

**Travel Circle International (Mauritius) Ltd**

**FINANCIAL STATEMENTS**

**YEAR ENDED**

**31 March 2024**

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**Corporate data**

		<b>Date appointed</b>
<b>Directors:</b>	Mr Mohinder Dyal Ms Sangeeta Bissessur	26-May-17 11-Sep-18
<b>Company Secretary:</b>	Apex Financial Services (Mauritius) Ltd Apex House, Bank Street Twenty Eight Cybercity Ebene 72201	
<b>Registered office:</b>	C/o Apex Financial Services (Mauritius) Ltd Apex House, Bank Street Twenty Eight Cybercity Ebene 72201	
<b>Auditor:</b>	Baker Tilly Level 4, Building A5 15 Wall Street Ebene 72201 Mauritius	
<b>Bankers:</b>	The Mauritius Commercial Bank Ltd Sir William Newton Street Port Louis Republic of Mauritius  Axis Bank Limited Gift City Branch, Unit No. 403 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 But Dubaid – P.O Box 999 Dubai United Arab Emirates	

## **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 2024.

## **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 (2023: 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 judgments 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 the 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 and a resolution concerning its re-appointment will be proposed at the Annual Meeting.

**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 2024.

  
\_\_\_\_\_  
**For Apex Financial Services (Mauritius) Ltd**  
**Company Secretary**

**Registered Office:**

Apex House, Bank Street  
Twenty Eight Cybercity  
Ebene 72201  
Republic of Mauritius

**Date: 29 May 2024**

Level 4, Building A5  
15 Wall Street  
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 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) 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 IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *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 in compliance 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.



## **INDEPENDENT AUDITOR'S REPORT**

*To the Shareholders of Travel Circle International (Mauritius) Ltd*

### **Report on the Audit of the Financial Statements (Continued)**

#### *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.

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion 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.



## **INDEPENDENT AUDITOR'S REPORT**

*To the Shareholders of Travel Circle International (Mauritius) Ltd*

### **Report on the Audit of the Financial Statements (Continued)**

#### *Other Information*

The directors are responsible for the other information. The other information comprises the corporate data, 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.

### **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**

Date: 29 May 2024

**Sin C. Li, CPA, CGMA**


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## Statement of financial position as at 31 March 2024

	Notes	2024 USD	2023 USD
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	7	24,606,816	24,606,816
<b>Total non-current assets</b>		<b>24,606,816</b>	<b>24,606,816</b>
<b>Current</b>			
Loans	8	55,197,287	61,214,410
Other receivables	9	-	78,371
Investment in fixed deposits	10	205,833	1,605,775
Cash and cash equivalents	11	1,318,942	406,526
<b>Total current assets</b>		<b>56,722,062</b>	<b>63,305,082</b>
<b>Total assets</b>		<b>81,328,878</b>	<b>87,911,898</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
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		(4,534,653)	(3,749,198)
<b>Total equity</b>		<b>25,508,353</b>	<b>26,293,808</b>
<b>Liabilities</b>			
<b>Current</b>			
Borrowings	14	55,668,118	61,343,123
Payables	15	152,407	274,967
<b>Current liabilities</b>		<b>55,820,525</b>	<b>61,618,090</b>
<b>Total liabilities</b>		<b>55,820,525</b>	<b>61,618,090</b>
<b>Total equity and liabilities</b>		<b>81,328,878</b>	<b>87,911,898</b>

Approved by the Board on **29 May 2024** and signed on its behalf by:

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

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

## Statement of comprehensive income for the year ended 31 March 2024

	Notes	2024 USD	2023 USD
<b>INCOME</b>			
Interest income - related parties		3,961,685	3,726,511
Interest income - bank		43,273	39,515
<b>Total interest income</b>		<b>4,004,958</b>	<b>3,766,026</b>
<b>EXPENDITURE</b>			
Professional fees		195,363	141,764
Fines		-	347
Other expenses		22,591	22,529
Audit fees		5,162	4,838
Accounting fees		12,000	12,000
Processing fees		62,795	65,000
Corporate guarantee fees		32,325	38,544
Interest expense - related parties		3,936,347	3,173,875
Interest expense - bank		232,292	408,738
Foreign exchange losses		291,538	549,090
<b>Total expenditure</b>		<b>4,790,413</b>	<b>4,416,725</b>
<b>Loss before tax</b>		<b>(785,455)</b>	<b>(650,699)</b>
Tax expense	16	-	-
<b>Loss for the year</b>		<b>(785,455)</b>	<b>(650,699)</b>
<b>Total comprehensive loss the year</b>		<b>(785,455)</b>	<b>(650,699)</b>

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

## Statement of changes in equity for the year ended 31 March 2024

	Stated capital	Share premium	Optionally convertible redeemable Preference shares	Accumulated losses	Total equity
	USD	USD	USD	USD	USD
<b>At 31 March 2023</b>	<b>4,133,001</b>	<b>5</b>	<b>25,910,000</b>	<b>(3,749,198)</b>	<b>26,293,808</b>
<b>Loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(785,455)</b>	<b>(785,455)</b>
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(785,455)</b>	<b>(785,455)</b>
<b>At 31 March 2024</b>	<b>4,133,001</b>	<b>5</b>	<b>25,910,000</b>	<b>(4,534,653)</b>	<b>25,508,353</b>
At 31 March 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

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

## Statement of cash flows for the year 31 March 2024

	Notes	2024 USD	2023 USD
<b>Operating activities</b>			
Loss before tax		(785,455)	(650,699)
<i>Adjustments for:</i>			
Interest income		(4,004,958)	(3,766,026)
Interest expense		4,168,639	3,582,613
<b>Operating loss before working capital changes</b>		<b>(621,774)</b>	<b>(834,112)</b>
<i>Changes in working capital:</i>			
Change in payables		(122,560)	72,100
Change in receivables		78,371	49,424
<b>Total changes in working capital</b>		<b>(44,189)</b>	<b>121,524</b>
<b>Net cash used in operating activities</b>		<b>(665,963)</b>	<b>(712,588)</b>
<b>Investing activities</b>			
Investment in fixed deposits	10	(265,648)	(39,515)
Fixed deposit redeemed	10	1,665,590	-
<b>Net cash generated from/(used in) investing activities</b>		<b>1,399,942</b>	<b>(39,515)</b>
<b>Financing activities</b>			
Loans from related parties		12,124,815	3,300,000
Loans to related parties		(2,929,469)	(11,666,054)
Repayment of borrowings - related parties		(8,130,000)	(1,453,217)
Repayments of borrowings - bank		(5,000,000)	(5,000,000)
Additions in borrowings		4,460,000	15,763,213
Interest paid		(823,644)	(497,639)
Interest received		476,735	175,866
<b>Net cash generated from financing activities</b>		<b>178,437</b>	<b>622,169</b>
<b>Net change in cash and cash equivalents</b>		<b>912,416</b>	<b>(129,934)</b>
Cash and cash equivalents, at beginning of the year		406,526	536,460
<b>Cash and cash equivalents, at end of the year</b>		<b>1,318,942</b>	<b>406,526</b>
<b>Cash and cash equivalents made up of:</b>			
Cash at bank (Note 11)		1,318,942	406,526

*For reconciliation of liabilities arising from financial 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 2024**

**1. General information and statement of compliance with 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, Twenty Eight Cybercity, Ebene 72201, Republic of Mauritius.

The principal activity of the Company is to hold investments.

No consolidated financial statements are presented as the Company’s ultimate holding company, Fairfax Financial Holdings Limited, will present consolidated financial statements under International Reporting Standard (“IFRS”). The registered office of Fairfax Financial Holdings Limited, is 95 Wellington Street West, Suite 800 Toronto, Ontario, Canada. The directors have hence taken the advantage of paragraph 4 of International Reporting Standard (“IFRS”), which dispenses it from the need to present consolidated financial statements.

**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 2023:

- Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17)
- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 (Amendments - Disclosure of Accounting Policies)
- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors (Amendments - Definition of Accounting Estimates)
- IAS 12 Income Taxes (Amendments - Deferred Tax related to Assets and Liabilities arising from a Single Transaction)
- IAS 12 Income Taxes (International Tax Reform - Pillar Two Model Rules)

These amendments to various IFRS standards are mandatorily effective for reporting periods beginning on or after 01 April 2023.

*Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17)*

The amendment permits entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. An entity that elects to apply the amendment applies it when it first applies IFRS 17.

**Notes to the financial statements**  
**For the year ended 31 March 2024**

**2. Application of new and revised IFRS**

**2.1 Application of new and revised International Financial Reporting Standards (“IFRS”) (Cont'd)**

*Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17) (Cont'd)*

The main amendment in Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17) is a narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time. The amendment regards financial assets for which comparative information is presented on initial application of IFRS 17 and IFRS 9, but where this information has not been restated for IFRS 9. Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of IFRS 9.

There are no changes to the transition requirements in IFRS 9.

An entity that elects to apply the amendment applies it when it first applies IFRS 17.

*IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 (Amendments - Disclosure of Accounting Policies)*

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.

In February 2021, the IASB issued amendments to IAS 1, which change the disclosure requirements with respect to accounting policies from ‘significant accounting policies’ to ‘material accounting policy information’. The amendments provide guidance on when accounting policy information is likely to be considered material. The amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 April 2023, with earlier application permitted. As IFRS Practice Statements are non-mandatory guidance, no mandatory effective date has been specified for the amendments to IFRS Practice Statement 2.

*IAS 8 Accounting policies, Changes in Accounting Estimates and Errors (Amendments - Definition of Accounting Estimates)*

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, whilst changes in accounting policies are generally applied retrospectively to past transactions and other past events. The amendments are effective for annual reporting periods beginning on or after 1 April 2023.

**Notes to the financial statements**  
**For the year ended 31 March 2024**

**2. Application of new and revised IFRS**

**2.1 Application of new and revised International Financial Reporting Standards (“IFRS”) (Cont'd)**

IAS 8 Accounting policies, Changes in Accounting Estimates and Errors (Amendments - Definition of Accounting Estimates) (Cont'd)

In February 2021, the IASB issued amendments to IAS 8, which added the definition of Accounting Estimates in IAS 8. The amendments also clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors.

IAS 12 Income Taxes (Amendments - Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption under IAS 12.15, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

IAS 12 Income Taxes (International Tax Reform - Pillar Two Model Rules)

The amendments align the standard's requirements with similar amendments to IAS 12 Income Taxes issued in May 2023. The application of the exception and disclosure of that fact is effective immediately, the other disclosure requirements are effective for annual reporting periods beginning on or after 1 April 2023.

In December 2021, the Organisation for Economic Co-operation and Development (OECD) published Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two): Inclusive Framework on BEPS (Pillar Two model rules). In March 2022, the OECD released commentary and illustrative examples that elaborate on the application and operation of the rules and clarify certain terms.

Stakeholders raised concerns with the IASB about the potential implications on income tax accounting, especially accounting for deferred taxes, arising from the Pillar Two model rules. The stakeholders emphasised an urgent need for clarity given the imminent enactment of tax law to implement the rules in some jurisdictions. In response to stakeholder concerns, the IASB proposed amendments to IAS 12 Income Taxes. It issued Exposure Draft International Tax Reform—Pillar Two Model Rules (Proposed Amendments to IAS 12) on 9 January 2023. Given the urgent requirement for clarity, a shorter comment period of 60 days was provided. The IASB issued the final Amendments (the Amendments) International Tax Reform – Pillar Two Model Rules on 23 May 2023.

**Notes to the financial statements**  
**For the year ended 31 March 2024**

**2 Application of new and revised IFRS (Cont'd)**

**2.1 Application of new and revised International Financial Reporting Standards (“IFRS”) (Cont'd)**

The Amendments introduce a temporary exception to entities from the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two model rules. The Amendments also provide for additional disclosure requirements with respect to an entity’s exposure to Pillar Two income taxes.

**2.2 Standards and interpretations issued and not yet effective for the financial year ended 31 March 2024**

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.

