued)

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 January 2018

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial assets – Policy applicable prior to 1 January 2018

The Company has classified its financial assets into one of the following categories:

- loans and receivables;
- held to maturity;
- available for sale; and
- at FVTPL, and within this category as:
    - held for trading;
    - derivative hedging instruments; or
    - designated as at FVTPL.

3(b) Significant accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets – Subsequent measurement and gains and losses: Policy applicable prior to 1 January 2018 (continued)

Financial assets at FVTPL	Measured at fair value and changes therein, including any interest or dividend income, were recognized in profit or loss.
Held-to-maturity financial assets	Measured at amortized cost using the effective interest method.
Loans and receivables	Measured at amortized cost using the effective interest method.
Available-for-sale financial assets	Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognized in OCI and accumulated in the fair value reserve. When these assets were derecognized, the gain or loss accumulated in equity was reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

3(b) Significant accounting policies (continued)

Financial instruments (continued)

Derecognition (continued)

Financial liabilities(continued)

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

Non-derivative financial assets - Policy applicable from 1 January 2018

Financial instruments

The Company recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and due from related parties are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on trade receivables has increased significantly if it is more than 90 days past due i.e. 120 days from the invoice date.

The Company considers trade receivables to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due

3(b) Significant accounting policies (continued)

Impairment (continued)

Non-derivative financial assets - Policy applicable from 1 January 2018 (continued)

Financial instruments (continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

3(b) Significant accounting policies (continued)

Impairment (continued)

Non-derivative financial assets - Policy applicable from 1 January 2018 (continued)

Financial instruments (continued)

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:
- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer would enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- observable data indicating that there was a measurable decrease in the expected cash flows from a Company of financial assets.

Financial assets measured at amortized cost

The Company considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by Companying together assets with similar risk characteristics.

In assessing collective impairment, the Company used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognized in profit or loss and reflected in an allowance account. When the Company considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss was reversed through profit or loss.

3(b) Significant accounting policies (continued)

Impairment (continued)

Non-derivative financial assets - Policy applicable from 1 January 2018 (continued)

Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, investment property and inventories to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized whenever the carrying amount of the asset exceeds the recoverable amount. Impairment losses, if any, are recognized in the statement of profit or loss.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss.

Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

Gulf Dunes LLC

Financial statements
31 December 2022

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Directors' Report

The directors submit their report together with the audited financial statements of **Gulf Dunes LLC** for the year ended 31st December 2022.

LEGAL STATUS

Gulf Dunes LLC is a limited liability company (the "Company") registered with the Department of Tourism and Commerce Marketing, Government of Dubai and Department of Economic Development.

The principal activity of the Company organizing and managing Meetings, Incentives, Conferences, and Events (MICE). The Company started its operations in May 1995.

The registered office of the Gulf Dunes LLC, Dubai is P.O. Box no. 124174, Dubai, United Arab Emirates.

SHARE HOLDINGS

During the year, the UAE Government amended the federal Commercial Companies Law, granting foreign investors full ownership of specific businesses. In accordance, on 02 August 2022, the Company has changed the shareholding pattern, Abdulaziz Ahmad Abdulaziz Abdulla Almannei has sold his 51% shares to Travel Circle International (Mauritius) Limited making it a Single Owner Company holding 100% shares.

Before 02 August 2022, the Company's 49% shares were held by Travel Circle International (Mauritius) LTD ("the Shareholders") and 51% shared were held by Abdulaziz Ahmad Abdulaziz Abdulla Almannei.

During the period, Abdulaziz Ahmad Abdulaziz Abdulla Almannei have not taken part in the operational and financial management of the Company.

FINANCIAL PERFORMANCE

The results of the Company for the year ended 31st December 2022 and 31st December 2021 are stated below:

Financial highlights	**2022** **AED**	2021 AED
Net profit/(loss)	**59,269**	(350,612)
Total equity	**(5,083,965)**	(5,143,234)

SUBSEQUENT EVENT:

There has been no significant event subsequent to the reporting date and up to the date of authorization, which would have a material effect on the financial statements.

AUDITORS

KPMG Lower Gulf Limited is eligible for reappointment for 2023 and has expressed its willingness to continue in office. The director recommends the reappointment of KPMG Lower Gulf Limited as auditor of the Company for the year ending 31 December 2023.

On behalf of the Board

Salim Sikander
Chief Financial Officer

Peter Payet
Chief Executive Officer

Date: 26 June 2023

KPMG Lower Gulf Limited
The Offices 5 at One Central
Level 4, Office No: 04.01
Sheikh Zayed Road, P.O. Box 3800
Dubai, United Arab Emirates
Tel. +971 (4) 4030300, www.kpmg.com/ae

Independent auditors' report

To the Shareholders of Gulf Dunes LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Gulf Dunes LLC ("the Company"), which comprise the statement of financial position as at 31 December 2022, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Report which is set out on page 1.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Other Information (continued)

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, 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Standards, and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, and for such internal control as management 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Company's financial reporting process.

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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 on the effectiveness of the Company's internal control.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. 32 of 2021, we report that for the year ended 31 December 2022:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021;

iii) the Company has maintained proper books of account;

iv) the financial information included in the Directors' report is consistent with the books of account of the Company;

v) as disclosed in note 1 to the financial statements, the Company has not purchased any shares during the year ended 31 December 2022;

vi) note 12 to the financial statements discloses material related party transactions, and the terms under which they were conducted; and

Report on Other Legal and Regulatory Requirements (continued)

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2022 any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2022.

KPMG Lower Gulf Limited

Fawzi AbuRass
Registration No.: 968
Dubai, United Arab Emirates

Date: 2 6 JUN 2023

Gulf Dunes LLC

Statement of profit or loss and other comprehensive income

For the year ended 31 December

	Notes	**2022**	2021
		AED	AED
Revenue	*6*	**17,249,627**	7,370,135
Direct costs	*7*	**(13,880,434)**	(5,712,704)
		--------------	--------------
Gross profit		**3,369,193**	1,657,431
Administrative and general expenses	*8.1*	**(3,385,661)**	(2,071,967)
Other income	*8.2*	**-**	24,021
Finance income	*9*	**75,737**	39,903
		-----------	-----------
Profit/(Loss) for the year		**59,269**	(350,612)
Other comprehensive income		**-**	-
		----------	----------
Total comprehensive income for the year		**59,269**	(350,612)
		=======	=======

The notes on pages 10 to 29 are an integral part of these financial statements.

The independent auditors' report is set out on pages 2 - 5.

Gulf Dunes LLC

Statement of financial position

As at 31 December 2022

	Notes	**2022**	2021
		AED	AED
Assets			
Property and equipment	*10*	**9,774**	8,292
Right-of-use asset		**-**	67,486
Non-current assets		**9,774**	75,778
Trade and other receivables	*11*	**1,252,285**	1,837,873
Cash and cash equivalents	*17*	**516,249**	245,430
Current assets		**1,768,534**	2,083,303
Total assets		**1,778,308**	2,159,081
Equity and Liabilities			
Equity			
Share capital	*15*	**300,000**	300,000
Statutory reserve	*16*	**150,000**	150,000
Accumulated losses		**(5,533,965)**	(5,593,234)
Total equity		**(5,083,965)**	(5,143,234)
Liabilities			
Employees' end of service benefits	*14*	**147,727**	193,765
Non-current liabilities		**147,727**	193,765
Trade and other payables	*13*	**1,853,660**	2,249,902
Due to related parties	*12*	**4,860,886**	4,819,832
Lease liability – current		**-**	38,816
Current liabilities		**6,714,546**	7,108,550
Total liabilities		**6,862,273**	7,302,315
Total equity and liabilities		**1,778,308**	2,159,081

To the best of our knowledge, the financial statements fairly present, in all material respects, the financial position, results of operation and cash flows of the Company as of, and for, the year ended 31 December 2022.

These financial statements were authorized for issue on behalf of the Company's shareholders on 26 June 2023.

Salim Sikander
Chief Financial Officer

Peter Payet
Chief Executive Officer

The notes on pages 10 to 29 are an integral part of these financial statements.

The independent auditors' report is set out on pages 2 - 5.

Gulf Dunes LLC

Statement of cash flows
For the year ended 31 December

	Notes	**2022**	2021
		AED	AED
Cash flows from operating activities			
Profit/(Loss) for the year		**59,269**	(350,612)
Adjustments for:			
Depreciation and amortization	*10*	**7,509**	11,190
Depreciation on right-of-use assets	*8.1*	**67,486**	67,476
Gain on sale of property and equipment	*8.2*	**-**	(7,620)
Allowance for expected credit loss	*8.1*	**10,382**	1,000
Provision for employees' end of service benefits	*14*	**61,412**	32,656
Interest expense on lease liability	*9*	**210**	2,285
		----------	----------
		206,268	(243,625)
Changes in:			
- trade and other receivables		**575,206**	(1,258,394)
- due to related parties		**41,054**	420,314
- trade and other payables		**(396,242)**	1,083,984
Payment of employees' end of service benefits	*14*	**(107,450)**	(151,770)
		-----------	-----------
Net cash from / (used in) operating activities		**318,836**	(149,491)
		-----------	-----------
Cash flows from investing activity			
Acquisition of property and equipment	*10*	**(8,991)**	-
Proceeds from sale of property and equipment		**-**	7,620
		-------	-------
Net cash (used in) / from investing activity		**(8,991)**	7,620
		-------	-------
Cash flows from financing activity			
Interest paid during the year		**-**	(2,285)
Payment of lease liabilities		**(39,026)**	(75,765)
		---------	---------
Cash used in financing activity		**(38,816)**	(78,050)
		---------	---------
Net decrease in cash and cash equivalents		**270,819**	(219,921)
Cash and cash equivalents at the beginning of the year		**245,430**	465,351
		----------	----------
Cash and cash equivalents at end of the year	*17*	**516,249**	245,430
		======	======

The notes on pages 10 to 29 are an integral part of these financial statements.
The independent auditors' report is set out on pages 2 - 5.

Gulf Dunes LLC

Statement of changes in equity
For the year ended 31 December

	Share capital AED	Statutory reserve AED	Accumulated Losses AED	Total AED
At 1 January 2021	300,000	150,000	(5,242,622)	(4,792,622)
Total comprehensive income for the year				
Loss for the year	-	-	(350,612)	(350,612)
Balance at 31 December 2021	300,000	150,000	(5,593,234)	(5,143,234)
Balance at 1 January 2022	**300,000**	**150,000**	**(5,593,234)**	**(5,143,234)**
Total comprehensive income for the year				
Profit for the year	-	-	59,269	59,269
Balance at 31 December 2022	**300,000**	**150,000**	**(5,533,965)**	**(5,083,965)**

The notes on pages 10 to 29 are an integral part of these financial statements.

1 Reporting entity

Gulf Dunes LLC, Dubai is a limited liability Company (‘‘the Company’’) registered with the Department of Economic Development, Government of Dubai. The principle business activity of the Company is organizing and managing incentive trips, conferences and meetings for groups.

During the year, the UAE Government amended the federal Commercial Companies Law, granting foreign investors full ownership of specific businesses. In accordance, on 02 August 2022, the Company has changed the shareholding pattern, Abdulaziz Ahmad Abdulaziz Abdulla Almannei has sold his 51% shares to Travel Circle International (Mauritius) Limited making it a Single Owner Company holding 100% shares.

Before 02 August 2022, the Company's 49% shares were held by Travel Circle International (Mauritius) LTD (“the Holding company”) and 51% shared were held by Abdulaziz Ahmad Abdulaziz Abdulla Almannei.

During the period, Abdulaziz Ahmad Abdulaziz Abdulla Almannei have not taken part in the operational and financial management of the Company.

The ultimate parent of the Company is Fairfax Financial Holdings Limited, a company registered in Toronto, Ontario, Canada.

The registered office of the Gulf Dunes LLC, Dubai is P.O. Box no. 124174, Dubai, United Arab Emirates.

The Company did not purchase any shares during the year.

2 Basis of preparation

a) Going concern

During the year ended 31 December 2022, the Company reported a net profit of AED 59,269 (2021: Loss of AED 350,612), net current liabilities of AED 4,946,012 (2021: AED 5,025,247) and net liabilities of AED 5,083,965 (2021: AED 5,143,234). As at 31 December 2022, the accumulated losses of the Company, amounted to AED 5,533,965 (2021: AED 5,593,234), exceed more than 50% of the share capital. Article 308 of the UAE Federal Decree-Law no. (32) of 2021 for commercial states that if the losses of a limited liability company reach half the share capital, the Management of the Company shall refer to the shareholders the issue of dissolution. These factors indicate that the Company ability to continue as a going concern is dependent upon the continued financial support of the Holding company. The Holding company have provided an undertaking that it will provide the necessary financial support to the Company to enable it to meet its obligation for the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

b) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by International Accounting Standard Board (IASB) and the applicable provision of UAE Federal Decree-Law no. (32) of 2021.

c) Basis of measurement

These financial statements have been prepared under the historical cost basis.

2 Basis of preparation (continued)

d) Functional and presentation currency

These financial statements are presented in UAE Dirham ("AED"), which is the Company's functional currency.

e) Use of estimates and judgments (continued)

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying policies that have the most significant effect on the amounts recognised in these financial statements are described in note 21.

3 Significant accounting policies

The following accounting policies, which comply with IFRS, have been applied consistently to all periods presented in these financial statements, except to the adoption of new standards and amendments described above.

Revenue from contract with customers

The Company renders a wide range of tourism and related services (hotel bookings, transport and visa services, excursion and travel related services) to groups. Revenue from rendering these services is recognised in the profit or loss when it transfers control over a service to a customer. This is generally the case on the date of arrival.

Any expected discounts to the customers are estimated and are netted off against transaction price as per the requirements of the accounting standard.

Financial instruments

Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3 Significant accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement

On initial recognition, a financial asset is classified as and measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

3 Significant accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred, or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Foreign currency transactions

Transactions in foreign currencies are translated to AED and recorded at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to AED at the foreign exchange rate ruling at that date. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated into AED using the exchange rates at the date of the transaction. Foreign exchange differences arising on translation are recognised in profit or loss.

Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses (if any).
If significant part of an item of property and equipment have different useful lives, then they are accounted for as items (major components) of property and equipment.

3 Significant accounting policies (continued)

Property and equipment (continued)

Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual value and is recognised in profit or loss. Depreciation on additions is calculated on a pro-rata basis from the day of addition and on disposal up to and including the month of disposal of the asset. The estimated useful lives of property and equipment for current and comparative period are as follows:

	Years
Motor vehicles	4
Furniture, fixtures and office equipment	2 to 5
Leasehold improvements	10

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets

Intangible assets that are acquired by the Company have finite useful lives and are measured at cost less accumulated amortization and accumulated impairment losses, if any. Where the payment term is deferred, the cost of the intangible asset is the cash price equivalent, which is the discounted amount of cash over the payment term.

Company's intangibles comprise of license of accounting software (SAGE) and license for contract management tool (Meeting box).

S*ubsequent expenditure*
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortization
Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. The useful life for the intangible assets for the current and comparative period is estimated to be 3 years. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment

Non-derivative financial assets

Financial instruments

The Company recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost.

3 Significant accounting policies (continued)

Impairment (continued)

Non-derivative financial assets (continued)

Financial instruments (continued)

The Company recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and due from related parties are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on trade receivables has increased significantly if it is more than 90 days past due i.e. 120 days from the invoice date.

The Company considers trade receivables to be in default when:
- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

3 Significant accounting policies (continued)

Impairment (continued)

Non-derivative financial assets (continued)

Financial instruments (continued)

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:
- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer would enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

Financial assets measured at amortized cost

The Company considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company used historical information on the timing of recoveries and the amount of loss incurred and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

3 Significant accounting policies (continued)

Impairment (continued)

Financial assets measured at amortized cost (continued)

An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognized in profit or loss and reflected in an allowance account. When the Company considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss was reversed through profit or loss.

Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, investment property and inventories to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized whenever the carrying amount of the asset exceeds the recoverable amount. Impairment losses, if any, are recognized in the statement of profit or loss.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3 Significant accounting policies (continued)

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provision for employees' end of service benefits

The provision is made for the amount of end of service benefits due to employees in accordance with the UAE Labour Law and is based on the current remuneration and the period of service of the employees at the end of the reporting period. The provision has been classified as a non-current liability.

Share capital

Ordinary shares are classified as equity. Balances which represent a residual interest in the net assets of the Company are presented within equity.

4 UAE Corporate tax law

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime has become effective for accounting periods beginning on or after 1 June 2023.

As at 31 December 2022, the Law was not considered to be substantively enacted from the perspective of IAS 12 – Income Taxes since the threshold of income over which the 9% tax rate would apply and other clarifications were yet to prescribed by way of Cabinet Decisions.

The Cabinet of Ministers Decision No. 116/2022 effective from 2023, has confirmed the threshold of income over which the 9% tax rate would apply and the Law is considered to be substantively enacted. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000 [and a rate of 0% on qualifying income of free zone entities].

The Company is currently in the process of assessing the impact on the financial statements, both from current and deferred tax perspective.

4.1 New standards or amendments and forthcoming requirements

The following are the new currently effective requirements for annual periods beginning on 1 January 2022, which did not have a significant impact of the Company's financial statements:

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
- Onerous contracts – Cost of fulfilling a contract (Amendments to IAS 37) (1 January 2022).
- Annual improvements to IFRS Standards 2018 – 2020 (1 January 2022)

4.1 New standards or amendments and forthcoming requirements (continued)

- Property, plant and equipment: Proceeds before intended use (Amendments to IAS 16) (1 January 2022).
- Reference to the Conceptual Framework (Amendments to IFRS 3) (1 January 2022).

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2023 and early adoption is permitted; however, the Company has not early adopted the new or amended standards in these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the financial statements in the period of initial application:

New and amended standards not effective and not yet adopted by the Company	**Effective date**
Classification of liabilities as current or non-current (Amendments to IAS 1)	1 January 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes	1 January 2023
Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)	Deferred indefinitely
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16): Transition, effective date and due process (Agenda Paper 12C)	1 January 2024

5 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included in note 19 of these financial statements.

Risk management framework

Management of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework and is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

5 Financial risk management *(Continued)*

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash at bank and trade and other receivables (excluding prepayments and advances to suppliers).

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures in respect of losses that have been incurred but not yet identified. The Company's cash is placed with bank of good repute.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk mainly relates to trade and other payables (excluding advances from customers), and due to related parties. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company maintains adequate reserves, by continuous monitoring, forecast and actual cash flows.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and fluctuations in fair value will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk on purchases that are denominated in a currency other than its functional currency, primarily the US Dollar (USD). Since USD is currently pegged to AED, the Company does not hedge the currency risk in respect of its foreign currency exposure.

Interest rate risk

Interest rate risk is the risk of loss from fluctuations of future cash flows because of a change in market interest rates.

Other market price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

5 Financial risk management *(Continued)*

Capital management

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital structure to reduce the cost of capital. The Company is not subject to externally imposed capital requirements.

6 Revenue

The Company's revenue is generated by providing a wide range of tourism and related services (hotel bookings, transport and visa services, excursion and travel related services).

7 Direct Costs

Direct costs comprise hotel bookings, transport and visa services, excursion and travel related services.

8.1 Administrative and general expenses

	2022	2021
	AED	AED
Staff salaries and benefits	**2,230,657**	1,462,584
Overseas representative office charges	**460,875**	212,294
Business promotion expenses	**239,949**	100,775
Legal and professional charges	**121,608**	73,248
Depreciation on right-of-use assets	**67,486**	67,476
Sponsorship fees	**59,001**	36,000
Bank charges	**28,087**	21,706
Communication expense	**24,581**	14,811
Allowance for expected credit loss	**10,382**	1,000
Rent expense	**9,374**	12,919
Depreciation	**7,509**	11,190
Other expenses	**126,152**	57,964
	3,385,661	2,071,967

8.2 Other income

	2022	2021
	AED	AED
Gain on sale of property and equipment	-	7,620
Other Income	-	16,401
	-	24,021

9 Finance income

	2022 AED	2021 AED
Foreign exchange gain	**75,947**	42,188
Interest expense on lease liability	**(210)**	(2,285)
	75,737	39,903

10 Property and equipment

	Motor vehicles AED	Furniture, fixtures and office equipment AED	Leasehold improvements AED	Total AED
Cost				
Balance at 1 January 2021	47,250	250,739	25,000	322,989
Disposal during the year	(47,250)	-	-	(47,250)
Balance as at 31 December 2021	**-**	**250,739**	**25,000**	**275,739**
Balance as at 1 January 2022	-	250,739	25,000	275,739
Addition during the year	-	8,991	-	8,991
Balance as at 31 December 2022	**-**	**259,730**	**25,000**	**284,730**
Depreciation				
Balance at 1 January 2021	47,250	231,257	25,000	303,507
Disposal during the year	(47,250)	-	-	(47,250)
Charge for the year		11,190	-	11,190
Balance as at 31 December 2021	**-**	**242,447**	**25,000**	**267,447**
Balance as at 1 January 2022	-	242,447	25,000	267,447
Charge for the year	-	7,509	-	7,509
Balance as at 31 December 2022	**-**	**249,956**	**25,000**	**274,956**
Net book value				
At 31 December 2022	**-**	**9,774**	**-**	**9,774**
At 31 December 2021	-	8,292	-	8,292

11 Trade and other receivables

	2022	2021
	AED	AED
Trade receivables	**773,362**	730,933
Provision for impairment loss on trade receivables	**(23,574)**	(13,192)
	----------	----------
	749,788	717,741
Prepayments	**92,460**	120,406
Deposits and other receivables	**294,033**	254,586
Advances to suppliers & others	**116,004**	745,140
	------------	------------
	1,252,285	1,837,873
	=======	=======

12 Related parties

The Company in normal course of business, enter into transactions with other business entities which fall within the definition of related party contained in International Accounting Standard 24. Such transactions are on terms and conditions mutually agreed between them. Significant related party transactions during the year ended 31 December 2022 were as follows:

Significant transactions entered with related parties during the year were:

	2022	2021
	AED	AED
Key management personnel compensation		
Short term employee benefits	**622,458**	346,270
Post-employment benefits	**26,359**	19,485
	=====	=====

Due to related parties

	2022	2021
	AED	AED
Gulf Dunes Tourism LLC – Oman	**1,335,635**	845,876
Desert Adventures Tourism LLC	**3,525,251**	3,973,956
	------------	------------
	4,860,886	4,819,832
	=======	=======

13 Trade and other payables

	2022 AED	2021 AED
Trade payables	**842,007**	703,167
Accruals and other payables	**627,868**	421,890
Advances from customers	**383,785**	1,124,845
	1,853,660	2,249,902

14 Employees' end of service benefits

	2022 AED	2021 AED
Balance at 01 January	**193,765**	312,879
Provision during the year	**61,412**	32,656
Payments made during the year	**(107,450)**	(151,770)
Balance at 31 December	**147,727**	193,765

15 Share capital

	2022 AED	2021 AED
Authorised, issued and fully paid-up capital		
100 shares of AED 3,000 each	**300,000**	300,000

16 Statutory reserves

In accordance with UAE Federal Law No. 32 of 2021, a minimum of 10% of the net profits of the Company is required to be allocated to a statutory reserve, which is not distributable. Such allocations may be ceased when the statutory reserve equals half of the paid-up share capital of the Company. During the year no transfers were made to this reserve as the amount of the reserve has reached to the threshold (2021: AED Nil).

17 Cash and cash equivalents

	2022 AED	2021 AED
Cash in hand	**20,026**	22,978
Cash at bank	**496,223**	222,452
	516,249	245,430

18 Contingencies and commitments

There are no capital commitments and contingent liabilities of the Company as at 31 December 2022 (31 December 2021: AED Nil).

19 Financial instruments

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash at bank, trade and other receivables and amounts due from related parties.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The Company's cash and cash equivalents are held with bank and financial institution counterparties, which have good market credibility and stability.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2022	2021
	AED	AED
Trade and other receivables (excluding prepayments and advances to suppliers)	**1,043,821**	972,327
Cash at bank	**496,223**	222,452
	------------	------------
	1,540,044	1,194,779
	=======	=======

The aging of trade receivables at the reporting date was:

	31 December 2022		31 December 2021	
	Gross	**Provision**	Gross	Provision
	AED	**AED**	AED	AED
Not due	**749,788**	-	717,741	-
0-30 days past due	-	-	-	-
31-90 days past due	-	-	-	-
Over 90 days past due	**23,574**	**23,574**	13,192	(13,192)
	----------	---------	----------	---------
	773,362	**23,574**	730,933	(13,192)
	======	======	======	=====

The movement in the impairment loss for trade receivables is as follows:

	2022	2021
	AED	AED
At 1 January	**13,192**	12,192
Impairment loss recognized during the year	**10,382**	1,000
	--------	--------
At 31 December	**23,574**	13,192
	=====	=====

19 Financial instruments *(continued)*

Credit risk *(continued)*

At 31 December 2022, the Company's exposure of credit risk to trade receivables by geographical region was as follows:

	Carrying amount 2022 AED	Carrying amount 2021 AED
Geographical regions		
Europe	**27,059**	367,501
Commonwealth of Independent States	**412,969**	235,503
Middle east and others	**333,334**	127,929
Grand total	**773,362**	730,933

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company aims to maintain the level of cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities by continuous monitoring of forecast and actual cash outflows.

The following are the contractual maturities of financial liability based on contractual undiscounted payments including interest payment and excluding impact of netting:

31 December 2022

	Carrying Amount AED	**Contractual cash outflows AED**	**1 year or less AED**	**More than 1 year AED**
Non derivative financial liabilities				
Trade and other payables (excluding advances from customers)	**1,469,875**	**(1,469,875)**	**(1,469,875)**	**-**
Due to related parties	**4,860,886**	**(4,860,886)**	**(4,860,886)**	**-**
	6,330,761	**(6,330,761)**	**(6,330,761)**	**-**

19 Financial instruments *(continued)*

Liquidity risk (continued)

31 December 2021

	Carrying Amount AED	Contractual cash outflows AED	1 year or less AED	More than 1 year AED
Non derivative financial liabilities				
Trade and other payables (excluding advances from customers)	1,125,057	(1,125,057)	(1,125,057)	-
Due to related parties	4,819,832	(4,819,832)	(4,819,832)	-
Lease liability	38,816	(38,816)	(38,816)	-
	5,983,705	(5,983,705)	(5,983,705)	-

Market risk

Foreign exchange risk

The Company has no significant exposure to foreign currency risk as the transactions in foreign currencies (if any) are mainly made in USD which is informally pegged to AED.

Interest rate risk

The Company has no borrowings and is not exposed to interest rate risk.

Fair values

The fair values of the Company's financial assets and financial liabilities approximate their carrying amounts due to the short-term nature of these instruments.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to shareholders. The Company is not subject to externally imposed capital requirements.

20 Fair value hierarchy

The Company does not have financial instruments which are measured at fair value as at the reporting date. Accordingly, the fair value hierarchy disclosures are not applicable to the Company.

21 Significant accounting estimates and judgments

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

21 Significant accounting estimates and judgments *(continued)*

The following are the critical accounting estimates and judgments used by management in the preparation of these financial statements:

Impairment losses on trade receivables

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 19.

Elements of the ECL models that are considered accounting judgments and estimates include:

- Development of ECL models, including various formulas and choice of inputs
- The segmentation of financial assets when their ECL is assessed on a collective basis; and
- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on probability of default (PDs), exposure at default (EADs) and loss given default (LGDs).

Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models. The Company's policy is to regularly review its models in the context of actual loss experience and adjust when necessary.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).

Determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

22 Comparatives

Previous year reported figures have been regrouped/reclassified, wherever necessary, to conform to the current year's presentation. The reclassification of items is not considered material and does not impact the financial statement as at the beginning of the earliest comparative period. Thus, a third statement of financial position at the beginning of the earliest comparative period has not been presented.

23 Impact of Global Events

(a) *COVID-19:*

In 2020, the World Health Organization ("WHO") announced a global health emergency because of coronavirus (the "COVID- 19 Outbreak") and classified the outbreak as a pandemic. Compared to 2020 wherein the pandemic had impacted adversely, in the current and prior year, there has been a

23 Impact of Global Events (continued)

(a) COVID-19 (continued):

significant improvement in operating results of the Company across key segments and geographies as the impact of pandemic started to ease in markets. Although the global economic situation with relation to COVID-19 remains fluid and will be determined by factors that continue to evolve, such as resurgence of variants, success of support measures introduced by governments and the effectiveness of public policies intended to contain the spread, the Company's management continues to evaluate the situation for any adverse impact.

(b) Inflation and Global Central Banks Tightening Programs:

The global economic outlook deteriorated throughout 2022 amid high inflation, monetary tightening from central banks and uncertainties from both conflict in Ukraine and the lingering pandemic. Central Banks across most economies responded by increasing interest rates, resulting in slowdown in growth. The rising government borrowing costs, slowdown in growth and large capital outflows have exacerbated fiscal and balance of payments pressures in a number of developing.

As a consequence, the Company's financial statements for the year have been impacted by increase in interest rate resulting into higher finance cost as compared to previous year.

(c) Russia-Ukraine Conflict and impact of Geo-political situation in Common Wealth of Independent States (CIS)

The current ongoing conflict between Russia-Ukraine has triggered global economic disruption and has, amongst other impacts, led to increased volatility in global financial markets and commodity prices due to disruption of supply chain. Also, the conflict is taking a toll on the global tourism economy, disrupting normal travel patterns and spending, and some countries are destined to take more of the impact than others. Further, the Geo-political situation in CIS countries has resulted in sanctions on some CIS countries related to Trade and finance which has resulted in a reduction of business from these countries. However, as per management's assessment, the conflict and sanctions does not have a material impact to the Company's financial statements.

24 Subsequent events

There has been no significant event subsequent to the reporting date and up to the date of authorization on 26 June 2023, which would have a material effect on the financial statements.

Gulf Dunes LLC

Financial statements
31 December 2022

Contents ***Page***

Directors' Report

The directors submit their report together with the audited financial statements of Gulf Dunes LLC for the year ended 31 December 2022.

LEGAL STATUS

Gulf Dunes LLC ("the Company") is a limited liability company registered with the Ministry of Commerce and Industry in the Sultanate of Oman on May 01, 2001, under the commercial registration no. 1684345.

The Company's 70% shares are held by Gulf Dunes LLC, Dubai, UAE for the beneficial interest of Travel Circle International Ltd. ("the Parent Company") and 30% by Hani Juma'an Ashoor Al Rajab.

The main business activity of the Company is organizing of conventions, conferences and meeting for groups, management of lounges and carry out tour operator activities in Sultanate of Oman.

The registered office of Gulf Dunes LLC is P.O. Box no. 6655, Muscat, Sultanate of Oman.

FINANCIAL PERFORMANCE

The results of the Company for the year ended 31st December 2022 and 31st December 2021 are stated below:

Financial highlights	**2022**	2021
	OMR	OMR
Net profit/(loss)	**19,088**	(10,195)
Total equity	**104,212**	85,124

SUBSEQUENT EVENT:

There has been no significant event subsequent to the reporting date and up to the date of authorization, which would have a material effect on the financial statements.

AUDITORS

KPMG Lower Gulf Limited is eligible for reappointment for 2023 and has expressed its willingness to continue in office. The director recommends the reappointment of KPMG Lower Gulf Limited as auditor of the Company for the year ending 31 December 2023.

On behalf of the Board

Salim Sikander
Chief financial officer

Peter Payet
Chief executive officer

Date: 29 April 2023

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Independent auditors' report

To the Shareholders of Gulf Dunes LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Gulf Dunes LLC ("the Company"), which comprise the statement of financial position as at December 31, 2022, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' report which is set out on Page 1.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Other Information (continued)

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, 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Standards, and their preparation in compliance with the applicable provisions of the Commercial Company Law of 2019, and for such internal control as management 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Company's financial reporting process.

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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 on 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 management.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management'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.

Report on Other Legal and Regulatory Requirements

We report that these financial statements comply, in all material respects, with the applicable provisions of Commercial Companies Law of 2019 except for amendment of the constitutional documents which has not been completed within the stipulated time period as specified in the Commercial Companies Law of 2019.

KPMG

29 April 2023

KPMG LLC

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4th floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
CR.No: 1358131

Gulf Dunes LLC

Statement of profit or loss and other comprehensive income
For the year ended 31 December

	Notes	2022 OMR	2021 OMR
Revenue	*5*	**152,484**	7,880
Direct costs	*6*	**(119,061)**	(478)
Gross profit		**33,423**	7,402
Administrative and general expenses	*7*	**(14,335)**	(17,597)
Profit/(Loss) before tax		**19,088**	(10,195)
Tax expense	*16*	**-**	-
Profit/(Loss) for the year		**19,088**	(10,195)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**19,088**	(10,195)

The notes on pages 9 to 27 are an integral part of these financial statements.

The independent auditors' report is set out on pages 2 - 4.

Gulf Dunes LLC

Statement of financial position
As at 31 December 2022

	Notes	**2022 OMR**	2021 OMR
Assets			
Trade and other receivables	*8*	**8,273**	6,008
Due from a related party	*9*	**140,032**	92,211
Cash at bank	*14*	**5,363**	686
Current assets		**153,668**	98,905
Total assets		**153,668**	98,905
Equity and liabilities			
Equity			
Share capital	*12*	**150,000**	150,000
Statutory reserve	*13*	**5,201**	3,292
Accumulated losses		**(50,989)**	(68,168)
Total equity		**104,212**	85,124
Liabilities			
Employees' end of service benefits	*11*	**-**	1,018
Non-current liability		**-**	1,018
Trade and other payables	*10*	**21,789**	12,763
Due to a related party	*9*	**27,667**	-
Current liabilities		**49,456**	12,763
Total liabilities		**49,456**	13,781
Total equity and liabilities		**153,668**	98,905

To the best of our knowledge, the financial statements fairly presents, in all material respects, the financial position, results of operation and cash flows of the Company as of, and for, the year ended 31 December 2022.

These financial statements were authorized for issue on behalf of the Company's Directors on 29 April 2023:

Salim Sikander
Chief Financial Officer

Peter Payet
Chief Executive Officer

The notes on pages 9 to 27 are an integral part of these financial statements.

The independent auditors' report is set out on pages 2 - 4.