<b>Amendments</b>	<b>Effective for accounting period beginning on or after</b>
IFRS 7 Financial Instruments: Disclosures (Amendments regarding supplier finance arrangements)	1 January 2024
IFRS 16 Leases (Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions)	1 January 2024
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
IAS 7 Statement of Cash Flows (Amendments regarding supplier finance arrangements)	1 January 2024
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	1 January 2024
IFRS S2 Climate – related Disclosures	1 January 2024

The Company is in the process of making an assessment of the impact of these amendments, new standards and new interpretations is 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 2024**

**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.

**3.3 Foreign currency**

**Functional and presentation**

The financial statements are presented in 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 re-measurement 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 2024**

**3 Summary of accounting policies (Cont'd)**

**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.

**Notes to the financial statements**  
**For the year ended 31 March 2024**

**3. Summary of accounting policies (Cont'd)**

**3.8 Financial instruments (Cont'd)**

**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")
- 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 2024**

**3. Summary of accounting policies (Cont'd)**

**3.8 Financial instruments (Cont'd)**

***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.

**Notes to the financial statements****For the year ended 31 March 2024****3 Summary of accounting policies (Cont'd)****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.

**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 2024**

**3. Summary of accounting policies (Cont'd)**

**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.

**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. The directors consider 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.

**Notes to the financial statements**  
**For the year ended 31 March 2024**

**3. Summary of accounting policies (Cont'd)**

**3.14 Significant management judgements in applying accounting policies and estimation uncertainties (Cont'd)**

**Estimation uncertainties (Cont'd)**

*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.

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

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
<i><b>Financial assets</b></i>		
<b>Amortised cost</b>		
<b>Current</b>		
Loans	<b>55,197,287</b>	61,214,410
Cash and cash equivalents	<b>1,318,942</b>	406,526
<b>Current assets</b>	<b>56,516,229</b>	61,620,936
<b>Total financial assets</b>	<b>56,516,229</b>	61,620,936

**Notes to the financial statements**  
**For the year ended 31 March 2024**

**4 Financial instrument risk (Cont'd)**

**Risk management objectives and policies (Cont'd)**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
<b>Financial liabilities</b>		
<b>Amortised cost</b>		
<b>Current</b>		
Borrowings	<b>55,668,118</b>	61,343,123
Payables	<b>152,407</b>	274,967
	<b>55,820,525</b>	61,618,090
<b>Total financial liabilities</b>	<b>55,820,525</b>	61,618,090

*\* Financial assets exclude prepayments USD Nil (2023: USD 78,371) and investment in fixed deposit USD 205,833 (2023: USD 1,605,775).*

The most significant financial risk 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").

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

	<b>Financial assets</b>	Financial assets	<b>Financial liabilities</b>	Financial liabilities
	<b>2024</b>	2023	<b>2024</b>	2023
	<b>USD</b>	USD	<b>USD</b>	USD
Australian Dollar ("AUD")	<b>6,762,402</b>	5,983,794	-	-
United States Dollar ("USD")	<b>49,753,827</b>	55,637,142	<b>55,820,525</b>	61,618,090
<b>Total</b>	<b>56,516,229</b>	61,620,936	<b>55,820,525</b>	61,618,090

It assumes a **10%** change in the AUD/USD exchange rates for the year ended 31 March 2024 (2023: 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 increased by **USD 676,240** at 31 March 2024 (2023: loss would have decreased by USD 598,379). If the USD had weakened by the same percentage against the foreign currency, profit would have decreased by **USD 676,012** (2023: profit would have increased by USD 598,379).



**Notes to the financial statements**  
**For the year ended 31 March 2024**

**4. Financial instrument risk (Cont'd)**

**4.1 Market risks analysis (Cont'd)**

**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 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:

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
<b>Current</b>		
Loans	<b>55,197,287</b>	61,214,410
Cash and cash equivalents	<b>1,318,942</b>	406,526
<b>Current assets</b>	<b>56,516,229</b>	61,620,936
<b>Total</b>	<b>56,516,229</b>	61,620,936

*\* Financial assets exclude prepayments USD Nil (2023: USD 78,371) and investment in fixed deposit USD 205,833 (2023: USD 1,605,775).*

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. 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.

**Notes to the financial statements**  
**For the year ended 31 March 2024**

**4 Financial instrument risk (Cont'd)**

**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.

The following are the contractual maturities of financial liabilities:

<b>31 March 2024</b>	<b>Carrying amount USD</b>	<b>Contractual cash flows USD</b>	<b>Less than one year USD</b>	<b>1-5 years USD</b>
Borrowings	55,668,118	55,668,118	55,668,118	-
Payables	152,407	152,407	152,407	-
	<b>55,820,525</b>	<b>55,820,525</b>	<b>55,820,525</b>	<b>-</b>

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

**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.

**Notes to the financial statements**  
**For the year ended 31 March 2024**

**5 Capital management policies and procedures (Cont'd)**

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

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Debt	<b>55,668,118</b>	61,343,123
Cash and cash equivalents	<b>(1,318,942)</b>	(406,526)
Net debt	<b>54,349,176</b>	60,936,597
Equity	<b>25,508,353</b>	26,293,808
Total capital	<b>79,857,530</b>	87,230,405
Gearing ratio	<b>68.06%</b>	69.86%

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 and prepayments and it did not have any non-financial liabilities.

**Notes to the financial statements**  
**For the year ended 31 March 2024**

**6 Fair value measurement (Cont'd)**

**6.2 Fair value measurement of non-financial assets and non-financial liabilities (Cont'd)**

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.

**7 Investments in subsidiaries**

**7.1 Movement during the year**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
At 01 April and 31 March	<b>24,606,816</b>	24,606,816

**7.2 Details pertaining to the investments are as follows:**

<b>Name of companies</b>	<b>Country of Incorporation</b>	<b>2024 Holding</b>	<b>2023 Holding</b>
Kuoni Australia Holding Pty Ltd	Australia	100%	100%
Asian Trails Holdings Ltd	Republic of Mauritius	80%	80%
Reem Tours and Travel LLC (Note 7.5)	United Arab Emirates	100%	100%
Gulf Dunes LLC (Note 7.5)	United Arab Emirates	100%	100%
Desert Adventures Tourism LLC (Note 7.5)	United Arab Emirates	100%	100%
Kuoni Private Safaris (Pty) Ltd	Republic of South Africa	100%	100%
Private Safaris (EA) Ltd	Kenya	100%	100%
DEI Holdings Limited	United Arab Emirates	51%	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 are presented as the Company's ultimate holding company, Fairfax Financial Holdings Limited, will present consolidated financial statements under International Reporting Standard ("IFRS"). The registered office of Fairfax Financial Holdings Limited, is 95 Wellington Street West, Suite 800 Toronto, Ontario, Canada. The directors have hence taken the advantage of paragraph 4 of International Reporting Standard ("IFRS"), which dispenses it from the need to present consolidated financial statements.

**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 (2023: USD nil).

**Notes to the financial statements**  
**For the year ended 31 March 2024**

**8 Loans**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
<b>Current</b>		
Loans to related companies (Notes (i))	<b>55,197,287</b>	61,214,410

- (i) The loans are unsecured, receivable within twelve months, repayable on demand and interest bearing 8.48% - 8.86% per annum (2023: 6.98% per annum).
- (ii) Interest due on the loans to related companies for the year amounted to **USD 8,959,348** (2023: USD 5,431,128).
- (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.

**9 Other receivables**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Prepayments	-	78,371

**10 Investment in fixed deposits**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
At 01 April 2023	<b>1,605,775</b>	1,566,260
Investment during the year	<b>205,000</b>	-
Redeemed during the year	<b>(1,665,590)</b>	-
Interest element	<b>60,648</b>	39,515
<b>At 31 March 2024</b>	<b>205,833</b>	1,605,775

- (i) At 31 March 2024, the Company held fixed deposits with maturity dates of 14 June 2024 and carried interest rates at 5% (2023: 0.1% - 3%) per annum.
- (ii) Interest accrued on the investment in fixed deposits for the year amounted to **USD 60,648** (2023: USD 39,515).

**Notes to the financial statements**  
**For the year ended 31 March 2024**

**11 Cash and cash equivalents**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Cash at bank (USD)	<b>1,318,942</b>	406,526

**12.1 Stated capital**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
4,133,001 ordinary shares of USD 1 each	<b>4,133,001</b>	4,133,001

Balance consist 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).

Rights attached to the ordinary shares are as per the Mauritius Companies' Act, as follows:

*(i) the right to vote on a poll for every share held at a meeting of the Company on any resolution;*

*(ii) the right to an equal share in dividends authorised by the Board;*

*(iii) the right to an equal share in the distribution of the surplus assets of the Company.*

**12.2 Share premium**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Share premium	<b>5</b>	5

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

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Nominal value	<b>23,649,535</b>	23,649,535
Share premium (Note 13.3)	<b>2,260,465</b>	2,260,465
<b>Total</b>	<b>25,910,000</b>	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

- 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 2024**

**14 Borrowings**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
<b>Current</b>		
Loans from banks (Note (i))	-	5,012,896
Loans from related parties (Note (ii))	<b>55,668,118</b>	56,330,227
<b>Total current</b>	<b>55,668,118</b>	61,343,123
<b>Total borrowings</b>	<b>55,668,118</b>	61,343,123

- (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. The loans from banks have been fully repaid during the year.
- (ii) The loans from the related parties carry interest ranging from 6.25% to 8.15% per annum, 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 **8,188,118** (2023: USD 4,843,123).

**15 Payables**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Accruals	<b>76,272</b>	121,347
Due to a related party	<b>76,135</b>	153,620
<b>Total</b>	<b>152,407</b>	274,967

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 2024**

**16 Taxation (Cont'd)**

**16.1 Income tax expense (Cont'd)**

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 2024, the Company had no income tax liability due to accumulated tax losses of **USD 1,477,349** (2023: USD 1,619,411) 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:

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Loss before tax	<b>(785,455)</b>	(650,699)
Tax at 3%	<b>(23,564)</b>	(19,521)
Non-allowable expenses	<b>122,892</b>	132,502
Exempt income	<b>(95,080)</b>	(90,384)
Tax loss utilised	<b>(4,248)</b>	(22,597)
Tax expense	-	-

The tax losses are available for set off against future taxable income as follows:

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
<i>Up to year ending:</i>		
31-Mar-24	302,868	302,868
31-Mar-25	152,974	152,974
31-Mar-26	455,095	455,095
31-Mar-27	536,265	536,265
31-Mar-28	172,209	172,209
31-Mar-29	(142,062)	-
	<b>1,477,349</b>	<b>1,619,411</b>



**Notes to the financial statements**  
**For the year ended 31 March 2024**

**17 Related party transactions**

During the year ended 31 March 2024, the Company had transactions with related entities. The nature, volume of transactions and balances with related parties are as follows.

<b>Name of related party</b>	<b>Nature of transactions</b>	<b>Volume of transactions</b>	<b>Debit/(Credit) balances at 31-Mar 2024 USD</b>	<b>Debit/(Credit) balances at 31-Mar 2023 USD</b>
Private Safaris East Africa	Borrowings	363,098	-	(363,098)
Thomas Cook (India) Limited	Borrowings	336,164	(54,969,269)	(55,305,433)
Thomas Cook (Mauritius) Holding Company Limited	Borrowings	(37,153)	(698,849)	(661,696)
Asian Trails Holdings Ltd	Loans	2,188,061	28,086,769	25,898,708
DEI Holdings Limited	Loans	(3,211,833)	18,449,251	21,661,084
Desert Adventures Tourism LLC	Loans	(3,712,154)	-	3,712,154
Kuoni Australia Holding Pty. Ltd	Loans	118,112	6,762,402	6,644,290
Private Safaris Africa	Loans	(260,092)	1,183,847	1,443,939
Horizon Travel Services	Loans	(1,139,217)	715,018	1,854,235
Thomas Cook (Mauritius) Holding Company Limited	Payables	77,485	(76,135)	(153,620)
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**

<b>2024</b>	<b>At 01 April 2023 USD</b>	<b>Cash flows USD</b>	<b>Non-cash flows USD</b>	<b>At 31 March 2024 USD</b>
Loans from related parties	56,330,227	(662,109)	-	55,668,118
Loan from banks	5,012,896	(5,012,896)	-	-
<b>Total</b>	<b>61,343,123</b>	<b>(5,675,005)</b>	<b>-</b>	<b>55,668,118</b>

**Notes to the financial statements**  
**For the year ended 31 March 2024**

**18 Reconciliation of liabilities arising from financing activities (Cont'd)**

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

**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 ended.

**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

Financial Statements (Management)

*31 December 2023*

# Reem Tours & Travels LLC

## Statement of financial position

As at 31 December 2023

	31 December 2023 AED	31 December 2022 AED
<b>Current assets</b>		
Non-Interest Bearing Financial Assets	-	-
Due from Related Party – Desert Adventures	608,868	608,868
<b>Total current assets</b>	608,868	608,868
<b>Total assets</b>	608,868	608,868
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	300,000	300,000
Statutory reserve	150,000	150,000
Retained earnings	158,868	158,868
<b>Total equity</b>	608,868	608,868
<b>Total equity and liabilities</b>	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 2023*

# Gulf Dunes LLC

## Financial statements

*31 December 2023*

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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 31<sup>st</sup> December 2023.