Statement of cash flows

For the year ended 31 December 2022

	Notes	**2022 OMR**	2021 OMR
Cash flows from operating activities			
Profit/(Loss) for the year		**19,088**	(10,195)
Adjustments for:			
Charge for employees' end of service benefits	*11*	**-**	731
Tax credit	*16*	**-**	-
		19,088	(9,464)
Changes in:			
- trade and other receivables		**(2,266)**	(2,682)
- due from related parties		**(47,820)**	29,788
- trade and other payables		**9,026**	(22,040)
- due to related parties		**27,667**	(112)
Payments of employees' end of service benefits	*11*	**(1,018)**	-
Net cash from/(used in) operating activities		**4,677**	(4,510)
Net increase/(decrease) in cash and cash equivalents		**4,677**	(4,510)
Cash and cash equivalents at beginning of the year		**686**	5,196
Cash and cash equivalents at end of the year	*14*	**5,363**	686

The notes on pages 9 to 27 are an integral part of these financial statements.

The independent auditors' report is set out on pages 2 - 4.

Gulf Dunes LLC

Statement of changes in equity
For the year ended 31 December 2022

	Share Capital OMR	Statutory reserve OMR	Accumulated Profit/losses OMR	Total OMR
At 1 January 2021	150,000	3,292	(57,973)	95,319
Loss for the year	-	-	(10,195)	(10,195)
At 31 December 2021	**150,000**	**3,292**	**(68,168)**	**85,124**
At 1 January 2022	150,000	3,292	(68,168)	85,124
Transfer to statutory reserve	-	1,909	(1,909)	-
Profit for the year	-	-	19,088	19,088
At 31 December 2022	**150,000**	**5,201**	**(50,989)**	**104,212**

The notes on pages 9 to 27 form an integral part of these financial statements.

1 Reporting entity

Gulf Dunes LLC ("the Company") is a limited liability company registered with the Ministry of Commerce and Industry in the Sultanate of Oman on May 01, 2001, under the commercial registration no. 1684345.

The Company's 70% shares are held by Gulf Dunes LLC, Dubai, UAE for the beneficial interest of Travel Circle International Ltd. ("the Parent Company") and 30% by Hani Juma'an Ashoor Al Rajab. The Ultimate Parent of the Company is Fairfax Financial Holdings Limited ("the Ultimate Parent Company"), a company registered in Toronto, Ontario, Canada.

Hani Juma'an Ashoor Al Rajab is acting as the local sponsor under an agreement dated May 16, 2011 and receives a sponsorship fee. Hani Juma'an Ashoor Al Rajab has agreed not to take part in the operational and financial management of the Company.

The main business activity of the Company is organizing of conventions, conferences and meeting for groups, management of lounges and carry out tour operator activities in Sultanate of Oman. The registered office of Gulf Dunes LLC is P.O. Box no. 6655, Muscat, Sultanate of Oman.

2 Basis of accounting

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board (IASB) and the requirements of the Commercial Companies Law of 2019 except for amendment of the constitutional documents which has not been complied with within the stipulated time period. The Company, however, has stated that it is in the process of undertaking required steps to comply with the requirement of applicable laws.

b) Basis of measurement

The financial statements have been prepared under the historical cost basis.

c) Functional and presentation currency

These financial statements are presented in Omani Rial ("OMR"), which is the Company's functional currency.

d) Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying policies that have the most significant effect on the amounts recognized in these financial statements are disclosed in note 19.

3 Significant accounting policies

The Company has consistently applied the accounting policies set out below to all periods presented in these financial statements.

3 Significant accounting policies (continued)

Revenue from contract with customers

The Company renders a wide range of tourism and related services (hotel bookings, transport and visa services, excursion and travel related services) to groups. Revenue from rendering these services is recognized in the profit or loss when it transfers control over a service to a customer. This is generally the case on the date of arrival.

Any expected discounts to the customers are estimated and are netted off against transaction price as per the requirements of the accounting standard.

Financial instruments

Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as and measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3 Significant accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets – Subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

3 Significant accounting policies (continued)

Financial instruments (continued)

Derecognition (continued)

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized is recognized as finance cost.

Employees' end of service benefits

The Company provides employee' end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurances Law of 1991 are recognised as an expense in the profit or loss as incurred.

Share capital

Ordinary shares are classified as equity. Balances which represent a residual interest in the net assets of the Company are presented within equity.

Foreign currency transactions

Transactions in foreign currencies are translated to OMR and recorded at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to OMR at the foreign exchange rate ruling at that date. Non-monetary items in a foreign currency that are measured in terms of historical cost are

3 Significant accounting policies (continued)

Foreign currency transactions (continued)

translated into RO using the exchange rates at the date of the transaction. Foreign exchange differences arising on translation are recognised in profit or loss.

Tax

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in the profit or loss except to the extent that is relates to a business combination, or items recognised directly in the equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

Impairment

Non-derivative financial assets

Financial instruments

The Company recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e.the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and due from related parties are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on trade receivables has increased significantly if it is more than 90 days past due i.e.120 days from the invoice date.

The Company considers trade receivables to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due

3 Significant accounting policies (continued)

Impairment (continued)

Non-derivative financial assets (continued)

Financial instruments (continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, investment property and inventories to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized whenever the carrying amount of the asset exceeds the recoverable amount. Impairment losses, if any, are recognized in the statement of profit or loss.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

3 Significant accounting policies (continued)

Impairment (continued)

Non-financial assets (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss.

Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Leases

At inception of a contract the Company assess whether a contract is or contain a lease. A contract is or contains, a lease if contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

a) The contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct asset or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
b) The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
c) The Company has the right to direct the use of the asset. The Company has this right when it has the decision -making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

3 Significant accounting policies (continued)

Leases (continued)

- The Company has the right to operate the asset; or
- The Company designed the asset in a way that predetermines how and for what purpose it will be used

At inception or on assessment of a contract that contains a lease component, the Company applies, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

Right of use asset

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

a) fixed payments, including in-substance fixed payments.
b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
c) amounts expected to be payable under a residual value guarantee; and
d) the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

3 Significant accounting policies (continued)

Leases (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of equipment's that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term. All the lease contracts of the Company are short term contracts hence there is no impact of adoption of IFRS 16 on the Company's financial statements.

New standards or amendments and forthcoming requirements

The following are the new currently effective requirements for annual periods beginning on 1 January 2022, which did not have a significant impact of the Company's financial statements:

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
- Onerous contracts – Cost of fulfilling a contract (Amendments to IAS 37) (1 January 2022).
- Annual improvements to IFRS Standards 2018 – 2020 (1 January 2022)
- Property, plant and equipment: Proceeds before intended use (Amendments to IAS 16) (1 January 2022).
- Reference to the Conceptual Framework (Amendments to IFRS 3) (1 January 2022).

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2023 and early adoption is permitted; however, the Company has not early adopted the new or amended standards in these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the financial statements in the period of initial application:

New and amended standards not effective and not yet adopted by the Company	**Effective date**
Classification of liabilities as current or non-current (Amendments to IAS 1)	1 January 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes	1 January 2023
Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)	Deferred indefinitely
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16): Transition, effective date and due process (Agenda Paper 12C)	1 January 2024

4 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

• credit risk;
• liquidity risk; and
• market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included on note 17 of these financial statements.

Risk management framework

The management of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework and is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash at bank, trade and other receivables (excluding prepayments and advances to suppliers) and amounts due from a related party.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures in respect of losses that have been incurred but not yet identified. The Company's cash is placed with bank of good repute.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk mainly relates to trade and other payables (excluding advances from customers), and due to related parties. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company maintains adequate reserves, by continuous monitoring, forecast and actual cash flows.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and fluctuations in fair value will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

4 Financial risk management *(continued)*

Market risk *(continued)*

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk on purchases that are denominated in a currency other than its functional currency, primarily the US Dollar (USD). Since USD is currently pegged to OMR, the Company does not hedge the currency risk in respect of its foreign currency exposure.

Interest rate risk

Interest rate risk is the risk of loss from fluctuations of future cash flows because of a change in market interest rates.

Other market price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

Capital management

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital structure to reduce the cost of capital. Capital requirements are prescribed by the Commercial Companies Law of 1974, as amended.

5 Revenue

The Company's revenue is generated by providing a wide range of tourism and related services (hotel bookings, transport and visa services, excursion and travel related services) to groups.

	2022 **AED**	2021 AED
Tourism and related services	**152,484**	7,880
	152,484	7,880
Geographical markets		
Oman	**152,484**	7,880
Timing of revenue recognition		
Revenue recognized at a point in time	**152,484**	7,880

6 Direct costs

Direct costs comprise hotel bookings, transport, visa, excursions and travel related services.

	2022 **AED**	2021 AED
Tourism and related services	**119,061**	478
	119,061	478

7 Administrative and general expenses

	2022 **OMR**	2021 OMR
Staff salaries and benefits	**7,086**	9,532
Sponsorship fees	**5,343**	5,348
Legal and professional charges	**1,820**	2,463
Business promotion	**36**	-
Miscellaneous expenses	**50**	254
	14,335	17,597

The staff salaries and benefits comprise:

	2022 **OMR**	2021 OMR
Salaries and other related benefits	**7,086**	8,801
Employees' end of service benefits	**-**	731
	7,086	9,532

8 Trade and other receivables

	2022 **OMR**	2021 OMR
Prepayments	**6,173**	6,007
Accrued commission income	**1,865**	-
Advance to supplier	**235**	-
	8,273	6,007

9 Related party transactions

The Company in normal course of business, enter into transactions with other business entities which fall within the definition of related party contained in International Accounting Standard 24. Such transactions are on terms and conditions mutually agreed between them. Significant related party transactions during the year ended 31 December 2022 were as follows:

Transactions with related parties

	2022	2021
	OMR	OMR
Services received	**-**	-

Due from a related party

	2022	2021
	OMR	OMR
Gulf Dunes LLC, Dubai	**140,032**	88,662
Desert Adventures Oman Office	**-**	3,549
	140,032	92,211

Due to a related party

	2022	2021
	OMR	OMR
Muscat Desert Adventures Tourism LLC	**27,667**	-

9.1 Related party balance is interest-free and repayable on demand.

10 Trade and other payables

	2022	2021
	OMR	OMR
Advance from customers	**15,677**	10,943
VAT payable	**3,170**	-
Trade Payables	**1,972**	-
Accruals and other payables	**970**	1,820
	21,789	12,763

11 Employees' end of service benefits

	2022 OMR	2021 OMR
Balance at 01 January	**1,018**	287
Charge for the year	**-**	731
Payments made during the year	**(1,018)**	-
Balance at 31 December	**-**	1,018

12 Share capital

	2022 OMR	2021 OMR
Authorized, issued and fully paid-up capital		
150,000 ordinary shares of OMR 1 each	**150,000**	150,000

12.1 The authorized and fully paid-up share capital of the Company is 150,000 divided into 150,000 shares of Omani Rial 1.

13 Statutory reserves

In accordance with Article 132 of the Commercial Companies Law of 2019, a minimum of 10% of the net profit of the Company is to be allocated every year to a statutory reserve. No such transfer is required once the statutory reserve has reached one-third of the paid-up share capital of the Company. During the year, 10% of the net profit of the company i.e. OMR 1,909 is transfer to reserves (2021: AED Nil).

14 Cash at bank

	2022 OMR	2021 OMR
Cash at bank	**5,363**	686

15 Contingent liabilities and capital commitment

The Company had Nil contingent liabilities and capital commitment as at 31 December 2022 (*2021: OMR Nil*).

16 Taxes

a) The Company is liable to income tax at the rate of 15% of taxable profits as amended by Royal Decree No.9/2017.

	2022	2021
	OMR	OMR
Current year	**-**	-
Prior years	**-**	-
Total tax	**-**	-

Movement of provision for taxation

At 1 January	**-**	-
Provision during the year	**-**	-
Reversals during the year	**-**	-
At 31 December	**-**	**-**

Deferred tax asset on losses has not been recognized as the Company believes that sufficient taxable profits will not be generated to utilize deferred tax asset.

b) Reconciliation

The following is tax reconciliation of income taxes calculated at applicable tax rate with income tax expense:

	2022	**2021**
	OMR	**OMR**
Profit for the year	**19,088**	(10,195)
Income tax as per rates mentioned above	**2,863**	(1,529)
Non-deductible expenses	**1,046**	969
Deferred tax not recognized for prior period	**(3,909)**	560
Tax expense for the year	**-**	-

c) Status of the tax assessments

The assessment of the Company has been completed and agreed upto the Tax Year 2018. The Tax Authority ("TA") has initiated the assessment for Tax Year 2019, however, the same has not been finalized yet. The assessment for Tax Years 2020 and 2021 has not yet initiated by the TA.

17 Financial instruments

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash at bank, trade and other receivables and amounts due from related parties.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company's cash and cash equivalents are held with bank and financial institution counterparties, which have good market credibility and stability.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2022 OMR	2021 OMR
Trade and other receivables (excluding prepayments and advances to suppliers)	**1,865**	-
Cash at bank	**5,363**	686
Due from a related party	**140,031**	92,211
	147,259	92,897

Liquidity risk

The following are the contractual maturities of financial liability based on contractual undiscounted payments including interest payment and excluding impact of netting:

31 December 2022	**Carrying amount OMR**	**Contractual cashflows OMR**	**1 year or less OMR**
Non derivative financial liabilities			
Trade and other payables*	**2,942**	**(2,942)**	**(2,942)**
Due to a related party	**27,667**	**(27,667)**	**(27,667)**
	30,609	**(30,609)**	**(30,609)**

*(excluding advances from customers and VAT payable)

31 December 2021	Carrying amount OMR	Contractual cashflows OMR	1 year or less OMR
Non derivative financial liabilities			
Trade and other payables	1,820	(1,820)	(1,820)
Due to a related party	-	-	-
	1,820	(1,820)	(1,820)

*(excluding advances from customers and VAT payable)

17 Financial instruments (continued)

Market risk

Foreign exchange risk

The Company has no significant exposure to foreign currency risk as foreign currency transactions are mainly made in USD and the OMR to USD exchange rate has remained unchanged since 1986.

Interest rate risk

The Company has no borrowings and is not exposed to interest rate risk.

18 Fair values

The fair values of the Company's financial assets and financial liabilities approximate their carrying amounts due to the short-term nature of these instruments.

Fair value hierarchy

As at 31 December 2022, there are no financial instruments carried at fair value by valuation method. Accordingly, fair value hierarchy disclosures are not applicable.

19 Use of judgments and estimates

In the process of applying the entity's accounting policies, which are described in the notes, management has made certain judgment and estimates as mentioned below.

Assumptions and estimation uncertainties

The key assumption concerning the future, and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment losses on receivables

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 19.

Elements of the ECL models that are considered accounting judgments and estimates include:

- Development of ECL models, including various formulas and choice of inputs
- The segmentation of financial assets when their ECL is assessed on a collective basis; and
- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on probability of default (PDs), exposure at default (EADs) and loss given default (LGDs).

Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models. The Company's policy is to regularly review its models in the context of actual loss experience and adjust when necessary. Detailed information about the judgments and estimates made by the Company.

19 Use of judgments and estimates (continued)

(b) Depreciation method, useful life and residual values of property and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its property and equipment on an annual basis. The Company has carried out a review of the residual values and useful lives of property and equipment and no adjustment to the residual lives and remaining useful lives of the assets was considered necessary for the current year.

(c) Revenue recognition timing

Revenue from hotel accommodation (both separate and sold as part of tour package) is recognized when the control is transferred to the customer. The customer gets the control when all the tour related vouchers and travel tickets are issued to them. As per the general practice, the Company issues all the vouchers and travel tickets to the Customer at time of travel of the tour. Hence, the Company fully transfers control of the promised services to the customer once all the vouchers and tickets are issued to the customer at time of travel.

(d) Tour Package as single performance obligation

To assess whether the contract contains single performance obligation or multiple performance obligation requires judgment. For sale of tours packages, the promised services within tour packages in nature of hotel accommodation, visas, transfers, meet and greet and excursions, though capable of being distinct are not distinct within the context of the contract.

The objective when assessing whether an entity's promises to transfer goods or services are distinct within the context of the contract is to determine whether the nature of the promise is to transfer each of those goods or services individually, or whether the promise is to transfer a combined item or items to which the promised goods or services are inputs. In sale of tour packages as the obligation is to provide all the services together to the customer hence there is only one single performance obligation.

22 Comparatives

Previous year reported figures have been regrouped/reclassified, wherever necessary, to conform to the current year's presentation. The reclassification of items is not considered material and does not impact the financial statement as at the beginning of the earliest comparative period. Thus, a third statement of financial position at the beginning of the earliest comparative period has not been presented.

23 Impact of Global Events

(a) COVID-19:

In 2020, the World Health Organization ("WHO") announced a global health emergency because of coronavirus (the "COVID- 19 Outbreak") and classified the outbreak as a pandemic. Compared to 2020 wherein the pandemic had impacted adversely, in the current and prior year, there has been a significant improvement in operating results of the Company across key segments and geographies as the impact of pandemic started to ease in markets. Although the global economic situation with relation to COVID-19 remains fluid and will be determined by factors that continue to evolve, such as resurgence of variants, success of support measures introduced by governments and the effectiveness of public policies intended to contain the spread, the Company's management continues to evaluate the situation for any adverse impact.

23 Impact of Global Events (continued)

(b) Inflation and Global Central Banks Tightening Programs:

The global economic outlook deteriorated throughout 2022 amid high inflation, monetary tightening from central banks and uncertainties from both conflict in Ukraine and the lingering pandemic. Central Banks across borrowing costs, slowdown in growth and large capital outflows have exacerbated fiscal and balance of payments pressures in a number of developing.

(c) Russia-Ukraine Conflict and impact of Geo-political situation in Common Wealth of Independent States (CIS)

The current ongoing conflict between Russia-Ukraine has triggered global economic disruption and has, amongst other impacts, led to increased volatility in global financial markets and commodity prices due to disruption of supply chain. Also, the conflict is taking a toll on the global tourism economy, disrupting normal travel patterns and spending, and some countries are destined to take more of the impact than others. Further, the Geo-political situation in CIS countries has resulted in sanctions on some CIS countries related to Trade and finance which has resulted in a reduction of business from these countries. However, as per management's assessment, the conflict and sanctions does not have a material impact to the Company's financial statements.

24 Subsequent events

There has been no significant event subsequent to the reporting date and up to the date of authorization on 29 April 2023, which would have a material effect on the financial statements.

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Directors' Report

The directors submit their report together with the audited separate financial statements of the Company for the year ended 31st December 2022.

LEGAL STATUS

Desert Adventures Tourism LLC is a limited liability company (the "Company") registered with the Department of Tourism and Commerce Marketing, Government of Dubai and Department of Economic Development.

The principal activity of the Company is to provide Hotel Booking, Leisure, FIT, Last Minute, Visa Processing and Transfer. The Company started its operations in September 1997.

The registered office of the Desert Adventures Tourism LLC is P.O. Box No. 25488, Dubai, United Arab Emirates.

SHARE HOLDINGS

During the year, UAE Government amended the federal Commercial Companies Law, granting foreign investors full ownership of limited liability company. As a result, on 21st July 2022, the shareholding structure of the company was changed. Mohammad Ameen H.M. Mubasheri Almarzooqi sold his 51% shares, transferring ownership to Travel Circle International (Mauritius) Limited. Consequently, the company transformed into a single owner entity, with Travel Circle International (Mauritius) Limited now holding 100% of the shares.

Below is the shareholding pattern of the Company before 21 July 2022:

Name	**% holding**
Mohammad Ameen H.M Mubasheri Almarzooqi	51%
Travel Circle International (Mauritius) Limited ("the holding company")	49%

FINANCIAL PERFORMANCE

The results of the Company for the year ended 31st December 2022 and 31st December 2021 are stated below:

Financial highlights	**2022**	2021
	AED	AED
Net Profit	**931,763**	1,847,625
Total equity	**(42,041,451)**	(42,973,214)

SUBSEQUENT EVENT:

There has been no significant event subsequent to the reporting date and up to the date of authorization, which would have a material effect on the financial statements.

AUDITORS

KPMG Lower Gulf Limited is eligible for reappointment for 2023 and has expressed its willingness to continue in office. The director recommends the reappointment of KPMG Lower Gulf Limited as auditor of the Company for the year ending 31 December 2023.

On behalf of the Board

Salim Sikander
Chief Financial Officer

Peter Payet
Chief Executive Officer

Date: 07 August 2023

KPMG Lower Gulf Limited
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Independent auditors' report

To the Shareholder of Desert Adventures Tourism LLC

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Desert Adventures Tourism LLC ("the Company"), which comprise the separate statement of financial position as at 31 December 2022, the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at 31 December 2022, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The Group has prepared a separate set of consolidated financial statements for the year ended 31 December 2022 in accordance with IFRS Standards on which we issued an auditors' report to the shareholders of the Group, dated 07 August 2023.

Other Information

Management is responsible for the other information. The other information comprises the Directors' report which is set out on Page 1.

Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 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 separate financial statements.

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

— Identify and assess the risks of material misstatement of the separate 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 on the effectiveness of the Company's internal control.

Auditors' Responsibilities for the Audit of the Separate Financial Statements (continued)

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of management'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 separate 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 separate financial statements, including the disclosures, and whether the separate 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.

KPMG Lower Gulf Limited

Fawzi AbuRass
Registration No.: 968
Dubai, United Arab Emirates

Date: 07 AUG 2023

Desert Adventures Tourism LLC

Separate statement of profit or loss and other comprehensive income

For the year ended 31 December 2022

	Notes	**2022 AED**	2021 AED
Revenue	*4*	**338,143,044**	227,728,999
Cost of sales	*5*	**(313,483,307)**	(210,744,814)
Gross profit		**24,659,737**	16,984,185
Administrative and general expenses	*6*	**(23,507,053)**	(16,052,269)
Impairment loss on trade receivables	*12.1*	**(250,000)**	(100,000)
Other income	*8*	**1,401,118**	2,117,502
Results from operating activities		**2,303,802**	2,949,418
Finance income	*7*	**868,550**	636,002
Finance cost	*7*	**(2,240,589)**	(1,737,795)
Profit for the year		**931,763**	1,847,625
Other comprehensive income		**-**	-
Total comprehensive income for the year		**931,763**	1,847,625

The notes on pages 9 to 34 are an integral part of these separate financial statements.

The independent auditors' report is set out on pages 2 - 4.

Desert Adventures Tourism LLC

Separate statement of financial position

As at 31 December 2022

	Notes	2022 AED	2021 AED
ASSETS			
Property and equipment	*9*	**180,529**	612,441
Intangible asset	*10*	**254,821**	417,442
Investment in subsidiaries	*11*	**1,435,575**	1,435,575
Non-current assets		**1,870,925**	2,465,458
Trade and other receivables	*12*	**35,300,969**	22,969,079
Due from related parties	*13*	**7,300,860**	4,561,893
Cash and cash equivalents	*14*	**16,765,615**	2,853,817
Current assets		**59,367,444**	30,384,789
Total assets		**61,238,369**	32,850,247
EQUITY AND LIABILITIES			
Equity			
Share capital	*15*	**300,000**	300,000
Statutory reserve	*17*	**150,000**	150,000
Shareholders contribution	*16*	**9,341,289**	9,341,289
Accumulated losses		**(51,832,740)**	(52,764,503)
Total equity		**(42,041,451)**	(42,973,214)
Liabilities			
Provision for employees' end of service benefits	*18*	**3,069,767**	2,795,796
Non-current liabilities		**3,069,767**	2,795,796
Trade and other payables	*19*	**70,169,804**	57,376,415
Due to related parties	*13*	**641,177**	1,135,074
Loan from holding Company	*13*	**13,299,403**	14,070,405
Bank borrowings	*14.1*	**16,099,669**	-
Lease liability	*20*	**-**	445,771
Current liabilities		**100,210,053**	73,027,665
Total liabilities		**103,279,820**	75,823,461
Total equity and liabilities		**61,238,369**	32,850,247

To the best of our knowledge, the separate financial statements fairly present, in all material respects, the separate financial position, results of operation and cash flows of the Company as of, and for the year ended 31 December 2022.

These separate financial statements were authorized for issue by the shareholders on 07 August 2023.

Salim Sikander
Chief Executive Officer

Peter Payet
Chief Financial Officer

The notes on pages 9 to 34 are an integral part of these separate financial statements.
The independent auditors' report is set out on pages 2 - 4.

Desert Adventures Tourism LLC

Separate statement of cash flows

For the year ended 31 December

	Notes	**2022 AED**	2021 AED
Cash flows from operating activities			
Profit for the year		**931,763**	1,847,625
Adjustments for:			
Depreciation on property and equipment	*9*	**525,378**	596,603
Amortizations on intangible asset	*10*	**162,621**	165,669
Provision for employees' end of service benefits	*18*	**467,566**	513,612
Impairment loss on trade receivables	*12*	**250,000**	100,000
Interest expense on lease liability		**3,617**	17,853
Interest expense on loan from Holding Group		**922,387**	607,991
Interest expense on bank borrowings		**982,364**	780,894
Gain on sale of property and equipment		**-**	(108,000)
Net cash flows before working capital changes		**4,245,696**	4,522,247
Changes in:			
- trade and other receivables		**(12,581,889)**	(8,052,274)
- due from related parties		**(2,738,966)**	(978,777)
- due to related parties		**(493,896)**	(3,960,162)
- trade and other payables		**12,793,390**	21,271,287
Payment for employees' end of service benefits	*18*	**(193,595)**	(491,279)
Net cash from operating activities		**1,030,740**	12,311,042
Cash flows from investing activities			
Acquisition of property and equipment	*9*	**(93,470)**	(114,646)
Proceeds from disposal of property and equipment		**-**	108,000
Acquisition of intangible asset	*10*	**-**	-
Net cash used in investing activities		**(93,470)**	(6,646)
Cash flows from financing activities			
Proceeds from loan from Holding Group		**16,132,583**	9,948,410
Repayment of loan from Holding Group		**(17,825,972)**	(3,911,074)
Proceeds from bank borrowings		**16,099,669**	-
Repayment of bank borrowings		**-**	(17,655,074)
Repayment of interest on bank borrowings		**(982,364)**	(780,894)
Payment of lease liabilities		**(449,388)**	(449,387)
Net cash from / (used in) financing activities		**12,974,528**	(12,848,019)
Net increase / (decrease) in cash and cash equivalents		**13,911,798**	(543,623)
Cash and cash equivalents at beginning of the year		**2,853,817**	3,397,440
Cash and cash equivalents at end of the year	*14*	**16,765,615**	2,853,817

The notes on pages 9 to 34 are an integral part of these separate financial statements.

The independent auditors' report is set out on pages 2 - 4.

Desert Adventures Tourism LLC

Separate statement of changes in equity

For the year ended 31 December

	Share capital AED	Statutory reserve AED	Shareholders' contribution AED	Accumulated losses AED	Total AED
At 1 January 2021	**300,000**	**150,000**	**9,341,289**	**(54,612,128)**	**(44,820,839)**
Total comprehensive income for the period					
Profit for the year	-	-	-	1,847,625	1,847,625
At 31 December 2021	**300,000**	**150,000**	**9,341,289**	**(52,764,503)**	**(42,973,214)**
At 1 January 2022	**300,000**	**150,000**	**9,341,289**	**(52,764,503)**	**(42,973,214)**
Total comprehensive income for the period					
Profit for the year	-	-	-	931,763	931,763
At 31 December 2022	**300,000**	**150,000**	**9,341,289**	**(51,832,740)**	**(42,041,451)**

The notes on pages 9 to 34 are an integral part of these separate financial statements.

1 Reporting entity

Desert Adventures Tourism LLC is a limited liability Company (the "Company") registered with the Department of Tourism and Commerce Marketing, Government of Dubai.

The authorised and fully paid-up share capital of the Company is AED 300,000 divided into 100 shares of AED 3,000 / share.

On 21 July 2022, the Company has changed the shareholding pattern of the Company, Mohammad Ameen H.M. Mubasheri Almarzooqi has sold his 51% shares to Travel Circle International (Mauritius) Limited making it a single owner holding 100% shares as of 31 December 2022.

Below is the shareholding pattern of the Company before 21 July 2022:

Name of the shareholders	**% holding**
Mohammad Ameen H.M Mubasheri Almarzooqi	51%
Travel Circle International (Mauritius) Limited ("the Holding company")	49%

Mohammad Ameen H.M Mubasheri Almarzooqi has agreed not to take part in the operational and financial management of the Company.

The ultimate parent company of the Group is Fairfax Financial Holdings Limited with a registered address at 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada.

The principal business activity of the Company is providing travel and tourism related services. The Company secures access to hotel accommodation and other travel and tourism related activities and sells it to customer who generally are tour operators, travel agents and other wholesalers.

The registered office of the Company is P.O. Box No. 25488, Dubai, United Arab Emirates.

The Company has not purchased any shares during the year.

2 Basis of preparation

a) Consolidated results

These financial statements reflect the operating results and the financial position of the Company only, and do not consolidate the operating results and financial position of the subsidiaries. These separate financial statements are prepared to present the net value of the Company based on cost less provision, if any. The subsidiaries are consolidated on a line-by-line basis in the consolidated financial statements of Desert Adventures Tourism L.L.C., which should be referred to for the consolidated financial position and results of operations for the Group.

b) Going concern

During the year ended 31 December 2022, the Company reported a net profit of AED 931,763 *(2021: profit AED 1,847,625)*, net current liabilities of AED 40,842,609 *(2021: AED 42,642,876)* and net liabilities of AED 42,041,451 (2021: AED 42,973,214). As at 31 December 2022, the accumulated losses of the Company, amounted to AED 51,832,740 (2021: AED 52,764,503), exceed more than 50% of the share capital. Article 308 of the UAE Federal Decree-Law no. (32) of 2021 for commercial states that if the losses of a limited liability company reach half the share capital, the Management of the Company shall refer to the shareholders the issue of dissolution. These factors indicate that the Company ability to continue as a going concern is dependent upon the continued financial support of the Holding company. The Holding company have provided an undertaking that it will provide the necessary financial support to the Company to enable it to meet its obligation for the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

2 Basis of accounting (continued)

c) Statement of compliance

The separate financial statements have been prepared on a going concern basis an in accordance with International Financial Reporting Standards ("IFRSs") as issued by International Accounting Standards Board (IASB) and the applicable provision of UAE Federal Decree-Law no. (32) of 2021.

d) Basis of measurement

The separate financial statements have been prepared on the historical cost basis.

e) Functional and presentation currency

The separate financial statements are presented in United Arab Emirates Dirham ("AED"), which is the Company's functional currency.

f) Use of estimates and judgments

The preparation of the separate financial statements in conformity with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying policies that have the most significant effect on the amounts recognized in these separate financial statements are disclosed in note 24.

3 Summary of Significant Accounting Policies

The Company has consistently applied the accounting policies set out below to all periods presented in these financial statements.

Revenue

The Company renders a wide range of tourism and related services.

Revenue includes hotel accommodation, transfers, visa services and other tourism and travel related services. The revenue from rendering these services is recognized in profit or loss at the fair value of the consideration received or receivable.

The following table provides information about the nature and timing of the satisfaction of performance obligation in contracts with customers, including significant payment terms, and the related revenue recognition policies.

3 Summary of Significant Accounting Policies (continued)

Revenue (continued)

Type of product/service	**Nature and timing of satisfaction of performance obligations, including significant payment terms**	**Revenue recognition**
- **Tourism & related services** including: - Hotel accommodation - Visas - Transfers - Meet and greet and; - Excursions	Control of travel related services is considered transferred to customer at the travel in date i.e. in case of: - Visas at the date of issuance; - Hotel accommodation on the date hotel check in; - Transfers on the date of arrival; - Meet and greet on the date of arrival; and - Excursions on the date excursions Invoices are usually payable within 30 days. Booking cancellations vary depending on the timing of the season during the year.	Revenue is recognized at a point in time i.e. the time of travel in date.
Tour Packages	The services above are also sold as a combined tour package to travelers. In case of a combined tour package, entire package is generally considered as a single performance obligation. The combination of separate services in a combined tour package is considered significant integration and revenue for the entire tour package is recognized at the time of travel in date. Invoices are usually payable within 30 days. Booking cancellations vary depending on the timing of the season during the year.	Revenue is recognized at a point in time i.e. the time of travel in date.

Financial instruments

Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3 Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as and measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

3 Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred, or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Foreign currency transactions

Transactions in foreign currencies are translated to AED at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to AED at the foreign exchange rate ruling at that date. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated into AED using the exchange rates at the date of the transaction. Foreign exchange differences arising on translation are recognized in profit or loss.

Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent cost

The cost of replacing an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of day-to-day servicing of property and equipment are recognized in the profit or loss as incurred.

3 Summary of Significant Accounting Policies (continued)

Property and equipment (continued)

Depreciation

Depreciation is recognized in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Depreciation on additions is calculated on a pro-rata basis from the day of addition and on disposal up to and including the month of disposal of the asset. The estimated useful lives are as follows:

	Years
Motor vehicles	4
Furniture, fixtures and equipment	2 - 5
Leasehold improvements	10

The depreciation method and useful lives, as well as estimates of residual lives, are reassessed annually.

Intangible Assets

Intangible assets, including software, operating licenses and trademarks, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses if any.

Subsequent expenditure
Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization
Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss.

The estimated useful lives for current and comparative are 5 years.

Impairment

Non-derivative financial assets

Financial instruments

The Company recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and due from related parties are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

3 Summary of Significant Accounting Policies (continued)

Impairment (continued)

Non-derivative financial assets (continued)

Financial instruments (continued)

The Company assumes that the credit risk on trade receivables has increased significantly if it is more than 90 days past due i.e. 120 days from the invoice date.

The Company considers trade receivables to be in default when:
- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written

3 Summary of Significant Accounting Policies (continued)

Impairment (continued)

Non-derivative financial assets (continued)

Financial instruments (continued)

Write-off (continued)

off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:
- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer would enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

Financial assets measured at amortized cost

The Company considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company used historical information on the timing of recoveries and the amount of loss incurred and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognized in profit or loss and reflected in an allowance account. When the Company considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss was reversed through profit or loss.

Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, investment property and inventories to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized whenever the carrying amount of the asset exceeds the recoverable amount. Impairment losses, if any, are recognized in the statement of profit or loss.

3 Summary of Significant Accounting Policies (continued)

Impairment (continued)

Non-derivative financial assets (continued)

Financial instruments (continued)

Non-financial assets (continued)

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss.

Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

Provisions

A provision is recognized, if as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provision for employees' end of service benefits

The provision is made for the amount of end of service benefits due to employees in accordance with the UAE Labour Law and its amendments and is based on the current remuneration and the period of service of the employees at the end of the reporting period. The provision has been classified as a non-current liability.

Intercompany recharges

Intercompany expenses are recharged to related parties at arm's length price. Charges mainly includes Salaries and Other Admin expense including IT system cost as paid by / charged to the Company.

3 Summary of Significant Accounting Policies (continued)

Contract assets

The contract assets are recognized for the Company's rights to consideration for services provided to the customer but not billed at the reporting date. The amount is netted with the expected credit losses, if any. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customers.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use.

The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

- the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

3 Summary of Significant Accounting Policies (continued)

Leases (continued)

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

UAE Corporate tax law

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime has become effective for accounting periods beginning on or after 1 June 2023.

As at 31 December 2022, the Law was not considered to be substantively enacted from the perspective of IAS 12 – Income Taxes since the threshold of income over which the 9% tax rate would apply and other clarifications were yet to prescribed by way of Cabinet Decisions.

The Cabinet of Ministers Decision No. 116/2022 effective from 2023, has confirmed the threshold of income over which the 9% tax rate would apply and the Law is considered to be substantively enacted. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000 [and a rate of 0% on qualifying income of free zone entities].

The Company is currently in the process of assessing the impact on the financial statements, both from current and deferred tax perspective.

New standards or amendments and forthcoming requirements

The following are the new currently effective requirements for annual periods beginning on 1 January 2022, which did not have a significant impact of the Company's financial statements:

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
- Onerous contracts – Cost of fulfilling a contract (Amendments to IAS 37) (1 January 2022).
- Annual improvements to IFRS Standards 2018 – 2020 (1 January 2022).
- Property, plant and equipment: Proceeds before intended use (Amendments to IAS 16) (1 January 2022).
- Reference to the Conceptual Framework (Amendments to IFRS 3) (1 January 2022).

3 Summary of Significant Accounting Policies (continued)

New standards or amendments and forthcoming requirements (continued)

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2023 and early adoption is permitted; however, the Company has not early adopted the new or amended standards in these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the financial statements in the period of initial application:

New and amended standards not effective and not yet adopted by the Company	Effective date
Classification of liabilities as current or non-current (Amendments to IAS 1)	1 January 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes	1 January 2023
Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)	Deferred indefinitely
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16): Transition, effective date and due process (Agenda Paper 12C)	1 January 2024

4 Revenue

Revenue from contract with customers is disaggregated by major products and service lines and timing of revenue recognition.

	2022	2021
	AED	AED
Tourism and related services	**298,200,950**	218,651,276
Tour packages	**36,051,110**	6,196,397
Hotel commissions	**3,890,984**	2,881,326
	338,143,044	227,728,999
Geographical markets		
United Arab Emirates	**338,143,044**	227,728,999
Timing of revenue recognition		
Revenue recognized at a point in time	**338,143,044**	227,728,999
Contract balances		
Receivables, which are included in "trade receivables and other receivables" (Note 12) - net	**12,115,275**	8,540,738

5 Cost of sales

	2022 AED	2021 AED
Tourism and related services	**280,738,362**	205,789,085
Tour Packages	**32,744,945**	4,955,729
	313,483,307	210,744,814

6 Administrative and general expenses

	2022 AED	2021 AED
Staff salaries and related benefits	**17,028,324**	11,566,308
Advertisement and business promotion	**1,423,095**	840,189
IT expenses	**1,416,912**	1,022,428
Travel expense	**543,664**	88,453
Depreciation (refer note 9.1)	**525,378**	596,603
Office expense	**392,743**	349,959
Amortisation (refer note 10)	**162,621**	165,669
Rent expense	**126,122**	125,904
Other expenses	**1,888,194**	1,296,756
	23,507,053	16,052,269

7 Net finance cost

	2022 AED	2021 AED
Finance income		
Net foreign exchange gain	**(867,990)**	(634,664)
Interest income	**(560)**	(1,338)
Total finance income	**(868,550)**	(636,002)
Finance cost		
Interest on bank borrowings	**982,364**	780,894
Interest on loan from Holding Group (note 13)	**922,387**	607,991
Bank charges	**240,680**	227,614
Other charges for corporate guarantee	**91,541**	103,443
Interest on lease liabilities (note 20)	**3,617**	17,853
Total finance cost	**2,240,589**	1,737,795
Net finance costs	**1,372,039**	1,101,793

8 Other income – net

	2022 AED	2021 AED
Expenses recharged to associated companies	**-**	600,000
Expenses recharged by associated companies	**(244,958)**	(249,727)
Commission Income	**1,646,076**	1,659,229
Gain on sale of fixed assets	**-**	108,000
	1,401,118	2,117,502

9 Property and equipment

	Motor vehicles AED	Furniture, fixtures and equipment AED	Leasehold improvements AED	Leased office premises AED	Total AED
Cost					
Balance at 1 January 2021	2,624,877	492,529	1,154,709	894,636	5,166,751
Additions	48,000	66,646	-	-	114,646
Disposals	(195,627)	-	-	-	(195,627)
Balance at 31 December 2021	**2,477,250**	**559,175**	**1,154,709**	**894,636**	**5,085,770**
Balance at 1 January 2022	2,477,250	559,175	1,154,709	894,636	5,085,770
Additions	-	56,270	37,200	-	93,470
Disposals	-	-	-	(894,636)	(894,636)
Balance at 31 December 2022	**2,477,250**	**615,445**	**1,191,909**	**-**	**4,284,604**
Depreciation					
Balance at 1 January 2021	2,542,424	461,146	1,032,991	35,792	4,072,353
Charge for the year	35,502	24,611	107,070	429,420	596,603
Disposals	(195,627)	-	-	-	(195,627)
Balance at 31 December 2021	**2,382,299**	**485,757**	**1,140,061**	**465,212**	**4,473,329**
Balance at 1 January 2022	2,382,299	485,757	1,140,061	465,212	4,473,329
Charge for the year	44,510	39,534	11,914	429,420	525,378
Disposals	-	-	-	(894,632)	(894,632)
Balance at 31 December 2022	**2,426,809**	**525,291**	**1,151,975**	**-**	**4,104,075**
Net book value					
At 31 December 2022	**50,441**	**90,154**	**39,934**	**-**	**180,529**
At 31 December 2021	94,951	73,418	14,648	429,424	612,441

9.1 Allocation of depreciation expense

	2022 AED	2021 AED
Depreciation expense related to administration (refer note 6)	**525,378**	596,603

10 Intangible asset – Software

	2022 AED	2021 AED
Cost		
As at 1 January	**2,080,968**	2,080,968
As at 31 December	**2,080,968**	2,080,968
Amortisation		
As at 1 January	**1,663,526**	1,497,857
Charge for the period	**162,621**	165,669
As at 31 December	**1,826,147**	1,663,526
Net book value as at 31 December	**254,821**	417,442

11 Investment in subsidiaries

The investment in subsidiaries are registered in the name of the shareholders of the Company and represents the amount contributed directly by the shareholders in the capital of Muscat Desert Adventures Tourism LLC ("Muscat DAT) and Jordan Desert Adventures Tourism LLC ("Jordan DAT").

	Muscat DAT AED	Jordan DAT AED	Total AED
Cost	1,435,575	522,900	1,958,475
Provision for impairment	-	(522,900)	(522,900)
At 31 December 2022	**1,435,575**	-	**1,435,575**
At 31 December 2021	1,435,575	-	1,435,575

Management carried out an impairment test of the carrying value of the subsidiaries as at 31 December 2022, based on these impairment test management, no impairment was made as the net assets of subsidiary was in excess of its carrying amount as at 31 December 2022.

12 Trade and other receivables

	2022 AED	2021 AED
Trade receivables	**15,524,066**	11,699,529
Provision for impairment loss on trade receivables (refer note 12.1)	**(3,408,791)**	(3,158,791)
	12,115,275	8,540,738
Other receivables and prepayments		
Advances to suppliers	**10,461,338**	3,706,255
Prepayments	**601,570**	695,498
Other receivables		
- Deposits	**5,600,425**	5,600,425
- Commission receivables	**5,008,656**	3,336,060
- Other receivables	**1,513,705**	1,090,103
	35,300,969	22,969,079

Above, deposit balance includes guarantee deposit of AED 370,000 which is in name of Reem Tours and Travel LLC, but it is held and used for the beneficial interest of the Company.

12.1 Provision for impairment loss on trade receivables

The movement in the provision for doubtful debts during the year is as follows:

	2022 AED	2021 AED
As at 1 January	**3,158,791**	3,058,791
Provision made during the year	**250,000**	100,000
As at 31 December	**3,408,791**	3,158,791

13 Related parties

Related parties, within the definition of a related party contained in International Accounting Standard 24, represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Such transactions are on terms and conditions mutually agreed.

Significant transactions entered with related parties during the year were:

	2022 AED	2021 AED
Sales to related parties	**26,288,808**	8,498,149
Loan acquired from Holding Company	**16,519,500**	9,948,410
Expenses recharged by fellow subsidiaries (note 8)	**(244,958)**	(249,727)
Expenses recharged to fellow subsidiaries (note 8)	**-**	600,000
Repayment of loan and interest loan from Holding Company	**(18,212,889)**	(3,911,074)

The key management personnel compensation is as follows:

	2022 AED	2021 AED
Short-term employee benefits	**2,821,326**	1,969,280
Staff terminal benefits	**154,142**	194,208
	2,975,468	2,163,488

Due from related parties

	2022 AED	2021 AED
Entities under common ownership		
Gulf Dunes LLC	**3,525,250**	3,973,956
Muscat Desert Adventures Tourism LLC	**2,040,622**	-
Thomas Cook (India) Limited	**921,370**	-
SOTC Travel Limited	**449,299**	352,704
TC Visa Services (India) Ltd	**290,555**	166,288
Desert Adventures Tourism – Jordan	**70,016**	63,848
Kuoni Private Safaris Limited	**2,803**	2,803
Digiphoto Entertainment Imaging	**-**	2,294
Horizon Travel Services LLC	**945**	-
	7,300,860	4,561,893

13 Related parties (continued)

Due to related parties

	2022 AED	2021 AED
Subsidiaries of Company		
Muscat Desert Adventures Tourism LLC	**-**	235,385
Entities under common ownership		
Reem Tours LLC	**608,868**	608,868
TC Travel Services Limited	**20,900**	67,094
Travel Corporation (India) Limited	**5,969**	5,969
Jardin Travel Solutions Limited	**2,805**	2,805
Australian Tours Management Pty Ltd	**2,635**	2,635
Thomas Cook (India) Limited [TCIL]	**-**	204,540
Horizon Travel Services	**-**	7,778
	641,177	1,135,074

Loan from holding Company

The Company obtained a short-term facility to finance working capital requirements from Travel Circle International (Mauritius) Limited ("Holding Group"). This facility is unsecured and carries interest at the rate from 3.88% to 6.98%. The movement in the balance during the year ended 31 December 2022 is as follows:

	2022 AED	2021 AED
Opening balance	**14,070,405**	7,425,078
Proceeds from loan	**16,132,583**	9,948,410
Interest accrued during the year	**922,387**	607,991
Repayment of principal and interest	**(17,825,972)**	(3,911,074)
Closing balance	**13,299,403**	14,070,405

14 Cash and cash equivalents

	2022 AED	2021 AED
Cash in hand	**268,750**	150,849
Cash at bank	**16,496,865**	2,702,968
	16,765,615	2,853,817

Above, cash at bank include current account balance of AED 36,792 which is in name of Reem Tours and Travel LLC, but it is held and used for the beneficial interest of the Company.

14.1 Bank borrowings

The Company has an overdraft facility of USD 5,000,000 (AED 18,355,000) issued by Standard Chartered Bank. This facility is secured over the assets of the Company. Overdraft facility carries interest at the rate of 5.15% per annum over 1 month LIBOR. The principal is payable on demand and interest is payable on monthly basis. The Company has availed overdraft facility during the year and outstanding amount as at 31 December 2022 is AED 16,099,669 (2021: AED Nil). The Company also has commercial card facility of AED 12,855,400 issued by Citi bank.

15 Share capital

	2022 AED	2021 AED
Authorised, issued and fully paid up capital		
100 shares of AED 3,000 each	**300,000**	300,000

16 Shareholder contribution

	2022 AED	2021 AED
Shareholder contribution	**9,341,289**	9,341,289

17 Statutory reserves

In accordance with UAE Federal Law No. 32 of 2021, a minimum of 10% of the net profits of the Company is required to be allocated to a statutory reserve, which is not distributable. Such allocations may be ceased when the statutory reserve equals half of the paid-up share capital of the Company. During the year no transfers were made to this reserve as the amount of the reserve has reached to the threshold *(2021: AED Nil)*.

18 Employees' end of service benefits

	2022 AED	2021 AED
As at 1 January	**2,795,796**	2,773,463
Provision during the year	**467,566**	513,612
Payments made during the year	**(193,595)**	(491,279)
As at 31 December	**3,069,767**	2,795,796

19 Trade and other payables

	2022 AED	2021 AED
Trade payables	**13,089,569**	11,101,358
Advances from customers	**16,350,982**	15,790,177
Accruals and other payables		
- Employees accruals	**2,083,609**	1,118,817
- Hotel and other service accruals	**36,739,626**	27,693,900
- Other payables	**1,906,018**	1,672,163
	40,729,253	30,484,880
	70,169,804	57,376,415

20 Lease liabilities

	2022 AED	2021 AED
Current	-	445,771
Non-current	-	-
Balance at 31 December	-	445,771

20 Lease liabilities (continued)

Set out below, are the carrying amounts of the Company's lease liabilities and the movements during the year:

	2022	2021
	AED	AED
As at 1 January	**445,771**	877,305
Interest expense on lease liability (note 7)	**3,617**	17,853
Repayment of lease liability during the year	**(449,388)**	(449,387)
As at 31 December	**-**	445,771

Amount recognized in the profit or loss

	2022	2021
	AED	AED
Interest on lease liability	**3,617**	17,853
Depreciation on right-of-use asset (refer note 9)	**429,420**	429,420
Expenses relating to low value assets, excluding short-term leases (refer note 6)	**126,122**	125,904
Balance at 31 December	**559,159**	573,177

Amounts recognized in the Statement of cash flows

	2022	2021
	AED	AED
Repayment of lease liability	**(449,388)**	(449,387)

21 Contingencies and commitments

Contingent liabilities
The Company has AED 716,238 *(2021: AED* 716,238*)* of bank guarantees as at 31 December 2022, these were issued during the normal course of business.

Capital commitments
There are no capital commitments of the Company as at 31 December 2022 (31 December 2021: AED Nil).

22 Financial risk management

The Company has exposure to the following risks arising from financial instruments

- Credit risk;
- Liquidity risk; and
- Market risk.

22 Financial risk management (continued)

Risk management framework

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The management is responsible for developing and monitoring the Company's risk management policy. The Company's risk management policies are established to identify and analyze the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash at bank, trade and other receivables (excluding prepayments and advances) and amounts due from related parties.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The Company's cash and cash equivalents are held with bank and financial institution counterparties, which have good market credibility and stability. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2022	2021
	AED	AED
Trade and other receivables *	**24,238,061**	18,567,326
Due from related parties	**7,300,860**	4,561,893
Cash at bank	**16,496,865**	2,702,968
	--------------	--------------
	48,035,786	25,832,187
	========	========

* Prepayments and advances are excluded.

At 31 December, the Company's exposure of credit risk to trade receivables by geographical region was as follows:

	Carrying amount 2022 AED	Carrying amount 2021 AED
Geographical regions		
Commonwealth of Independent States	**2,363,335**	4,019,467
Europe	**6,628,015**	5,383,238
Middle East	**2,266,332**	269,311
Asia	**1,768,169**	1,098,970
Others	**2,498,215**	928,543
	--------------	--------------
Grand total	**15,524,066**	11,699,529
	========	========

22 Financial risk management *(continued)*

Credit risk *(continued)*

The ageing of trade receivables at the reporting date was:

	Not credit-impaired 2022 AED	**Credit impaired 2022 AED**	Not credit-impaired 2021 AED	Credit impaired 2021 AED
Not yet due	**10,002,543**	**-**	6,696,710	-
1-30 days	**2,112,732**	**369,481**	1,844,028	126,553
31- 90 days	**-**	**455,143**	-	619,905
91- 120 days and above	**-**	**2,584,167**	-	2,412,333
Total gross carrying amount	**12,115,275**	**3,408,791**	8,540,738	3,158,791
Loss allowance	**-**	**(3,408,791)**	-	(3,158,791)
	12,115,275	**-**	8,540,739	-

Impairment losses

Expected credit losses assessment for individual customers as at 31 December 2022.

The Company uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise large number of trade balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics - geographic region and industry.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from individual customers as at 31 December 2022.

	Gross carrying amount AED	**Loss allowance AED**	**Credit impaired**
Not yet due	**10,002,543**	-	No
1-30 days	**2,482,213**	369,481	**Yes**
31- 90 days	**455,143**	455,143	**Yes**
91- 120 days and above	**2,584,167**	2,584,167	**Yes**
Total	**15,524,066**	**3,408,791**	

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

22 Financial risk management (continued)

Credit risk (continued)

Exposure is segmented by geographical region and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. Scalar factors are based on GDP.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company aims to maintain the level of cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities by continuous monitoring of forecast and actual cash outflows.

The following are the contractual maturities of financial liabilities based on contractual payments:

2022	**Carrying Amount AED**	**Contractual cash out flows AED**	**1 year or less AED**	**More than 1 year AED**
Non derivative financial liabilities				
Trade and other payables*	**53,818,822**	**(53,818,822)**	**(53,818,822)**	**-**
Due to related parties	**641,177**	**(641,177)**	**(641,177)**	**-**
Loan from holding Company	**13,299,403**	**(13,299,403)**	**(13,299,403)**	**-**
Bank borrowing	**16,099,669**	**(16,099,669)**	**(16,099,669)**	
	83,859,071	**(83,859,071)**	**(83,859,071)**	**-**

2021	Carrying Amount AED	Contractual cash out flows AED	1 year or less AED	More than 1 year AED
Non derivative financial liabilities				
Trade and other payables*	41,586,238	(41,586,238)	(41,586,238)	-
Lease liability	445,771	(445,771)	(445,771)	-
Due to related parties	1,135,074	(1,135,074)	(1,135,074)	-
Loan from holding Company	14,070,405	(14,070,405)	(14,070,405)	-
	57,237,488	(57,237,488)	(57,237,488)	-

** excluding advances from customers*

Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

22 Financial risk management (continued)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk on purchases that are denominated in a currency other than its functional currency, primarily the US Dollar (USD). Since USD is currently pegged to AED, the Company does not hedge the currency risk in respect of its foreign currency exposure.

Interest rate risk

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instrument is as follows:

Variable instruments	**2022**	2021
	AED	AED
Financial liabilities (loan from holding company)	**13,299,403**	14,070,405
Financial liabilities (bank borrowings)	**16,099,669**	-
	29,399,072	14,070,405

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by AED 293,991 *(2021: AED 140,704)*. This analysis assumes that all other variables remain constant.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to shareholders. The Company is not subject to externally imposed capital requirements.

23 Fair values

The fair values of the Company's financial assets and financial liabilities approximate their carrying amounts.

Fair value hierarchy

As at 31 December 2022, there are no financial instruments carried at fair value by valuation method.

24 Use of judgments and estimates

In the process of applying the entity's accounting policies, which are described in the notes, management has made certain judgment and estimates as mentioned below.

Assumptions and estimation uncertainties

The key assumption concerning the future, and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

24 Use of judgments and estimates (continued)

Assumptions and estimation uncertainties (continued)

(a) Impairment losses on receivables

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 22.

Elements of the ECL models that are considered accounting judgments and estimates include:
- Development of ECL models, including various formulas and choice of inputs
- The segmentation of financial assets when their ECL is assessed on a collective basis; and
- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on probability of default (PDs), exposure at default (EADs) and loss given default (LGDs).

Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models. The Company's policy is to regularly review its models in the context of actual loss experience and adjust when necessary. Detailed information about the judgments and estimates made by the Company in the above areas is set out in note 22.

(b) Going concern assumption

The Company's management has performed a preliminary assessment of the Company's ability to continue as a going concern, which covers a period of twelve months from the financial position date. The Company's management has prepared its business forecast and the cash flow forecast for the twelve months from the statement of financial position date on a conservative basis. The forecasts have been prepared taking into consideration the nature and condition of its business, the degree to which it is affected by external factors and other financial and non-financial data available at the time of preparation of such forecasts. On the basis of such forecasts, the Company's management is of the opinion that the Company will be able to continue its operations for the next twelve months from the financial position date and that the going concern assumption used in the preparation of these separate financial statements is appropriate. The appropriateness of the going concern assumption shall be reassessed on each reporting date.

(c) Depreciation method, useful life and residual values of property and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its property and equipment on an annual basis. The Company has carried out a review of the residual values and useful lives of property and equipment and no adjustment to the residual lives and remaining useful lives of the assets was considered necessary for the current year.

(d) Revenue recognition timing

Revenue from hotel accommodation (both separate and sold as part of tour package) is recognized when the control is transferred to the customer. The customer gets the control when all the tour related vouchers and travel tickets are issued to them. As per the general practice, the Company issues all the vouchers and travel tickets to the Customer at time of travel of the tour. Hence, the Company fully transfers control of the promised services to the customer once all the vouchers and tickets are issued to the customer at time of travel.

24 Use of judgments and estimates (continued)

Assumptions and estimation uncertainties (continued)

(e) Tour Package as single performance obligation

To assess whether the contract contains single performance obligation or multiple performance obligation requires judgment. For sale of tours packages, the promised services within tour packages in nature of hotel accommodation, visas, transfers, meet and greet and excursions, though capable of being distinct are not distinct within the context of the contract. The objective when assessing whether an entity's promises to transfer goods or services are distinct within the context of the contract is to determine whether the nature of the promise is to transfer each of those goods or services individually, or whether the promise is to transfer a combined item or items to which the promised goods or services are inputs. In sale of tour packages as the obligation is to provide all the services together to the customer hence there is only one single performance obligation.

(f) Lease term

In determining the lease term, management considers facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options are only included in the lease term if lease is reasonably certain to be extended. The factors considered most relevant include significant penalties to not extend, leasehold improvements remaining net book value, business disruption and availability of alternative options.

25 Comparatives

Previous year reported figures have been regrouped/reclassified, wherever necessary, to conform to the current year's presentation. The reclassification of items is not considered material and does not impact the financial statement as at the beginning of the earliest comparative period. Thus, a third statement of financial position at the beginning of the earliest comparative period has not been presented.

26 Impact of Global Events

(a) COVID-19:

In 2020, the World Health Organization ("WHO") announced a global health emergency because of coronavirus (the "COVID- 19 Outbreak") and classified the outbreak as a pandemic. Compared to 2020 wherein the pandemic had impacted adversely, in the current and prior year, there has been a significant improvement in operating results of the Company across key segments and geographies as the impact of pandemic started to ease in markets. Although the global economic situation with relation to COVID-19 remains fluid and will be determined by factors that continue to evolve, such as resurgence of variants, success of support measures introduced by governments and the effectiveness of public policies intended to contain the spread, the Company's management continues to evaluate the situation for any adverse impact.

(b) Inflation and Global Central Banks Tightening Programs:

The global economic outlook deteriorated throughout 2022 amid high inflation, monetary tightening from central banks and uncertainties from both conflict in Ukraine and the lingering pandemic. Central Banks across most economies responded by increasing interest rates, resulting in slowdown in growth. The rising government borrowing costs, slowdown in growth and large capital outflows have exacerbated fiscal and balance of payments pressures in a number of developing.

26 Impact of Global Events (continued)

(b) Inflation and Global Central Banks Tightening Programs (continued):

As a consequence, the Company's financial statements for the year have been impacted by increase in interest rate resulting into higher finance cost as compared to previous year.

(c) Russia-Ukraine Conflict and impact of Geo-political situation in Common Wealth of Independent States (CIS)

The current ongoing conflict between Russia-Ukraine has triggered global economic disruption and has, amongst other impacts, led to increased volatility in global financial markets and commodity prices due to disruption of supply chain. Also, the conflict is taking a toll on the global tourism economy, disrupting normal travel patterns and spending, and some countries are destined to take more of the impact than others. Further, the Geo-political situation in CIS countries has resulted in sanctions on some CIS countries related to Trade and finance which has resulted in a reduction of business from these countries. However, as per management's assessment, the conflict and sanctions does not have a material impact to the Company's financial statements.

27 Subsequent events

There has been no significant event subsequent to the reporting date and up to the date of authorization of the financial statements, which would have a material effect on the financial statements.

Muscat Desert Adventures Tourism LLC
Financial Statements
31 December 2022

Contents ***Page***

Directors' Report

The directors submit their report together with the audited financial statements of the Company for the year ended 31st December 2022.

LEGAL STATUS

Muscat Desert Adventures Tourism LLC is a limited liability company ("the Company") registered with the Ministry of Commerce and Industry in the Sultanate of Oman on October 31, 2005, under the commercial registration no. 1808435. The Company is a subsidiary of Desert Adventures Tourism LLC ("the Holding Company"), a company registered in Dubai, United Arab Emirates.

The Company is 70% owned subsidiary of Desert Adventures Tourism LLC, a company registered in Dubai, United Arab Emirates and 30% shares are held by a local partner namely Hani Juma'an Ashoor Al Rajab

The principal activity of the Company is to carry out tour operation business which include handling Hotel Booking, Leisure, FIT, Visa Processing and Transfer.

The registered office of the Muscat Desert Adventures Tourism LLC is P.O. Box No. 809, P.C.133, Al Khuwair, Sultanate of Oman.

FINANCIAL PERFORMANCE

The results of the Company for the year ended 31st December 2022 and 31st December 2021 are stated below:

Financial highlights	**2022**	2021
	OMR	OMR
Net loss	(33,812)	(11,249)
Total equity	(69,999)	(36,187)

SUBSEQUENT EVENT:

There has been no significant event subsequent to the reporting date and up to the date of authorization, which would have a material effect on the financial statements.

AUDITORS

KPMG Lower Gulf Limited is eligible for reappointment for 2023 and has expressed its willingness to continue in office. The director recommends the reappointment of KPMG Lower Gulf Limited as auditor of the Company for the year ending 31 December 2023.

On behalf of the Board

Salim Sikander
Chief financial officer

Peter Payet
Chief executive officer

Date: 29 April 2023

KPMG LLC
Children's Public Library Building
4th Floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
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Independent auditors' report

To the Shareholders of Muscat Desert Adventures Tourism LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Muscat Desert Adventures Tourism LLC ("the Company"), which comprise the statement of financial position as at 31 December 2022, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' report which is set out on Page 1.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Other Information (continued)

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, 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Standards, and their preparation in compliance with the applicable provisions of the Commercial Company Law of 2019, and for such internal control as management 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Company's financial reporting process.

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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 on 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 management.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

— Conclude on the appropriateness of management'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.

Report on Other Legal and Regulatory Requirements

We report that these financial statements comply, in all material respects, with the applicable provisions of Commercial Companies Law of 2019 except for amendment of the constitutional documents which has not been completed within the stipulated time period as specified in the Commercial Companies Law of 2019.

KPMG

29 April 2023 KPMG LLC

KPMG
KPMG LLC
Children's Public Library Building
4th floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
CR.No: 1358131

Muscat Desert Adventures Tourism LLC
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2022

	Notes	**2022 OMR**	2021 OMR
Revenue	*4*	**564,204**	207,414
Cost of sales	*5*	**(493,076)**	(188,904)
Gross profit		**71,128**	18,510
Administrative and general expenses	*6*	**(114,438)**	(69,907)
Other income	*7*	**11,721**	41,357
Operating loss		**(31,589)**	(10,040)
Finance cost - bank charges		**(2,674)**	(1,209)
Finance income		**451**	-
Loss before tax and		**(33,812)**	(11,249)
Tax expense	*18*	**-**	-
Loss after tax		**(33,812)**	(11,249)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(33,812)**	(11,249)

The notes on pages 9 to 27 are an integral part of these financial statements.

The independent auditors' report is set out on page 2 - 4.

Muscat Desert Adventures Tourism LLC
Statement of financial position
As at 31 December 2022

	Notes	**2022 OMR**	2021 OMR
ASSETS			
Property and equipment	*8*	**1,303**	412
Non-current assets		**1,303**	412
Trade and other receivables	*9*	**116,182**	58,507
Due from related parties	*10*	**27,667**	24,673
Cash and cash equivalents	*15*	**280,512**	51,573
Current assets		**424,361**	134,753
Total assets		**425,664**	135,165
EQUITY AND LIABILITIES			
Equity			
Share capital	*13*	**150,000**	150,000
Statutory reserve	*14*	**50,000**	50,000
Accumulated losses		**(269,999)**	(236,187)
Total equity		**(69,999)**	(36,187)
Liabilities			
Employees' end of service benefits	*12*	**2,665**	4,470
Non-current liability		**2,665**	4,470
Trade and other payables	*11*	**274,656**	162,876
Due to related parties	*10*	**218,342**	4,006
Total current liabilities		**492,998**	166,882
Total liabilities		**495,663**	171,352
Total equity and liabilities		**425,664**	135,165

To the best of our knowledge, the financial statements fairly presents, in all material respects, the financial position, results of operations and cashflows of the Company as of, and for, the year ended 31 December 2022.

These financial statements were authorized for issue on behalf of the Company's Directors on 29 April 2023.

Salim Sikander
Chief Financial Officer

Peter Payet
Chief Executive Officer

The notes on pages 9 to 27 are an integral part of these financial statements.

The independent auditors' report is set out on page 2-4.

Muscat Desert Adventures Tourism LLC
Statement of cash flows
For the year ended 31 December 2022

	Note	**2022 OMR**	2021 OMR
Cash flow from operating activities			
Loss for the year		**(33,812)**	(11,249)
Adjustments for:			
Depreciation	*8*	**433**	134
Provision for employees' end of service benefits	*12*	**928**	359
Gain on sale of property and equipment	*7*	**-**	(9,714)
Other income	*7*	**(11,721)**	(21,879)
		(44,172)	(42,349)
Changes in:			
- trade and other receivables		**(45,954)**	(48,096)
- due from related parties		**(2,994)**	70,974
- trade and other payables		**111,780**	42,575
- due to related parties		**214,336**	4,006
Payment of employees' end of service benefits	*12*	**(2,733)**	(2,598)
Net cash from operating activities		**230,263**	24,512
Cash flow from investing activities			
Proceeds from sale of property and equipment		**-**	9,714
Acquisition of property and equipment	*8*	**(1,324)**	-
Net cash (used in)/from investing activities		**(1,324)**	9,714
Net increase in cash and cash equivalents		**228,939**	34,226
Cash and cash equivalents at beginning of the year		**51,573**	17,347
Cash and cash equivalents at the end of the year	*15*	**280,512**	51,573

The notes on pages 9 to 27 are an integral part of these financial statements.

The independent auditors' report is set out on page 2-4.

Muscat Desert Adventures Tourism LLC
Statement of changes in equity
For the year ended 31 December 2022

	Share capital OMR	Statutory reserve OMR	Accumulated losses OMR	Total OMR
At 1 January 2021	150,000	50,000	(224,938)	(24,938)
Total comprehensive loss for the year	-	-	(11,249)	(11,249)
At 31 December 2021	**150,000**	**50,000**	**(236,187)**	**(36,187)**
At 1 January 2022	150,000	50,000	(236,187)	(36,187)
Total comprehensive loss for the year	-	-	(33,812)	(33,812)
At 31 December 2022	**150,000**	**50,000**	**(269,999)**	**(69,999)**

The notes on pages 9 to 27 form an integral part of these financial statements.

1 Reporting entity

Muscat Desert Adventures Tourism LLC is a limited liability company ("the Company") registered with the Ministry of Commerce and Industry in the Sultanate of Oman on October 31, 2005, under the commercial registration no. 1/80843/5. The Company is 70% owned subsidiary of Desert Adventures Tourism LLC ("the Holding Company"), a company registered in Dubai, United Arab Emirates and 30% shares are held by a local partner namely Hani Bin Juman Ashour Rajab who has agreed not to take part in the operational and financial management of the Company and has confirmed that these shares are held for the beneficial interest of the Company.

The principal activity of the Company is to carry out tour operation business which include handling Hotel Booking, Leisure, FIT, Visa Processing and Transfer. The Company secures access to hotel accommodation and other travel and tourism related activities and sells it to customer who generally are tour operators, travel agents and other wholesalers.

The registered office of Muscat Desert Adventures Tourism LLC is P.O. Box No. 809, P.C.133, Al Khuwair, Sultanate of Oman.

The ultimate parent of the Company is Fairfax Financial Holdings Limited with a registered address at 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada.

The Company did not purchase any shares during the year.

2 Basis of accounting

a) Going concern

During the year ended 31 December 2022, the Company incurred a loss after tax of OMR 33,812 *(2021: OMR 11,249)* and as at 31 December 2022 its accumulated losses amounted to OMR 269,999 *(2021: OMR 236,187)* and net current liabilities amounted to OMR 68,637 *(2021: OMR 32,129)*. The condition indicates existence of events that cast doubt on the Company's ability to continue as going concern.

The cashflow forecast has been prepared taking into consideration the current financial performance of the Company subsidiaries business, financial support provided by the parent company, and the degree to which it is affected by external factors and other financial and non-financial information available at the time of preparation of such forecasts.

Management as part of its assessment also considered and assessed the financial results and specifically the cash flow position subsequent to the yearend. The overall objective is to maintain the liquidity position of the Company to ensure it has adequate cashflows to meet its financial obligations in the foreseeable future. Furthermore, to maintain adequate cashflows and availability of working capital, the Ultimate Parent Company has provided a letter of support confirming that it will be providing all the necessary financial support to the Company in order to meet its working capital obligations in the foreseeable future.