### 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

The shareholding pattern of the Company as at 31<sup>st</sup> December 2023 and 31<sup>st</sup> December 2022 is as follows:

Name of the shareholder	Shareholding %
Travel Circle International (Mauritius) Limited	100%

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

### FINANCIAL PERFORMANCE

The results of the Company for the year ended 31<sup>st</sup> December 2023 and 31<sup>st</sup> December 2022 are stated below:

Financial highlights	2023 AED	2022 AED
Net (loss)/profit	(828,664)	59,269
Total equity	(5,912,629)	(5,083,965)


### 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

The financial statements as at and for the year ended 31 December 2023 have been audited by KPMG Lower Gulf Limited. A resolution dealing with the reappointment of the auditors shall be proposed at the forthcoming board meeting.

On behalf of the Board

  
**Salim Sikander**  
Chief Financial Officer

  
**Peter Payet**  
Chief Executive Officer

**Date: 30 August 2024**





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Dubai, United Arab Emirates  
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## Independent auditors' report

### To the Shareholder 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 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material 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 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting 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 Accounting 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 2023:

- 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 2023;
- 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 2023 any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 or its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2023.

KPMG Lower Gulf Limited

Richard Ackland  
Registration No.: 1015  
Dubai, United Arab Emirates

Date: 03 SEP 2024

# Gulf Dunes LLC

## Statement of profit or loss and other comprehensive income

For the year ended 31 December

	Notes	2023 AED	2022 AED
Revenue	6	13,266,227	17,249,627
Direct costs	7	(10,110,196)	(13,880,434)
<b>Gross profit</b>		<b>3,156,031</b>	<b>3,369,193</b>
Administrative and general expenses	8.1	(4,073,544)	(3,385,661)
Other income	8.2	22,468	-
Finance income	9	66,381	75,737
<b>(Loss)/Profit for the year</b>		<b>(828,664)</b>	<b>59,269</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>(828,664)</b>	<b>59,269</b>

The notes on pages 10 to 31 are an integral part of these financial statements.

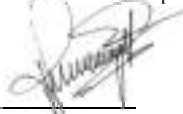
The independent auditors' report is set out on pages 2 - 5.

**Gulf Dunes LLC**  
**Statement of financial position**  
*As at 31 December 2023*

	<i>Notes</i>	<b>2023</b> <b>AED</b>	<b>2022</b> <b>AED</b>
<b>Assets</b>			
Property and equipment	<i>10</i>	<b>11,765</b>	9,774
Right-of-use asset	<i>18</i>	<b>149,002</b>	-
		<b>-----</b>	<b>-----</b>
<b>Non-current assets</b>		<b>160,767</b>	9,774
		<b>-----</b>	<b>-----</b>
Trade and other receivables	<i>11</i>	<b>2,655,949</b>	1,252,285
Cash and cash equivalents	<i>17</i>	<b>684,686</b>	516,249
		<b>-----</b>	<b>-----</b>
<b>Current assets</b>		<b>3,340,635</b>	1,768,534
		<b>-----</b>	<b>-----</b>
<b>Total assets</b>		<b>3,501,402</b>	1,778,308
		<b>=====</b>	<b>=====</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	<i>15</i>	<b>300,000</b>	300,000
Statutory reserve	<i>16</i>	<b>150,000</b>	150,000
Accumulated losses		<b>(6,362,629)</b>	(5,533,965)
		<b>-----</b>	<b>-----</b>
<b>Total equity</b>		<b>(5,912,629)</b>	(5,083,965)
		<b>-----</b>	<b>-----</b>
<b>Liabilities</b>			
Lease Liability - Non current	<i>18</i>	<b>83,102</b>	-
Employees' end of service benefits	<i>14</i>	<b>229,180</b>	147,727
		<b>-----</b>	<b>-----</b>
<b>Non-current liabilities</b>		<b>312,282</b>	147,727
		<b>-----</b>	<b>-----</b>
Trade and other payables	<i>13</i>	<b>1,740,867</b>	1,469,875
Contract liability		<b>5,601,191</b>	383,785
Due to related parties	<i>12</i>	<b>1,685,388</b>	4,860,886
Lease liability – current	<i>18</i>	<b>74,303</b>	-
		<b>-----</b>	<b>-----</b>
<b>Current liabilities</b>		<b>9,101,749</b>	6,714,546
		<b>-----</b>	<b>-----</b>
<b>Total liabilities</b>		<b>9,414,031</b>	6,862,273
		<b>-----</b>	<b>-----</b>
<b>Total equity and liabilities</b>		<b>3,501,402</b>	1,778,308
		<b>=====</b>	<b>=====</b>

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 2023. These financial statements were authorized for issue on behalf of the Company's shareholders on 30 August 2024.

  
**Salim Sikander**  
Chief Financial Officer

  
**Peter Payet**  
Chief Executive Officer

The notes on pages 10 to 31 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

	<i>Notes</i>	<b>2023</b>	2022
		<b>AED</b>	<b>AED</b>
<b>Cash flows from operating activities</b>			
(Loss)/Profit for the year		<b>(828,664)</b>	59,269
<i>Adjustments for:</i>			
Depreciation and amortization	18	<b>5,982</b>	7,509
Depreciation on right-of-use assets	8.1	<b>74,501</b>	67,486
Allowance for expected credit loss	8.1	<b>67,798</b>	10,382
Provision for employees' end of service benefits	14	<b>93,200</b>	61,412
Interest expense on lease liability	18	<b>11,950</b>	210
		-----	-----
		<b>(575,233)</b>	206,268
Changes in:			
- trade and other receivables		<b>(1,471,462)</b>	575,206
- due to related parties		<b>(3,175,498)</b>	41,054
- trade and other payables		<b>270,992</b>	344,818
- Contract liability		<b>5,217,406</b>	(741,060)
Payment of employees' end of service benefits	14	<b>(11,747)</b>	(107,450)
		-----	-----
<i>Net cash from / (used in) operating activities</i>		<b>254,458</b>	318,836
		-----	-----
<b>Cash flows from investing activity</b>			
Acquisition of property and equipment	10	<b>(7,973)</b>	(8,991)
		-----	-----
<i>Net cash (used in) / from investing activity</i>		<b>(7,973)</b>	(8,991)
		-----	-----
<b>Cash flows from financing activity</b>			
Interest paid during the year	18	<b>(11,950)</b>	-
Payment of lease liabilities	18	<b>(66,098)</b>	(39,026)
		-----	-----
<i>Cash used in financing activity</i>		<b>(78,048)</b>	(38,816)
		-----	-----
Net decrease in cash and cash equivalents		<b>168,437</b>	270,819
Cash and cash equivalents at the beginning of the year		<b>516,249</b>	245,430
		-----	-----
<b>Cash and cash equivalents at end of the year</b>	17	<b>684,686</b>	516,249
		=====	=====

The notes on pages 10 to 31 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 2022	300,000	150,000	(5,593,234)	(5,143,234)
<i>Total comprehensive income for the year</i>				
Profit for the year	-	-	59,269	59,269
<b>Balance at 31 December 2022</b>	<u>300,000</u>	<u>150,000</u>	<u>(5,533,965)</u>	<u>(5,083,965)</u>
Balance at 1 January 2023	300,000	150,000	(5,533,965)	(5,083,965)
<i>Total comprehensive income for the year</i>				
(Loss) for the year	-	-	(828,664)	(828,664)
<b>Balance at 31 December 2023</b>	<u>300,000</u>	<u>150,000</u>	<u>(6,362,629)</u>	<u>(5,912,629)</u>

The notes on pages 10 to 31 are an integral part of these financial statements.



# Gulf Dunes LLC

## Notes to the financial statements

### 1 Reporting entity

Gulf Dunes LLC, Dubai is a limited liability Company (“the Company”) registered with the Department of Economy and Tourism, Government of Dubai under commercial license number 237864. The principle business activity of the Company is organizing and managing incentive trips, conferences and meetings for groups.

The shareholding pattern of the Company as at 31st December 2023 and 31st December 2022 is as follows:

Name of the shareholder	Shareholding %
Travel Circle International (Mauritius) Limited (“the Holding Company”)	100%

The ultimate parent and ultimate controlling party 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 2023, the Company has incurred a net loss of AED 828,664 (2022: Profit of AED 59,269), has net current liabilities of AED 5,761,114 (2022: AED 4,946,012) and net liabilities of AED 5,912,629 (2022: AED 5,083,965). As at 31 December 2023, the accumulated losses of the Company, amounted to AED 6,362,629 (2022: AED 5,533,965), 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.

#### d) Functional and presentation currency

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

# Gulf Dunes LLC

## Notes to the financial statements

### **2 Basis of preparation (continued)**

#### **e) 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 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 22.

#### **f) Changes in material accounting policies**

##### **Deferred tax related to assets and liabilities arising from a single transaction**

The Company has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognize the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented. The amendment has no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IAS 12. There was also no impact on the opening retained earnings as at 1 January 2023 as a result of the change.

##### **Material accounting policy information**

The Company also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of “material”, rather than “significant”, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Summary of material accounting policies (2022: Summary of significant accounting policies) in certain instances in line with the amendments.

### **3 Material accounting policies**

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise. In addition, the Company adopted the Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of “material”, rather than “significant”, accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in certain instances (see Note 2 (f) for further information).

# Gulf Dunes LLC

## Notes to the financial statements

### 3 Material 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 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.

##### ***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.

# Gulf Dunes LLC

## Notes to the financial statements

### 3 Material 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.

#### ***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.

# Gulf Dunes LLC

## Notes to the financial statements

### 3 Material accounting policies (continued)

#### 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.

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:

	<i>Years</i>
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.

#### 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.

# Gulf Dunes LLC

## Notes to the financial statements

### 3 Material accounting policies (continued)

#### Impairment (continued)

##### *Non-derivative financial assets (continued)*

##### *Financial instruments (continued)*

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.

#### *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.

# Gulf Dunes LLC

## Notes to the financial statements

### 3 Material accounting policies (continued)

#### Impairment (continued)

##### *Non-derivative financial assets (continued)*

##### *Financial instruments (continued)*

##### *Presentation of allowance for ECL in the statement of financial position (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 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.

# Gulf Dunes LLC

## Notes to the financial statements

### 3 Material accounting policies (continued)

#### **Impairment (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.

#### ***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.

#### **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.



# Gulf Dunes LLC

## Notes to the financial statements

### 3 Material accounting policies (continued)

#### 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. 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.

# Gulf Dunes LLC

## Notes to the financial statements

### **3 Material accounting policies (continued)**

#### **Leases (continued)**

##### **As a lessee (continued)**

##### **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.

##### **Contract liability**

A contract liability is an entity's obligation to transfer goods or services to a customer for which the Company has received consideration (or the amount is due) from the customer.

### **4 New standards or amendments and forthcoming requirements**

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

#### **A. Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants (Amendments to IAS 1)**

The amendments, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1 January 2024. The Company is in the process of assessing the potential impact of the amendments on the classification of this liability and the related disclosure.

#### **B. Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)**

The amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The amendments apply for annual periods beginning on or after 1 January 2024.

The Company is in the process of assessing the impact of the amendments, particularly with respect to the collation of additional information needed to meet the new disclosure requirements.

#### **C. Other standards**

The following new and amended standards are not expected to have a significant impact on the Company's financial statements.

- a) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).
- b) Lack of Exchangeability (Amendments to IAS 21).

# Gulf Dunes LLC

## Notes to the financial statements

### 4 New standards or amendments and forthcoming requirements (continued)

<i>New currently effective requirements</i>	<b>Effective date</b>
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 Estimates -Amendments to IAS 8	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction -Amendments to IAS 12	1 January 2023
International Tax Reform-Pillar Two Model Rules Amendments to IAS 12	23 May 2023

These standards and amendments do not have a significant impact on the Company's financial statements as at 31 December 2023.