Based on the above, management, Board of Directors and the parent company are of the view that the Company will continue to have sufficient positive cash flows available in the foreseeable future to meet its liabilities and working capital commitments as and when they fall due in the foreseeable future. Accordingly, it is appropriate to prepare these financial statements as and for the year ended 31 December 2022 on a going concern basis.

b) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by International Accounting Standards Board (IASB) and the requirements of the Commercial Companies Law of 2019 except for amendment of the constitutional documents which has not been complied with within the stipulated time period. The Company, however, has stated that it is in the process of undertaking required steps to comply with the requirement of applicable laws.

c) Basis of measurement

The financial statements have been prepared on the historical cost basis.

d) Functional and presentation currency

The financial statements are presented in Omani Rial ("OMR"), which is the Company's functional currency.

2 Basis of accounting (continued)

e) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about significant areas of estimation uncertainty and critical judgments in applying policies that have the most significant effect on the amounts recognized in these financial statements are disclosed in note 21.

3 Significant accounting policies

The Company has consistently applied the accounting policies set out below to all periods presented in these financial statements.

Revenue

The Company renders a wide range of tourism and related services.

Revenue includes hotel accommodation, transfers, visa services and other tourism and travel related services. The revenue from rendering these services is recognized in profit or loss at the fair value of the consideration received or receivable.

The following table provides information about the nature and timing of the satisfaction of performance obligation in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/service	**Nature and timing of satisfaction of performance obligations, including significant payment terms**	**Revenue recognition under IFRS 15**
- **Tourism & related services** including: - Hotel accommodation - Visas - Transfers - Meet and greet and. - Excursions	Control of travel related services is considered transferred to customer at the travel in date i.e. in case of: - Visas at the date of issuance. - Hotel accommodation on the date hotel check in. - Transfers on the date of arrival. - Meet and greet on the date of arrival; and - Excursions on the date excursions Invoices are usually payable within 30 days. Booking cancellations vary depending on the timing of the season during the year.	Revenue is recognized at a point in time i.e. the time of travel in date.
Tour Packages	The services above are also sold as a combined tour package to travelers. In case of a combined tour package, entire package is generally considered as a single performance obligation. The combination of separate services in a combined tour package is considered significant integration and revenue for the entire tour package is recognized at the time of travel in date. Invoices are usually payable within 30 days. Booking cancellations vary depending on the timing of the season during the year.	Revenue is recognized at a point in time i.e. the time of travel in date.

3 Significant accounting policies (continued)

Financial instruments

Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as and measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

3 Significant accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred, or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Foreign currency transactions

Transactions in foreign currencies are translated to OMR at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to OMR at the foreign exchange rate ruling at that date. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated into OMR using the exchange rates at the date of the transaction. Foreign exchange differences arising on translation are recognized in profit or loss.

Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

3 Significant accounting policies (continued)

Property and equipment (continued)

Subsequent cost

The cost of replacing an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of day-to-day servicing of property and equipment are recognized in the profit or loss as incurred.

Depreciation

Depreciation is recognized in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Depreciation on additions is calculated on a pro-rata basis from the day of addition and on disposal up to and including the month of disposal of the asset. The estimated useful lives for the current year and prior years are as follows:

	Years
Motor vehicles	4
Office equipment	2 – 5
Office furniture and installations	5

The depreciation method and useful lives, as well as estimates of residual lives, are reassessed annually.

Impairment

Non-derivative financial assets

Financial instruments

The Company recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition. Loss allowances for trade receivables and due from related parties are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on trade receivables has increased significantly if it is more than 90 days past due i.e. 120 days from the invoice date.

The Company considers trade receivables to be in default when:
- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

3 Significant accounting policies (continued)

Impairment (continued)

Non-derivative financial assets (continued)

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer.
- a breach of contract such as a default.
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:
- default or delinquency by a debtor.
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise.
- indications that a debtor or issuer would enter bankruptcy.
- adverse changes in the payment status of borrowers or issuers.
  observable data indicating that there was a measurable decrease in the expected cash flows from a Company of financial assets.

Financial assets measured at amortized cost

The Company considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company used historical information on the timing of recoveries and the amount of loss incurred and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

3 Significant accounting policies (continued)

Impairment (continued)

Financial assets measured at amortized cost (continued)

An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognized in profit or loss and reflected in an allowance account. When the Company considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss was reversed through profit or loss.

Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, investment property and inventories to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized whenever the carrying amount of the asset exceeds the recoverable amount. Impairment losses, if any, are recognized in the statement of profit or loss.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss.

Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Provisions

A provision is recognized, if as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Employees' end of service benefits

Employees' end of service benefits is accrued in accordance with the terms of employment of the Company's employees at the reporting date, having regard to the requirements of IFRS and the Oman Labor Law 2003 and its amendments.

Employee entitlements to annual leave and leave passage are recognized when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the reporting date. These accruals are included in liabilities.

3 Significant accounting policies (continued)

Tax

Tax expense comprises current and deferred tax. Current and deferred tax is recognized in the profit or loss except to the extent that it relates to a business combination, or items recognized directly in the equity or in other comprehensive income.

Current tax (refer to note 18) is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

Intercompany recharges

Intercompany expenses are recharged to related parties at arm’s length price. Charges mainly includes Salaries and Other Admin expense including IT system cost as paid by / charged to the Company.

Contract assets

The contract assets are recognized for the Company’s rights to consideration for services provided to the customer but not billed at the reporting date. The amount is netted with the expected credit losses, if any. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customers.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use.

The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

- the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

3 Significant accounting policies (continued)

Leases (continued)

As a lessee (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

New standards or amendments and forthcoming requirements

The following are the new currently effective requirements for annual periods beginning on 1 January 2022, which did not have a significant impact of the Company's financial statements:

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
- Onerous contracts – Cost of fulfilling a contract (Amendments to IAS 37) (1 January 2022).
- Annual improvements to IFRS Standards 2018 – 2020 (1 January 2022)
- Property, plant and equipment: Proceeds before intended use (Amendments to IAS 16) (1 January 2022).
- Reference to the Conceptual Framework (Amendments to IFRS 3) (1 January 2022).

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2023 and early adoption is permitted; however, the Company has not early adopted the new or amended standards in these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the financial statements in the period of initial application:

3 Significant accounting policies (continued)

New standards or amendments and forthcoming requirements (continued)

New and amended standards not effective and not yet adopted by the Company	Effective date
Classification of liabilities as current or non-current (Amendments to IAS 1)	1 January 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes	1 January 2023
Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)	Deferred indefinitely
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16): Transition, effective date and due process (Agenda Paper 12C)	1 January 2024

4 Revenue

Revenue from contract with customers is disaggregated by major products and service lines.

	2022 OMR	2021 OMR
Tourism and related services	**564,204**	207,414
	564,204	207,414
Geographical markets		
Oman	**564,204**	207,414
Timing of revenue recognition		
Revenue recognized at a point in time	**564,204**	207,414

5 Cost of sales

	2022 OMR	2021 OMR
Tourism and related services	**493,076**	188,904
	493,076	188,904

6 Administrative and general expenses

	2022 OMR	2021 OMR
Staff salaries and related benefits (i)	**71,589**	39,423
Rent and utility expense	**11,299**	16,919
Motor vehicle expense	**3,934**	3,260
Promotion and business expense	**6,533**	670
Government and legal fees	**8,244**	8,300
Depreciation expense (refer note 8)	**433**	134
Office communication and postage expenses	**6,886**	207
Other Expenses	**5,520**	994
	114,438	69,907

6 Administrative and general expenses (continued)

(i) The staff salaries and related benefits comprises:

	2022 OMR	2021 OMR
Staff salaries and wages	**63,554**	38,228
Other staff benefits	**7,107**	836
End of service benefits (refer note 12)	**928**	359
	71,589	39,423

7 Other income

	2022 OMR	2021 OMR
Head office recharges (refer note 10)	**-**	9,685
Foreign exchange gain	**-**	79
Gain on sale of property and equipment	**-**	9,714
Other income	**11,721**	21,879
	11,721	41,357

8 Property and equipment

	Motor vehicle OMR	Office equipment OMR	Office furniture and installations OMR	Total OMR
Cost				
At 1 January 2021	101,574	5,211	16,848	123,633
Disposal / write off	(42,100)	-	-	(42,100)
As at 31 December 2021	**59,474**	**5,211**	**16,848**	**81,533**
At 1 January 2022	59,474	5,211	16,848	81,533
Addition	-	1,324	-	1,324
As at 31 December 2022	**59,474**	**6,535**	**16,848**	**82,857**
Depreciation				
As at 1 January 2021	101,574	5,211	16,302	123,087
Charge for the year	-	-	134	134
Disposal / write off	(42,100)	-	-	(42,100)
As at 31 December 2021	**59,474**	**5,211**	**16,436**	**81,121**
As at 1 January 2022	59,474	5,211	16,436	81,121
Charge for the year	-	299	134	433
Disposal / write off	-	-	-	-
As at 31 December 2022	**59,474**	**5,510**	**16,570**	**81,554**
Net book value				
At 31 December 2022	**-**	**1,025**	**278**	**1,303**
At 31 December 2021	-	-	412	412

9 Trade and other receivables

	2022 OMR	2021 OMR
Trade receivables	**93,775**	54,651
Provision for impairment loss on trade receivables (refer note 9.1)	**(5,713)**	(5,713)
	88,062	48,938
Prepayments	**14,226**	420
Deposits	**8,600**	8,600
Other receivables	**5,294**	549
	116,182	58,507

9.1 Provision for impairment loss on trade receivables

The movement in the provision for impairment loss on trade receivables during the year was as follows:

	2022 OMR	2021 OMR
As at 1 January	**5,713**	6,948
Charge during the year	**-**	-
Written-off during the year	**-**	(1,235)
As at 31 December	**5,713**	5,713

10 Related parties

Related parties, within the definition of a related party contained in International Accounting Standard 24, represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Such transactions are on terms and conditions mutually agreed.

Significant transactions entered with related parties during the year were:

	2022 OMR	2021 OMR
Intercompany recharges (refer note 7)	-	9,685

Intercompany recharges represent amounts recharged to Jordan Desert Adventures Tourism L.L.C. for the shared staff and from Gulf Dunes Tourism LLC.

Due from related parties

	2022 OMR	2021 OMR
Desert Adventures Tourism L.L.C. – Dubai	-	24,673
Gulf Dunes Tourism LLC	**27,667**	**-**
	27,667	24,673

Due to related parties

	2022 OMR	2021 OMR
Desert Adventures Tourism L.L.C. – Dubai	**213,945**	3,548
Jordan Desert Adventures Tourism L.L.C.	**4,397**	458
	218,342	4,006

10 Related parties (continued)

The key management personnel compensation is as follows:

	2022 OMR	2021 OMR
Short-term employee benefits	**2,665**	9,685

11 Trade and other payables

	2022 OMR	2021 OMR
Hotel and other service accruals	**144,523**	120,994
Trade payables	**6,165**	10,003
Advances from customers	**117,219**	23,522
Accruals and other payables		
-Employee accruals	**3,238**	2,449
-Other payables	**3,511**	5,908
	274,656	162,876

12 Employees' end of service benefits

	2022 OMR	2021 OMR
At 1 January	**4,470**	6,709
Provision during the year	**928**	359
Payments made during the year	**(2,733)**	(2,598)
At 31 December	**2,665**	4,470

13 Share capital

	2022 OMR	2021 OMR
Authorized, and fully paid up capital		
150,000 shares of OMR 1 each	**150,000**	150,000

14 Statutory reserve

In accordance with Article 132 of the Commercial Companies Law of 2019, a minimum of 10% of the net profit of the Company is to be allocated every year to a statutory reserve. No such transfer is required once the statutory reserve has reached one-third of the paid-up share capital of the Company. During the year, no transfers were made to this reserve as the amount of the reserve has reached to the threshold (2021: AED Nil).

15 Cash and cash equivalents

	2022 OMR	2021 OMR
Cash at bank	**276,492**	48,565
Cash in hand	**4,020**	3,008
	280,512	51,573

16 Contingencies

Guarantees amounting to OMR 5,000 *(2021: OMR 5,000)* were issued in favor of the Company by Bank Muscat. These were issued during the normal course of business.

17 Commitments

The Company does not have any commitments as at 31 December 2022 *(2021: Nil).*

18 Taxes

a) The Company is liable to income tax at the rate of 15% of taxable profits as amended by Royal Decree No.9/2017.

	2022 OMR	2021 OMR
Current year	**-**	-
Prior years	**-**	-
Total tax expense for the year	**-**	-

Reconciliation of tax expense

The following is a reconciliation of income taxes calculated on accounting profits at the applicable tax rates with the income tax expense for the year:

	2022 OMR	2021 OMR
Loss for the year	**(33,812)**	(11,249)
Income tax at 15%	**(5,072)**	(1,687)
Non-deductible expenses	**1,001**	386
Unrecorded deferred tax on tax losses	**(5,653)**	(3,193)
Deferred tax on tax losses expired during the year	**9,724**	4,494
Taxable expense for the year	**-**	-

Deferred tax asset has not been recognized on losses as the management believes that sufficient taxable profits will not be available in future.

Status of assessment

The assessment of the Company has been completed and agreed up to the Tax Year 2018. The Tax Authority ("TA") has initiated the assessment for Tax Year 2019, however, the same has not been finalized yet. The assessment for Tax Years 2020 and 2021 has not yet initiated by the TA. Management is of the opinion that any additional taxes, if any, related to the open years would not be significant to the Company's financial position as at 31 December 2022.

19 Financial risk management

The Company has exposure to the following risks arising from financial instruments
- Credit risk.
- Liquidity risk; and
- Market risk.

Risk management framework

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The management is responsible for developing and monitoring the Company's risk management policy.

19 Financial risk management (continued)

Risk management framework (continued)

The Company's risk management policies are established to identify and analyze the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash at bank, trade and other receivables and amounts due from related parties.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company's cash and cash equivalents are held with bank and financial institution counterparties, which have good market credibility and stability.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2022 OMR	2021 OMR
Trade and other receivables *	**101,956**	58,087
Due from related parties	**27,667**	24,673
Cash at bank	**276,492**	48,565
	406,115	131,325

* Prepayments are excluded.

At 31 December 2022, the Company's exposure of credit risk to trade receivables by geographical region was as follows:

	Gross amount 2022 OMR	Gross amount 2021 OMR
Geographical regions		
Europe	**53,885**	41,786
Middle East	**731**	167
Commonwealth of Independent States	**9,685**	9,537
Others	**29,474**	3,161
Grand total	**93,775**	54,651

19 Financial risk management (continued)

Credit risk ***(continued)***

The ageing of trade receivables at the reporting date was:

	Not credit-impaired 2022 OMR	**Credit impaired 2022 OMR**	Not credit-impaired 2021 OMR	Credit impaired 2021 OMR
Not yet due	**-**	**-**	-	-
1-30 days	**65,598**	**-**	38,516	-
31- 90 days	**24,032**	**(1,568)**	10,422	-
91- 120 days and above	**4,145**	**(4,145)**	5,713	(5,713)
Total	**93,775**	**(5,713)**	54,651	(5,713)

Impairment losses

Expected credit losses assessment for individual customers as at 31 December 2022.

The Company uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise large number of trade balances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics - geographic region and industry.

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. Exposure is segmented by geographical region and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. Scalar factors are based on GDP.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company aims to maintain the level of cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities by continuous monitoring of forecast and actual cash outflows.

The following are the contractual maturities of financial liabilities based on contractual payments:

	Carrying amount OMR	**Contractual cash outflows OMR**	**1 year or less OMR**
2022			
Non derivative financial liabilities			
Trade and other payables*	157,437	(157,437)	(157,437)
2021			
Non derivative financial liabilities			
Trade and other payables*	139,354	(139,354)	(139,354)

**excluding advances from customers*

19 Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk on purchases that are denominated in a currency other than its functional currency, primarily the US Dollar (USD). Since USD is currently pegged to OMR, the Company does not hedge the currency risk in respect of its foreign currency exposure.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to shareholders. The Company is not subject to externally imposed capital requirements.

20 Fair values

The fair values of the Company's financial assets and financial liabilities approximate their carrying amounts.

Fair value hierarchy

As at 31 December 2022, there are no financial instruments carried at fair value by valuation method.

21 Use of judgments and estimates

In the process of applying the entity's accounting policies, which are described in the notes, management has made certain judgment and estimates as mentioned below.

Assumptions and estimation uncertainties

The key assumption concerning the future, and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment losses on receivables

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 19.

Elements of the ECL models that are considered accounting judgments and estimates include:

- Development of ECL models, including various formulas and choice of inputs
- The segmentation of financial assets when their ECL is assessed on a collective basis; and
- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on probability of default (PDs), exposure at default (EADs) and loss given default (LGDs).

Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models. The Company's policy is to regularly review its models in the context of actual loss experience and adjust when necessary. Detailed information about the judgments and estimates made by the Company in the above areas is set out in note 19.

21 Use of judgments and estimates (continued)

Assumptions and estimation uncertainties (continued)

(b) Depreciation method, useful life and residual values of property and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its property and equipment on an annual basis. The Company has carried out a review of the residual values and useful lives of property and equipment and no adjustment to the residual lives and remaining useful lives of the assets was considered necessary for the current year.

(c) Revenue recognition timing

Revenue from hotel accommodation (both separate and sold as part of tour package) is recognized when the control is transferred to the customer. The customer gets the control when all the tour related vouchers and travel tickets are issued to them. As per the general practice, the Company issues all the vouchers and travel tickets to the Customer at time of travel of the tour. Hence, the Company fully transfers control of the promised services to the customer once all the vouchers and tickets are issued to the customer at time of travel.

(d) Tour Package as single performance obligation

To assess whether the contract contains single performance obligation or multiple performance obligation requires judgment. For sale of tours packages, the promised services within tour packages in nature of hotel accommodation, visas, transfers, meet and greet and excursions, though capable of being distinct are not distinct within the context of the contract.

The objective when assessing whether an entity's promises to transfer goods or services are distinct within the context of the contract is to determine whether the nature of the promise is to transfer each of those goods or services individually, or whether the promise is to transfer a combined item or items to which the promised goods or services are inputs. In sale of tour packages as the obligation is to provide all the services together to the customer hence there is only one single performance obligation.

22 Comparatives

Previous year reported figures have been regrouped/reclassified, wherever necessary, to conform to the current year's presentation. The reclassification of items is not considered material and does not impact the financial statement as at the beginning of the earliest comparative period. Thus, a third statement of financial position at the beginning of the earliest comparative period has not been presented.

23 Impact of Global Events

(a) COVID-19:

In 2020, the World Health Organization ("WHO") announced a global health emergency because of coronavirus (the "COVID- 19 Outbreak") and classified the outbreak as a pandemic. Compared to 2020 wherein the pandemic had impacted adversely, in the current and prior year, there has been a significant improvement in operating results of the Company across key segments and geographies as the impact of pandemic started to ease in markets. Although the global economic situation with relation to COVID-19 remains fluid and will be determined by factors that continue to evolve, such as resurgence of variants, success of support measures introduced by governments and the effectiveness of public policies intended to contain the spread, the Company's management continues to evaluate the situation for any adverse impact.

(b) Inflation and Global Central Banks Tightening Programs:

The global economic outlook deteriorated throughout 2022 amid high inflation, monetary tightening from central banks and uncertainties from both conflict in Ukraine and the lingering pandemic. Central Banks across most economies responded by increasing interest rates, resulting in slowdown in growth. The rising government

23 Impact of Global Events

(b) Inflation and Global Central Banks Tightening Programs: (continued)

borrowing costs, slowdown in growth and large capital outflows have exacerbated fiscal and balance of payments pressures in a number of developing.

(c) Russia-Ukraine Conflict and impact of Geo-political situation in Common Wealth of Independent States (CIS)

The current ongoing conflict between Russia-Ukraine has triggered global economic disruption and has, amongst other impacts, led to increased volatility in global financial markets and commodity prices due to disruption of supply chain. Also, the conflict is taking a toll on the global tourism economy, disrupting normal travel patterns and spending, and some countries are destined to take more of the impact than others. Further, the Geo-political situation in CIS countries has resulted in sanctions on some CIS countries related to Trade and finance which has resulted in a reduction of business from these countries. However, as per management's assessment, the conflict and sanctions does not have a material impact to the Company's financial statements.

24 Subsequent events

There has been no significant event subsequent to the reporting date and up to the date of authorization on 29 April 2023, which would have a material effect on the financial statements.

DESERT ADVENTURES TOURISM
(PRIVATE SHAREHOLDING COMPANY)
AMMAN – JORDAN

FOR THE YEAR ENDED DECEMBER 31, 2022

AUDITOR’S REPORT

DESERT ADVENTURES TOURISM
(PRIVATE SHAREHOLDING COMPANY)
AMMAN – JORDAN

STATEMENT OF FINANCIAL POSITION

In Jordanian dinar	Note	As of December 31, 2022	2021
Assets			
Current assets			
Cash and cash equivalents	4	179,975	297,964
Trade receivables and other receivables balances	5	307,690	127,291
Due from related parties	9-1	8,109	842
Total Current assets		**495,774**	**426,097**
Non-Current asset			
Property and equipment	6	21,094	31,181
Total Non-Current asset		**21,094**	**31,181**
Total assets		**516,868**	**457,278**
Liabilities and Owners' Equity			
Current Liabilities			
Trade payables and other credit balances	7	317,613	343,897
Due to related parties	9-2	13,536	12,325
Income tax provision	8	76,590	72,592
Lease liability	13	10,271	9,804
Total Current liabilities		**418,010**	**438,618**
Non-Current Liabilities			
Lease liability	13	**5,276**	**15,547**
Total Non-current liabilities		**5,276**	**15,547**
Total Liabilities		**423,286**	**454,165**
Owners' Equity			
Paid up capital		100,000	100,000
Statutory reserve	10	25,000	25,000
Retained earnings		(31,418)	(121,887)
Net Owners' Equity		**93,582**	**3,113**
Total Owners' Equity and Liabilities		**516,868**	**457,278**

The notes on pages (7) to (33) are an integral part of these financial statements and should be read with them and with the independent auditor's report.

The financial statements on pages (3) to (6) were approved by the General Assembly on_______________.

Chairman of Board of Directors **Financial Manager** **General Manager**

DESERT ADVENTURES TOURISM
(PRIVATE SHAREHOLDING COMPANY)
AMMAN – JORDAN

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In Jordanian dinar		For the year ended December 31,	
	Note	2022	2021
Revenue	11	812,698	303,235
Cost of revenue	11	(528,811)	(279,405)
Gross profit		**283,887**	**23,830**
Administrative expenses	12	(192,548)	(166,405)
Marketing and advertisement expenses		(2,500)	-
Expected credit loss expense on advances	5	-	(231,144)
Profit/(Loss) from operations		**88,839**	**(373,719)**
Finance Income		1,043	-
Finance cost		(801)	(1,221)
Other income	12.1	1,388	60,168
Loss before income tax		**90,469**	**(314,772)**
Income tax			
Current tax expense	8	(18,998)	-
Deferred tax (expense) / income	8	18,998	(48,384)
Loss for the year		**90,469**	**(363,156)**
Other comprehensive income		-	-
Total comprehensive (loss) profit for the year		**90,469**	**(363,156)**

The notes on pages (7) to (33) are an integral part of these financial statements and should be read with them and with the independent auditor's report.

The financial statements on pages (3) to (6) were approved by General Assembly on______________.

Chairman of Board of Directors **Financial Manager** **General Manager**

DESERT ADVENTURES TOURISM
(PRIVATE SHAREHOLDING COMPANY)
AMMAN – JORDAN

STATEMENT OF CHANGES IN OWNERS' EQUITY

In Jordanian dinar	Paid up Capital	Retained Earnings	Statutory Reserve	Total
Changes for the year ended December 31, 2022				
Balance at January 1, 2022	100,000	(121,887)	25,000	3,113
Total comprehensive loss for the year	-	90,469	-	90,469
Balance as of December 31, 2022	100,000	(31,418)	25,000	93,582
Changes for the year ended December 31, 2021				
Balance at January 1, 2021	100,000	241,269	25,000	366,269
Total comprehensive loss for the year	-	(363,156)	-	(363,156)
Balance as of December 31, 2021	**100,000**	**(121,887)**	**25,000**	**3,113**

The notes on pages (7) to (33) are an integral part of these financial statements and should be read with them and with the independent auditor's report.

DESERT ADVENTURES TOURISM
(PRIVATE SHAREHOLDING COMPANY)
AMMAN – JORDAN

STATEMENT OF CASH FLOWS

In Jordanian dinar		For the year ended December 31,	
	Note	**2022**	**2021**
Cash flows from operating activities			
Loss for the year after income tax		90,469	(363,156)
Adjustments for:			
Current tax expense	8	18,998	48,384
Interest expense on lease liability	13	801	146
Reversal of provisions		-	(60,168)
Depreciation expense	6	11,780	13,554
Expected credit loss expense	5	-	231,144
		122,047	**(130,096)**
Changes in:			
Trade receivables and other debit balances		(180,399)	10,188
Trade payables and other credit balances		(26,285)	(77,216)
Due from related parties		(7,266)	482,035
Due to related parties		1,212	7,393
Net cash from operating activities before income tax paid		(90,691)	292,304
Tax paid	8	(15,000)	-
Net cash from operating activities		**(105,691)**	**292,361**
Cash flows from investing activities			
Acquisition of property and equipment	6	(1,693)	-
Funds provided to a related party - net		-	-
Net cash used in investing activities		**(1,693)**	**-**
Cash flows from financing activity			
Payment of lease liability	13	(10,605)	(9,000)
Cash used in financing activity		**(10,605)**	**(9,000)**
Net increase / (decrease) in cash and cash equivalents		(117,989)	283,304
Cash and cash equivalents at the beginning of the year		297,964	14,660
Cash and cash equivalents at the year end	4	**179,975**	**297,964**

The notes on pages (7) to (33) are an integral part of these financial statements and should be read with them and with the independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

Desert Adventures Tourism PSC was incorporated on 16 September 2010 as a Private Shareholding Company in the Hashemite Kingdom of Jordan, under number (767), with a paid up capital of JD 100,000, divided into 100,000 shares, distributed as the below schedule. The Company's parent Company is Desert Adventures Tourism LLC (Dubai) and the Ultimate Parent of the Company is Fairfax Financial Holdings Limited with a registered address at 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada.

The shareholding in the Company was as follows:

Shareholder	Share
Desert Adventures Tourism LLC (Dubai)	50%
Loai Khalid Ahmed Najdawi	50%

The principal business activity of the Company is organizing leisure and individual business tours. The Company secures access to hotel accommodation and other activities and services from hotels and other service providers at competitive rates which are offered at preferential rates to tour operators, travel agents and other wholesalers.

The registered address of the Company is Amman – Mecca Street, Jordan.

Loai Khalid Ahmed Najdawi is holding these shares for the beneficial interest of the Parent Company. The financial statements were authorised and approved by the General Assembly on____________

2. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis except for finacial assets and financial liabilities measured at fair value.

(c) Functional and presentation currency

The financial statements are presented in Jordanian Dinar, which is also the Company's functional currency.

(d) Use of estimates and judgments

In preparing the financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

2. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgments (continued)

Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Revenue recognition: whether revenue is recognised over time or at a point in time. Revenue from hotel accommodation (both separate and sold as part of tour package) is recognized when the control is transferred to the customer. The customer gets the control when all the tour related vouchers and travel tickets are issued to them. As per the general practice, the Company issues all the vouchers and travel tickets to the Customer at time of travel of the tour. Hence, the Company fully transfers control of the promised services to the customer once all the vouchers and tickets are issued to the customer at time of travel.
- Classification of financial assets: Valuation of the business model under which the asset is to be held and determining whether the contractual terms of the SPPI are on the outstanding balance.
- The development of new criteria to determine whether financial assets have declined significantly since initial recognition and determine the methodology of future expectations and methods of measuring expected credit loss.

Estimates

Information about assumptions and estimation uncertainties at 31 December 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Revenue recognition: estimate of expected returns.
- Impairment of financial instruments: input and measurement of expected credit loss and future expectations. The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

  Elements of the ECL models that are considered accounting judgments and estimates include:
  • Development of ECL models, including various formulas and choice of inputs
  • The segmentation of financial assets when their ECL is assessed on a collective basis; and
  • Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on probability of default (PDs), exposure at default (EADs) and loss given default (LGDs).

  Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models. The Company's policy is to regularly review its models in the context of actual loss experience and adjust when necessary.
- Measurement of defined benefit obligations: key actuarial assumptions.
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized.
- Impairment test of intangible assets and property, plant and equipment : key assumptions underlying recoverable amounts.
- Going concern: whether there are material uncertainties that may cast significant doubt on the entity's ability to continue as a going concern (Note 2-e).

2. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgments (continued)

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values.

This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's audit committee.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Estimates and underlying assumptions are reviewed on an ongoing basis, revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of uncertain estimations and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are summarized as follows:

- Measurement of expected credit loss allowance for receivables and contract assets, including the assumptions in determining weighted average loss rate.

2. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgments (continued)

Measurement of fair values (continued)

- Management recognizes income tax expense for the year based on management’s estimate for taxable profit in accordance with the prevailing laws, regulations and IFRSs.
- Management periodically reassesses the economic useful life of property, plant and equipment, intangible assets, refundable cases and glass bottles based on the general condition of these assets and the expectation of their useful economic lives in the future.
- Management frequently reviews the lawsuits raised against the Company based on a legal study prepared by the Company's legal advisors. This study highlights potential risks that the Company may incur in the future.
- Management estimates the provision to decrease inventory to net realizable value if the cost of inventory may not be recoverable, damaged, wholly or partially obsolete, and it selling price to fall below cost or any other factors that causes the recoverable amount to be lower than its carrying amount.

Management believes that its estimates and judgments are reasonable and adequate.

(e) Going concern basis of accounting

The outbreak of the COVID-19 pandemic and the measures adopted by government in countries worldwide to mitigate the pandemic’s spread have significantly impacted the Company. These measures required the Company to hold the travel booking in various locations several months during the year. This has negatively impacted the Company’s financial performance for the year and also its liquidity positions. During the year, total revenue has decreased by JOD 1,234,993, which amounted to JOD XX as of December 31, 2022 (JOD 303,235 as of December 31, 2021). The Company incurred a net loss of JOD 363,156 during the year ended 31 December 2022.

There is still significant uncertainty over how the outbreak will impact the Company’s business in future periods. Management has closely monitored the situation and has activated it’s business continuity plan and other risk management practices to manage any potential disruptions that the Corona Virus (COVID - 19) outbreak may cause to the Company’s business, operations and financial performance. In addition to the above, the ultimate company Thomas Cook India Limited (TCIL) is committed to continue supporting the principal activities of DAT Jordan and provide the financial support for the company.

As a result, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. These consolidated financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these financial statements for the year ended December 31, 2022 are the same as those applied by the Company in its financial statements for the year ended December 31, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Revenue recognition

The Company generates revenue primarily from wide range of tourism and related services. Revenue includes hotel accommodation, transfers, visa services and other tourism and travel-related services. The revenue from rendering these services is recognized in profit or loss at the fair value of the consideration received or receivable.

Contract balances results from contracts with customers include receivables, contract assets and contract liabilities.

The contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognized over time.

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control - at a point in time or over time - over a good or service to a customer in accordance with IFRS 15 as follows:

1 Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations.

2 Identify the performance obligations in the contract.

3 Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

4 Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

5 Recognize revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The Company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

The following table provides information about the nature and timing of the satisfaction of performance obligation in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
- **Tourism & related services** including: - Hotel accommodation - Visas - Transfers - Meet and greet and; - Excursions	Control of travel related services is considered transferred to customer at the travel in date i.e. in case of: - Visas at the date of issuance; - Hotel accommodation on the date hotel check in; - Transfers on the date of arrival; - Meet and greet on the date of arrival; and - Excursions on the date excursions Invoices are usually payable within 30 days. Booking cancellations vary depending on the timing of the season during the year.	Revenue is recognized at a point in time i.e. the time of travel in date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. **Financial instruments**

Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as and measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets (continued)

Financial assets – Business model assessment
The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

- **Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

- **Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest (continued)**

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Derecognition (continued)

Financial assets (continued)

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

c. **Foreign currency transactions**

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs

d. Property, Plant and equipment

- Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.
- Cost includes expenditures that are directly attributable to the acquisition of the property, plant and equipment.
- When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separated items of property, plant and equipment.
- Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within the statement of profit or loss and other comprehensive income.

Subsequent cost

- The cost of replacing an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of day-to-day servicing of property and equipment are recognized in the profit or loss as incurred.
- Ongoing costs of repair and maintenance of property, plant and equipment are expensed in the statement of profit or loss and other comprehensive income as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Property, Plant and equipment (continued)

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Property and equipment	Depreciation rate%
Office Decoration and Accessories	33
Office Equipment	35
Furniture and Fixture	15

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

e. Intangible Assets

Intangible assets that are acquired through other than acquisition are recognized at cost less accumulated amortization.

Intangible assets, which have finite useful lives, are amortized over their useful lives. Amortization is recognized in the statement of profit or loss and other comprehensive income; however, intangible assets without definite useful lives should not be amortized and are required to be tested for impairment as of the date the financial statement. Impairment loss shall be recognized in the statement of profit or loss and other comprehensive income.

Intangible assets arising from Company operation are not capitalized and should be recognized in the statement of profit or loss and other comprehensive income when incurred.

Intangible assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired as well as the useful lives of the intangible asset are annually reassessed and any adjustments raised are recognized in the subsequent years.

f. Impairment

Non-derivative financial assets

Financial instruments

The Company recognizes loss allowances for ECLs on:

- Financial assets measured at amortised cost;
- Debt investments measured at FVOCI; and
- Contract assets.

The Company also recognises loss allowances for ECLs on lease receivables, which are disclosed as part of trade and other receivables.

Loss allowances for trade receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on trade receivables has increased significantly if it is more than 90 days past due i.e. 120 days from the invoice date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Impairment (continued)
Non-derivative financial assets – (continued)

Financial instruments (continued)

The Company considers trade receivables to be in default when:
- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization
- The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.
For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

Write-off
The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Impairment (continued)

Non-derivative financial assets – (continued)

Financial instruments (continued)

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer would enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- observable data indicating that there was a measurable decrease in the expected cash flows from a Company of financial assets.

Financial assets measured at amortized cost

The Company considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognized in profit or loss and reflected in an allowance account. When the Company considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss was reversed through profit or loss.

Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, investment property and inventories to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Impairment (continued)

Non-derivative financial assets – (continued)

Non-financial assets (continued)

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

g. Provisions

A provision is recognized, if as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

h. Income Tax and National Contribution

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in statement of income except to the extent that it relates to a business combination, or items recognized directly in equity or in other statement of profit or loss and other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect to previous years.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Current tax payable is in accordance with prevailing income tax law in Jordan.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Intercompany recharges

Intercompany expenses are recharged to related parties at arm's length price. Charges mainly includes Salaries and Other Admin expense including IT system cost as paid by / charged to the Company.

j. Contract assets

The contract assets are recognized for the Company's rights to consideration for services provided to the customer but not billed at the reporting date. The amount is netted with the expected credit losses, if any. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customers.

k. Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. Leases (continued)
As a lessee (continued)

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'Lease Laiblity' in the statement of financial position.

Short-term leases and leases of low-value assets
The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.
When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. Leases (continued)

As a lessor (continued)

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'. Generally, the accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements:

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.
- Onerous contracts – Cost of fulfilling a contract (Amendments to IAS 37);
- Annual improvements to IFRS Standards 2018-2020
- Property, plant and equipment: Proceeds before intended use (Amendments to IAS 16);
- Reference to conceptual framework (Amendments to IFRS 3);
- Classification of liabilities as current or non-current (Amendments to IAS 1); and
- IFRS 17 *Insurance Contracts* and amendments to IFRS 17 *Insurance Contracts*.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred tax related to assets and liabilities arising from a Single Transaction (Amendments to IAS 12).
- Sale of grant between an Investor and an affiliate company or a joint venture (Amendments to IFRS 10 and IAS 28)

4. CASH AND CASH EQUIVALENTS

In Jordanian dinar	As of December 31,	
	2022	**2021**
Cash at hand	9,025	2,027
Cash at bank	170,950	295,937
	179,975	**297,964**

5. TRADE RECEIVABLES AND OTHER DEBIT BALANCES

	As of December 31,	
	2022	**2021**
Trade receivables	95,910	1,182
Provision for expected credit loss *	(758)	(758)
	95,151	**424**
Advances to suppliers	395,731	325,217
Provision for expected credit loss *	(231,144)	(231,144)
Advances to suppliers	**164,587**	**94,497**
Prepaid expenses and other debit balances	22,951	7,794
Cash margins	25,000	25,000
	307,689	**127,291**

*The following table illustrates the movement on the provision for expected credit loss:

Jordanian Dinar	As of December 31,	
	2022	**2021**
Balance at the beginning of the year	231,902	758
Charge for expected credit loss	-	231,144
Write-off	-	-
Balance at the end of the year	**231,902**	**231,902**

6. PROPERTY AND EQUIPMENT

In Jordanian dinar	Office Premises*	Office Equipment	Furniture and Fixture	Total
Cost				
Balance at January 1, 2021	27,032	12,119	13,680	52,831
Additions	29,025	-	-	29,025
Disposal	(27,032)	- -	-	(27,032)
Balance at December 31, 2021	**29,025**	**12,119**	**13,680**	**54,824**
Balance at January 1, 2022	29,025	12,119	13,680	54,824
Additions	-	1,705	-	1,705
Disposal				
Balance at December 31, 2022	**29,025**	**13,824**	**13,680**	**56,529**
Accumulated Depreciation				
Balance at January 1, 2021	17,736	7,243	12,142	37,121
Depreciation for the year	10,092	3,188	274	13,554
Disposal	(27,032)	-	-	(27,032)
Balance at December 31, 2021	**796**	**10,431**	**12,416**	**23,643**
Balance at January 1, 2022	796	10,431	12,416	23,643
Depreciation for the year	9675	1,831	274	11,780
Disposal	11	-	-	11
Balance at December 31, 2022	**10,482**	**12,262**	**12,690**	**35,434**
Net book value as at December 31, 2022	18,543	1,562	990	21,095
Net book value as at December 31, 2021	28,229	1,688	1,264	31,181

* Other premises represents right of use assets which is derived from lease contracts for a period of 3 years. The present value is determined using incremental borrowing rate of 3.6%.

7. TRADE PAYABLES AND OTHER CREDIT BALANCES

In Jordanian dinar	As of December 31, 2022	As of December 31, 2021
Hotels and excursion payables	159,158	27,101
Trade payables	25,385	141,802
Advances from customers	104,349	139,047
Accrued expenses	28,721	35,948
	317,613	**343,898**

8. INCOME TAX

In Jordanian dinar	As of December 31, 2022	2021
Reconciliation of effective tax rate		
Loss before tax	90,469	(314,772)
Tax effect of:		
Depreciation of right of use asset	9,675	10,092
Non-deductible expenses	-	40,795
Non-deductible income	(1,388)	(60,168)
Contractual rent	(9,000)	(9,000)
	89,756	(333,053)
Tax expense for the year		
Current year	18,998	-
Change in estimate relating to prior years*	-	48,384
Total income tax expense	**18,998**	**48,384**

The current taxes are calculated at an income tax rate of 20% in addition to the national contribution at 1% in accordance with the income tax law prevailing in the Hashemite Kingdom of Jordan in starting January 1, 2019.

The movement on income tax provision during the year was as follows:

In Jordanian dinar	As of December 31, 2022	2021
Balance at the beginning of the year	72,592	24,208
Provision for the year*	18,998	48,384
Tax paid during the year	(15,000)	-
Balance at the end of the year	**76,590**	**72,592**

* This adjustment in tax expense pertains to non-deductible expenses of 2018 that was disallowed by the income tax department and accordingly management had recorded a provision for JOD 24,208 in last year. Similarly, in 2021, management has booked tax provision related to non-deductible expenses pertaining to 2019 following the same basis.

Tax status of the Company is as follow:

(i) The Company filed its income tax returns on timely basis for the years 2016, 2017, 2019, 2020, 2021 and 2022 and 2016, 2017 & 2018 has been assessed by the income tax department until the date of these financial statements. Further, management has not recorded deferred tax asset related to the carry forward of unutilized tax losses.

9. RELATED PARTIES BALANCES AND TRANSACTIONS

Related parties represent parent and affiliate companies, directors and key management personnel of the Company.

The Company, in the ordinary course of business, enters into transactions with other business enterprises that fall within the definition of a related party contained in International Accounting Standard No. 24. Such transactions are made on terms and conditions agreed between the related parties

9-1) DUE FROM RELATED PARTIES

		As of December 31,	
In Jordanian dinar	**Nature of relationship**	**2022**	**2021**
Desert Adventures Tourism L.L.C	Parent Company	-	-
Muscat Desert Adventures Tourism LLC	Related through Common Ownership	8,109	842
		8,109	**842**

9-2) DUE TO RELATED PARTES

		As of December 31,	
In Jordanian dinar	**Nature of relationship**	**2022**	**2021**
Desert Adventures Tourism L.L.C	Parent Company	13,536	12,325
Muscat Desert Adventures Tourism LLC	Related through Common Ownership	-	-
		13,536	**12,325**

9-3) TRANSACTIONS WITH RELATED PARTIES

Transaction terms and pricing policies are approved by management. Transactions included in the statement of profit or loss and other comprehensive income are as the below:

For the year ended 31 December 2022

Jordanian Dinar	**Relationship**	**Expenses**
Muscat Desert Adventures Tourism LLC	Related through common ownership	-
Desert Adventures Tourism L.L.C.	Parent Company **	-

For the year ended 31 December 2021

Jordanian Dinar	**Relationship**	**Expenses**
Muscat Desert Adventures Tourism LLC	Related through common ownership	17,757
Desert Adventures Tourism LLC	Parent Company **	23,040

**Management fee represents the amount charged for the central functions which is allocated based on financial and non-financial basis.

9. RELATED PARTIES BALANCES AND TRANSACTIONS (continued)

9-3) TRANSACTIONS WITH RELATED PARTIES (continued)

Key Management Salaries & Benefits

Transactions with related parties included in the statement of profit or loss and other comprehensive income are as follows:

In US Dollar	2022	2021
Salaries	72,696	28,200
Allowances	8,189	1,998

10. STATUTORY RESERVE

The accumulated amount in this account represents 10% of annual net profit before income tax, which has been deducted during the previous years, in accordance to the article number (85) of the Jordanian companies law number (22), 1997 which state that: "the private share holding companies should reserve 10% of its annual net income to the statutory account, and it shall maintain reserving every year at any percentage not exceeding 25% of its capital". The Company has incurred loss in current year and the reserve has reached its limit hence no further transfer to reserve has been made in current year.

11. REVENUE AND COST OF REVENUE

	For the year ended December 31, 2022		
In Jordanian dinar	Revenue	Cost of revenue	Gross profit
Tourism Group Revenue (Hotels)	784,511	510,065	274,446
Excursions, transfers, and other revenue	28,187	18,746	9,441
	812,698	**528,811**	**283,887**

	For the year ended December 31, 2021		
In Jordanian dinar	Revenue	Cost of revenue	Gross profit
Tourism Group Revenue (Hotels)	176,452	(167,780)	8,672
Excursions, transfers, and other revenue	126,783	(111,625)	15,158
	303,235	**(279,405)**	**23,830**

12. ADMINISTRATIVE EXPENSES

	For the year ended December 31,	
In Jordanian dinar	2022	2021
Management fee	-	40,797
Staff salaries and related benefits	121,964	56,089
Social security	15,227	13,773
Office expenses	7,513	7,912
Depreciation (refer note 6)	11,780	13,554
Legal and professional fees	22,238	21,526
Others	13,826	12,754
	192,548	**166,405**

12.1 OTHER INCOME

In Jordanian dinar	For the year ended December 31, **2022**	2021
Reversal of provisions	1,388	60,168

This pertains to the reversal of accruals on account of discount offered by suppliers during COVID.

13. LEASES

The Company has leased office area. The lease period is for 36 months.

i. Right-of-use-assets

Right of use assets related to leased properties are presented as property and equipment (see note 6).

In Jordanian Dinar	Office premises	Total
2022		
Balance as at 1 January	28,229	28,229
Addition during the year	-	-
Disposal	(11)	(11)
Depreciation charge for the year	(9675)	(9675)
Balance as at 31 December	**18,543**	**18,543**

In Jordanian Dinar	Office premises	Total
2021		
Balance as at 1 January	9,296	9,296
Addition during the year	29,025	29,025
Depreciation charge for the year	(10,092)	(10,092)
Balance as at 31 December	**28,229**	**28,229**

ii. Lease liability

In Jordanian Dinar	Office premises	Total
2022		
Balance as at 1 January	25,351	25,351
Addition during the year	-	-
Interest on lease liability	801	801
Payments during the year	(10,605)	(10,605)
Balance as at 31 December	**15,546**	**15,546**

In Jordanian Dinar	Office premises	Total
2021		
Balance as at 1 January	5,180	5,180
Addition during the year	29,025	29,025
Interest on lease liability	146	146
Payments during the year	(9,000)	(9,000)
Balance as at 31 December	**25,351**	**25,351**

iii. Amounts recognised in statement of profit or loss

In Jordanian Dinar	2022	2021
2020 - Leases under IFRS 16		
Interest on lease liability	801	146

Depreciation charged right of use	9,675	10,092

13. LEASES (continued)

iv. Lease liability

In Jordanian Dinar	2022	2021
Lease liability	15,546	25,351
Less: current portion	(5,276)	(9,804)
Non-current lease liability	**10,271**	**15,547**

14. BANK GUARANTEES

As of the date of the financial statements, the Company has the below Guarantees:

	As of December 31,	
Jordanian Dinar	2022	2021
Guarantees *	25,000	25,000
	25,000	**25,000**

* These Guarantees are issued for the favor of the Ministry of Tourism with an amount of JD 25,000 *(2021: JD 25,000)*.

15. FINANCIAL RISK MANAGEMENT

Overview

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

Risk management framework

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The management is responsible for developing and monitoring the Company's risk management policy.

The Company's risk management policies are established to identify and analyze the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash at bank, trade and other receivables and amount due from a related party. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables The Company's cash and cash equivalents are held with bank and financial institution counterparties, which have good market credibility and stability.

15. FINANCIAL RISK MANAGEMENT (continued)

Credit Risk (continued)

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

In Jordanian dinar	As of December 31, 2022	2021
Trade and other receivables *	140,407	33,218
Due from related parties	8,109	842
Cash at bank	170,949	295,938
	319,465	**329,998**

* Prepayments and advances are excluded.

At 31 December 2022, the Company's exposure of credit risk to trade receivables by geographical region was as follows:

In Jordanian dinar	As of December 31, 2022	2021
Geographical regions		
USA	60,094	-
Middle East	7,892	142
Europe	26,500	251
CIS	1,029	-
Others	395	789
Grand total	**95,910**	**1,182**

The ageing of trade receivables at the reporting date was:

Impairment losses

Expected credit losses assessment for individual customers as at 31 December 2022.

The Company uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise large number of trade balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics - geographic region and industry.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from individual customers as at 31 December 2022.

	Gross carrying Amount	Loss allowance JOD	Credit impaired
0-59 days	87,069	-	-
60-89 days	7,444	-	-

90- 120 days	1397	758	-
Total	**95,910**	**758**	**-**

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk (continued)

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Exposure is segmented by geographical region and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. Scalar factors are based on GDP.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the company maintains line of credit from its bank for sudden cash requirements.

The following are the contracted maturities of financial liabilities, including estimated interest payments:

Non-derivative financial liabilities:

In Jordanian dinar	Carrying value	Contractual Cash flows	12 Month or Less	More than one year
As of December 31, 2022				
Trade payables and other credit balances (excluding advances)	213,264	(213,264)	(213,264)	-
Due to related parties	13,536	(13,536)	(13,536)	-
Lease liability	15,546	(15,546)	(10,271)	(5,275)
	242,346	**(242,346)**	**(237,071)**	(5,275)

In Jordanian dinar	Carrying value	Contractual Cash flows	6 Month or Less	More than one year
As of December 31, 2021				
Trade payables and other credit balances (excluding advances)	204,851	(204,851)	(204,851)	-

Due to related parties	12,325	(12,325)	(12,325)	-
Lease liability	25,351	(26,670)	(10,605)	(16,065)
	242,527	**(243,846)**	**(227,781)**	**(16,065)**

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect the company's profit or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

Most of the company's financial assets and liabilities are in Jordanian Dinar. Most of the company's transactions in general are in Jordanian Dinar and US Dollar. Due to the fact that the Jordanian Dinar is pegged with US Dollar, the Company's management believes that the foreign currency risk is not material on the financial statements.

Interest rate risk

The Company does not have any financial assets or liabilities that bear interest as of year-end.

Capital management

The company's policy concerning capital management is to maintain a strong capital base to maintain partners, creditors and market confidence and to sustain future development of the business.

The management monitors the return on capital, which the management defined as net operation income divided by total partners' equity.

There have been no changes in the Company's approach to capital management during the year neither the Company is subject to externally imposed capital requirements.

Debt to Capital Ratio	**As of December 31,**	
Jordanian Dinar	**2022**	**2021**
Total debt	418,010	438,618
(Less) Cash at bank	(170,949)	(295,938)
Net debt	**247,061**	**142,680**
Net owners' equity	93,581	3,113
Adjusted capital	93,581	3,113
Debt-to–adjusted Capital Ratio	**37.87%**	**4583.36%**

16. FAIR VALUES

The fair values of the Company's financial assets and financial liabilities approximate their carrying amounts.

Fair value hierarchy
The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for financial assets.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instrument evaluated based on:
Prices quoted in active markets for similar instruments or through the use of valuation model that includes inputs that can be traced to markets,

Level 3: inputs for the asset or liability that are not based on observable market data.

- **Financial Instruments measured at fair value:**
  The Company does not measure financial instruments at fair value except for financial assets at fair value through other comprehensive income.
- **Financial Instruments not measured at fair value:**
  This instrument measured at amortized cost and its fair value doesn't materially differ of it's amortized cost.

In Jordanian dinar		Fair Value		
	Book value Fair value	**Level (1)**	**Level (2)**	**Level (3)**
December 31, 2022				
Trade receivables and other receivables	307,689	-	307,689	-
Cash and cash equivalents	179,975	179,975	-	-
Trade payables and other payables	(317,613)	-	(317,613)	-
Lease liability	(15,546)	-	(15,546)	-
Income tax provision	(76,590)	-	(76,590)	-
Due to related parties	(13,536)	-	(13,536)	-
December 31, 2021				
Trade receivables and other receivables	127,291	-	127,291	-
Cash and cash equivalents	297,964	297,964	-	-
Trade payables and other payables	(343,898)	-	(343,898)	-
Lease liability	(25,351)	-	(25,351)	-
Income tax provision	(72,592)	-	(72,592)	-
Due to related parties	(12,325)	-	(12,325)	-

Kuoni Private Safaris Proprietary Limited
(Registration number 2002/030353/07)
Financial Statements for the year ended 31 December 2022

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Providing services as a destination management company
Directors	V Barnard MK Menon
Registered office	Ground Floor Block 3 Northgate Park Corner Section Street and Platinum Road Cape Town, South Africa 7405
Business address	Ground Floor Block 3 Northgate Park Corner Section Street and Platinum Road Cape Town, South Africa 7405
Ultimate holding company	Fairfax Financial Holdings Group incorporated in Toronto, Canada
Bankers	Standard Bank of South Africa Limited
Reviewers	LPH Services Proprietary Limited
Secretary	S Godfrey
Level of assurance	These financial statements have been independently reviewed in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The financial statements were internally compiled by: J L du Preez, Du Preez & Partners Inc. Chartered Accountants (S.A.)

Contents

The reports and statements set out below comprise the financial statements presented to the shareholder:

Kuoni Private Safaris Proprietary Limited
(Registration number 2002/030353/07)
Financial Statements for the year ended 31 December 2022

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2023 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The independent reviewer is responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's independent reviewers and their report is presented on pages 6 to 7.

The financial statements set out on pages 8 to 44, which have been prepared on the going concern basis, were approved by the directors on 22 August 2023 and were signed on their behalf by:

Approval of financial statements

V Bernard	MK Menon

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Kuoni Private Safaris Proprietary Limited for the year ended 31 December 2022.

1. Nature of business

Kuoni Private Safaris Proprietary Limited was incorporated in South Africa. The company is engaged in providing services as a destination management company and operates principally in South Africa. It's subsidiary provides similar services and operates principally out of Namibia.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

3. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

4. Dividends

The directors do not recommend the declaration of a dividend for the year (2021: Nil).

5. Directorate

The directors in office at the date of this report are as follows:

Directors	Office	Designation	Nationality
V Barnard	Chairperson	Executive	
MK Menon		Executive	

6. Interests in subsidiaries

Details of material interests in subsidiary companies are presented in the financial statements in note 5.

The interest of the company in the profits and losses of its subsidiaries for the year ended 31 December 2022 are as follows

	Company	
	2022	2021
	R	R
Subsidiaries		
Total profits (losses) before income tax	1 584 165	(3,058,840)

The company posted an operating loss before income tax, which was exacerbated by the COVID-19 global pandemic and the consequential impact on tourism and international economies. Management has implemented austerity measures from April 2020 aimed at reducing overhead costs until such time that there is a significant upturn in international travel. The company's turnaround strategy of approximately two to three years has thus been affected in the short term and the return to normal operations and profitability may therefore prolong beyond this estimated timeframe.

7. Ultimate holding company

The company's ultimate holding company is Fairfax Financial Holdings Group which is incorporated in Toronto, Canada.

Directors' Report

8. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year, up to and including the date of the annual financial statements were approved, not otherwise dealt with in this report or the annual financial statements, that would significantly affect the operations of the company or the results of the opeartions.

9. Going concern

We draw attention to the fact that at 31 December 2022, the company had accumulated losses of R (29,222,288) (2021: R 22,815,088) and that the company's total liabilities exceed its total assets by R (28,722,288) (2021: R 22,315,088).

Following the severe disruption in international travel and to business operations arising from the COVID-19 global pandemic in recent years, the company and its subsidiary are embarking on a road to recovery and displaying improved results in increased business activity and trading performance.

Whilst trading activity clearly reflects an upward trajectory in revenue, the director and shareholders acknowledge that the recovery period will take several years to reach a position whereby the company may again produce profitable results, despite material uncertainty over recent years' operating losses.

Consequently, the annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the company to continue as a going concern has been confirmed through the intervention of the company's shareholder, which continues to provide financial support to enable the company to meet its liabilities in the ordinary course of business and which shall extend to at least the next financial year end.

Also, the fact that the total liabilites exceed the assets has not hindered the company's ability to pay its debts as they have become due in the normal course of business.

10. Review

The financial statements are subject to an independent review and have been reviewed by LPH Services Propriatary Limited.

11. Secretary

The company secretary to 31 January 2023 was Ms S Godfrey.

Thereafter effective 1 February 2023, Ms S Kemp was appointed.

12. Employees

The average number of employees for the year under review was 29 (2021: 26).

Independent Reviewer's Report

To the Shareholder of Kuoni Private Safaris Proprietary Limited

We have reviewed the financial statements of Kuoni Private Safaris Proprietary Limited, set out on pages 9 to 43, which comprise the statement of financial position as at 31 December 2022, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Reviewer's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements (ISRE 2400 (Revised)). ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The independent reviewer performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Unqualified Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects the financial position of Kuoni Private Safaris Proprietary Limited as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Emphasis of Matter - Going concern

We draw attention to Note 9 of the Directors' Report which deals with the going concern assumption and specifically the possible effects of the accumulated assessed loss on the Annual Financial Statements of Kuoni Private Safaris Proprietary Limited. Management have also described how they plan to deal with the effects of the accumulated assessed loss on the going concern assumption. Our opinion is not modified in respect of this matter.

LPH Chartered Accountants Inc. Registered Auditors
Registration No: 1996/020690/21
IRBA Practice No: 900637
LPH Services (Pty) Ltd
Registration No: 2016/[illegible]

tel: 021 448 1550
fax: 021 448 2157
email: info@lph.co.za
web: www.lph.co.za

Physical Address:
Old Warehouse Building
Black River Park, Fir Street
Observatory
Cape Town, 7925

Postal Address:
P O Box 14043
Mowbray 7705
Cape Town

Independent Reviewer's Report

Other Reports Required by the Companies Act of South Africa

The financial statements include the Directors' Report as required by the Companies Act of South Africa. The directors are responsible for the Directors' Report. Our conclusion on the financial statements does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our independent review of the financial statements, we have read the Directors' Report and, in doing so, considered whether the Directors' Report is materially inconsistent with the financial statements or our knowledge obtained in the independent review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we will report that fact. We have nothing to report in this regard.

LPH

23 AUGUST 2023

LPH Services Proprietary Limited
Per: CA Kempen
Director
Chartered Accountant (SA)

Statement of Financial Position as at 31 December 2022

Figures in Rand	Note(s)	2022	2021
Assets			
Non-Current Assets			
Property, plant and equipment	3	842,937	2,866,854
Intangible assets	4	160,488	117,248
Investments in subsidiaries	5	-	-
Deferred tax	6	-	-
		1,003,425	**2,984,102**
Current Assets			
Loans to related parties	7	583	4,300,563
Trade and other receivables	8	15,165,060	9,448,170
Prepayments	9	4,218,246	911,856
Current tax receivable		-	221,271
Cash and cash equivalents	10	13,713,156	2,223,787
		33,098,045	**17,105,667**
Total Assets		**34,101,470**	**20,089,769**
Equity and Liabilities			
Equity			
Share capital	11	500,000	500,000
Accumulated loss		(29,222,288)	(22,815,086)
		(28,722,288)	**(22,315,086)**
Liabilities			
Non-Current Liabilities			
Lease liabilities	12	-	464,049
Loans from group companies	13	23,650,850	22,184,400
		23,650,850	**22,648,449**
Current Liabilities			
Trade and other payables	14	35,288,327	13,661,745
Lease liabilities	12	383,743	2,742,745
Provisions	15	3,500,838	3,351,918
		39,172,908	**19,756,408**
Total Liabilities		**62,823,758**	**42,404,857**
Total Equity and Liabilities		**34,101,470**	**20,089,769**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note(s)	2022	2021
Revenue	16	70,592,033	6,283,435
Cost of sales		(60,668,434)	(5,443,042)
Gross profit		**9,923,599**	**840,393**
Other operating income	17	1,683,036	2,208,648
Other operating losses	18	(1,355,779)	(1,920,346)
Other operating expenses		(15,343,820)	(12,368,370)
Operating loss	19	**(5,092,964)**	**(11,239,674)**
Investment income	20	353,747	294,968
Finance costs	21	(1,662,775)	(819,341)
Loss before taxation		**(6,401,992)**	**(11,764,047)**
Taxation	22	(5,208)	-
Loss for the year		**(6,407,200)**	**(11,764,047)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(6,407,200)**	**(11,764,047)**

Kuoni Private Safaris Proprietary Limited

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Financial Statements for the year ended 31 December 2022

Statement of Changes in Equity

Figures in Rand	Share capital	Accumulated loss	Total equity
Balance at 01 January 2021	**500,000**	**(11,051,041)**	**(10,551,041)**
Loss for the year	-	(11,764,047)	(11,764,047)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	**-**	**(11,764,047)**	**(11,764,047)**
Balance at 01 January 2022	**500,000**	**(22,815,088)**	**(22,315,088)**
Loss for the year	-	(6,407,200)	(6,407,200)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	**-**	**(6,407,200)**	**(6,407,200)**
Balance at 31 December 2022	**500,000**	**(29,222,288)**	**(28,722,288)**
Note(s)	11		

Kuoni Private Safaris Proprietary Limited

(Registration number 2002/030353/07)
Financial Statements for the year ended 31 December 2022

Statement of Cash Flows

Figures in Rand	Note(s)	2022	2021
Cash flows from operating activities			
Cash generated from/(used in) operations	23	9,859,688	(8,344,449)
Interest income	20	353,747	294,968
Finance costs	21	(1,662,775)	(819,341)
Tax received	24	216,063	-
Net cash from operating activities		**8,766,723**	**(8,868,822)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(497,486)	(19,297)
Sale of property, plant and equipment	3	356,733	15,987
Purchase of intangible assets	4	(80,000)	(17,991)
Net movements on loans to/from related parties	7	5,766,450	9,958,781
Net cash from investing activities		**5,545,697**	**9,937,480**
Cash flows from financing activities			
Payments on lease liabilities	12	(2,823,051)	(2,281,717)
Total cash movement for the year		**11,489,369**	**(1,213,059)**
Cash and cash equivalents at the beginning of the year		2,223,787	3,436,846
Cash and cash equivalents at the end of the year	10	**13,713,156**	**2,223,787**

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act of South Africa as amended.

These financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with International Financial Reporting Standards requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Loans and receivables/impairment

The company assesses its loans and receivables for impairment at each balance sheet date. In determining whether an impairment loss should be recorded in the income statement, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Key sources of estimation uncertainty

Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques such as estimated discounted cash flows and are used to determine fair value of financial instruments. Discounting factors are based on assumptions that correlated to market conditions existing at each balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 15.

Taxation and Deferred Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that the future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5 years
Motor vehicles	Straight line	5 years

Accounting Policies

1.3 Property, plant and equipment (continued)

Office equipment	Straight line	3 years
Computer equipment - PC	Straight line	5 years
Computer equipment - Server	Straight line	5 years
Leasehold improvements	Straight line	5 years
Right of use assets	Straight line	4 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Intangible assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

The gain or loss arising from the derecognition of an intangible asset is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	3 years

1.5 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

The cost of an investment in a subsidiary is the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company plus any costs directly attributable to the purchase of the subsidiary.

1.6 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are equity instruments:
- Mandatorily at fair value through profit or loss; or

Accounting Policies

1.6 Financial Instruments (continued)

- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 27 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Accounting Policies

1.6 Financial instruments (continued)

Loans receivable at amortised cost

Classification

Loans to related parties (note 7), loans to shareholders (note), loans to directors, managers and employees (note), and loans receivable (note) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 20).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit-impaired.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

The company recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Accounting Policies

1.6 Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 8).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 20).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 8.

Accounting Policies

1.6 Financial instruments (continued)

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 19).

Borrowings and loans from related parties

Classification

Loans from group companies (note 7), loans from shareholders (note) and borrowings (note) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 21.)

Borrowings expose the company to liquidity risk and interest rate risk. Refer to note 27 for details of risk exposure and management thereof.

Trade and other payables

Classification

Trade and other payables (note 14), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 21).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 27 for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Accounting Policies

1.6 Financial instruments (continued)

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1.7 Financial instruments: IAS 39 comparatives

Classification

The company classifies financial assets and financial liabilities into the following categories:
- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category. Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Accounting Policies

1.7 Financial instruments: IAS 39 comparatives (continued)

Loans to (from) related parties

This includes a loan to the company's subsidiary and is recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. 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 allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating 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 operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.8 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Accounting Policies

1.8 Tax (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

1.9 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Accounting Policies

1.9 Leases (continued)

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense (note 19) 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.

Details of leasing arrangements where the company is a lessee are presented in note 12 Leases (company as lessee).

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:
- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets 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. However, 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. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

1.10 Leases (Comparatives under IAS 17)

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

1.11 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:
- tests goodwill acquired in a business combination for impairment annually.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

Accounting Policies

1.11 Impairment of assets (continued)

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.12 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

If the company reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

1.13 Share based payments

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or as the services are received. A corresponding increase in is recognised if the goods or services were received in an equity-settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions the goods or services received and the corresponding increase in are measured, directly, at the fair value of the goods or services received provided that the fair value can be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, or if the services received are employee services, their value and the corresponding increase in , are measured, indirectly, by reference to the fair value of the equity instruments granted.

For cash-settled share-based payment transactions, the goods or services acquired and the liability incurred are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

Market conditions and non-vesting conditions are taken into account when estimating the fair value of the cash-settled share-based payment.

If the share based payments granted do not vest until the counterparty completes a specified period of service, company accounts for those services as they are rendered by the counterparty during the vesting period, (or on a straight line basis over the vesting period).

If the share based payments vest immediately the services received are recognised in full.

Accounting Policies

1.13 Share based payments (continued)

For share-based payment transactions in which the terms of the arrangement provide either the entity or the counterparty with the choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments, the components of that transaction are recorded, as a cash-settled share-based payment transaction if, and to the extent that, a liability to settle in cash or other assets has been incurred or as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

As an exception, when the company is obligated, in terms of tax legislation, to withhold an amount of employees' tax associated with an equity-settled share-based payment transaction (thus creating a net settlement feature), the full transaction is still accounted for as an equity-settled share-based payment transaction.

1.14 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.15 Provisions and contingencies

Provisions are recognised when:
- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note .

1.16 Revenue from contracts with customers

The company recognises revenue from the following major sources:
- Fees received for travelling administration

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

1.17 Borrowing costs

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Accounting Policies

1.18 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Investments in subsidiaries, joint ventures and associates

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of .

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after
• Annual Improvement to IFRS Standards 2018-2020: (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)	01 January 2022
• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022

The directors have assessed the adoption of these amendments and have concluded that the amendments do not have a material impact on the financial statements.

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.	01 January 2023	Unlikely there will be a material impact
• Definition of accounting estimates: Amendments to IAS 8	01 January 2023	Unlikely there will be a material impact
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact

The directors are in the process of assessing the aggregate impact of the initial application of the standards and interpretations on the company's annual financial statements, but it is not expected to be material.

Notes to the Financial Statements

3. **Property, plant and equipment**

	2022			2021		
	Cost or revaluation	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Office equipment	-	-	-	19,297	(1,072)	18,225
Computer equipment - PC	1,132,689	(675,976)	456,713	783,463	(782,371)	1,092
Computer equipment - Server	1,156,552	(1,054,967)	101,585	1,156,552	(984,891)	171,661
Furniture and fixtures	694,731	(694,090)	641	722,444	(617,889)	104,555
Leasehold improvements	1,632,479	(1,630,158)	2,321	1,632,479	(1,330,457)	302,022
Right of use asset	6,725,003	(6,443,326)	281,677	7,633,337	(5,364,038)	2,269,299
Total	**11,341,454**	**(10,498,517)**	**842,937**	**11,947,572**	**(9,080,718)**	**2,866,854**

Reconciliation of property, plant and equipment - 2022

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Total**
Office equipment	18,225	-	(18,225)	-	-
Computer equipment - PC	1,092	489,098	-	(33,477)	456,713
Computer equipment - Server	171,661	-	-	(70,076)	101,585
Furniture and fixtures	104,555	8,388	(10,098)	(102,204)	641
Leasehold improvements	302,022	-	5,897	(305,598)	2,321
Right of use asset	2,269,299	-	(339,997)	(1,647,625)	281,677
	2,866,854	**497,486**	**(362,423)**	**(2,158,980)**	**842,937**

Reconciliation of property, plant and equipment - 2021

	Opening balance	**Additions**	**Depreciation**	**Total**
Office equipment	-	19,297	(1,072)	18,225
Computer equipment - PC	36,098	-	(35,006)	1,092
Computer equipment - Server	243,866	-	(72,205)	171,661
Furniture and fixtures	217,688	-	(113,133)	104,555
Leasehold improvements	628,517	-	(326,495)	302,022
Right of use asset	4,127,599	-	(1,858,300)	2,269,299
	5,253,768	**19,297**	**(2,406,211)**	**2,866,854**

Notes to the Financial Statements

4. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Trademarks	294 839	(217.399)	77.440	294,839	(194,636)	100,203
Computer software	6,683 855	(6,600,807)	83 048	6,603,855	(6,586.810)	17,045
Total	**6,978,694**	**(6,818,206)**	**160,488**	**6,898,694**	**(6,781,446)**	**117,248**

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Trademarks	100,203	-	(22,763)	77,440
Computer software	17,045	80.000	(13 997)	83,048
	117,248	**80.000**	**(36,760)**	**160,488**

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Trademarks	122,967	-	(22,764)	100,203
Computer software	209,273	17,991	(210,219)	17,045
	332,240	**17,991**	**(232,983)**	**117,248**

5. Interests in subsidiaries

Name of company	% holding 2022	% holding 2021	Carrying amount 2022	Carrying amount 2021
Kuoni Private Safaris Namibia Proprietary Limited	100.00 %	100.00 %	-	-

The carrying amounts of subsidiaries are shown at cost net of impairment losses.