#### *New standards or amendments issued but not yet effective*

At the date of these financial statements, the following standards, amendments and interpretations have not been effective and have not been early adopted:

<b>New and amended standards not effective and not yet adopted by the Company</b>	<b>Effective date</b>
<i>Classification of Liabilities as Current or Non-current - Amendments to IAS 1 and Non-Current Liabilities with Covenants (Amendments to IAS 1)</i>	<i>1 January 2024</i>
<i>Lease liability in a Sale and Leaseback – Amendments to IFRS 16</i>	<i>1 January 2024</i>
<i>Supplier Finance Arrangements – Amendments of IAS 7 and IFRS 7</i>	<i>1 January 2024</i>
<i>Lack of Exchangeability – Amendments to IAS 21</i>	<i>1 January 2025</i>
<i>Sale or Contribution of assets between an investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28</i>	<i>Optional</i>

### 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 20 of these financial statements.

# Gulf Dunes LLC

## Notes to the financial statements

### 5 Financial risk management (*Continued*)

#### **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.

#### **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.

# Gulf Dunes LLC

## Notes to the financial statements

### 5 Financial risk management (Continued)

#### Market risk (continued)

##### *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. 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

	2023 AED	2022 AED
Staff salaries and benefits	2,939,684	2,230,657
Overseas representative office charges	400,760	460,875
Business promotion expenses	302,406	239,949
Legal and professional charges	114,369	121,608
Depreciation on right-of-use assets	74,501	67,486
Sponsorship fees	-	59,001
Bank charges	28,338	28,087
Communication expense	28,809	24,581
Allowance for expected credit loss	67,798	10,382
Rent expense	10,840	9,374
Depreciation	5,982	7,509
Other expenses	100,057	126,152
	<u>4,073,544</u>	<u>3,385,661</u>

# Gulf Dunes LLC

## Notes to the financial statements

### 8.2 Other income

	2023 AED	2022 AED
Other Income	22,468	-
	<u>22,468</u>	<u>-</u>

### 9 Finance income

	2023 AED	2022 AED
Foreign exchange gain	78,331	75,947
Interest expense on lease liability	(11,950)	(210)
	<u>66,381</u>	<u>75,737</u>

### 10 Property and equipment

	Motor vehicles AED	Furniture, fixtures and office equipment AED	Leasehold improvements AED	Total AED
<b>Cost</b>				
Balance at 1 January 2022	-	250,739	25,000	275,739
Disposal during the year	-	8,991	-	8,991
	<u>-</u>	<u>259,730</u>	<u>25,000</u>	<u>284,730</u>
Balance as at 31 December 2022	-	259,730	25,000	284,730
Balance as at 1 January 2023	-	259,730	25,000	284,730
Addition during the year	-	7,973	-	7,973
	<u>-</u>	<u>267,703</u>	<u>25,000</u>	<u>292,703</u>
<b>Balance as at 31 December 2023</b>	<u>-</u>	<u>267,703</u>	<u>25,000</u>	<u>292,703</u>
<b>Depreciation</b>				
Balance at 1 January 2022	-	242,447	25,000	267,447
Charge for the year	-	7,509	-	7,509
	<u>-</u>	<u>249,956</u>	<u>25,000</u>	<u>274,956</u>
Balance as at 31 December 2022	-	249,956	25,000	274,956
Balance as at 1 January 2023	-	249,956	25,000	274,956
Charge for the year	-	5,982	-	5,982
	<u>-</u>	<u>255,938</u>	<u>25,000</u>	<u>280,938</u>
<b>Balance as at 31 December 2023</b>	<u>-</u>	<u>255,938</u>	<u>25,000</u>	<u>280,938</u>
<b>Net book value</b>				
	-	11,765	-	11,765
<b>At 31 December 2023</b>	<u>-</u>	<u>11,765</u>	<u>-</u>	<u>11,765</u>
	-	9,774	-	9,774
<b>At 31 December 2022</b>	<u>-</u>	<u>9,774</u>	<u>-</u>	<u>9,774</u>

# Gulf Dunes LLC

## Notes to the financial statements

### 11 Trade and other receivables

	2023 AED	2022 AED
Trade receivables	1,497,560	773,362
Provision for impairment loss on trade receivables	(91,372)	(23,574)
	<u>1,406,188</u>	<u>749,788</u>
Prepayments	88,323	92,460
Deposits and other receivables	240,986	294,033
Advances to suppliers & others	920,452	116,004
	<u>2,655,949</u>	<u>1,252,285</u>

### 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. There were no transactions with the related parties during the year and in the previous year except the receipt and payment of the funds. Significant related party transactions during the year ended 31 December 2023 were as follows:

Below is the detail of Key management personnel compensation:

	2023 AED	2022 AED
<b>Key management personnel compensation</b>		
Short term employee benefits	591,215	622,458
Post-employment benefits	34,824	26,359
	<u>626,039</u>	<u>648,817</u>

#### Due to related parties

	Relationship	2023 AED	2022 AED
Gulf Dunes Tourism LLC – Om	Sister Concern	861,482	1,335,635
Desert Adventures Tourism LLC	Fellow Subsidiary	823,906	3,525,251
		<u>1,685,388</u>	<u>4,860,886</u>

### 13 Trade and other payables

	2023 AED	2022 AED
Trade payables	775,484	842,007
Accruals and other payables	965,383	627,868
	<u>1,740,867</u>	<u>1,469,875</u>

# Gulf Dunes LLC

## Notes to the financial statements

### 14 Employees' end of service benefits

	2023 AED	2022 AED
Balance at 01 January	147,727	193,765
Provision during the year	93,200	61,412
Payments made during the year	(11,747)	(107,450)
	-----	-----
Balance at 31 December	<u>229,180</u>	<u>147,727</u>

### 15 Share capital

	2023 AED	2022 AED
<i>Authorised, issued and fully paid-up capital</i>		
100 shares of AED 3,000 each	<u>300,000</u>	<u>300,000</u>

### 16 Statutory reserves

In accordance with UAE Federal Law No. 32 of 2021, a minimum of 5% 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 (2022: AED Nil).

### 17 Cash and cash equivalents

	2023 AED	2022 AED
Cash in hand	3,900	20,026
Cash at bank	680,786	496,223
	-----	-----
	<u>684,686</u>	<u>516,249</u>

### 18 Leases

(a) The statement of financial position shows the following amounts relating to leases:

	2023 AED	2022 AED
<i>Right of use asset</i>		
Office premises	<u>149,002</u>	<u>-</u>
<i>Lease liability</i>		
Current	74,303	-
Non-current	83,102	-
	-----	-----
	<u>157,405</u>	<u>-</u>



# Gulf Dunes LLC

## Notes to the financial statements

### 18 Leases (continued)

(b) The movement of right-of-use asset and lease liability during the period is given below:

	2023 AED	2022 AED
<b><i>Right of use asset</i></b>		
<i>At 01 January</i>	-	67,486
Addition during the period	223,503	-
Depreciation for the period	(74,501)	(67,486)
	<u>149,002</u>	<u>-</u>
<b><i>Lease liability</i></b>		
<i>At 01 January</i>	-	38,816
Addition during the period	223,503	-
Interest expense charged to finance costs	11,950	210
Repayment of lease liability	(78,048)	(39,026)
	<u>157,405</u>	<u>-</u>

(c) Amounts recognised in the statement of profit or loss:

	2023 AED	2022 AED
Depreciation on Right-of-use asset	74,501	67,486
Finance cost	11,950	210
	<u>120,192</u>	<u>67,696</u>

(d) Amounts recognised in the statement of cash flows:

	2023 AED	2022 AED
Principal payment	66,098	38,816
Add: Finance cost paid	11,950	210
	<u>78,048</u>	<u>39,026</u>

(e) Maturity analysis of lease liabilities, showing un-discounted lease payments to be paid after the reporting date and related unwinding of finance cost is given below:

	As at 31 December 2023		
	Future minimum lease payments AED	Unwinding of finance cost AED	Present value of minimum lease payments AED
Less than one year	81,300	6,997	74,303
Between one to two years	84,552	1,450	83,102
	<u>165,852</u>	<u>8,447</u>	<u>157,405</u>

# Gulf Dunes LLC

## Notes to the financial statements

### 19 Contingencies and commitments

There are no capital commitments and contingent liabilities of the Company as at 31 December 2023 (31 December 2022: AED Nil).

### 20 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:

	2023 AED	2022 AED
Trade and other receivables (excluding prepayments and advances to suppliers)	1,647,174	1,043,821
Cash at bank	680,786	496,223
	<u>2,327,960</u>	<u>1,540,044</u>

The aging of trade receivables at the reporting date was:

	31 December 2023 Gross AED	Provision AED	31 December 2022 Gross AED	Provision AED
Not due	1,406,188	-	749,788	-
0-30 days past due	-	-	-	-
31-90 days past due	-	-	-	-
Over 90 days past due	91,372	91,372	23,574	23,574
	<u>1,497,560</u>	<u>91,372</u>	<u>773,362</u>	<u>23,574</u>

# Gulf Dunes LLC

## Notes to the financial statements

### 20 Financial instruments *(continued)*

#### Credit risk *(continued)*

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

	2023 AED	2022 AED
At 1 January	23,574	13,192
Impairment loss recognized during the year	67,798	10,382
	-----	-----
At 31 December	91,372	23,574
	=====	=====

At 31 December 2023, the Company's exposure of credit risk to trade receivables by geographical region was as follows:

	Carrying amount 2023 AED	Carrying amount 2022 AED
<b>Geographical regions</b>		
Europe	18,759	27,059
Commonwealth of Independent States	110,264	412,969
Middle east and others	1,368,537	333,334
	-----	-----
<b>Grand total</b>	1,497,560	773,362
	=====	=====

#### *Cash at Banks*

The Company held cash at banks of AED 680,786 at 31 December 2023 (2022: AED 496,223). The cash at banks are held with banks, which are rated A1 to A3, based on Mood's ratings. Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

#### *Other receivables*

The company's exposure to credit risk on other receivable from third parties influence mainly by the individual characteristics of each party. Other receivable as at 31 December 2023 include deposits and other receivable of AED 240,986 (2022: AED 294,033) for which management believes that there is no significant credit risk associated at reporting date.

#### **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

# Gulf Dunes LLC

## Notes to the financial statements

### 20 Financial instruments (continued)

#### Liquidity risk (continued)

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 2023

	Carrying Amount AED	Contractual cash outflows AED	1 year or less AED	More than 1 year AED
<b>Non derivative financial liabilities</b>				
Trade and other payables (excluding advances from customers)	1,740,867	1,740,867	1,740,867	-
Lease liability	157,405	165,852	81,300	84,552
Due to related parties	1,685,388	1,685,388	1,685,388	-
	=====	=====	=====	=====
	3,583,660	3,592,107	3,507,555	84,552

#### 31 December 2022

	Carrying Amount AED	Contractual cash outflows AED	1 year or less AED	More than 1 year AED
<b>Non derivative financial liabilities</b>				
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)	-

#### 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.

### 21 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.

# Gulf Dunes LLC

## Notes to the financial statements

### 22 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.

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.

### 23 Comparatives

Certain comparative figures have been reclassified to conform to the presentation adopted in these financial statements. These reclassifications do not impact on profit, assets and equity.

### 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.

### 25 UAE Corporate Tax

On December 9, 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 will become effective for accounting periods beginning on or after June 1, 2023.

The Cabinet of Ministers Decision No. 116/2022 effective from January 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.

# Gulf Dunes LLC

## Notes to the financial statements

### **25 UAE Corporate Tax (continued)**

For the Company, current taxes shall be accounted for as appropriate in the financial statements for the period beginning 1 January 2024. In accordance with IAS 12 Income Taxes, the related deferred tax accounting impact has been considered for the period ended 31 December 2023.

The Company has assessed the deferred tax implications for the period ended 31 December 2023 and, after considering its interpretations of applicable tax law, official pronouncements, cabinet decisions and ministerial decisions (especially with regard to transition rules), it has been concluded that it is not expected to be material.

The Company shall continue to monitor critical Cabinet Decisions to determine the impact on the Company, from deferred tax perspective.

# **Gulf Dunes LLC**

**Financial statements  
31 December 2023**

# **Gulf Dunes LLC**

## **Financial statements**

*31 December 2023*

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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 31 December 2023.

### 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 31<sup>st</sup> December 2023 and 31<sup>st</sup> December 2022 are stated below:

Financial highlights	2023 OMR	2022 OMR
Net (loss)/profit	(9,319)	19,088
Total equity	94,893	104,212

### 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 2024 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 2024.

On behalf of the Board



**Salim Sikander**  
Chief financial officer



**Peter Payet**  
Chief executive officer

Date: 29 April 2024



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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, 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material 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, 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting 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 Accounting Standards, and their preparation in compliance with the applicable provisions of the Commercial Companies 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)

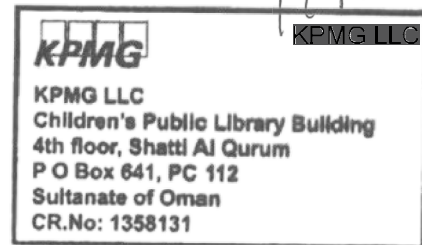
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we 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 the Commercial Companies Law of 2019.

30 April 2024



## Gulf Dunes LLC

### Statement of profit or loss and other comprehensive income

For the year ended 31 December 2023

	<i>Notes</i>	<b>2023</b> <b>OMR</b>	2022 OMR
Revenue	5	<b>28,072</b>	152,484
Direct costs	6	<b>(22,339)</b>	(119,061)
<b>Gross profit</b>		<b>5,733</b>	33,423
Administrative and general expenses	7	<b>(13,238)</b>	(14,335)
<b>(Loss)/Profit before tax</b>		<b>(7,505)</b>	19,088
Tax expense	16	<b>(1,814)</b>	-
<b>(Loss)/Profit for the year</b>		<b>(9,319)</b>	19,088
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>(9,319)</b>	19,088

The notes on pages 9 to 26 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 2023

	Notes	2023 OMR	2022 OMR
<b>Assets</b>			
Trade and other receivables	8	3,379	8,273
Due from a related party	9	90,245	140,032
Cash at bank	14	7,391	5,363
<b>Current assets</b>		<b>101,015</b>	<b>153,668</b>
<b>Total assets</b>		<b>101,015</b>	<b>153,668</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	12	150,000	150,000
Statutory reserve	13	5,201	5,201
Accumulated losses		(60,308)	(50,989)
<b>Total equity</b>		<b>94,893</b>	<b>104,212</b>
<b>Liabilities</b>			
Trade and other payables	10	6,122	21,789
Due to a related party	9	-	27,667
<b>Current liabilities</b>		<b>6,122</b>	<b>49,456</b>
<b>Total liabilities</b>		<b>6,122</b>	<b>49,456</b>
<b>Total equity and liabilities</b>		<b>101,015</b>	<b>153,668</b>

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 2023.

These financial statements were authorized for issue on behalf of the Company's Directors on 29 April 2024:



**Salim Sikander**  
Chief Executive Officer



**Peter Payet**  
Chief Financial Officer

The notes on pages 9 to 26 are an integral part of these financial statements.

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

# Gulf Dunes LLC

## Statement of cash flows

For the year ended 31 December 2023

	Notes	2023 OMR	2022 OMR
<b>Cash flows from operating activities</b>			
(Loss)/Profit for the year		<b>(9,319)</b>	19,088
<i>Adjustments for:</i>			
Tax expense	16	<b>1,814</b>	-
		<b>(7,505)</b>	19,088
Changes in:			
- trade and other receivables		<b>4,894</b>	(2,266)
- due from related parties		<b>49,787</b>	(47,820)
- trade and other payables		<b>(17,481)</b>	9,026
- due to related parties		<b>(27,667)</b>	27,667
Payments of employees' end of service benefits	11	-	(1,018)
<i>Net cash from operating activities</i>		<b>2,028</b>	4,677
<b>Net increase in cash and cash equivalents</b>		<b>2,028</b>	4,677
Cash and cash equivalents at beginning of the year		<b>5,363</b>	686
<b>Cash and cash equivalents at end of the year</b>	14	<b>7,391</b>	5,363

The notes on pages 9 to 26 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 2023*

	Share Capital OMR	Statutory reserve OMR	Accumulated losses OMR	Total OMR
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	<u>150,000</u>	<u>5,201</u>	<u>(50,989)</u>	<u>104,212</u>
<b>At 1 January 2023</b>	150,000	5,201	(50,989)	104,212
(Loss) for the year	-	-	(9,319)	(9,319)
<b>At 31 December 2023</b>	<u>150,000</u>	<u>5,201</u>	<u>(60,308)</u>	<u>94,893</u>

The notes on pages 9 to 26 form an integral part of these financial statements.



# **Gulf Dunes LLC**

## **Notes to the financial statements**

### **For the year ended 31 December 2023**

#### **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.

##### **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.

Judgements made by management in the application of IFRS does not have any significant effect on the financial statements and there is no management estimates which could have a significant risk of material adjustment in the future years.

##### **e) Going concern**

During the year ended 31 December 2023, the Company incurred a loss after tax of OMR 9,319 and as at 31 December 2023 its accumulated losses amounted to OMR 60,308 (2022: accumulated losses OMR 50,989). 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

# **Gulf Dunes LLC**

## **Notes to the financial statements For the year ended 31 December 2023**

### **2 Basis of accounting (continued)**

#### **e) Going concern (continued)**

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 year end. 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 2023 on a going concern basis.

#### **f) Changes in material accounting policies**

##### **Deferred tax related to assets and liabilities arising from a single transaction**

The Company has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognize the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented. The amendment has no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IAS 12. There was also no impact on the opening retained earnings as at 1 January 2023 as a result of the change.

##### **Material accounting policy information**

The Company also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of “material”, rather than “significant”, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Summary of material accounting policies (2022: Summary of significant accounting policies) in certain instances in line with the amendments.

**Gulf Dunes LLC**  
**Notes to the financial statements**  
**For the year ended 31 December 2023**

**3 Material accounting policies**

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

In addition, the Company adopted the Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of “material”, rather than “significant”, accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in certain instances (see Note 2 (f) for further information).

**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.

**Gulf Dunes LLC**  
**Notes to the financial statements**  
**For the year ended 31 December 2023**

**3 Material accounting policies (continued)**

**Financial instruments (continued)**

*Classification and subsequent measurement (continued)*

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.

*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.

**Gulf Dunes LLC**  
**Notes to the financial statements**  
**For the year ended 31 December 2023**

**3 Material 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 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

**Gulf Dunes LLC**  
**Notes to the financial statements**  
**For the year ended 31 December 2023**

**3 Material 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 it 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

**Gulf Dunes LLC**  
**Notes to the financial statements**  
**For the year ended 31 December 2023**

**3 Material 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.

**Gulf Dunes LLC**  
**Notes to the financial statements**  
**For the year ended 31 December 2023**

**3 Material 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:



**Gulf Dunes LLC**  
**Notes to the financial statements**  
**For the year ended 31 December 2023**

**3 Material 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.

**Gulf Dunes LLC**  
**Notes to the financial statements**  
**For the year ended 31 December 2023**

**3 Material 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**

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

**A. Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants (Amendments to IAS 1)**

The amendments, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1 January 2024. The Company is in the process of assessing the potential impact of the amendments on the classification of this liability and the related disclosure.

**B. Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)**

The amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The amendments apply for annual periods beginning on or after 1 January 2024.

The Company is in the process of assessing the impact of the amendments, particularly with respect to the collation of additional information needed to meet the new disclosure requirements.

**C. Other standards**

The following new and amended standards are not expected to have a significant impact on the Company's financial statements.

- a) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).
- b) Lack of Exchangeability (Amendments to IAS 21).

**Gulf Dunes LLC**  
**Notes to the financial statements**  
**For the year ended 31 December 2023**

**3 Material accounting policies (continued)**

**New standards or amendments and forthcoming requirements (continued)**

<i>New currently effective requirements</i>	<b>Effective date</b>
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 Estimates -Amendments to IAS 8	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction -Amendments to IAS 12	1 January 2023
International Tax Reform-Pillar Two Model Rules Amendments to IAS 12	23 May 2023

These standards and amendments do not have a significant impact on the Company's financial statements as at 31 December 2023.

***New standards or amendments issued but not yet effective***

At the date of these financial statements, the following standards, amendments and interpretations have not been effective and have not been early adopted:

<b>New and amended standards not effective and not yet adopted by the Company</b>	<b>Effective date</b>
<i>Classification of Liabilities as Current or Non-current - Amendments to IAS 1 and Non-Current Liabilities with Covenants (Amendments to IAS 1)</i>	<i>1 January 2024</i>
<i>Lease liability in a Sale and Leaseback – Amendments to IFRS 16</i>	<i>1 January 2024</i>
<i>Supplier Finance Arrangements – Amendments of IAS 7 and IFRS 7</i>	<i>1 January 2024</i>
<i>Lack of Exchangeability – Amendments to IAS 21</i>	<i>1 January 2025</i>
<i>Sale or Contribution of assets between an investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28</i>	<i>Optional</i>

**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.

**Gulf Dunes LLC**  
**Notes to the financial statements**  
**For the year ended 31 December 2023**

**4 Financial risk management (continued)**

**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.

*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.

**Gulf Dunes LLC**  
**Notes to the financial statements**  
**For the year ended 31 December 2023**

**4 Financial risk management (continued)**

**Market risk (continued)**

*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 2019.

**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.

	<b>2023</b>	2022
	<b>OMR</b>	OMR
Tourism and related services	<b>28,072</b>	152,484
	<b>28,072</b>	152,484
	<b>=====</b>	<b>=====</b>
<b>Geographical markets</b>		
Oman	<b>28,072</b>	152,484
	<b>=====</b>	<b>=====</b>
<b>Timing of revenue recognition</b>		
Revenue recognized at a point in time	<b>28,072</b>	152,484
	<b>=====</b>	<b>=====</b>

**6 Direct costs**

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

	<b>2023</b>	2022
	<b>OMR</b>	OMR
Tourism and related services	<b>22,339</b>	119,061
	<b>22,339</b>	119,061
	<b>=====</b>	<b>=====</b>

**Gulf Dunes LLC**  
**Notes to the financial statements**  
**For the year ended 31 December 2023**

**7 Administrative and general expenses**

	<b>2023</b>	<b>2022</b>
	<b>OMR</b>	<b>OMR</b>
Staff salaries and benefits	-	7,086
Sponsorship fees	<b>6,285</b>	5,343
Legal and professional charges	<b>4,405</b>	1,820
Business promotion	<b>2,323</b>	36
Miscellaneous expenses	<b>225</b>	50
	<b>13,238</b>	14,335

The staff salaries and benefits comprise:

Salaries and other related benefits	-	7,086
	-	7,086

**8 Trade and other receivables**

	<b>2023</b>	<b>2022</b>
	<b>OMR</b>	<b>OMR</b>
Prepayments	<b>3,144</b>	6,173
Accrued commission income	-	1,865
Advance to supplier	<b>235</b>	235
	<b>3,379</b>	8,273

**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. There were no transactions with the related party except for the funds payment and receipt during the year ended 31 December 2023 and 31 December 2022. Related party Gulf Dunes LLC, Dubai and Muscat Desert Adventures Tourism LLC are the sister concern of the Company.

**Due from a related party**

	<b>2023</b>	<b>2022</b>
	<b>OMR</b>	<b>OMR</b>
Gulf Dunes LLC, Dubai	<b>90,245</b>	140,032
	<b>90,245</b>	140,032

**Due to a related party**

	<b>2023</b>	<b>2022</b>
	<b>OMR</b>	<b>OMR</b>
Muscat Desert Adventures Tourism LLC	-	27,667

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

**Gulf Dunes LLC**  
**Notes to the financial statements**  
**For the year ended 31 December 2023**

**10 Trade and other payables**

	<b>2023</b>	2022
	<b>OMR</b>	OMR
Advance from customers	-	15,677
VAT payable	-	3,170
Trade Payables	<b>141</b>	1,972
Tax payable	<b>1,814</b>	-
Accruals and other payables	<b>4,167</b>	970
	<u><b>6,122</b></u>	<u>21,789</u>

**11 Employees' end of service benefits**

	<b>2023</b>	2022
	<b>OMR</b>	OMR
Balance at 01 January	-	1,018
Charge for the year	-	-
Payments made during the year	-	(1,018)
	<u>-</u>	<u>-</u>
Balance at 31 December	<u>-</u>	<u>-</u>

**12 Share capital**

	<b>2023</b>	2022
	<b>OMR</b>	OMR
<i>Authorized, issued and fully paid-up capital</i>		
150,000 ordinary shares of OMR 1 each	<b>150,000</b>	150,000
	<u><b>150,000</b></u>	<u>150,000</u>

*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, as Company has incurred loss, no amount was transfer to reserves (2022: OMR 1,909 is transfer to reserves).

**14 Cash at bank**

	<b>2023</b>	2022
	<b>OMR</b>	OMR
Cash at bank	<b>7,391</b>	5,363
	<u><b>7,391</b></u>	<u>5,363</u>

**Gulf Dunes LLC**  
**Notes to the financial statements**  
**For the year ended 31 December 2023**

**15 Contingent liabilities and capital commitment**

The Company had Nil contingent liabilities and capital commitment as at 31 December 2023 (2022: 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.