An amount of R4,200.000 was impaired in earlier years.

Notes to the Financial Statements

6. Deferred tax

Deferred tax asset

Property plant and equipment	22,565	21,423
Income received in advance	3,311,806	386,858
Provisions & lease liability	719,660	835,320
Investment	1,134,000	1,176,000
Total deferred tax asset	**5,188,031**	**2,419,601**

Reconciliation of deferred tax asset / (liability)

At beginning of year	-	-
Change in temporary difference movement on property, plant and equipment	1,141	5,261
Change in temporary difference on provisions	(8,650)	306,086
Change in temporary difference on prepayments	-	-
Change in temporary difference on income received in advance	2,924,948	251,199
Change in temporary difference on lease liability	(107,009)	(319,373)
Deferred tax asset not recognised	(2,768,430)	(243,173)
Change in temporary difference on investment	(42,000)	-
	-	-

Recognition of deferred tax asset

An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

- the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences; and
- the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

No deferred tax asset has been recognised on the assessed loss as it is unlikely that this will be utilised over the next 12 months.

Notes to the Financial Statements

7. Loans to related parties

Subsidiaries

Kuoni Private Safaris Namibia Proprietary Limited The loan bore interest at 7% per annum and was repayable within 12 months from the date of agreement. The loan was fully settled during the year. Security for the full value of the loan was provided by group shareholders Travel Circle International (Mauritius) Ltd.	-	4,300,000
Sisipho Trust The loan is unsecured, bears no interest and has no fixed terms of repayment. The loan was impaired during earlier years.	583	583
	583	**4,300,583**

Exposure to credit risk

Loans receivable inherently expose the company to credit risk, being the risk that the company will incur financial loss if counterparties fail to make payments as they fall due.

Exposure to currency risk

The company is exposed to currency risk related to certain group loans receivable which are denominated in a foreign currency. Management has decided not to make use of foreign exchange contracts to hedge the risk.

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

Loans to subsidiaries

The net carrying amounts, in Rand, of loans to subsidiaries are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date.

Currency amount		
Rand	583	4,300,583

Fair value of group loans receivable

The fair value of group loans receivable approximates their carrying amounts.

8. Trade and other receivables

Financial instruments:		
Trade receivables	12,954,958	8,155,503
Accrued income	799,449	-
Loss allowance	-	(91,305)
Trade receivables at amortised cost	13,754,407	8,064,198
Other receivables	951,019	824,844
Non-financial instruments:		
VAT	459,634	559,128
Total trade and other receivables	**15,165,060**	**9,448,170**

Split between non-current and current portions

Current assets	15,165,060	9 448 170

Notes to the Financial Statements

Figures in Rand	2022	2021

8. Trade and other receivables (continued)

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	14,705,426	8,889,042
Non-financial instruments	459,634	559,128
	15,165,060	**9,448,170**

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. Long standing trading relationships exist with most of the company's customers and the company reviews the credit history, predominantly based on its own records, on a cyclical basis. Based on this, the company considers the credit quality of all fully performing amounts as satisfactory.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

Opening balance in accordance with IFRS 9	(91,305)	(91,305)
Movement in allowance	91,305	-
Closing balance	**-**	**(91,305)**

Exposure to currency risk

The net carrying amounts, in Rand, of trade and other receivables, excluding non-financial instruments, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date.

The net carrying amounts, in foreign currency of the above exposure was as follows:

Foreign currency amount		
US Dollar	510,127	15,918
Euro	-	-
	510,127	**15,918**

Rand per unit of foreign currency:		
US Dollar	17.015	15.960
Euro	18.159	18.140

Notes to the Financial Statements

Figures in Rand	2022	2021

8. Trade and other receivables (continued)

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

9. Prepayments

Prepayments consists of expenses relating to the provision of services paid in advanced to secure preferential rates and early confirmation from suppliers. Prepayments are not discounted and are recognised and subsequently measured at cost.

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	8,155	38,652
Bank balances	9,737,847	1,717,981
Short-term deposits	3,967,154	467,154
	13,713,156	**2,223,787**

Cash and cash equivalents pledged as security

Total cash and cash equivalents pledged as security for bank facilities	350,000	350,000

The Standard Bank of South Africa Limited has issued guarantees to some of the company's trade creditors totalling ZAR 350,000 (2021: ZAR 350,000).

The guarantees serve to secure credit terms with some of the company's suppliers and become payable on default. There have been no defaults during the current or any preceding period to date.

11. Share capital

Authorised		
5,000 Ordinary shares of ZAR 100 each	500,000	500,000
Issued		
5,000 Ordinary shares of ZAR 100 each	500,000	500,000

The company is a private company and accordingly the right to transfer its shares is restricted and any invitation to the public to subscribe for any shares or debentures of the company is prohibited.

12. Leases (company as lessee)

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:

PPE subject to operating lease arrangements	281 677	2,269,299

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 19), as well as depreciation which has been capitalised to the cost of other assets.

Notes to the Financial Statements

Figures in Rand	2022	2021

12. Leases (company as lessee) (continued)

Interest and expenses related to the lease

Interest expense on lease liabilities	132,996	324,311
Income from subleasing right-of-use assets	(469,886)	(1,112,872)
Depreciation	1,647,625	1,858,299
	1,310,735	**1,069,738**

Lease liabilities

Lease liabilities have been included in the borrowings line item on the statement of financial position.

The maturity analysis of lease liabilities is as follows:

Within one year	383,743	2,742,745
Two to five years	-	464,049
	383,743	**3,206,794**
Non-current liabilities	-	464,049
Current liabilities	383,743	2,742,745
	383,743	**3,206,794**

13. Loans from group companies

Holding company

Travel Circle International (Mauritius) Ltd This loan comprises working capital loans issued as a result of the COVID-19 pandemic. The loan bears interest at 7% per annum. The loan is unsecured and has no fixed terms of repayment, but payment is not due before 31 December 2023.	23,650,850	22,184,400

Exposure to currency risk

Loans from holding company

The net carrying amounts, in Rand, of loans from the holding company, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date.

Currency amount		
US Dollar	23,650,850	22,184,400

14. Trade and other payables

Financial instruments:		
Trade payables	19,527,292	10,178,266
Brochure contributions	451,939	1,111,645
Accrued expenses	2,696,400	771,065
Other payables	346,748	219,135
Non-financial instruments:		
Amounts received in advance	12,265,948	1,381,634
	35,288,327	**13,661,745**

Notes to the Financial Statements

Figures in Rand	2022	2021

14. Trade and other payables (continued)

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	23,022,379	12,280,111
Non-financial instruments	12,266,948	1,381,634
	35,289,327	**13,661,745**

Exposure to currency risk

The net carrying amounts, in Rand, of trade and other payables, excluding non-financial instruments, are denominated in the following currencies.

Rand Amount		
Rand	13 741,481	5,934,405
US Dollar	532.486	211,875
Euro	522.535	109
Swiss CHF	1.973 889	1,896,449
INR Indian Rupees	2.756.921	2,135,428
	19,527,292	**10,178,266**

Fair value of trade and other payables

Credit purchases are accepted and, for the greater part, settled on normal trading terms, thus the carrying values reasonably approximate fair values.

15. Provisions

Reconciliation of provisions - 2022

	Opening balance	Additions	Utilised during the year	Total
Provision for assurance fees	193,116	223,116	(193,116)	223,116
Provision for credit notes	2,466,122	502,250	(1,376,841)	1,591,431
Short term employees benefits	182,168	(57,499)	114,898	239,667
Short term provision overheads	510,512	936,112	-	1,446,624
	3,351,918	**1,603,979**	**(1,455,059)**	**3,500,838**

Reconciliation of provisions - 2021

	Opening balance	Additions	Utilised during the year	Total
Provision for assurance fees	126,500	193,116	(126,500)	193,116
Provision for credit notes	1,554,351	502,250	409,521	2,466,122
Short term employees benefits	266,458	84,289	(168,579)	182,168
Short term provision overheads	311,444	510,512	(311,444)	510,512
	2,258,753	**1,290,167**	**(197,002)**	**3,351,918**

16. Revenue

Revenue from contracts with customers

Fees received for travelling administration	70,592,332	6,283 435

Notes to the Financial Statements

Figures in Rand		2022	2021

16. Revenue (continued)

Disaggregation of revenue from contracts with customers

The company disaggregates revenue from customers as follows:

Rendering of services			
Fees received for travelling administration		70,592,033	6,283,435
Geographical split of revenue			
Africa (Southern)		25,452,697	64,600
America (Northern)		3,060,201	492,106
America (Southern)		1,805,387	545,099
Asia (Southern)		785,479	551,265
Europe (Eastern)		1,487,171	358,401
Europe (Northern)		-	36,227
Europe (Sourthern		145,719	-
Europe (Western)		38,222,468	4,281,881
IFRS 15 Credit Note Accrual		(367,079)	(46,207)
		70,592,033	**6,283,435**
Timing of revenue recognition			
At a point in time			
Fees received for travelling administration		70,592,033	6,283,435

17. Other operating income

Commissions received		33,448	-
Rental income		499,886	1,112,872
Net gain on cost of sales		685,611	608,257
Marketing income		494,093	487,520
		1,683,036	**2,208,649**

18. Other operating gains (losses)

Gains (losses) on disposals, scrappings and settlements			
Property, plant and equipment	3	(5,687)	15,987
Foreign exchange gains (losses)			
Net foreign exchange loss		(1,350,092)	(1,936,333)
Total other operating gains (losses)		**(1,355,779)**	**(1,920,346)**

19. Operating profit (loss)

Operating loss for the year is stated after charging (crediting) the following, amongst others:

Professional services			
Assurance fees		185,000	245,116

Employee costs

Notes to the Financial Statements

Figures in Rand	2022	2021
19. Operating profit (loss) (continued)		
Salaries, wages, bonuses and other benefits	7,787,497	5,341,154
Parking	-	10,968
Other short-term costs and allowances	89,234	21,105
Long term incentive scheme	372,320	15,000
Total employee costs	**8,249,051**	**5,388,227**
Depreciation and amortisation		
Depreciation of property, plant and equipment	511,356	547,912
Depreciation of right-of-use assets	1,647,626	1,858,300
Amortisation of intangible assets	36,760	232,982
Total depreciation and amortisation	**2,195,742**	**2,639,194**

20. Investment income

	2022	2021
Interest income		
Investments in financial assets:		
Surplus funds	138,243	18,765
Loans to group companies:		
Subsidiaries	215,504	276,203
Total interest income	**353,747**	**294,968**

21. Finance costs

	2022	2021
Loans from group companies	1,529,779	495,030
Lease liability (right of use asset)	132,996	324,311
Total finance costs	**1,662,775**	**819,341**

22. Taxation

Major components of the tax expense

	2022	2021
Current		
Secondary tax on companies	5,208	-

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	2022	2021
Accounting loss	(6,401,992)	(11,764,047)
Tax at the applicable tax rate of 28% (2021: 28%)	(1,792,558)	(3,293,933)
Tax effect of adjustments on taxable income		
Deferred tax asset on assessed loss not recognised	1,792,558	3,293,933
	-	-

No provision has been made for 2022 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R (29,045,309) (2021: R 32,547,854).

Notes to the Financial Statements

Figures in Rand	2022	2021

23. Cash generated from/(used in) operations

Loss before taxation	(6 401,992)	(11,764,047)
Adjustments for non-cash items:		
Depreciation and amortisation	2,195,742	2,639,194
(Gains) losses on disposals, scrappings and settlements of assets and liabilities	5,687	(15,987)
Losses on exchange differences	1,350,092	1,936,233
Movements in provisions	148,920	1,093,155
Adjust for items which are presented separately:		
Interest income	(353,747)	(294,868)
Finance costs	1,562,775	819,341
Changes in working capital:		
(Increase) decrease in trade and other receivables	(7,068,981)	(3,056,222)
(Increase) decrease in prepayments	(3,307,390)	(369,504)
Increase (decrease) in trade and other payables	21,626,582	668,216
	9,359,688	**(6,344,449)**

24. Tax refunded

Balance at beginning of the year	221,271	221,271
Current tax recognised in profit or loss	(5,208)	-
Balance at end of the year	-	(221 271)
	216,063	**-**

Notes to the Financial Statements

Figures in Rand	2022	2021

25. Related parties

Relationships

Ultimate holding company	Fairfax Financial Holdings Group
Subsidiaries	Refer to note 5
Shareholder	Travel Circle International (Mauritius) Ltd
Parent companies	SOTC Travel Limited
Associates	Thomas Cook India Ltd
Fellow subsidiaries	Desert Adventures Tourism LLC, Dubai, UAE Asian Trails Holdings Ltd, Mauritius Reem Tours & Travels LLC, Dubai Gulf Dunes LLC, Dubai Private Safaris (East Africa) Ltd. (Kenya) Kuoni Australia Holding Pty. Ltd. DEI Holdings Limited (UAE)
Members of key management	V Barnard S Godfrey

Related party balances

	2022	2021
Loan accounts - Owing (to) by related parties		
Kuoni Private Safaris Namibia Proprietary Limited	-	4,300,000
Travel Circle International (Mauritius) Ltd	(23,650,850)	(22,184,400)
Amounts included in Trade receivable		
Kuoni Private Safaris Namibia Proprietary Limited	7,537,106	6,863,026
Private Safaris (East Africa) Limited	24,066	24,066
Amounts included in Trade payables		
Desert Adventures Tourism	(12,999)	(12,193)
SOTC Travel Limited	(67,207)	(34,034)
Travel Corporation India Ltd	(154,572)	7,486
Thomas Cook India Ltd	(2,689,714)	(2,101,394)

Related party transactions

	2022	2021
Interest paid to (received from)		
Kuoni Private Safaris Namibia Proprietary Limited	(215,504)	(276,203)
Travel Circle International (Mauritius) Ltd	1,529,779	495,030
Sales		
Kuoni Private Safaris Namibia Proprietary Limited	(744,978)	(475,725)
Expenditure from related parties		
Kuoni Private Safaris Namibia Proprietary Limited	69,418	7,095
Travel Corporation India Ltd	113,030	22,821
Thomas Cook India Ltd	539,118	414,636
Rent paid to (received from) related parties		
Bryte Insurance Company Limited	(460,885)	(967,841)
Compensation to directors and other key management		
Short-term employee benefits	2,595,600	1,837,530

Notes to the Financial Statements

Figures in Rand	2022	2021

26. Directors' emoluments

Executive

2022

Directors' emoluments	Emoluments	Total
V Barnard	1,032,000	1,032,000
	1,032,000	**1,032,000**

2021

Directors' emoluments	Emoluments	Total
V Barnard	978,318	978,318
	978,318	**978,318**

27. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2022

	Note(s)	Amortised cost	Total	Fair value
Loans to related parties	7	583	583	583
Trade and other receivables	8	14,705,426	14,705,426	14,705,426
Cash and cash equivalents	10	13,713,156	13,713,156	13,713,156
		28,419,165	**28,419,165**	**28,419,165**

2021

	Note(s)	Amortised cost	Total	Fair value
Loans to related parties	7	4,300,583	4,300,583	4,300,583
Trade and other receivables	8	8,889,042	8,889,042	8,889,042
Cash and cash equivalents	10	2,223,787	2,223,787	2,223,787
		15,413,412	**15,413,412**	**15,413,412**

Notes to the Financial Statements

Figures in Rand	2022	2021

27. Financial instruments and risk management (continued)

Categories of financial liabilities

2022

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	14	23,022,379	-	23,022,379	23,022,379
Loans from group companies	13	23,650,850	-	23,650,850	23,650,850
Lease liabilities	12	-	383,743	383,743	383,743
		46,673,229	**383,743**	**47,056,972**	**47,056,972**

2021

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	14	12,280,111	-	12,280,111	12,280,111
Loans from group companies	13	22,184,400	-	22,184,400	22,184,400
Lease liabilities	12	-	3,206,794	3,206,794	3,206,794
		34,464,511	**3,206,794**	**37,671,305**	**37,671,305**

Capital risk management

The company's objective when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 13, cash and cash equivalents disclosed in note 10, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The capital structure and gearing ratio of the company at the reporting date was as follows:

	Note	2022	2021
Loans from shareholders	13	23,650,850	22,184,400
Lease liabilities		383,743	3,206,794
Trade and other payables	14	35,288,327	13,661,745
Total borrowings		**59,322,920**	**39,052,939**
Cash and cash equivalents	10	(13,713,156)	(2,223,787)
Net borrowings		**45,609,764**	**36,829,152**
Equity		(28,722,288)	(22,315,088)
Gearing ratio		(159)%	(165)%

Notes to the Financial Statements

Figures in Rand	2022	2021

27. Financial instruments and risk management (continued)

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. Risk management is carried out under policies approved by the directors.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board.

The utilisation of credit limits is regularly monitored. Credit loss allowances for expected credit losses are recognised for all debt instruments.

The maximum exposure to credit risk is presented in the table below.

		2022			2021		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Loans to group companies	7	583	-	583	4,300,583	-	4,300,583
Trade and other receivables	8	15,165,060	-	15,165,060	9,539,476	(91,305)	9,448,171
Cash and cash equivalents	10	13,713,156	-	13,713,156	2,223,787	-	2,223,787
		28,878,799	-	**28,878,799**	**16,063,846**	**(91,305)**	**15,972,541**

Liquidity risk

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Foreign currency risk

The company does not hedge foreign exchange fluctuations. At year end the following items are uncovered:

Notes to the Financial Statements

Figures in Rand		2022	2021

27. Financial instruments and risk management (continued)

Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:
Foreign currency exposure:

Current assets:			
Trade and other receivables	8	510,127	16 918
CFC bank accounts - USD	10	-	145,344
CFC bank accounts - EUR		(10,876)	23,052
Current liabilities:			
Trade creditors - USD	14	(532,486)	(211,875)
Trade creditors - EUR	10	(522,535)	(108)
Trade creditors - CHF		(1,973,869)	(1,896,449)
Trade creditors - INR		(2,756,921)	(2,135,429)
Net foreign currency exposure		**(5,286,560)**	**(4,058,547)**
Euro exposure:			
Non-current liabilities:			
Loan from group companies	13	(23,650,850)	(22,184,400)

Exchange rates

Rand per unit of foreign currency:		
USD	17.015	15.980
EUR	18.158	18.150
AED	4.632	4.355
CHF	18.398	17.669
INR	0.205	0.218

Interest rate risk

The company is exposed to interest rate risk in South Africa and Namibia. The company does not make use of interest rate derivatives and is therefore only exposed to variable interest rates.

Change in market interest rates affect the interest income of non-derivative variable interest rate financial instruments, the interest payments are of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of the income related sensitivity.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

	2022	2022	2021	2021
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Cash and cash equivalents (1%)	137,132	(137,132)	22,238	(22,238)
Loans to related parties (1%)	-	-	178 838	(178,838)
	137,132	**(137,132)**	**201,076**	**(201,076)**

Kuoni Private Safaris Proprietary Limited

(Registration number 2002/030353/07)
Financial Statements for the year ended 31 December 2022

Detailed Income Statement

Figures in Rand	Note(s)	2022	2021
Revenue			
Rendering of services		70,592,033	6,283,435
Cost of sales			
Purchases		(60,668,434)	(5,443,042)
Gross profit		**9,923,599**	**840,393**
Other operating income			
Commissions received		33,446	-
Other rental income		489,886	1,112,872
Prior year GOP income		685,611	608,257
Marketing income		484,093	487,520
	17	**1,683,036**	**2,208,649**
Other operating gains (losses)			
(Losses) gains on disposal of assets or settlement of liabilities		(5,687)	15,987
Foreign exchange losses		(1,350,092)	(1,936,333)
	18	**(1,355,779)**	**(1,920,346)**
Expenses (Refer to page 44)		**(15,343,820)**	**(12,368,370)**
Operating loss	19	**(5,092,964)**	**(11,239,674)**
Investment income	20	353,747	284,968
Finance costs	21	(1,662,775)	(809,341)
Loss before taxation		**(6,401,992)**	**(11,764,047)**
Taxation	22	(5,208)	-
Loss for the year		**(6,407,200)**	**(11,764,047)**

Detailed Income Statement

Figures in Rand	Note(s)	2022	2021
Other operating expenses			
Accounting fees		(31,501)	(23,870)
Administration and management fees		(727,914)	(854,412)
Advertising		(200,850)	(23,201)
Amortisation		(36,760)	(232,982)
Assets < R7,500		(10,830)	(7,500)
Assurance fees	19	(185,000)	(245,116)
Bank charges		(151,829)	(68,052)
Consulting and professional fees		-	(9,315)
Depreciation		(2,158,982)	(2,406,212)
Donations		(1,800)	(1,360)
Employee costs		(8,249,051)	(6,388,227)
Entertainment		(8,549)	(1,495)
Group charges		(179,052)	(179,052)
Insurance		(184,003)	(151,040)
IT expenses		(1,911,813)	(1,642,810)
Lease rentals on operating lease		(254,297)	(259,830)
Office expenses		(195,744)	(178,476)
Promotions		(528,981)	(787,936)
Repairs and maintenance		(121,598)	(5,662)
Security		(7,371)	(8,709)
Subscriptions		(50,063)	(25,600)
Sundry expenses		(10,000)	-
Travel - local		(126,832)	141,226
		(15,343,820)	**(12,368,370)**

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	The company carry on the business of tourism, arrange and operate services for travel agents, tour operators, cruise liners, travel packages wholesale and logistics and all business related thereto.
Director	Virginia Barnard
Registered office	61 Simeon Shixungileni Street Windhoek Namibia
Business address	1 Schutzenstrasse Windhoek Namibia
Holding company	Kuoni Private Safaris (Pty) Ltd incorporated in South Africa
Ultimate holding company	Travel Circle International Ltd incorporated in Mauritius
Bankers	Standard Bank Namibia Limited
Auditors	BDO Namibia Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	Sage Secretarial Services (Pty) Ltd
Company registration number	2006/511
Tax reference number	4297241011

Contents

Director's Responsibilities and Approval

The director is required in terms of the Companies Act of Namibia to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is her responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The director acknowledges that she is ultimately responsible for the system of internal financial control established by the company and places considerable importance on maintaining a strong control environment. To enable the director to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

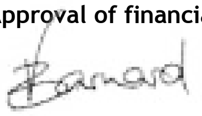
The director is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The director has reviewed the company’s cash flow forecast for the year to 31 December 2023 and, in light of this review and the current financial position, she is satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 7 to 33, which have been prepared on the going concern basis, were approved by the board on 28 Mar 2023 and were signed on their behalf by:

Approval of financial statements



Director

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Namibia

INDEPENDENT AUDITOR'S REPORT

To the shareholder of Kuoni Private Safaris Namibia (Pty) Ltd

Opinion

We have audited the annual financial statements of Kuoni Private Safaris Namibia (Pty) Ltd set out on pages 7 to 32, which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies and the director's report.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Kuoni Private Safaris Namibia (Pty) Ltd as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and other independence requirements applicable to performing audits of financial statements in Namibia. 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 your attention to note 10 of the director's report in the annual financial statements, which indicates that as at 31 December 2022 the company had accumulated losses of N$ 33,456,048 (2021: N$ 34,960,213) and as of that date, the company's total liabilities exceed its total assets by N$ 13,468,928 (2021: N$ 14,973,093). Furthermore, the company incurred operating losses of N$ Nil (2021: N$ 3,038,940). As stated in note 10 of the director's report, these events and conditions, along with other matters as set forth in the same note, 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 detailed statement of profit or loss and other comprehensive income, which we obtained prior to the date of this auditor's report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be

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materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

Responsibilities of the director for the Annual Financial Statements

The director is responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia, and for such internal control as the director determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Annual Financial Statements

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

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

- Identify and assess the risks of material misstatement of the annual 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 on the effectiveness of the Company's internal control.

- Evaluates 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 auditor's report to the related disclosures in the annual 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 auditor's 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 annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

BDO Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: JSW de Vos **Windhoek**
Partner **2023**

Director's Report

The director has pleasure in submitting her report on the annual financial statements of Kuoni Private Safaris Namibia (Pty) Ltd for the year ended 31 December 2022.

1. Nature of business

Kuoni Private Safaris Namibia (Pty) Ltd is engaged in carrying on the business of tourism, arranging and operating services for travel agents, tour operators, cruise lines, travel packages wholesale and logistics and all businesses related thereto and operates in Namibia.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. Share capital

There have been no changes to the authorised or issued share capital during the year under.

4. Dividends

The board do not recommend the declaration of a dividend for the year.

5. Directorate

The director in office at the date of this report is as follows:

Director	Nationality
Virginia Barnard	German

6. Holding company

The company's holding company is Kuoni Private Safaris (Pty) Ltd incorporated in South Africa.

7. Ultimate holding company

The company's ultimate holding company is Travel Circle International Ltd which is incorporated in Mauritius.

8. Events after the reporting period

The director is not aware of any material event which occurred after the reporting date and up to the date of this report.

9. Secretary

The company secretary is Sage Secretarial Services (Pty) Ltd.

Postal address:	PO Box 2184 Windhoek Namibia
Business address:	61 Simeon Shixungileni Street Windhoek Namibia

Director's Report

10. Going concern

We draw attention to the fact that at 31 December 2022, the company had accumulated losses of N$ (33,456,048) (2021: N$(34,960,213)) and that the company's total liabilities exceed its assets by N$(13,468,928) (2021: (N$ 14,973,093)) and at that date its current liabilities exceed its current assets by N$ (13,654,084) (2021: (15,142,317)). This condition may cast a significant doubt about the company's ability to continue as a going concern and that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these are that:

• the director continue to secure funding for the ongoing operations for the company;

• that the subordination agreement referred to in note 9 of these annual financial statements will remain in force for so long as it takes to restore the solvency of the company;

• the shareholders continue to support the company financially to enable it to meet its daily financial obligations.

The directors have concluded that a material uncertainty exists at year end.

11. Terms of appointment of the auditors

BDO Namibia continued in the office as auditors for the company for 2022.

Statement of Financial Position as at 31 December 2022

Figures in Namibia Dollar	Note(s)	2022	2021
Assets			
Non-Current Assets			
Property, plant and equipment	3	152,720	141,738
Intangible assets	4	11	11
Deferred tax	5	32,425	32,425
		185,156	**174,174**
Current Assets			
Trade and other receivables	6	1,079,208	965,369
Cash and cash equivalents	7	10,487,129	1,514,186
		11,566,337	**2,479,555**
Total Assets		**11,751,493**	**2,653,729**
Equity and Liabilities			
Equity			
Share capital	8	19,987,120	19,987,120
Accumulated loss		(33,456,048)	(34,960,213)
		(13,468,928)	**(14,973,093)**
Liabilities			
Non-Current Liabilities			
Lease liabilities		-	4,950
Current Liabilities			
Trade and other payables	9	25,220,421	13,321,872
Loans from group companies	10	-	4,300,000
		25,220,421	**17,621,872**
Total Liabilities		**25,220,421**	**17,626,822**
Total Equity and Liabilities		**11,751,493**	**2,653,729**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Namibia Dollar	Note(s)	2022	2021
Revenue	11	59,134,772	6,637,550
Cost of sales	12	(51,972,737)	(5,583,040)
Gross profit		**7,162,035**	**1,054,510**
Other operating income	13	344,380	4,820
Other operating (losses) gains	14	(33,802)	10,272
Other operating expenses		(5,749,305)	(3,836,263)
Operating profit (loss)	15	**1,723,308**	**(2,766,661)**
Investment income	16	109,454	3,937
Finance costs	17	(328,597)	(276,216)
Total comprehensive income (loss) for the year		**1,504,165**	**(3,038,940)**

Statement of Changes in Equity

Figures in Namibia Dollar	Share capital	Share premium	Total share capital	Accumulated loss	Total equity
Balance at 1 January 2021	**3,001,000**	**16,986,120**	**19,987,120**	**(31,921,273)**	**(11,934,153)**
Total comprehensive Loss for the year	**-**	**-**	**-**	**(3,038,940)**	**(3,038,940)**
Balance at 1 January 2022	**3,001,000**	**16,986,120**	**19,987,120**	**(34,960,213)**	**(14,973,093)**
Total comprehensive income for the year	**-**	**-**	**-**	**1,504,165**	**1,504,165**
Balance at 31 December 2022	**3,001,000**	**16,986,120**	**19,987,120**	**(33,456,048)**	**(13,468,928)**
Note(s)	8	8	8		

Statement of Cash Flows

Figures in Namibia Dollar	Note(s)	2022	2021
Cash flows from operating activities			
Cash generated from/(used in) operations	19	13,544,234	(1,391,811)
Interest Income		109,454	3,937
Finance costs		(328,597)	(276,216)
Net cash from operating activities		**13,325,091**	**(1,664,090)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(47,198)	(105,419)
Net cash from investing activities		**(47,198)**	**(105,419)**
Cash flows from financing activities			
(Repayment of) / Proceeds from shareholder loan		(4,300,000)	2,300,000
Payment on lease liabilities		(4,950)	(30,249)
Net cash from financing activities		**(4,304,950)**	**2,269,751**
Total cash movement for the year		**8,972,943**	**500,242**
Cash at the beginning of the year		1,514,186	1,013,944
Total cash at end of the year	7	**10,487,129**	**1,514,186**

Accounting Policies

1. Significant accounting policies

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act of Namibia. The annual financial statements have been prepared on the historic cost convention, and incorporate the principal accounting policies set out below. They are presented in Namibia Dollar.

1.1 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Key sources of estimation uncertainty

Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

Trade receivables

The company assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

The impairment (or loss allowance) for trade receivables is calculated on a portfolio basis, except for individually significant trade receivables which are assessed separately. The impairment test on the portfolio is based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Taxation

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Accounting Policies

1.2 Property, plant and equipment (continued)

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which are stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5 years
IT equipment	Straight line	3-5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

1.3 Right of use Asset

When the company holds property under a long term prepaid lease agreement, the lease is classified as a finance lease in accordance with the provisions of IFRS 16 Leases. Refer to the accounting policy on leases. When these leases are classified as finance leases, the property is capitalised as leasehold property, and is depreciated over the lease term.

1.4 Intangible assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 years

Accounting Policies

1.5 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available- for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Loans to / (from) related parties

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Accounting Policies

1.5 Financial instruments (continued)

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. 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 allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating 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 operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Fair value measurement hierarchy

IFRS 13 requires certain disclosure which require the classification of financial assets and financial liabilities measured at fair value using a fair value measurement hierarchy.

The company determines the fair value of its financial statements on the basis of the following hierarchy:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is derived from prices); and

Level 3 - inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities / (assets) for the current and prior periods are measured at the amount expected to be paid to / (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Accounting Policies

1.6 Tax (continued)

Deferred tax assets and liabilities

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused company credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.7 Leases

All leases of low value assets; and
Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group’s incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:
• amounts expected to be payable under any residual value guarantee;
• the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option;
• any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:
• lease payments made at or before commencement of the lease;
• initial direct costs incurred; and
• the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease terms.

Accounting Policies

1.7 Leases (continued)

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

1.8 Impairment of non-financial assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:
- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

1.9 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Accounting Policies

1.11 Provisions and contingencies

Provisions are recognised when:
- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised.

1.12 Revenue

The company recognises revenue to depict the transfer of services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those services.

For each contract with a customer, the company:

- identifies the contract with a customer;

- identifies the performance obligations in the contract;

- determines the transaction price which takes into account estimates of variable consideration and the time value of money;

- allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct service to be delivered; and

- recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the or services promised.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by the travel dates of bookings completed at reporting date.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.13 Cost of sales

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.14 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Accounting Policies

1.15 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Namibia Dollars, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Namibia Dollars by applying to the foreign currency amount the exchange rate between the Namibia Dollar and the foreign currency at the date of the cash flow.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after
• Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)	01 January 2022
• Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	01 January 2022
• Annual improvements to IFRS Standards 2018 - 2020 (Amendments to IFRS 1, IFRS 9, IFRS 16, and IAS 41)	01 January 2022
• References to Conceptual Framework (Amendments to IFRS 3)	01 January 2022

The director have assessed the adoption of these amendments and have concluded that the amendments do not have a material impact on the financial statements.

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company’s accounting periods beginning on or after 1 January 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023	Unlikely there will be a material impact
• Definition of accounting estimates: Amendments to IAS 8	1 January 2023	Unlikely there will be a material impact
• Classification of Liabilities as Current or Non-Current: Amendments to IAS 1	1 January 2023	Unlikely there will be a material impact

The directors are in the process of assessing the aggregate impact of the initial application of the standards and interpretations on the company's annual financial statements, but it is not expected to be material.

3. Property, plant and equipment

	2022			2021		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Right of use asset	-	-	-	71,120	(69,029)	2,091
Furniture and fixtures	228,409	(228,353)	56	228,409	(228,353)	56
IT equipment	1,050,501	(897,837)	152,664	1,003,303	(863,712)	139,591
Total	**1,278,910**	**(1,126,190)**	**152,720**	**1,302,832**	**(1,161,094)**	**141,738**

Notes to the Annual Financial Statements

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment

	Right of use asset	Furniture and fixtures	IT equipment	Total
Cost				
At 1 January 2021	71,120	228,409	897,883	1,197,412
Additions	-	-	105,420	105,420
At 31 December 2021	**71,120**	**228,409**	**1,003,303**	**1,302,832**
Additions	-	-	47,198	47,198
Disposals and scrappings	(71,120)	-	-	(71,120)
At 31 December 2022	**-**	**228,409**	**1,050,501**	**1,278,910**
Depreciation and impairment				
At 1 January 2021	(43,928)	(226,706)	(857,319)	(1,127,953)
Depreciation	(25,101)	(1,647)	(6,393)	(33,141)
At 31 December 2021	**(69,029)**	**(228,353)**	**(863,712)**	**(1,161,094)**
Disposals	69,029	-	-	69,029
Depreciation	-	-	(34,125)	(34,125)
At 31 December 2022	**-**	**(228,353)**	**(897,837)**	**(1,126,190)**
Carrying amount				
Cost	71,120	228,409	1,003,303	1,302,832
Accumulated depreciation and impairment	(69,029)	(228,353)	(863,712)	(1,161,094)
At 31 December 2021	**2,091**	**56**	**139,591**	**141,738**
Cost	-	228,409	1,050,501	1,278,910
Accumulated depreciation and impairment	-	(228,353)	(897,837)	(1,126,190)
At 31 December 2022	**-**	**56**	**152,664**	**152,720**

Notes to the Annual Financial Statements

4. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	1,091,413	(1,091,402)	11	1,091,413	(1,091,402)	11

Reconciliation of intangible assets - 2022

	Opening balance	Total
Computer software	11	11

Reconciliation of intangible assets - 2021

	Opening balance	Total
Computer software	11	11

5. Deferred tax

Deferred tax asset

Accelerated capital allowances for tax purposes	(27,557)	(32,091)
Prepayments	(239,679)	(105,936)
Leave provision	-	35,733
Revenue received in advance	1,430,606	659,953
Lease liabilities	-	1,584
Tax asset not recognised	(1,130,945)	(526,818)
Total deferred tax liability	**32,425**	**32,425**

Deferred tax liability	32,425	32,425

Reconciliation of deferred tax asset / (liability)

At beginning of year	32,425	(611,997)
Current year timing differences	600,810	(42,594)
Increases (decrease) in tax loss available for set off against future taxable income - gross of valuation allowance	(1,092,083)	1,018,338
Deferred asset not recognised	491,273	(331,322)
	32,425	**32,425**

The company has estimated tax loss of N$ 21,705,736 (2021: N$ 25,118,495) available for which no deferred tax asset was recognised.