	<b>2023</b>	2022
	<b>OMR</b>	OMR
Current year	<b>323</b>	-
Prior years	<b>1,492</b>	-
	<hr/>	<hr/>
<b>Total tax</b>	<b>1,814</b>	-
	<hr/> <hr/>	<hr/> <hr/>

***Movement of provision for taxation***

At 1 January	-	-
Provision during the year	<b>1,814</b>	-
	<hr/>	<hr/>
<b>At 31 December</b>	<b>1,814</b>	-
	<hr/> <hr/>	<hr/> <hr/>

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:

	<b>2023</b>	2022
	<b>OMR</b>	OMR
Profit for the year	<b>(7,505)</b>	19,088
	<hr/>	<hr/>
Income tax as per rates mentioned above	<b>(1,126)</b>	2,863
Non-deductible expenses	<b>1,448</b>	1,046
Deferred tax not recognized for prior period	-	(3,909)
Current tax – prior year	<b>1,492</b>	-
	<hr/>	<hr/>
<b>Tax expense for the year</b>	<b>1,814</b>	-
	<hr/> <hr/>	<hr/> <hr/>

**c) Status of the tax assessments**

The assessment of the Company has been completed and agreed upto the Tax Year 2019. The Company has filed an Objection against the arbitrary disallowances of salaries and related costs made in the assessment order for the Tax year 2019. The objection has not yet been issued by 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 2022 has not yet initiated by the TA.



**Gulf Dunes LLC**  
**Notes to the financial statements**  
**For the year ended 31 December 2023**

**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:

	<b>2023</b>	2022
	<b>OMR</b>	OMR
Trade and other receivables (excluding prepayments and advances to suppliers)	-	1,865
Cash at bank	<b>7,391</b>	5,363
Due from a related party	<b>90,245</b>	140,031
	<u><b>97,636</b></u>	<u>147,259</u>

**Liquidity risk**

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

<b>31 December 2023</b>	<b>Carrying amount OMR</b>	<b>Contractual cashflows OMR</b>	<b>1 year or less OMR</b>
<b>Non derivative financial liabilities</b>			
<b>Trade and other payables*</b>	<b>4,308</b>	<b>(4,308)</b>	<b>(4,308)</b>
	<u><b>4,308</b></u>	<u><b>(4,308)</b></u>	<u><b>(4,308)</b></u>

\*(excluding advances from customers, Tax and VAT payable)

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

\*(excluding advances from customers and VAT payable)

**Gulf Dunes LLC**  
**Notes to the financial statements**  
**For the year ended 31 December 2023**

**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 2023 and 31 December 2022, there are no financial instruments carried at fair value by valuation method. Accordingly, fair value hierarchy disclosures are not applicable.

**19 Subsequent events**

There has been no significant event subsequent to the reporting date and up to the date of authorization on 29 April 2024, which would have a material effect on the financial statements.

# Desert Adventures Tourism LLC

Separate financial statements

*31 December 2023*

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Separate statement of cash flows	7
Separate statement of changes in equity	8
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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 31<sup>st</sup> December 2023.

### 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 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 Desert Adventures Tourism LLC is P.O. Box No. 25488, Dubai, United Arab Emirates.

### SHARE HOLDINGS

The shareholding pattern of the Company as at 31st December 2023 and 31st December 2022 is as follows:

Name of the shareholder	Shareholding %
Travel Circle International (Mauritius) Limited	100%

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

### FINANCIAL PERFORMANCE

The results of the Company for the year ended 31<sup>st</sup> December 2023 and 31<sup>st</sup> December 2022 are stated below:

Financial highlights	2023 AED	2022 AED
Net (loss) / Profit	(630,388)	931,763
Total equity	(42,671,839)	(42,041,451)

### 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 2024 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 2024.

On behalf of the Board



**Salim Sikander**  
Chief Financial Officer



**Peter Payet**  
Chief Executive Officer

Date: 30 August 2024



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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 2023, 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 material 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 2023, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting 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 2023 in accordance with IFRS Accounting Standards on which we issued a separate auditor's report to the shareholder of the Group, dated 02 September 2024.

## 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 Accounting 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

Richard Ackland  
Registration No.: 1015  
Dubai, United Arab Emirates

Date: 02 SEP 2024



# Desert Adventures Tourism LLC

## Separate statement of profit or loss and other comprehensive income

For the year ended 31 December 2023

	Notes	2023 AED	2022 AED
Revenue	4	345,723,919	338,143,044
Cost of sales	5	(317,979,919)	(313,483,307)
<b>Gross profit</b>		<b>27,744,000</b>	<b>24,659,737</b>
Administrative and general expenses	6	(26,673,485)	(23,507,053)
Impairment loss on trade receivables	12.1	(81,000)	(250,000)
Other income	8	776,035	1,401,118
<b>Results from operating activities</b>		<b>1,765,550</b>	<b>2,303,802</b>
Finance income	7	874,169	868,550
Finance cost	7	(3,270,107)	(2,240,589)
<b>(Loss)/Profit for the year</b>		<b>(630,388)</b>	<b>931,763</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>(630,388)</b>	<b>931,763</b>

The notes on pages 9 to 35 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 2023

	Notes	2023 AED	2022 AED
<b>ASSETS</b>			
Property and equipment	9	1,464,550	180,529
Intangible asset	10	427,903	254,821
Investment in subsidiaries	11	1,435,575	1,435,575
		-----	-----
<b>Non-current assets</b>		<b>3,328,028</b>	<b>1,870,925</b>
		-----	-----
Trade and other receivables	12	40,231,483	35,300,969
Due from related parties	13	1,897,106	7,300,860
Cash and cash equivalents	14	5,883,633	16,765,615
		-----	-----
<b>Current assets</b>		<b>48,012,222</b>	<b>59,367,444</b>
		-----	-----
<b>Total assets</b>		<b>51,340,250</b>	<b>61,238,369</b>
		=====	=====
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
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		(52,463,128)	(51,832,740)
		-----	-----
<b>Total equity</b>		<b>(42,671,839)</b>	<b>(42,041,451)</b>
		-----	-----
<b>Liabilities</b>			
Provision for employees' end of service benefits	18	3,688,133	3,069,767
Lease liability	20	525,708	-
Bank borrowings	14.1	232,638	-
		-----	-----
<b>Non-current liabilities</b>		<b>4,446,479</b>	<b>3,069,767</b>
		-----	-----
Trade and other payables	19	69,418,065	70,169,804
Due to related parties	13	2,160,935	641,177
Loan from holding Company	13	-	13,299,403
Bank borrowings	14.1	17,516,562	16,099,669
Lease liability	20	470,048	-
		-----	-----
<b>Current liabilities</b>		<b>89,565,610</b>	<b>100,210,053</b>
		-----	-----
<b>Total liabilities</b>		<b>94,012,089</b>	<b>103,279,820</b>
		-----	-----
<b>Total equity and liabilities</b>		<b>51,340,250</b>	<b>61,238,369</b>
		=====	=====

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 2023.

These separate financial statements were authorized for issue by the shareholders on 30 August 2024.

  
**Salim Sikander**

Chief Financial Officer

  
**Peter Paye**

Chief Executive Officer

The notes on pages 9 to 35 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	2023 AED	2022 AED
<b>Cash flows from operating activities</b>			
(Loss)/Profit for the year		(630,388)	931,763
Adjustments for:			
Depreciation on property and equipment	9	629,110	525,378
Amortizations on intangible asset	10	206,949	162,621
Provision for employees' end of service benefits	18	857,203	467,566
Impairment loss on trade receivables	12	81,000	250,000
Interest expense on lease liability		75,596	3,617
Interest expense on loan from Holding Group		645,464	922,387
Interest expense on bank borrowings		1,737,795	982,364
Gain on sale of property and equipment		(40,307)	-
		-----	-----
<i>Net cash flows before working capital changes</i>		<b>3,562,422</b>	4,245,696
<i>Changes in:</i>			
- trade and other receivables		(5,011,514)	(12,581,889)
- due from related parties		5,403,754	(2,738,966)
- due to related parties		1,519,758	(493,896)
- trade and other payables		(751,739)	12,793,390
Payment for employees' end of service benefits	18	(238,837)	(193,595)
		-----	-----
<i>Net cash from operating activities</i>		<b>4,483,844</b>	1,030,740
		-----	-----
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment	9	(500,009)	(93,470)
Proceeds from disposal of property and equipment		41,082	-
Acquisition of intangible asset	10	(380,031)	-
		-----	-----
<i>Net cash used in investing activities</i>		<b>(838,958)</b>	(93,470)
		-----	-----
<b>Cash flows from financing activities</b>			
Proceeds from loan from Holding Group		10,095,250	16,132,583
Repayment of loan from Holding Group		(24,040,117)	(17,825,972)
Proceeds from bank borrowings		1,649,531	16,099,669
Repayment of bank borrowings		-	-
Repayment of interest on bank borrowings		(1,737,795)	(982,364)
Payment of lease liabilities		(493,737)	(449,388)
		-----	-----
<i>Net cash (used in) / from financing activities</i>		<b>(14,526,868)</b>	12,974,528
		-----	-----
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(10,881,982)</b>	13,911,798
Cash and cash equivalents at beginning of the year		16,765,615	2,853,817
		-----	-----
<b>Cash and cash equivalents at end of the year</b>	14	<b>5,883,633</b>	16,765,615
		=====	=====

The notes on pages 9 to 35 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 2022	300,000	150,000	9,341,289	(52,764,503)	(42,973,214)
<i>Total comprehensive income for the period</i>					
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)
At 1 January 2023	<b>300,000</b>	<b>150,000</b>	<b>9,341,289</b>	<b>(51,832,740)</b>	<b>(42,041,451)</b>
<i>Total comprehensive income for the period</i>					
(Loss) for the year	-	-	-	(630,388)	(630,388)
<b>At 31 December 2023</b>	<b>300,000</b>	<b>150,000</b>	<b>9,341,289</b>	<b>(52,463,128)</b>	<b>(42,671,839)</b>

The notes on pages 9 to 35 are an integral part of these separate financial statements.

# Desert Adventures Tourism LLC

## Notes to the 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.

The shareholding pattern of the Company as at 31st December 2023 and 31st December 2022 is as follows:

Name of the shareholder	Shareholding %
Travel Circle International (Mauritius) Limited (“the Holding Company”)	100%

The ultimate parent and ultimate controlling party of the Company is Fairfax Financial Holdings Limited, a company registered in 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 accounting

#### 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 2023, the Company reported a net loss of AED (630,388) (2022: *profit* AED 931,763), net current liabilities of AED 41,553,388 (2022: AED 40,842,609) and net liabilities of AED (42,671,839) (2022: AED 42,041,451). As at 31 December 2023, the accumulated losses of the Company, amounted to AED 52,463,128 (2022: AED 51,832,740), 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.

# Desert Adventures Tourism LLC

## Notes to the separate financial statements

### **2 Basis of accounting (continued)**

#### **c) Statement of compliance**

The separate financial statements have been prepared on a going concern basis and 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.

#### **g) Change in material accounting policies**

##### **Deferred tax related to assets and liabilities arising from a single transaction**

The Company has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognize the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented. The amendment has no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IAS 12. There was also no impact on the opening retained earnings as at 1 January 2023 as a result of the change.

# Desert Adventures Tourism LLC

## Notes to the separate financial statements

### **2 Basis of accounting (continued)**

#### **Changes in material accounting policies (continued)**

##### **Material accounting policy information**

The Company also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of “material”, rather than “significant”, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Summary of material accounting policies (2022: Summary of significant accounting policies) in certain instances in line with the amendments.

### **3 Summary of Material Accounting Policies**

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

In addition, the Company adopted the Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of “material”, rather than “significant”, accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in certain instances (see Note 2 (g) for further information).

#### **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.

# Desert Adventures Tourism LLC

## Notes to the separate financial statements

### 3 Summary of Material Accounting Policies (continued)

#### Revenue (continued)

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition
<b>- Tourism &amp; related services</b> 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.
<b>Tour Packages</b>	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.



# Desert Adventures Tourism LLC

## Notes to the separate financial statements

### 3 Summary of Material 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.

# Desert Adventures Tourism LLC

## Notes to the separate financial statements

### 3 Summary of Material 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.

# Desert Adventures Tourism LLC

## Notes to the separate financial statements

### 3 Summary of Material 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
Leased office premises	3

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.