6. Trade and other receivables

Trade receivables	304,677	6,811
Deposits	25,533	22,994
Non-financial instruments:		
VAT	-	604,514
Prepayments	748,998	331,050
Total trade and other receivables	**1,079,208**	**965,369**

Notes to the Annual Financial Statements

6. Trade and other receivables (continued)

Split between non-current and current portions

Non-current assets	-	-
Current assets	1,079,208	965,369
	1,079,208	**965,369**

Trade and other receivables additional disclosure

Included in trade and other receivables are foreign debtors which amounts to USD Nil (2021: USD 479) and foreign creditors with debit balance which amounts to USD Nil (2021: USD 9).

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past due nor impaired is assessed as high. The directors consider the carrying value of trade and other receivables which are not past due and not impaired to approximate fair value.

Trade and other receivables past due but not impaired

Trade receivables which are past due are not considered to be impaired due to specific payment arrangements with customers.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	726	726
Bank balances	4,552,277	1,188,787
Short-term deposits	5,934,126	324,673
	10,487,129	**1,514,186**

Included in bank balances above is foreign currency amounts of USD 95,017.81 and EUR 3,010.68 (2021: USD 6,518 and EUR 111).

Included in cash on hand above is foreign currency amounts of EUR 40 (2021: EUR 40).

8. Share capital

Authorised		
3,000,000 Ordinary shares of N$1.00 each	3,000,000	3,000,000
Issued		
3,000,000 Ordinary shares of N$ 1.00 each	3,000,000	3,000,000
1,000 Preference Shares of N$ 1.00 each issued at a premium of N$ 16,986.12 each	1,000	1,000
Share premium on preference shares	16,986,120	16,986,120
	19,987,120	**19,987,120**

9. Trade and other payables

Trade payables*	11,795,455	11,144,283
Operating lease liability	1,727	39,004
Accruals	8,913,235	1,576,573

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

9. Financial liabilities by category (continued)

Amounts received in advance	4,470,643	562,014
VAT	39,363	-
	25,220,423	**13,321,874**

*Included in trade and other payables are foreign creditors which amounts to USD 124 and BWP 7,078 (2021: USD 124 and BWP 7,078).

* Included in trade payables is N$215,504 (2021: N$ 276,203) relating to interest accrued on the loan from the holding company.

*Included in trade payables is N$ 7,708,476 (2021: N$ 6,333,818) due to the holding company and of this balance,
N$ 7,708,476 (2021: N$ 6,333,818) has been subordinated in favor of other creditors until such time that the company's assets, fairly valued, exceed its liabilities.

10. Loans from group companies

Holding company

Kuoni Private Safaris (Pty) Ltd	-	4,300,000

The loan bears interest at 7% per annum, is unsecured and is repayable in 12 months from date of the agreement. The loan has been subordinated in full in favour of other creditors.

Interest of N$ 215,504 (2021: N$ 276,203) charged on the holding company loan has been included in the trade payables balance.

11. Revenue

Fees received for travelling administration	59,134,772	6,637,550

12. Cost of sales

Rendering of services	51,972,737	5,583,040

Rendering of services		
Fees earned	51,972,737	5,583,040

13. Other operating income

Brochure Contributions	344,380	4,820

Notes to the Annual Financial Statements

Figures in Namibia Dollar		2022	2021
14. Other operating gains / (losses)			
Losses on disposals, scrappings and settlements			
Property, plant and equipment	3	(2,739)	-
Foreign exchange gains (losses)			
Net foreign exchange (losses) gains		(31,063)	10,272
Total other operating gains / (losses)		**(33,802)**	**10,272**

15. Operating profit (loss)

Operating profit / (loss) before investment income and finance costs for the year is stated after charging (crediting) the following, amongst others:

		2022	2021
Auditor's remuneration - external			
Audit fees		170,996	90,803
Remuneration, other than to employees			
Consulting and professional services		5,710	592,748
Secretarial services		17,640	40,642
		23,350	**633,390**
Employee costs			
Salaries, wages, bonuses and other benefits		3,547,933	2,004,058
Depreciation and amortisation			
Depreciation of property, plant and equipment		46,988	33,140
Other			
Other operating (losses) gains	14	33,802	10,272
Other expenses			
Employee costs		3,547,933	2,004,058
Accounting and administrative fees		-	553,773
Telephone and fax		391,312	574,050
Advertising		336,727	186,449
Depreciation and amortisation		46,988	33,140
Other expenses		1,426,345	484,793
		5,749,305	**3,836,263**

16. Investment income

	2022	2021
Interest income		
From Investments in financial assets:		
Bank and other cash	109,454	3,937

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

17. Finance costs

Shareholder loan	215,504	276,203
Lease liability	25	13
Interest paid	113,068	-
Total finance costs	**328,597**	**276,216**

18. Taxation

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting (loss) profit	1,504,165	(3,038,940)
Tax at the applicable tax rate of 32% (2021: 32%)	481,332	(972,461)
Tax effect of adjustments on taxable income		
Other income	9,940	(3,287)
Tax losses (utilized) / carried forward	(491,272)	975,748
	-	-

No provision has been made for 2022 tax as the company has an estimated tax loss available for set off against future taxable income of N$ (21,705,736) (2021: N$ (25,118,495)).

19. Cash generated from/(used in) operations

Profit / (loss) before taxation	1,504,165	(3,038,940)
Adjustments for:		
Depreciation and amortisation	46,988	33,140
Losses on disposals, scrappings and settlements of assets and liabilities	2,739	-
Losses on foreign exchange	31,063	-
Interest income	(109,454)	(3,937)
Finance costs	328,597	276,216
Other non-cash items	(44,574)	-
Changes in working capital:		
Trade and other receivables	(113,839)	(177,140)
Trade and other payables	11,898,549	1,518,850
	13,544,234	**(1,391,811)**

Notes to the Annual Financial Statements

Figures in Namibia Dollar		2022	2021

20. Related parties

Relationships	
Ultimate holding company	Travel Circle International Ltd
Holding company	Kuoni Private Safaris (Pty) Ltd
Director	Virginia Barnard

Related party balances

	2022	2021
Loan accounts - Owing to related parties		
Kuoni Private Safaris (Proprietary) Limited	-	(4,300,000)
Amounts included in Trade receivable / (Trade Payable) regarding related parties		
Kuoni Private Safaris (Proprietary) Limited	(7,708,476)	(6,333,818)
Interest accrued on balance sheet relating to loan		
Kuoni Private Safaris (Proprietary) Limited	521,421	276,203

Related party transactions

	2022	2021
Interest incurred on related party loan		
Kuoni Private Safaris (Proprietary) Limited	215,504	276,203
Travel related and finance support fees paid to related parties		
Kuoni Private Safaris (Proprietary) Limited	868,078	553,773
Reimbursements for IT, communications, admin and marketing costs		
Kuoni Private Safaris (Proprietary) Limited	677,347	525,586

21. Risk management

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

The company monitors capital on the basis of budgeted expenditure. The company uses working capital and loan from its shareholder to fund capital and operational expenses. The company also issued preference shares to the shareholder subsequent to year-end for additional capital contribution.

The gearing ratio at 2022 and 2021 respectively were as follows:

	Note	2022	2021
Loans to (from) group companies	10	-	4,300,000
Finance lease obligations		-	4,950
		-	**4,304,950**
Less: Cash and cash equivalents	7	(10,487,129)	(1,514,186)
Net debt		**(10,487,129)**	**2,790,764**
Total equity		(13,468,930)	(14,973,093)
Total capital		(23,956,059)	(12,182,329)

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

21. Risk management (continued)

Financial risk management

The company is exposed to market risk through its use of financial instruments and specifically to liquidity risk, interest risk and credit risk which results from both its operating and investing activities. The company's risk management is coordinated by its ultimate parent, in co-operation with the board of directors, and focuses on actively securing the company's short to medium term cashflows by minimising the exposure to financial markets and institutions. The company does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the company is exposed to are described below.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management does not forsee any material cash expenditure in the near future which could result in the utilisation of the bank account.

The company’s risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through rolling forecast of the company's liquidity reserves (comprise undrawn borrowing facility and cash and cash equivalents).

The table below analyses the company’s financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

2022

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables		(25,220,421)	(25,220,421)	(25,220,421)

2021

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	9	(13,321,872)	(13,321,872)	(13,321,872)
Loans from shareholders		(4,300,000)	(4,300,000)	(4,300,000)

Interest rate risk

As the company has no significant interest-bearing assets, the company’s income and operating cash flows are substantially independent of changes in market interest rates.

The company’s interest rate risk arises from financing from a group company. This loan issued at a variable interest rate of 7% exposes the group to cash flow interest rate risk.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

21. Risk management (continued)

The company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the company calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. .

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

22. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2022	**Financial liabilities at amortised cost**	**Total**
Trade and other payables	25,220,421	25,220,421
	25,220,421	25,220,421
	25,220,421	**25,220,421**

2021	**Financial liabilities at amortised cost**	**Total**
Other financial liabilities	4,950	4,950
Trade and other liabilities	13,321,872	13,321,872
Loan from shareholder	4,300,000	4,300,000
	17,626,822	17,626,822
	17,626,822	**17,626,822**

23. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

23. Financial assets by category (continued)

2022

	Financial assets at amortised cost	Total
Trade and other receivables	1,079,208	1,079,208
Cash and cash equivalents	10,487,129	10,487,129
Subtotal	11,566,337	11,566,337
	11,566,337	**11,566,337**

2021

	Financial assets at amortised cost	Total
Trade and other receivables	965,369	965,369
Cash and cash equivalents	1,514,186	1,514,186
Subtotal	2,479,555	2,479,555
	2,479,555	**2,479,555**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

24. Fair value of financial instruments

Fair value hierarchy

The company classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements; this is done for instruments recognised at fair value. There has been no change to the valuation technique during the year. The company's fair value hierarchy has the following levels:

-Level 1: Fair value is determined using unadjusted quoted prices in active markets for identical assets or liabilities;

-Level 2: Fair value is determined using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e prices) or indirectly (derived from prices); and

-Level 3: Fair value is determined using a valuation technique and inputs for the asset or liability that are not based on observable market data (unobservable inputs).

25. Going concern

We draw attention to the fact that at 31 December 2022, the company had accumulated losses of N$ (33,456,048) (2021 :N$ (34,960,213)) and that the company's total liabilities exceed its assets by N$ (13,468,928) (2021:(N$ 14,973,093)) and at that date its current liabilities exceed its current assets by N$ (13,654,084) (2021: (15,142,317)). This condition may cast a significant doubt about the company's ability to continue as a going concern and that it may be unable to re-alise its assets and discharge its liabilities in the normal course of business.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these are that:

- the director continue to secure funding for the ongoing operations for the company;
- that the subordination agreement referred to in notes 9 and 10 of these annual financial statements will remain in force for so long as it takes to restore the solvency of the company;
- the shareholders continue to support the company financially to enable it to meet its daily financial obligations.

The directors have concluded that a material uncertainty exists at year end.

Detailed Income Statement

Figures in Namibia Dollar	Note(s)	2022	2021
Revenue			
Fees received for travelling administration		59,134,772	6,637,550
Cost of sales			
Cost incurred for travelling administration		(51,972,737)	(5,583,040)
Gross profit		**7,162,035**	**1,054,510**
Other operating income			
Brochure Contributions		344,380	4,820
Other operating gains / (losses)			
Losses on disposal of assets or settlement of liabilities		(2,739)	-
Foreign exchange gains / (losses)		(31,063)	10,272
	14	**(33,802)**	**10,272**
Other operating expenses			
Accounting fees		-	(553,773)
Advertising		(336,727)	(186,449)
Auditor's remuneration - external audit	15	(170,996)	(90,803)
Bad debts		-	11,573
Bank charges		(111,119)	(61,004)
Commission paid		(247,540)	(22,424)
Consulting and professional fees		(5,710)	(38,975)
Consumables		(4,091)	(2,082)
Delivery expenses		(53,405)	(52,740)
Depreciation		(46,988)	(33,140)
Employee costs		(3,547,933)	(2,004,058)
Entertainment		(8,484)	(200)
Insurance		(123,305)	(56,345)
Miscellaneous office expenses		(32,980)	(9,568)
Motor vehicle expenses		(2,004)	(400)
Overrides		(104,685)	-
Printing and stationery		(14,125)	(214)
Repairs and maintenance		(333,195)	(18,921)
Secretarial fees		(17,640)	(40,642)
Subscriptions		(3,214)	(3,214)
Sundry expenses		(193,852)	(98,834)
Telephone and fax		(391,312)	(574,050)
		(5,749,305)	**(3,836,263)**
Operating profit (loss)	15	**1,723,308**	**(2,766,661)**
Investment income	16	109,454	3,937
Finance costs	17	(328,597)	(276,216)
Total comprehensive income / (loss) for the year		**1,504,165**	**(3,038,940)**

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS	: Madhavan Karunakaran Menon (Indian) : Alexander Andor Spiro (Swiss)
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	: 2nd floor, Oilibya Plaza : Muthaiga : P.O. Box 16913, 00620 : NAIROBI
INDEPENDENT AUDITOR	: PKF Kenya LLP : Certified Public Accountants : P.O. Box 14077, 00800 : NAIROBI
COMPANY SECRETARIES	: Scribe Services Secretaries : Certified Public Secretaries : 20th floor, Lonrho House : Standard Street : P.O. Box 3085, 00100 : NAIROBI
PRINCIPAL BANKERS	: Citibank N.A. : NAIROBI : Standard Chartered Bank Kenya Limited : NAIROBI

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 December 2022, which disclose the state of affairs of the company.

PRINCIPAL ACTIVITY

The principal activity of the company is that of tour operations.

BUSINESS REVIEW

During the year 2022 the total revenue of the company increased from Shs. 659,251,070 to Shs. 1,590,495,145. This increase is mainly as a result of the relaxation of the Covid 19 regulations in the current year.

Key performance indicators	**2022**	**2021**
Turnover (Shs '000)	1,590,495	659,251
Gross profit (Shs '000)	266,045	111,259
Gross profit margin (%)	17%	17%
Profit/(loss) for the year (Shs '000)	111,549	(23,258)
EBITDA (Shs '000)	122,545	(644)

PRINCIPAL RISKS AND UNCERTAINTIES

Kenya's economy is the largest in East and Central Africa and has experienced considerable growth in the past few years with average growth rate of over 5 percent. Although the economy remains small by global standards, it is distinguished from most African countries by the fact that it is one of the most diversified and advanced.

Political stability
The country experienced continued political stability throughout the year. The tourism environment has enjoyed the stability and consequently contributed to the recorded growth.

Security situation
The security situation remained stable in the year with sustained investment in the same by the Government.

In addition to the business risks discussed above, the company's activities expose it to a number of financial risks which are described in detail in Note 21 to the financial statements.

DIVIDEND

The directors do not recommend the declaration of a dividend for the year (2021: Nil).

DIRECTORS

The directors who held office during the year and to the date of this report are shown on page 1.

In accordance with the company's Articles of Association, no director is due for retirement by rotation.

REPORT OF THE DIRECTORS (CONTINUED)

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

With respect to each director at the time this report was approved:

(a) there is, so far as the person is aware, no relevant audit information of which the company's auditor is unaware; and

(b) the person has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

TERMS OF APPOINTMENT OF THE AUDITOR

PKF Kenya LLP continues in office in accordance with the company's Articles of Association and Section 719 of the companies Act, 2015. The director monitors the effectiveness, objectivity and independence of the auditor. The director also approves the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fee.

BY ORDER OF THE BOARD

DIRECTOR

18th April 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act, 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company keeps proper accounting records that are sufficient to show and explain the transactions of the company; that disclose, with reasonable accuracy, the financial position of the company and that enable them to prepare financial statements of the company that comply with International Financial Reporting Standards and the requirements of the Companies Act, 2015. The directors are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2015. They also accept responsibility for:

i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
ii. Selecting and applying appropriate accounting policies; and
iii. Making accounting estimates and judgements that are reasonable in the circumstances.

The directors are of the opinion that the financial statements give a true and fair view of the financial position of the company as at 31 December 2022 and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015.

Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors on 19th April 2023 and signed on its behalf by:

DIRECTOR **DIRECTOR**

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF PRIVATE SAFARIS (EAST AFRICA) LIMITED

Opinion

We have audited the financial statements of Private Safaris (East Africa) Limited set out on pages 8 to 36, which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act, 2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the report of the directors and schedule of cost of sales and expenditure but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

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PKF

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF PRIVATE SAFARIS (EAST AFRICA) LIMITED (CONTINUED)

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards of Auditing 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.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism 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 on 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 directors.

- Conclude on the appropriateness of 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 auditor's 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 auditor's 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.

PKF

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF PRIVATE SAFARIS (EAST AFRICA) LIMITED (CONTINUED)

Auditor's responsibilities for the Audit of the Financial Statements (continued)

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.

Report on other matters prescribed by the Companies Act, 2015

In our opinion the information given in the report of the directors on pages 2 and 3 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this report of the independent auditor is CPA Ritesh Haresh Mirchandani, Practising certificate No 1631

For and behalf of PKF Kenya LLP
Certified Public Accountants
Nairobi, Kenya

2 May 2023

329/23

STATEMENT OF PROFIT OR LOSS

	Notes	2022 Shs '000	2021 Shs '000
Revenue from contracts with customers	1	1,590,495	659,251
Cost of sales		(1,324,450)	(547,992)
Gross profit		266,045	111,259
Other operating income	2	1,953	1,632
Interest earned from fixed deposits		652	512
Net impairment (loss) on financial and contract assets	21 (b)	(5,084)	(457)
Administrative expenses		(151,938)	(110,824)
Other operating expenses		(26,624)	(25,453)
Operating profit/(loss)	3	85,004	(23,331)
Finance income	5	15,520	227
Profit/(loss) before tax		100,524	(23,104)
Tax	6	11,025	(154)
Profit/(loss) for the year		111,549	(23,258)
Profit/(loss) per share			
- basic and diluted (Shs.)	7	36	(7)

The notes on pages 12 to 36 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 7.

STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2022 Shs '000	2021 Shs '000
CAPITAL EMPLOYED			
Ordinary share capital	8	62,500	62,500
Preference share capital	8	293,770	293,770
Retained earnings		(147,893)	(259,442)
Shareholders' funds		208,377	96,828
Non-current liabilities			
Lease liabilities	9	2,113	7,299
		210,490	104,127
REPRESENTED BY			
Non-current assets			
Deferred tax	10	124,547	113,326
Property and equipment	11	11,779	20,814
Intangible assets	12	8,615	492
Right-of-use assets	13	6,576	14,679
		151,517	149,311
Current assets			
Inventories	14	2,918	1,296
Trade and other receivables	15	75,740	60,144
Cash and cash equivalents	16	232,095	83,271
Tax recoverable		48,067	48,035
		358,820	192,746
Current liabilities			
Trade and other payables	17	294,814	191,619
Borrowings	18	-	38,471
Lease liabilities	9	5,033	7,840
		299,847	237,930
Net current assets/(liabilities)		58,973	(45,184)
		210,490	104,127

The financial statements on pages 8 to 36 were approved and authorised for issue by the Board of Directors on 18th April 2023 and were signed on its behalf by:

DIRECTOR DIRECTOR

The notes on pages 12 to 36 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 7.

STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital Shs '000	Preference share capital Shs '000	Retained earnings Shs '000	Total Shs '000
Year ended 31 December 2021				
At start of year	62,500	293,770	(236,184)	120,086
(Loss) for the year	-	-	(23,258)	(23,258)
At end of year	62,500	293,770	(259,442)	96,828
Year ended 31 December 2022				
At start of year	62,500	293,770	(259,442)	96,828
Profit for the year	-	-	111,549	111,549
At end of year	62,500	293,770	(147,893)	208,377

The notes on pages 12 to 36 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 7.

STATEMENT OF CASH FLOWS

Operating activities	Notes	2022 Shs '000	2021 Shs '000
Cash from operations	19	186,062	(2,904)
Interest accrued and paid on lease liabilities	9	(1,556)	(1,652)
Tax paid		(228)	(204)
Net cash from/(used in) operating activities		184,278	(4,760)
Investing activities			
Purchase of property and equipment	11	(1,521)	(1,331)
Purchase of intangible assets	12	(8,518)	(498)
Interest received		652	512
Proceeds from disposal of property and equipment		1,910	1,609
Net cash from investing activities		(7,478)	291
Financing activities			
Payment of lease liabilities	9	(7,993)	(7,916)
Proceeds from borrowings	18	(38,471)	38,471
Net cash (used in)/from financing activities		(46,464)	30,555
Increase in cash and cash equivalents		130,337	26,086
Movement in cash and cash equivalents			
At start of year		83,271	54,135
Increase		130,337	26,086
Effect of exchange rate changes		18,487	3,050
At end of year	16	232,095	83,271

The notes on pages 12 to 36 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 7.

NOTES

SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) **Basis of preparation**

The financial statements have been prepared under the historical cost convention and are in accordance with International Financial Reporting Standards (IFRS). The historical cost convention is generally based on the fair value of the consideration given in exchange of assets.

The financial performance of the company is set out in the report of the directors and in the statement of profit or loss. The financial position of the company is set out in the statement of financial position. Disclosures in respect of risk management are set out in Note 21 and disclosures in respect of capital management are set out in Note 22.

New standards, amendments and interpretations adopted by the company

The company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 16 'Property, Plant and Equipment: Proceeds before Intended Use'

The amendments prohibit entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the financial statements of the company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning the earliest period presented.

Amendments to IAS 37 'Onerous Contracts – Costs of Fulfilling a Contract'

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

These amendments had no impact on the financial statements of the company as the company did not identify any contracts as being onerous at the beginning and end of the reporting period.

Amendment to IAS 41 Agriculture 'Taxation in fair value measurements'

The amendment removed the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards 'Subsidiary as a first-time adopter'

The amendment provides a subsidiary that becomes a first-time adopter later than its parent with an exemption relating to the measurement of its assets and liabilities. The exemption does not apply to components of equity. This exemption is also available to an associate or joint venture that becomes a first-time adopter later than an entity that has significant influence or joint control over it.

These amendments had no impact on the financial statements of the company as it is not a first time adopter

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) **Basis of preparation (continued)**

New standards, amendments and interpretations adopted by the company (continued)

Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework

The amendments added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. The amendments also clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the financial statements of the company as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

Amendment to IFRS 9 Financial Instruments 'Fees in the '10 per cent' test for derecognition of financial liabilities'

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendment had no impact on the financial statements of the company as there were no modifications of the company's financial instruments during the period.

New standards, amendments and interpretations issued but not effective

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

- Amendments to IAS 1 'Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022), effective for annual periods beginning or after 1 January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement for at least 12 months after the reporting date.

  The company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- Amendments to IAS 1 'Non-current Liabilities with Covenants' (issued in October 2022)

  The amendments, applicable to annual periods beginning on or after 1 January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.

- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (issued in February 2021)

NOTES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) **Basis of preparation (continued)**

New standards, amendments and interpretations issued but not effective (continued)

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

- Amendments to IAS 8 'Definition of Accounting Estimates' (issued in February 2021), effective for annual reporting periods beginning on or after 1 January 2023, introduce a definition of 'accounting estimates' and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

  The amendments are not expected to have a material impact on the company's financial statements.

- Amendments to IAS 12 'Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (issued in May 2021), effective for annual periods beginning on or after 1 January 2023, narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

  The company is currently assessing the impact of the amendments.

- Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (issued in September 2014), applicable from a date yet to be determined, address a current conflict between the two standards and clarify that a gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.

- Amendment to IFRS 16 'Lease Liability in a Sale and Leaseback (issued in September 2022), applicable to annual periods beginning on or after 1 January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.

- IFRS 17 'Insurance Contracts' (issued in May 2017), effective for annual periods beginning on or after 1 January 2023, establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. The company does not issue insurance contracts.

- Amendments to IFRS 9 and IFRS 17 'Initial application of IFRS 17 and IFRS 9 – Comparative Information' (issued in December 2021), applicable on initial application of IFRS 17, add a transition option relating to comparative information about financial assets presented on initial application of IFRS 17.

NOTES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) **Basis of preparation (continued)**

New standards, amendments and interpretations issued but not effective (continued)

The directors do not expect that adoption of these standards and interpretations will have a material impact on the financial statements in future periods. The company plans to apply the changes above, if applicable, from their effective dates.

b) **Significant accounting judgements, estimates and assumptions**

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

- **Measurement of expected credit losses (ECL):**

  The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumption about future economic conditions and credit behaviour.

  A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

  - Determining criteria for significant increase in credit risk;
  - Choosing appropriate models and assumptions for the measurement of ECL;
  - Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
  - Establishing company's of similar financial assets for the purposes of measuring ECL.

  ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument.

  The measurement of ECLs are based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD).

  The ECL model applied for financial assets other than trade receivables and contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

  - **Stage 1** - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.

  - **Stage 2** - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) **Significant accounting judgements, estimates and assumptions (continued)**

- **Measurement of expected credit losses (ECL): (continued)**

  - **Stage 3** - When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

  Assessment of significant increase in credit risk: The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3). The company uses these guidelines in determining the staging of its assets unless there is persuasive evidence available to rebut these presumptions.

  For trade receivables, the company has applied the simplified model under IFRS 9 where lifetime expected credit loss allowance is recognised on the basis of a provisioning matrix.

- **Useful lives, depreciation methods and residual values of property and equipment, intangible assets and right-of-use assets**

  Management reviews the useful lives, depreciation methods and residual values of the items of property and equipment, intangible assets and right-of-use on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values. The carrying amount of property and equipment, intangible assets and right-of-use assets are disclosed in notes 11, 12 and 13, respectively.

- **Accounting for leases under IFRS 16**

  Management has made various judgements and estimates under IFRS 16 as detailed below:

  Incremental borrowing rate: To determine the incremental borrowing rate, the company:
  - where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
  - uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, which does not have recent third party financing; and
  - makes adjustments specific to the lease, e.g. term, country, currency and security.

  Lease term/period: In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

  For leases of offices and stores, the following factors are normally the most relevant:
  - If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).
  - If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
  - Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

NOTES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) **Significant accounting judgements, estimates and assumptions (continued)**

- **Accounting for leases under IFRS 16 (continued)**

The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

The carrying amounts of lease liabilities and right-of-use assets are disclosed in notes 9 and 13, respectively.

c) **Revenue recognition**

The company recognises revenue from direct sales of tour operations. The company recognises revenue as and when it satisfies a performance obligation by transferring control of a service to a customer. The amount of revenue recognised is the amount the company expects to receive in accordance with the terms of the contract and excludes amounts collected on behalf of third parties.

Direct sales of tour operations
The company's revenue is measured as the aggregate amount of gross revenue receivable from inclusive tours, airline travel services, hotel services, travel agency commissions and other travel services supplied to customers in the ordinary course of business. The company records revenue on a net basis after deducting discounts and rebates.

Other income

Interest income is recognised on a time proportion basis using the effective interest method. Once a financial asset is identified as credit-impaired, the effective interest rate is applied to the amortised cost (net of impairment losses) in subsequent reporting periods.

d) **Translation of foreign currencies**

Transactions in foreign currencies during the year are converted into Kenya Shillings (the functional currency), at the rates ruling at the transaction dates.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

The resulting differences from settlement and translation of monetary items are dealt with in profit or loss in the year in which they arise.

e) **Financial instruments**

Financial instruments are recognised when, and only when, the company becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date accounting which is the date the company commits itself to the purchase or sale.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial instruments (continued)

- ***Financial assets***

All financial assets are recognised initially using the trade date accounting which is the date the company commits itself to the purchase or sale.

The company's financial assets which include cash and bank balances and trade and other receivables fall into the following categories:

- **Amortised cost:**
  Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding and are not designated at Fair Value Through Profit or Loss (FVTPL), are classified and measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured.

At initial recognition of a financial asset, the company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the company has not identified a change in its business models.

Derecognition/write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the company has transferred substantially all risks and rewards of ownership, or when the company has no reasonable expectations of recovering the asset.

Financial instruments that are subsequently measured at amortised cost are subject to impairment.

Impairment

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment assessment. No impairment loss is recognised on investments measured at FVTPL.

The company recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are measured at amortised cost:
- Cash and cash equivalents
- Trade and other receivables.

The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which:
- the credit risk has increased significantly since initial recognition; or
- there is observable evidence of impairment (a credit-impaired financial asset).

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

NOTES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) **Financial instruments (continued)**

Impairment (continued)

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the reporting date, those which management has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

- ***Financial liabilities***

All financial liabilities are classified and measured at amortised cost.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the company's normal operating cycle, those payable or expected to be paid within 12 months of the reporting date and those which the company does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

- **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

f) **Property and equipment**

All property and equipment is initially recorded at cost and thereafter stated at historical cost less accumulated depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Depreciation is calculated on a straight line basis to write down the cost of each asset, to its residual value over its estimated useful life as follows:

	Rate %
Leasehold improvements	20%
Furniture and fittings	20%
Motor vehicles	20%
Computers equipment	33%

NOTES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) **Property and equipment (continued)**

The assets' residual values, useful lives and methods of depreciation are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/(loss).

g) **Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

i) **Computer software**

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are estimated to be five years.

ii) **Trade marks**

Trade marks are shown at historical cost. Trade marks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over a period of five years to allocate the cost of trademarks over their estimated useful lives.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset is recognised in profit or loss.

h) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on direct purchase value. Net realisable value is the estimate of the selling price in the ordinary course of business less the selling expenses.

i) **Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

NOTES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) **Taxation**

The tax expense for the year comprises current and deferred tax and is recognised in profit or loss.

Current tax
Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

Deferred tax
Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, the carry forward of unused tax credits and tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

The company offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

k) **Retirement benefit obligations**

The company and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The company's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

The company operates a defined contribution staff retirement benefit scheme for its permanent and pensionable employees. The scheme is administered by an insurance company. The company's contributions to the defined contribution staff retirement benefit scheme are charged to profit or loss in the year to which they relate. The company has no further payment obligations once the contributions have been paid.

l) **Impairment of non-financial assets and intangible assets**

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

NOTES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) **Accounting for leases**

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The company as a lessee:

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the company recognises a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the company is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the company's incremental borrowing rate is used.

For leases that contain non-lease components, the company allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

All other right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the company at the end of the lease term, the estimated useful life would not exceed the lease term.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognised in profit or loss on a straight-line basis over the lease period.

n) **Employee entitlements**

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

o) **Share capital**

Ordinary shares are classified as equity.

p) **Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

NOTES (CONTINUED)

1. **Revenue from contracts with customers**	**2022 Shs '000**	**2021 Shs '000**
Sale of safari packages	1,590,495	659,251

2. **Other operating income**

Gain on disposal of property and equipment	1,909	1,584
Other income	44	48
	1,953	1,632

3. **Operating profit/(loss)**

The following items have been charged in arriving at the operating profit/(loss):

Depreciation on property and equipment (Note 11)	10,556	11,022
Amortisation of intangible assets (Note 12)	395	545
Depreciation on right of use assets (Note 13)	8,103	8,070
Staff costs (Note 4)	103,473	72,291
Director's remunaration	14,455	11,985
Auditors' remuneration		
- current year	1,455	1,476
Repairs and maintenance	4,418	2,437

4. **Staff costs**

Salaries and wages	91,661	62,014
Other staff costs	11,631	10,109
Pension costs: National Social Security Fund	181	168
	103,473	72,291

The average number of persons employed during the year, by category, were:	**2022 No**	**2021 No**
Management and administration	76	70

5. **Finance (income)**	**2022 Shs '000**	**2021 Shs '000**
Lease liabilities interest (Note 9)	1,556	1,652
Interest expense on shareholder's loan (Note 20)	1,411	1,171
Foreign exchange (gain)		
- realised (gain)/loss	(1,705)	1,285
- unrealised (gain)	(16,782)	(4,335)
Total finance (income)	(15,520)	(227)

NOTES (CONTINUED)

6. **Tax**

	2022 Shs '000	2021 Shs '000
Current tax	196	154
Deferred tax (credit) (Note 10)	(11,221)	-
	(11,025)	154

The tax on the company's profit/(loss) before tax differs from the theoretical amount that would arise using the basic rate as follows:

	2022 Shs '000	2021 Shs '000
Profit/(loss) before tax	100,524	(23,104)
Tax calculated at a tax rate of 30% (2021: 30%)	30,157	(6,931)
Tax effect of:		
- expenses not deductible for tax purposes	1,665	1,280
- effect of deferred tax previously not recognised now recognised (Note 10)	(42,847)	5,805
Tax charge	(11,025)	154

7. **Profit/(loss) per share**

Basic profit/(loss) per share is calculated by dividing the profit/loss attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	2022 Shs	2021 Shs
Profit/(loss) attributable to equity holders (Shs.)	111,549,000	(23,258,000)
Weighted average number of ordinary shares (Number)	3,125,000	3,125,000
Profit/(loss) per share (Shs).	36	(7)

8. **Share capital**

	2022 Shs '000	2021 Shs '000
Authorised		
3,250,000 (2021: 3,250,000) ordinary shares of Shs. 20 each	65,000	65,000
2,937,695 (2021: 2,937,695) 6% non-cumulative redeemable preference shares of Shs. 100 each	293,770	293,770
	358,770	358,770
Issued and fully paid:		
3,125,000 (2021: 3,125,000) ordinary shares of Shs. 20 each	62,500	62,500
2,937,695 (2021: 2,937,695) 6% non-cumulative redeemable preference shares of Shs. 100 each	293,770	293,770
	356,270	356,270

The preference shares are non-cumulative and only redeemable within a period of 20 years from the issue date (being 21 December 2017) if the company has not exercised its option to convert such shares to ordinary equity before such period elapses. The company holds the option for conversion of such shares at a predetermined number and valuation at any time over this period.