# Desert Adventures Tourism LLC

## Notes to the separate financial statements

### 3 Summary of Material 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

# Desert Adventures Tourism LLC

## Notes to the separate financial statements

### 3 Summary of Material 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.

# Desert Adventures Tourism LLC

## Notes to the separate financial statements

### 3 Summary of Material 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.

# Desert Adventures Tourism LLC

## Notes to the separate financial statements

### 3 Summary of Material 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.

# Desert Adventures Tourism LLC

## Notes to the separate financial statements

### 3 Summary of Material 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 December 9, 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 will become effective for accounting periods beginning on or after June 1, 2023.

The Cabinet of Ministers Decision No. 116/2022 effective from January 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.

For the Company, current taxes shall be accounted for as appropriate in the financial statements for the period beginning 1 January 2024. In accordance with IAS 12 Income Taxes, the related deferred tax accounting impact has been considered for the year ended 31 December 2023.

The Company has assessed the deferred tax implications for the year ended 31 December 2023 and, after considering its interpretations of applicable tax law, official pronouncements, cabinet decisions and ministerial decisions (especially with regard to transition rules), it has been concluded that it is not expected to be material.

The Company shall continue to monitor critical Cabinet Decisions to determine the impact on the Company, from deferred tax perspective.

#### New standards or amendments and forthcoming requirements

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



# Desert Adventures Tourism LLC

## Notes to the separate financial statements

### 3 Summary of Material Accounting Policies (continued)

#### New standards or amendments and forthcoming requirements (continued)

##### A. Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants (Amendments to IAS 1)

The amendments, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1 January 2024. The Company is in the process of assessing the potential impact of the amendments on the classification of this liability and the related disclosure.

##### B. Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The amendments apply for annual periods beginning on or after 1 January 2024.

The Company is in the process of assessing the impact of the amendments, particularly with respect to the collation of additional information needed to meet the new disclosure requirements.

##### C. Other standards

The following new and amended standards are not expected to have a significant impact on the Company's financial statements.

- a) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).
- b) Lack of Exchangeability (Amendments to IAS 21).

<i>New currently effective requirements</i>	<b>Effective date</b>
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 Estimates -Amendments to IAS 8	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction -Amendments to IAS 12	1 January 2023
International Tax Reform-Pillar Two Model Rules Amendments to IAS 12	23 May 2023

These standards and amendments do not have a significant impact on the Company's financial statements as at 31 December 2023.

# Desert Adventures Tourism LLC

## Notes to the separate financial statements

### 3 Summary of Material Accounting Policies (continued)

#### New standards or amendments and forthcoming requirements (continued)

<b>New and amended standards not effective and not yet adopted by the Company</b>	<b>Effective date</b>
Classification of liabilities as current or non-current (Amendments to IAS 1) and Non-Current Liabilities with Covenants (Amendments to IAS 1)	1 January 2024
Lease liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
Supplier Finance Arrangements – Amendments of IAS 7 and IFRS 7	1 January 2024
Lack of Exchangeability – Amendments to IAS 21	1 January 2025
Sale or Contribution of assets between an investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	Optional

### 4 Revenue

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

	<b>2023 AED</b>	<b>2022 AED</b>
Tourism and related services	<b>295,513,671</b>	298,200,950
Tour packages	<b>45,734,447</b>	36,051,110
Hotel commissions	<b>4,475,801</b>	3,890,984
	<b>-----</b>	<b>-----</b>
	<b>345,723,919</b>	338,143,044
	<b>=====</b>	<b>=====</b>
<b>Geographical markets</b>		
United Arab Emirates	<b>345,723,919</b>	338,143,044
	<b>=====</b>	<b>=====</b>
<b>Timing of revenue recognition</b>		
Revenue recognized at a point in time	<b>345,723,919</b>	338,143,044
	<b>=====</b>	<b>=====</b>
<b>Contract balances</b>		
Receivables, which are included in "trade receivables and other receivables" (Note 12) - net	<b>17,955,326</b>	12,115,275
	<b>=====</b>	<b>=====</b>

### 5 Cost of sales

	<b>2023 AED</b>	<b>2022 AED</b>
Tourism and related services	<b>275,674,622</b>	280,738,362
Tour Packages	<b>42,305,297</b>	32,744,945
	<b>-----</b>	<b>-----</b>
	<b>317,979,919</b>	313,483,307
	<b>=====</b>	<b>=====</b>

# Desert Adventures Tourism LLC

## Notes to the separate financial statements

### 6 Administrative and general expenses

	2023 AED	2022 AED
Staff salaries and related benefits	19,881,971	17,028,324
Advertisement and business promotion	1,526,492	1,423,095
IT expenses	1,259,745	1,416,912
Travel expense	632,738	543,664
Depreciation (refer note 9.1)	629,110	525,378
Office expense	380,289	392,743
Amortisation (refer note 10)	206,949	162,621
Rent expense	126,437	126,122
Other expenses	2,029,754	1,888,194
	-----	-----
	26,673,485	23,507,053
	=====	=====

### 7 Net finance cost

	2023 AED	2022 AED
<b>Finance income</b>		
Net foreign exchange gain	874,169	867,990
Interest income	-	560
	-----	-----
<b>Total finance income</b>	874,169	868,550
	=====	=====
<b>Finance cost</b>		
Interest on bank borrowings	(1,737,795)	(982,364)
Interest on loan from Holding Group (note 13)	(645,464)	(922,387)
Bank charges	(180,299)	(240,680)
Other charges for corporate guarantee	(630,953)	(91,541)
Interest on lease liabilities (note 20)	(75,596)	(3,617)
	-----	-----
<b>Total finance cost</b>	(3,270,107)	(2,240,589)
	=====	=====
<b>Net finance costs</b>	(2,395,838)	(1,372,039)
	=====	=====

### 8 Other income – net

	2023 AED	2022 AED
Expenses recharged by associated companies	(361,589)	(244,958)
Commission Income	1,097,317	1,646,076
Gain on sale of fixed assets	40,307	-
	-----	-----
	776,035	1,401,118
	=====	=====

# Desert Adventures Tourism LLC

## Notes to the separate financial statements

### 9 Property and equipment

	Motor vehicles AED	Furniture, fixtures and equipment AED	Leasehold improvements AED	Leased office premises AED	Total AED
<b>Cost</b>					
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)
<b>Balance at 31 December 2022</b>	<b>2,477,250</b>	<b>615,445</b>	<b>1,191,909</b>	<b>-</b>	<b>4,284,604</b>
<b>Balance at 1 January 2023</b>	<b>2,477,250</b>	<b>615,445</b>	<b>1,191,909</b>	<b>-</b>	<b>4,284,604</b>
Additions	376,000	124,009	-	1,413,897	1,913,906
Disposals	(375,000)	(1,000)	-	-	(376,000)
<b>Balance at 31 December 2023</b>	<b>2,478,250</b>	<b>738,454</b>	<b>1,191,909</b>	<b>1,413,897</b>	<b>5,822,510</b>
<b>Depreciation</b>					
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)
<b>Balance at 31 December 2022</b>	<b>2,426,809</b>	<b>525,291</b>	<b>1,151,975</b>	<b>-</b>	<b>4,104,075</b>
<b>Balance at 1 January 2023</b>	<b>2,426,809</b>	<b>525,291</b>	<b>1,151,975</b>	<b>-</b>	<b>4,104,075</b>
Charge for the year	87,404	63,885	6,521	471,300	629,110
Disposals	(375,000)	(225)	-	-	(375,225)
<b>Balance at 31 December 2023</b>	<b>2,139,213</b>	<b>588,951</b>	<b>1,158,496</b>	<b>471,300</b>	<b>4,357,960</b>
<b>Net book value</b>					
<b>At 31 December 2023</b>	<b>339,037</b>	<b>149,503</b>	<b>33,413</b>	<b>942,597</b>	<b>1,464,550</b>
<b>At 31 December 2022</b>	<b>50,441</b>	<b>90,154</b>	<b>39,934</b>	<b>-</b>	<b>180,529</b>

#### 9.1 Allocation of depreciation expense

	2023 AED	2022 AED
Depreciation expense related to administration (refer note 6)	629,110	525,378

# Desert Adventures Tourism LLC

## Notes to the separate financial statements

### 10 Intangible asset – Software

	2023 AED	2022 AED
<b>Cost</b>		
As at 1 January	2,080,968	2,080,968
Additions	380,031	-
	-----	-----
As at 31 December	2,460,999	2,080,968
	-----	-----
<b>Amortisation</b>		
As at 1 January	1,826,147	1,663,526
Charge for the period	206,949	162,621
	-----	-----
As at 31 December	2,033,096	1,826,147
	-----	-----
<b>Net book value as at 31 December</b>	<b>427,903</b>	<b>254,821</b>
	=====	=====

### 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)
	-----	-----	-----
<b>At 31 December 2023</b>	<b>1,435,575</b>	<b>-</b>	<b>1,435,575</b>
	=====	=====	=====
At 31 December 2022	1,435,575	-	1,435,575
	=====	=====	=====

Management carried out an impairment test of the carrying value of the subsidiaries as at 31 December 2023, 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 2023.

### 12 Trade and other receivables

	2023 AED	2022 AED
Trade receivables	21,445,117	15,524,066
Provision for impairment loss on trade receivables (refer note 12.1)	(3,489,791)	(3,408,791)
	-----	-----
	17,955,326	12,115,275
<i>Other receivables and prepayments</i>		
Advances to suppliers	9,542,172	10,461,338
Prepayments	1,235,535	601,570
Other receivables		
- Deposits	5,600,425	5,600,425
- Commission receivables	4,952,095	5,008,656
- Other receivables	945,930	1,513,705
	-----	-----
	40,231,483	35,300,969
	=====	=====

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.

# Desert Adventures Tourism LLC

## Notes to the separate financial statements

### 12.1 Provision for impairment loss on trade receivables

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

	2023 AED	2022 AED
As at 1 January	3,408,791	3,158,791
Provision made during the year	81,000	250,000
	-----	-----
As at 31 December	3,489,791	3,408,791
	=====	=====

### 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:

	Relationship	2023 AED	2022 AED
Sales to related parties	Fellow subsidiaries	37,525,343	26,288,808
Loan acquired from Holding Company	Holding Company	10,095,250	16,519,500
Expenses recharged by fellow subsidiaries (note 8)	Fellow subsidiaries	(361,589)	(244,958)
Repayment of loan and interest loan from Holding Company	Holding Company	(24,040,117)	(18,212,889)
		=====	=====

The key management personnel compensation is as follows:

	2023 AED	2022 AED
Short-term employee benefits	4,003,720	2,821,326
Staff terminal benefits	265,842	154,142
	-----	-----
	4,269,562	2,975,468
	=====	=====

#### Due from related parties

	Relationship	2023 AED	2022 AED
Gulf Dunes LLC	Sister Concern	823,903	3,525,250
Thomas Cook (India) Limited	Intermediate parent	682,801	921,370
SOTC Travel Limited	Intermediate parent	390,402	449,299
Muscat Desert Adventures Tourism LLC	Fellow Subsidiary	-	2,040,622
TC Visa Services (India) Ltd	Sister Concern	-	290,555
Desert Adventures Tourism – Jordan	Fellow Subsidiary	-	70,016
Kuoni Private Safaris Limited	Sister Concern	-	2,803
Horizon Travel Services LLC	Sister Concern	-	945
		-----	-----
		1,897,106	7,300,860
		=====	=====

# Desert Adventures Tourism LLC

## Notes to the separate financial statements

### 13 Related parties (continued)

#### Due to related parties

	Relationship	2023 AED	2022 AED
Muscat Desert Adventures Tourism LLC	Fellow Subsidiary	872,215	-
Desert Adventures Tourism – Jordan	Fellow Subsidiary	37,885	-
Reem Tours LLC	Sister Concern	608,868	608,868
Digiphot Entertainment Imaging	Sister Concern	625,686	-
Horizon Travel Services	Sister Concern	12,908	-
Jardin Travel Solutions Limited	Sister Concern	2,805	2,805
Travel Corporation (India) Limited	Sister Concern	568	5,969
TC Travel Services Limited	Sister Concern	-	20,900
Australian Tours Management Pty Ltd	Sister Concern	-	2,635
		-----	-----
		2,160,935	641,177
		=====	=====

#### 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 6.98% to 8.90%. The movement in the balance during the year ended 31 December 2023 is as follows:

	2023 AED	2022 AED
Opening balance	13,299,403	14,070,405
Proceeds from loan	10,095,250	16,132,583
Interest accrued during the year	645,464	922,387
Repayment of principal and interest	(24,040,117)	(17,825,972)
	-----	-----
Closing balance	-	13,299,403
	=====	=====

### 14 Cash and cash equivalents

	2023 AED	2022 AED
Cash in hand	183,708	268,750
Cash at bank	5,699,925	16,496,865
	-----	-----
	5,883,633	16,765,615
	=====	=====

Above, cash at bank include current account balance of AED 95,511 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

##### Overdraft Facility:

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 2023 is AED 17,749,200 (2022: AED 6,099,669). The Company also has commercial card facility of AED 12,855,400 issued by Citi bank.