9. Lease liabilities

	2022 Shs '000	2021 Shs '000
Non-current	2,113	7,299
Current	5,033	7,840
	7,146	15,139

Reconciliation of lease liabilities arising from financing activities:

	2022 Shs '000	2021 Shs '000
At start of year	15,139	9,012
Interest charged to profit or loss (Note 5)	1,556	1,652
Cash flows:		
- Amounts financed through leases	-	14,043
- Payments under leases	(9,549)	(9,568)
At end of year	7,146	15,139

Lease liabilities are unsecured.

The leases expiring within one year are subject to review at various dates during the next financial year.

The exposure of the company's leases to interest rate changes and the contractual repricing dates at the reporting date are as follows:

	2022 Shs '000	2021 Shs '000
6 months or less	4,419	3,717
6 - 12 months	614	4,123
1 - 2 years	2,113	7,299
	7,146	15,139

Weighted average effective interest rates at the reporting date was:	2022 %	2021 %
Lease liabilities	11.5% - 14%	11.5% - 14%

The carrying amounts of the company's lease liabilities are denominated in Kenya Shillings.

Maturity based on the repayment structure of lease liabilities is as follows:

Gross lease liabilities - minimum lease payments	2022 Shs '000	2021 Shs '000
Not later than 1 year	5,599	9,548
Later than 1 year and not later than 5 years	2,474	8,073
Total gross lease	8,073	17,621
Future interest expense on leases liabilities	(927)	(2,482)
Present value of lease liabilities	7,146	15,139

NOTES (CONTINUED)

10. **Deferred tax**

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2021: 30%). The movement on the deferred tax account is as follows:

	2022 Shs '000	2021 Shs '000
At start of year	(113,326)	(113,326)
(Credit) to profit or loss (Note 6)	(11,221)	-
At end of year	(124,547)	(113,326)

Deferred tax (assets) in the statement of financial position and deferred tax (credit)/charge to profit or loss are attributable to the following items:

	At start of year Shs '000	(Credit)/charge to profit or loss Shs '000	At end of year Shs '000
Deferred tax (assets)			
Property and equipment	(5,518)	(836)	(6,354)
Impairment loss	(1,339)	(1,184)	(2,523)
General provisions	(2,741)	(1,702)	(4,443)
Unrealised foreign exchange differences	1,301	3,734	5,035
Tax losses	(147,876)	31,614	(116,262)
Deferred tax asset previously not recognised now recognised	42,847	(42,847)	-
Net deferred tax (asset)	(113,326)	(11,221)	(124,547)

11. Property and equipment

Year ended 31 December 2022

	Leasehold improvements Shs '000	Furniture and fittings Shs '000	Motor vehicles Shs '000	Computer equipment Shs '000	Total Shs '000
Cost					
At start of year	45,938	19,009	84,673	45,677	195,297
Additions	583	-	-	938	1,521
Disposals	-	-	(5,480)	(14)	(5,494)
At end of year	46,522	19,009	79,193	46,601	191,324
Depreciation					
At start of year	45,777	18,852	65,787	44,066	174,482
Disposals	-	-	(5,480)	(14)	(5,494)
Charge for the year	112	70	9,260	1,114	10,556
At end of year	45,890	18,922	69,567	45,166	179,545
Net book value	632	87	9,625	1,435	11,779

Year ended 31 December 2021

	Leasehold improvements Shs '000	Furniture and fittings Shs '000	Motor vehicles Shs '000	Computer equipment Shs '000	Total Shs '000
Cost					
At start of year	45,836	19,009	90,605	44,549	199,999
Additions	-	-	-	1,229	1,331
Disposals	-	-	(5,932)	(101)	(6,033)
At end of year	45,938	19,009	84,673	45,677	195,297
Depreciation					
At start of year	45,704	18,781	62,333	42,655	169,472
Disposals	-	-	(5,932)	(79)	(6,012)
Charge for the year	73	72	9,386	1,491	11,022
At end of year	45,777	18,853	65,787	44,066	174,483
Net book value	45,938	156	18,886	1,611	20,814

All additions during the year were made through cash payments.

NOTES (CONTINUED)

12. **Intangible assets**	**Trademarks Shs '000**	**Computer software Shs '000**	**Capital work in progress Shs '000**	**2022 Shs '000**	**2021 Shs '000**
Cost					
At start	186	26,091	-	26,277	26,026
Additions	133	706	7,679	8,518	498
Disposals	-	-	-	-	(247)
At end of year	319	26,797	7,679	34,795	26,277
Amortisation					
At start of year	49	25,736	-	25,785	25,484
Disposals	-	-	-	-	(244)
Charge for the year	43	352	-	395	545
At end of year	92	26,088	-	26,180	25,785
Net book value	227	709	-	8,615	492

Amortisation costs amounting to Shs. 394,695 (2021: Shs. 545,084) are included in other operating expenses.

13. **Right-of use assets**	**Leased buildings 2022 Shs '000**	**Leased buildings 2021 Shs '000**
Cost		
At start of year	53,291	39,248
Additions	-	14,043
At end of year	53,291	53,291
Depreciation		
At start of year	38,612	30,542
Charge for the year	8,103	8,070
At end of year	46,715	38,612
Net book value	6,576	14,679

The company leases offices and stores. The leased offices and stores are typically for periods of between 1 and 5 years, with options to renew. None of the leases contains any restrictions or covenants other than the protective rights of the lessor or carries a residual value guarantee.

In the statement of cash flows, the amount for payments for right-of-use assets represents:

	2022 Shs '000	**2021 Shs '000**
Additions, as above	-	14,043
Less: amounts financed through lease liabilities	-	(14,043)
	-	-

For information on the related lease liabilities, see Note 9.

NOTES (CONTINUED)

14. Inventories

	2022 Shs '000	2021 Shs '000
Park tickets	2,918	1,296

15. Trade and other receivables

	2022 Shs '000	2021 Shs '000
Trade receivables	32,074	5,657
Less: impairment provisions	(8,410)	(4,463)
Net trade receivables	23,664	1,194
Prepayments	659	1,164
Other receivables	47,876	57,749
Amount due from related parties (Note 20)	3,541	37
	75,740	60,144

	2022			2021		
	Gross amount Shs '000	ECL allowance Shs '000	Carrying amount Shs '000	Gross amount Shs '000	ECL allowance Shs '000	Carrying amount Shs '000
Trade receivables	32,074	(8,410)	23,664	5,657	(4,463)	1,194
Prepayments	659	-	659	1,164	-	1,164
Other receivables	47,876	-	47,876	57,749	-	57,749
Amount due from related parties	3,541	-	3,541	37	-	37
	84,150	(8,410)	75,740	64,607	(4,463)	60,144

The carrying amounts of the company's trade and other receivables are denominated in the following currencies:

	2022 Shs '000	2021 Shs '000
Kenya Shillings	40,124	53,945
Dollars	32,714	5,609
Euros	2,902	590
	75,740	60,144

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The company does not hold any collateral as security.

The company's credit risk arises primarily from trade receivables.

NOTES (CONTINUED)

	2022	2021
16. Cash and cash equivalents	**Shs '000**	**Shs '000**
Cash at bank and in hand	232,096	83,271

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the above.

Expected credit loss provisions amount to Shs. 1,759,917 (2021: Shs. 623,176). An expected credit loss amounting to Shs. 1,136,741 (2021: Shs. 209,492) has been recognised under profit or loss.

The carrying amounts of the company's cash and cash equivalents are denominated in the following currencies:

	2022 Shs '000	2021 Shs '000
Kenya Shillings	10,975	11,401
United States Dollar	209,494	55,825
Euro	9,864	16,033
Great Britian Pound	1,761	12
	232,095	83,271

17. Trade and other payables

Trade payables	24,297	13,054
Accruals for safaris	165,360	76,034
Deferred income	86,261	85,199
Accruals and other payables	17,581	13,058
Amount due to related party (Note 20)	1,315	4,273
	294,814	191,619

In the opinion of the directors, the carrying amounts of trade and other payables approximate to their fair value.

The carrying amounts of the company's trade and other payables are denominated in the following currencies:	2022 Shs '000	2021 Shs '000
Kenya Shillings	269,261	177,782
United States Dollar	22,507	9,820
Euro	1,747	68
Indian Rupees	1,125	3,778
South African Rand	175	171
	294,814	191,619

NOTES (CONTINUED)

17. **Trade and other payables (continued)**

The maturity analysis of the trade and other payables is as follows:

Year ended 31 December 2022	Up to 3 months Shs '000	4 to 12 months Shs '000	Total Shs '000
Trade payables	23,325	972	24,297
Accruals for safaris	118,990	46,370	165,360
Deferred income	51,026	35,235	86,261
Accruals and other payables	17,581	-	17,581
Amounts due to related party	1,107	208	1,315
	212,029	82,785	294,814
Year ended 31 December 2021			
Trade payables	12,416	638	13,054
Accruals for safaris	56,362	19,672	76,034
Deferred income	11,799	73,400	85,199
Accruals and other payables	13,058	-	13,058
Amounts due to related party	4,045	228	4,273
	97,681	93,938	191,619

18. **Borrowings**	2022 Shs '000	2021 Shs '000
Borrowings from shareholder (Note 20)	-	38,471

The borrowing facilities expiring within one year are subject to review at various dates during the next financial year.

The borrowings are unsecured.

There were no undrawn facilities at the reporting date.

Weighted average effective interest rates on shareholders loans at the reporting date was 2.58% to 6.26%.

In the opinion of the directors, the carrying amounts of short-term borrowings approximate their fair value.

The carrying amounts of the company's borrowings are denominated in United States Dollar.

19. **Cash from/(used in) operations**

Reconciliation of profit/(loss) before tax to cash from/(used) from operations:	2022 Shs '000	2021 Shs '000
Profit/(loss) before tax	100,524	(23,104)
Adjustments for:		
Depreciation on property and equipment (Note 11)	10,556	11,022
Depreciation on right-of-use assets (Note 13)	8,103	8,070
Amortisation of intangible assets (Note 12)	395	545
Interest expense on lease liabilities (Note 9)	1,556	1,652
(Gain) on disposal of property and equipment	(1,909)	(1,584)
Interest (income)	(652)	(512)
Net foreign exchange (gain) (Note 5)	(18,487)	(3,050)
Changes in working capital:		
- inventories	(1,622)	2,906
- trade and other receivables	(15,597)	(8,867)
- trade and other payables	103,195	10,018
Cash from/(used in) operations	186,062	(2,904)

NOTES (CONTINUED)

20. **Related party transactions and balances**

The company is controlled by Travel Circle International (Mauritius) Limited incorporated in Mauritius, which owns 100% of the company shares. The ultimate parent company is Travel Circle International (Mauritius) Limited incorporated in Mauritius.

The following transactions were carried out and balances held with related parties:	2022 Shs '000	2021 Shs '000
i) **Sale of goods and services to other related party**	11,919	-
ii) **Purchase of goods and services from other related party**	54,154	-
iii) **Interest charged on shareholders loan (Note 5)**	1,411	1,171
iv) **Key management compensation**		
Salaries and other short term benefits - directors	14,455	11,985
v) **Outstanding balances arising from sale and purchase of goods/services/property/other transactions**		
Borrowings from shareholder (Note 18)	-	38,471
Amount due from related parties (Note 15) - Parent	3,541	37
Amount due to related parties (Note 17) - Other related parties	1,315	4,273

21. **Risk management objectives and policies**

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by the management under policies approved by the board of directors. Management identifies, evaluates and hedges financial risks in close co-operation with various departmental heads.

(a) **Market risk**

- *Foreign exchange risk*

The company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar, Sterling Pound and Euro. The risk arises from future transactions, assets and liabilities in the statement of financial position.

The table below summarises the effect on post-tax profit/(loss) had the Kenya Shilling weakened by 10% against each currency, with all other variables held constant. If the Kenya Shilling strengthened against each currency, the effect would have been the opposite.

	2022 Shs '000	2021 Shs '000
Effect of profit/(loss) - (decrease)/increase	17,002	4,785

A 10% sensitivity rate is being used when reporting foreign risk internally to key management personnel and represents managements assessment of the reasonably possible change in foreign exchange rates.

21. **Risk management objectives and policies (continued)**

Financial risk management (continued)

(a) **Market risk (continued)**

- *Interest rate risk*

The company's exposure to interest rate risk arises from lease liabilities.

The summary below shows the effect on post-tax profit/(loss) had the interest rate on interest bearing liabilities increased by 1%. Had the interest rates decreased by the same margin, the effect would have been the opposite.

	2022 Shs '000	2021 Shs '000
Effect on profit/(loss) - (decrease)/increase	1,026	396

A 1% sensitivity rate is being used when reporting interest risk internally to key management personnel and represents managements assessment of the reasonably possible change in interest rates.

(b) **Credit risk**

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

Management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.

Exposure to this risk has been quantified in each financial asset note in the financial statements along with any concentration of risk.

In assessing whether the credit risk on a financial asset has increased significantly, the company compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the company considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due.

For these purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the company does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis. For such purposes, the company companys financial assets on the basis of shared credit risk characteristics, such as:

- type of instrument;
- industry in which the debtor operates; and
- nature of collateral.

NOTES (CONTINUED)

21. **Risk management objectives and policies (continued)**

Financial risk management (continued)

(b) **Credit risk (continued)**

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the the following events:

- significant financial difficulty of the debtor;
- a breach of contract;
- it is probable that the debtor will enter bankruptcy; and
- the disappearance of an active market for the financial asset because of financial difficulties.

The gross carrying amount of financial assets with exposure to credit risk at the reporting date was as follows:

Basis for measurement of loss allowance	**Lifetime expected credit losses Shs '000**
As at 31 December 2022	
Trade receivables	32,074
Cash and cash equivalents	232,718
Gross carrying amount	264,792
Loss allowance	(10,170)
Exposure to credit risk	254,622
Basis for measurement of loss allowance	
As at 31 December 2021	
Trade receivables	5,657
Cash and cash equivalents	83,685
Gross carrying amount	89,342
Loss allowance	(5,086)
Exposure to credit risk	84,256

Financial assets for which the loss allowance has been measured at an amount equal to lifetime expected credit losses have been analysed above based on their credit risk ratings as follows:

a) financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired;
b) financial assets that are credit impaired at the reporting date; and
c) trade receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient, on provision matrices.

21. **Risk management objectives and policies (continued)**

Financial risk management (continued)

b) **Credit risk (continued)**

The age analysis of the trade receivables at the end of each year was as follows:

	Not past Shs '000	31 - 60 Shs '000	61 - 90 Shs '000	>90 Shs '000	>120 Shs '000	Total Shs '000
As at 31 December 2022	29,154	(1,995)	4,266	432	3,759	35,616
As at 31 December 2021	3,707	760	2,043	1,492	(2,345)	5,657

The changes in the loss allowance during the year were as follows:

	Lifetime expected credit losses		
Basis for measurement of loss allowance	**Trade receivables**	**Cash and cash equivalents**	**Total**
Year ended 31 December 2022	**Shs '000**	**Shs '000**	**Shs**
At start of year	(4,463)	(623)	(5,086)
Changes relating to assets	(3,947)	(1,137)	(5,084)
At end of year	(8,410)	(1,760)	(10,170)
Year ended 31 December 2021			
At start of year	(4,215)	(414)	(4,629)
Changes relating to assets	(248)	(209)	(457)
At end of year	(4,463)	(623)	(5,086)

(c) **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents to meet obligations as they fall due. The company ensures its inflows and outflows are matched sufficiently to minimise its exposure on liquidity risk.

Notes 17, 18 and 9 disclose the maturity analysis of trade and other payables, borrowings and lease liabilities respectively.

The following table details the company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The key assumptions made in the maturity profile are:

- changes in interest rates have not been accounted for as these cannot be predicted;
- changes in foreign exchange rates have not been accounted for as these cannot be predicted; and
- the borrowings will be repaid based on the repayment schedule agreed with the lenders.

21. Risk management objectives and policies (continued)

Financial risk management (continued)

(c) Liquidity risk (continued)

Year ended 31 December 2022	Interest rate %age	Within 1 year Shs '000	Between 1 - 5 years Shs '000	Total Shs '000
Non interest bearing liabilities:				
- Trade and other payables	-	290,950	3,864	294,814
Interest bearing liabilities				
- Lease liabilities	11.5% - 14%	5,599	2,474	8,073
		296,549	6,338	302,887
Year ended 31 December 2021				
Non interest bearing liabilities:				
- Trade and other payables	-	184,712	6,907	191,619
Interest bearing liabilities				
- Lease liabilities	11.5% - 14%	9,548	8,073	17,621
- Borrowings	2.58% - 6.26%	39,642	-	39,642
		194,260	14,980	209,240

22. Capital management

The company's objectives when managing capital are:

- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk; and
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The company sets the amount of capital in proportion to risk. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust directors bonuses or dividends paid.

23. Incorporation

Private Safaris (East Africa) Limited is incorporated in Kenya under the Companies Act, 2015 as a private limited liability company and is domiciled in Kenya.

24. Presentation currency

The financial statements are presented in Kenya Shillings (Shs).

SCHEDULE OF DIRECT COSTS AND EXPENDITURE

1. DIRECT COSTS	2022 Shs '000	2021 Shs '000
Accomodation and meals expenses	970,187	424,483
Entrance and parking fees	119,526	33,425
Transport	192,014	66,773
Fuel	9,358	6,612
Repairs and maintenance	4,127	2,252
Driver's allowance	4,102	2,453
Commission	11,469	4,152
Excursion and transport	9,239	4,786
Spare parts, tyres and tubes expenses	1,590	879
Other costs	2,838	2,177
Total direct costs	1,324,450	547,992

2. **ADMINISTRATIVE EXPENSES**

Employment:		
Salaries and wages	91,842	62,182
Staff medical	5,173	4,777
Staff training and recruitment	45	42
Other staff costs	6,413	5,290
Total employment costs	103,473	72,291
Other administrative expenses:		
Director's remuneration	14,455	11,985
Promotions and sales support	3,251	2,116
Printing and stationery	867	695
Postages and telephones	2,228	1,568
Travelling and entertainment	3,213	1,784
Audit fees:		
- current year	1,455	1,476
- underprovision in prior years	11	-
Computer expenses	12,725	12,371
Legal and professional fees	727	(17)
Secretarial charges	112	112
Subscriptions	281	281
Bank charges	1,281	1,695
Gifts and donations	40	30
Sales agent fees	4,964	3,686
Miscellaneous expenses	2,835	751
Total other administrative expenses	48,465	38,533
Total administrative expenses	151,938	110,824

SCHEDULE OF DIRECT COSTS AND EXPENDITURE (CONTINUED)

3. OTHER OPERATING EXPENSES	2022 Shs '000	2021 Shs '000
Establishment:		
Light and water	2,201	2,162
Service charge and parking	3,374	1,202
Licences	381	1,029
Security	284	271
Repairs and maintenance	291	185
Insurance	1,039	967
Amortisation of intangible assets	395	545
Depreciation on property and equipment	10,556	11,022
Depreciation on right of use assets	8,103	8,070
Total other operating expenses	26,624	25,453

4. **FINANCE (INCOME)**

Interest expense on lease liabilities	1,556	1,652
Interest expense on shareholder's loan	1,411	1,171
Realised exchange losses	(1,705)	1,285
Unrealised foreign exchange (gain)	(16,782)	(4,335)
Total finance (income)	(15,520)	(227)

Kuoni Australia Holding Pty Ltd
Directors' report
31 December 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Kuoni Australia Holding Pty Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2022.

Directors
The following persons were directors of Kuoni Australia Holding Pty Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Eng Waa Teh
Laurent Kuenzle
Madhavan Karunakaran Menon
Marcel Grifoll (resigned 7 September 2022)
Sebastian Alex Mendonca (appointed 7 September 2022)

Principal activities
The principal activity of the company during the financial year was investment holding of Australian Tours Management Pty Ltd. The company did not generate revenue during the year.

There has been no significant change in the nature of the entity's principal activity during the year.

The principal activities of Australian Tours Management Pty Ltd during the financial year were managing and co-ordinating tours. No significant change in the nature of this activity occurred during the year.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $930,238 (31 December 2021: $649,363).

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
The company expect to maintain the present status and level of operations and hence there are no likely developments in the operations in future financial years.

Environmental regulation
The company operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Shares under options
There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Dividends
No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

Indemnification and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Kuoni Australia Holding Pty Ltd
Directors' report
31 December 2022

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Eng Waa Teh Director	Laurent Kuenzle Director

28 June 2023
Melbourne

William Buck
ACCOUNTANTS & ADVISORS

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF KUONI AUSTRALIA HOLDING PTY LTD

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2022 there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

J. C. Luckins
Director
28 June 2023

Level 20, 181 William Street, Melbourne VIC 3000 +61 3 9824 8555 vic.info@williambuck.com
williambuck.com.au

Kuoni Australia Holding Pty Ltd
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General information

The financial statements cover Kuoni Australia Holding Pty Ltd as a consolidated entity consisting of Kuoni Australia Holding Pty Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Kuoni Australia Holding Pty Ltd's functional and presentation currency.

Kuoni Australia Holding Pty Ltd is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

L 1 28 VICTORIA STREET
CARLTON, VICTORIA, 3053
Australia

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 15 July 2022. The directors have the power to amend and reissue the financial statements.

Kuoni Australia Holding Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2022

	Note	Consolidated 2022 $	2021 $
Revenue			
Sales Revenue	3	3,981,468	22,274
Cost of Sales		(3,356,066)	115,713
Gross profit		625,402	137,987
Other income	3	-	376,800
Interest Income		-	55
Expenses			
Employee benefits expense		(980,025)	(704,495)
Depreciation and amortisation expense		(16,017)	(22,420)
Other expenses		(10,746)	(4,233)
Administration		(548,852)	(433,057)
Loss before income tax expense		(930,238)	(649,363)
Income tax expense	4	-	-
Loss after income tax expense for the year attributable to the owners of Kuoni Australia Holding Pty Ltd	12	(930,238)	(649,363)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Kuoni Australia Holding Pty Ltd		(930,238)	(649,363)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Kuoni Australia Holding Pty Ltd
Statement of financial position
As at 31 December 2022

	Note	Consolidated 2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	5	37,904	89,880
Trade and other receivables	6	542,556	-
Prepaid Expense		53,867	24,382
Total current assets		634,327	114,262
Non-current assets			
Property, plant and equipment		20,151	7,072
Intangibles		-	7,472
Deferred tax	7	144,301	144,301
Total non-current assets		164,452	158,845
Total assets		798,779	273,107
Liabilities			
Current liabilities			
Trade and other payables	8	1,832,683	759,845
Financial liabilities	9	8,358,245	8,003,245
Employee benefits provisions	10	81,955	120,775
Total current liabilities		10,272,883	8,883,865
Non-current liabilities			
Employee benefits provisions		69,823	2,931
Total non-current liabilities		69,823	2,931
Total liabilities		10,342,706	8,886,796
Net liabilities		(9,543,927)	(8,613,689)
Equity			
Issued capital		500,000	500,000
Accumulated losses	12	(10,043,927)	(9,113,689)
Total deficiency in equity		(9,543,927)	(8,613,689)

The above statement of financial position should be read in conjunction with the accompanying notes

Kuoni Australia Holding Pty Ltd
Statement of changes in equity
For the year ended 31 December 2022

Consolidated	Issued capital $	Reserves $	Retained profits $	Non-controlling interest $	Total deficiency in equity $
Balance at 1 January 2021	500,000	-	(8,464,326)	-	(7,964,326)
Loss after income tax expense for the year	-	-	(649,363)	-	(649,363)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	(649,363)	-	(649,363)
Balance at 31 December 2021	500,000	-	(9,113,689)	-	(8,613,689)

Consolidated	Issued capital $	Reserves $	Retained profits $	Non-controlling interest $	Total deficiency in equity $
Balance at 1 January 2022	500,000	-	(9,113,689)	-	(8,613,689)
Loss after income tax expense for the year	-	-	(930,238)	-	(930,238)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	(930,238)	-	(930,238)
Balance at 31 December 2022	500,000	-	(10,043,927)	-	(9,543,927)

The above statement of changes in equity should be read in conjunction with the accompanying notes

Kuoni Australia Holding Pty Ltd
Statement of cash flows
For the year ended 31 December 2022

	Note	Consolidated 2022 $	2021 $
Cash flows from operating activities			
Receipts from customers		3,438,912	58,628
Government support		-	473,260
Payments to suppliers and employees		(3,853,364)	(1,149,591)
Borrowing costs		-	(16,412)
		(414,452)	(634,115)
Interest received		-	55
Net cash used in operating activities		(414,452)	(634,060)
Cash flows from investing activities			
Payments for property, plant and equipment		(21,624)	(2,273)
Net cash used in investing activities		(21,624)	(2,273)
Net cash from financing activities		-	-
Net decrease in cash and cash equivalents		(436,076)	(636,333)
Cash and cash equivalents at the beginning of the financial year		(7,913,365)	(7,277,032)
Cash and cash equivalents at the end of the financial year		(8,349,441)	(7,913,365)

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities
The consolidated entity has adopted AASB 1060 from 1 July 2021. On adoption of AASB 1060, the consolidated entity has applied AASB 1 with a date of initial application of 1 January 2021. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 December 2022, the comparative information presented in these financial statements for the year ended 31 December 2021 and the preparation of opening balances for the statement of financial position as at 1 January 2021.

In applying the requirements of AASB 1, the consolidated entity has made the adjustments below.

Consolidation of subsidiary
The consolidated entity's investment in its subsidiary is consolidated from 1 January 2021, the date of transition. The consolidated entity has applied the option in AASB 1 to recognise goodwill on consolidation as the difference between the net assets of the subsidiary at the date of transition and the cost of the investment. Subsequent to transition, the consolidated entity accounts for its investment in subsidiary in accordance with the accounting policy in Note 1 whereby this is an adjustment to retained earnings.

The following table details the impact of applying this option.

Assets and liabilities of subsidiary recognised in accordance with Australian Accounting Standards

	$
Cash and cash equivalents	416,213
Trade and other receivables	120,844
Prepaid expenses	52,023
Property, plant and equipment	11,022
Intangible software	23,669
Deferred tax assets	144,301
Trade and other payables	(445,288)
Employee benefits provisions	(194,969)
Deferred revenue	(31,596)
Deemed goodwill gain recognised as an adjustment through retained earnings	96,219

Reconciliation of equity

	$
Equity as reported in the parent's separate financial statements	(8,560,545)
Excess of the consolidated entity's interest in the net assets of subsidiaries over the value of the investment in the subsidiary at the date of transition	96,219
Consolidated equity as at the date of transition to Australian Accounting Standards - Simplified Disclosures	(8,464,326)

Note 1. Significant accounting policies (continued)

Basis of preparation
These consolidated general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These consolidated financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards - Simplified Disclosures and AASB 1 *First time adoption of Australian Accounting Standards* has been applied. An explanation of how the transition to Australian Accounting Standards - Simplified Disclosures has affected the reported financial position, financial performance and cash flows of the consolidated entity has been provided in Note 1

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Kuoni Australia Holding Pty Ltd ('company' or 'parent entity') as at 31 December 2022 and the results of all subsidiaries for the year then ended. Kuoni Australia Holding Pty Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 1. Significant accounting policies (continued)

Revenue recognition
The consolidated entity recognises revenue as follows:

Sales revenue
The company renders a wide range of travel services. The revenue from rendering these services is recognised in the statement of comprehensive income at the time when the significant risks and rewards are transferred to the customers. In the case of destination management activities, this is generally on the date of arrival.

Revenue comprises net sales revenues from the tour operating business (after deduction of sales taxes, goods and services tax, discounts and commissions).

Unconditional payments due from customers for satisfied performance obligations are recorded as sales receivables within other assets on the Statement of Financial Position. Customer prepayments are recorded as deferred revenue within accounts payable and accrued liabilities on Statement of Financial Position and are not recognised as revenue until the provision of services occurs. Certain contracts include multiple deliverables which are accounted for as separate performance obligations, with the transaction price allocated among the performance obligations based on their individual selling prices.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax
The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognized from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences are recognized only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entity where it is intended that net settlement or simultaneous realization and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Note 1. Significant accounting policies (continued)

Tax Consolidation

Kuoni Australia Holding Pty Ltd and its controlled entities have formed an income tax consolidated group under Australian tax consolidation legislation. Kuoni Australia Holding Pty Ltd, the parent entity is responsible for recognising the current tax liabilities and deferred tax assets arising in respect of tax losses to the extent that they are recoverable, for the tax consolidated group. The tax consolidated group has also entered a tax funding agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 1. Significant accounting policies (continued)

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

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

Right-of-use assets that meet the definition of investment property are measured at fair value where the consolidated entity has adopted a fair value measurement basis for investment property assets.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets
Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities
Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity 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 reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 1. Significant accounting policies (continued)

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

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, grouped 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.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The directors have determined that as there is no certainty that the tax losses will be available for offset against future taxable income. On this basis, deferred tax assets have not been recognised the financial statements.

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Revenue

	Consolidated	
	2022	**2021**
	$	**$**
Sales - external parties	1,572,805	22,274
Sales - related parties	2,408,663	-
	3,981,468	22,274

The Company operates in only one geographical region being Australia.

Other income of $376,800 during the prior year is attributable to support payments received from the government as part of support provided as a result of the COVID-19 pandemic. These payments ceased in the prior year and none were received in the current year

Note 4. Income tax expense

	Consolidated 2022 $	Consolidated 2021 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(930,238)	(649,363)
Tax at the statutory tax rate of 30%	(279,071)	(194,809)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Deferred tax asset not recognised	279,071	194,809
Income tax expense	-	-

Note 5. Current assets - cash and cash equivalents

	Consolidated 2022 $	Consolidated 2021 $
Cash and cash equivalents	37,904	89,880

Note 6. Current assets - trade and other receivables

	Consolidated 2022 $	Consolidated 2021 $
Trade receivables	543,671	9,704
Less: Allowance for expected credit losses	(3,578)	(9,704)
	540,093	-
Other receivables	2,463	-
	542,556	-

Note 7. Non-current assets - deferred tax

	Consolidated 2022 $	Consolidated 2021 $
Deferred tax asset	144,301	144,301

Note 8. Current liabilities - trade and other payables

	Consolidated 2022 $	Consolidated 2021 $
Trade payables	1,727,014	610,823
Customer deposits	105,669	149,022
	1,832,683	759,845

Note 9. Current liabilities - borrowings

	Consolidated 2022 $	Consolidated 2021 $
Advances from related parties – other entities ultimately controlled by Fairfax Financial Holdings Limited	8,358,245	8,003,246

Note 10. Current liabilities - employee benefits provisions

	Consolidated 2022 $	Consolidated 2021 $
Employee benefits	81,955	120,775

Note 11. Equity - Contributed Equity

The company has 500,000 ordinary fully paid shares on issue (2021: 500,000). Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Note 12. Equity - accumulated losses

	Consolidated 2022 $	Consolidated 2021 $
Accumulated losses at the beginning of the financial year	(9,113,689)	(8,464,326)
Loss after income tax expense for the year	(930,238)	(649,363)
Accumulated losses at the end of the financial year	(10,043,927)	(9,113,689)

Note 13. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the company are set out below:

	Consolidated 2022 $	Consolidated 2021 $
Aggregate compensation	-	174,867

Note 14. Contingent liabilities

The company is not aware of any matter pending that may give rise to any contingent liability.

Note 15. Related party transactions

Parent entity
Kuoni Australia Holding Pty Ltd is the parent entity.

Key management personnel
Disclosures relating to key management personnel are set out in note 13.

Note 15. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2022	2021
	$	$
Sale of goods and services:		
Sale of goods to other related parties within the Fairfax Financial Holdings Limited Group	2,408,663	-

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2022	2021
	$	$
Current borrowings:		
Loan from other entities ultimately controlled by Fairfax Financial Holdings Limited	8,358,245	8,003,245

Terms and conditions
Loans are interest bearing at a rate of 6%

Note 16. Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 17. Economic Dependency

As at 31 December 2022 the company had a working capital deficiency totalling $9,543,927, which included amounts payable, secured by or guaranteed by related entities ultimately controlled by Fairfax Financial Holdings Limited totalling $8,358,245. The continued economic support of the company from its ultimate parent entity is a fundamental element of the capacity of the company to meet its debts as and when they fall due and therefore a significant decision of the directors in preparing the financial report on a going concern basis.

The company has received a commitment of continuous financial support from the parent company, Travel Circle International (Mauritius) Limited. This commitment of financial support is given on the basis that Travel Circle International (Mauritius) Limited controls the ownership of the company and that the company will continue to be economically dependent upon of Travel Circle International (Mauritius) Limited for its financial and operational stability.

In the event that this support is withdrawn, this may necessitate a restatement of the valuation and classification of assets and liabilities in the statement of financial position.

Kuoni Australia Holding Pty Ltd
Directors' declaration
31 December 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Eng Waa Teh
Director

Laurent Kuenzle
Director

28 June 2023
Melbourne

Kuoni Australia Holding Pty Ltd
Independent auditor's report to members

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Kuoni Australia Holding Pty Ltd (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the year then ended; and

ii. complying with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 17 in the financial report which indicates that the Group incurred a net loss of $930,238 during the year ended 31 December 2022 and, as of that date the Group's total liabilities exceeded its total assets by $9,543,927. As stated in note 17, these events or conditions, along with other matters as set forth in note 17, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards 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 this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our independent auditor's report.

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

J. C. Luckins
Director
28 June 2023

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards 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 this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our independent auditor's report.

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

J.C. Luckins
Director

28 June 2023