# Desert Adventures Tourism LLC

## Notes to the separate financial statements

### 14.1 Bank borrowings (continued)

#### Auto Loan:

During the year, Company has borrowed an Auto Loan from Abu Dhabi Commercial Bank. The outstanding amount as at 31 December 2023 is AED 289,234 of which AED 56,596 is the current portion and remaining balance of AED 232,638 is non-current portion.

### 15 Share capital

	2023 AED	2022 AED
<i>Authorised, issued and fully paid up capital</i>		
100 shares of AED 3,000 each	300,000	300,000
	=====	=====

### 16 Shareholder contribution

	2023 AED	2022 AED
Shareholder contribution	9,341,289	9,341,289
	=====	=====

### 17 Statutory reserves

In accordance with UAE Federal Decree 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 (2022: AED Nil).

### 18 Employees' end of service benefits

	2023 AED	2022 AED
As at 1 January	3,069,767	2,795,796
Provision during the year	857,203	467,566
Payments made during the year	(238,837)	(193,595)
	-----	-----
As at 31 December	3,688,133	3,069,767
	=====	=====

### 19 Trade and other payables

	2023 AED	2022 AED
Trade payables	18,812,731	13,089,569
Advances from customers	15,819,294	16,350,982
Accruals and other payables		
- Employees accruals	1,750,093	2,083,609
- Hotel and other service accruals	31,438,186	36,739,626
- Other payables	1,597,761	1,906,018
	-----	-----
	69,418,065	70,169,804
	=====	=====



# Desert Adventures Tourism LLC

## Notes to the separate financial statements

### 20 Lease liabilities

	2023 AED	2022 AED
Current	470,048	445,771
Non-current	525,708	-
<b>Balance at 31 December</b>	<b>995,756</b>	<b>445,771</b>

Set out below, are the carrying amounts of the Company's lease liabilities and the movements during the year:

	2023 AED	2022 AED
As at 1 January	-	445,771
Additions	1,413,897	-
Interest expense on lease liability (note 7)	75,596	3,617
Repayment of lease liability during the year	(493,737)	(449,388)
<b>As at 31 December</b>	<b>995,756</b>	<b>-</b>

#### Amount recognized in the profit or loss

	2023 AED	2022 AED
Interest on lease liability	75,596	3,617
Depreciation on right-of-use asset (refer note 9)	471,300	429,420
Expenses relating to low value assets, excluding short-term leases (refer note 6)	100,908	126,122
<b>Balance at 31 December</b>	<b>647,804</b>	<b>559,159</b>

#### Amounts recognized in the Statement of cash flows

	2023 AED	2022 AED
Repayment of lease liability	(493,737)	(449,388)

### 21 Contingencies and commitments

#### *Contingent liabilities*

The Company has AED 716,238 (2022: AED 716,238) of bank guarantees as at 31 December 2023, these were issued during the normal course of business.

#### *Capital commitments*

There are no capital commitments of the Company as at 31 December 2023 (31 December 2022: 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.

# Desert Adventures Tourism LLC

## Notes to the separate financial statements

### 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:

	2023 AED	2022 AED
Trade receivables	17,955,326	12,115,275
Other receivables*	11,498,450	12,122,786
Due from related parties	1,897,106	7,300,860
Cash at bank	5,699,925	16,496,865
	=====	=====
	37,050,807	48,035,786
	=====	=====

\* 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 2023 AED	Carrying amount 2022 AED
<b>Geographical regions</b>		
Commonwealth of Independent States	9,537,151	2,363,335
Europe	5,041,020	6,628,015
Middle East	3,777,656	2,266,332
Asia	539,573	1,768,169
Others	2,549,717	2,498,215
	=====	=====
<b>Grand total</b>	21,445,117	15,524,066
	=====	=====

# Desert Adventures Tourism LLC

## Notes to the separate financial statements

### 22 Financial risk management (continued)

#### Credit risk (continued)

The ageing of trade receivables at the reporting date was:

	Not credit- impaired 2023 AED	Credit impaired 2023 AED	Not credit- impaired 2022 AED	Credit impaired 2022 AED
Not yet due	12,150,130	-	10,002,543	-
1-30 days	4,905,409	-	2,112,732	369,481
31- 90 days	899,787	1,018,813	-	455,143
91- 120 days and above	-	2,470,978	-	2,584,167
	-----	-----	-----	-----
<b>Total gross carrying amount</b>	<b>17,955,326</b>	<b>3,489,791</b>	<b>12,115,275</b>	<b>3,408,791</b>
<b>Loss allowance</b>		<b>(3,489,791)</b>	-	<b>(3,408,791)</b>
	-----	-----	-----	-----
	<b>17,955,326</b>	<b>-</b>	<b>12,115,275</b>	<b>-</b>
	=====	=====	=====	=====

#### Impairment losses

*Expected credit losses assessment for individual customers as at 31 December 2023 and 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 2023.

	Gross carrying amount AED	Loss allowance AED	Credit impaired
Not yet due	12,150,130	-	No
1-30 days	4,905,409	-	No
31- 90 days	1,918,600	1,018,813	Yes
91- 120 days and above	2,470,978	2,470,978	Yes
	-----	-----	
<b>Total</b>	<b>21,445,117</b>	<b>3,489,791</b>	
	=====	=====	

# Desert Adventures Tourism LLC

## Notes to the separate financial statements

### 22 Financial risk management (continued)

#### Credit risk (continued)

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.

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.

#### Cash at Banks

The Company held cash at banks of AED 5,699,925 at 31 December 2023 (2022: AED 16,496,865). The cash at banks are held with banks, which are rated A1 to A3, based on Mood's ratings. Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

#### Other receivables

The company's exposure to credit risk on other receivable from third parties influence mainly by the individual characteristics of each party. Other receivable as at 31 December 2023 include deposits and other receivable of AED 11,498,450 (2022: AED 12,122,786) for which management believes that there is no significant credit risk associated at reporting date.

#### Due from related parties

For receivables from related parties, the Company as determined Probability of Debt (PD) that is applicable for outstanding related party receivables PD has been determined in accordance with Moody's PD rating scale by considering external credit ratings and adjusting the PDs so determined for macroeconomic factors. The Company has also considered a standard Loss Given Default (LGD) percentage of 45% for all unsecured outstanding exposures in accordance with foundation approach of Basel guidelines in the absence of the Group's historical experience. The Company does not require collateral in respect of its amount due from a related party. The Company does not have amounts for which no loss allowance is recognized because of collateral. At the reporting date there was no significant concentrations of credit risk.

# Desert Adventures Tourism LLC

## Notes to the separate financial statements

### 22 Financial risk management (continued)

#### 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:

2023	Carrying Amount AED	Contractual cash out flows AED	1 year or less AED	More than 1 year AED
<i>Non derivative financial liabilities</i>				
Trade and other payables*	53,598,771	(53,598,771)	(53,598,771)	-
Due to related parties	2,160,935	(2,160,935)	(2,160,935)	-
Bank borrowing	17,749,200	(17,749,200)	(17,749,200)	-
Lease liability	995,757	(995,757)	(470,049)	(525,708)
	-----	-----	-----	-----
	74,504,663	(74,504,663)	(73,978,955)	(525,708)
	=====	=====	=====	=====
2022	Carrying Amount AED	Contractual cash out flows AED	1 year or less AED	More than 1 year AED
<i>Non derivative financial liabilities</i>				
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)	-
	=====	=====	=====	=====

\* 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.

#### 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.

# Desert Adventures Tourism LLC

## Notes to the separate financial statements

### 22 Financial risk management (continued)

#### *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	2023 AED	2022 AED
Financial liabilities (loan from holding company)	-	13,299,403
Financial liabilities (bank borrowings)	17,749,200	16,099,669
	-----	-----
	17,749,200	29,399,072
	=====	=====

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 177,492 (2022: AED 293,991). 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 2023 and 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.

##### *(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.

# Desert Adventures Tourism LLC

## Notes to the separate financial statements

### **24 Use of judgments and estimates (continued)**

#### **Assumptions and estimation uncertainties (continued)**

##### *(a) Impairment losses on receivables (continued)*

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.

### **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 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 2023*



# **Muscat Desert Adventures Tourism LLC**

## **Financial Statements**

*31 December 2023*

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## Directors' Report

The directors submit their report together with the audited financial statements of the Company for the year ended 31<sup>st</sup> December 2023.

### 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 31<sup>st</sup> December 2023 and 31<sup>st</sup> December 2022 are stated below:

Financial highlights	2023 OMR	2022 OMR
Net Profit / (loss)	12,391	(33,812)
Total equity	(57,608)	(69,999)

### 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 2024 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 2024.

On behalf of the Board



**Salim Sikander**  
Chief financial officer



**Peter Payet**  
Chief executive officer

Date: 29 April 2024



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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 December 31, 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material 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, 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting 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 Accounting Standards, and their preparation in compliance with the applicable provisions of the Commercial Companies 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)

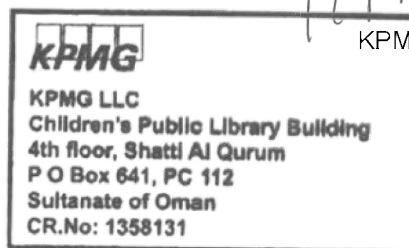
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we 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 the Commercial Companies Law of 2019.

30 April 2024



# Muscat Desert Adventures Tourism LLC

## Statement of profit or loss and other comprehensive income

For the year ended 31 December 2023

	Notes	2023 OMR	2022 OMR
<b>Revenue</b>	4	<b>1,152,185</b>	564,204
Cost of sales	5	<b>(992,139)</b>	(493,076)
<b>Gross profit</b>		<b>160,046</b>	71,128
Administrative and general expenses	6	<b>(142,146)</b>	(114,438)
Other income	7	-	11,721
<b>Operating Profit / (loss)</b>		<b>17,900</b>	(31,589)
Finance cost - bank charges		<b>(5,509)</b>	(2,674)
Finance income		-	451
<b>Profit / Loss before tax and</b>		<b>12,391</b>	(33,812)
Tax expense	18	-	-
<b>Profit / (Loss) after tax</b>		<b>12,391</b>	(33,812)
Other comprehensive income		-	-
<b>Total comprehensive Profit / (loss) for the year</b>		<b>12,391</b>	(33,812)

The notes on pages 9 to 26 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 2023

	Notes	2023 OMR	2022 OMR
<b>ASSETS</b>			
Property and equipment	8	894	1,303
<b>Non-current assets</b>		<b>894</b>	<b>1,303</b>
Trade and other receivables	9	169,732	116,182
Due from related parties	10	91,431	27,667
Cash and cash equivalents	15	48,287	280,512
<b>Current assets</b>		<b>309,450</b>	<b>424,361</b>
<b>Total assets</b>		<b>310,344</b>	<b>425,664</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13	150,000	150,000
Statutory reserve	14	50,000	50,000
Accumulated losses		(257,608)	(269,999)
<b>Total equity</b>		<b>(57,608)</b>	<b>(69,999)</b>
<b>Liabilities</b>			
Employees' end of service benefits	12	2,795	2,665
<b>Non-current liability</b>		<b>2,795</b>	<b>2,665</b>
Trade and other payables	11	364,343	274,656
Due to related parties	10	814	218,342
<b>Total current liabilities</b>		<b>365,157</b>	<b>492,998</b>
<b>Total liabilities</b>		<b>367,952</b>	<b>495,663</b>
<b>Total equity and liabilities</b>		<b>310,344</b>	<b>425,664</b>

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 2023.

These financial statements were authorized for issue on behalf of the Company's Directors on 29 April 2024.



**Salim Sikander**  
Chief Executive Officer



**Peter Payet**  
Chief Financial Officer

The notes on pages 9 to 26 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 2023

	Note	2023 OMR	2022 OMR
<b>Cash flow from operating activities</b>			
Profit / (Loss) for the year		<b>12,391</b>	(33,812)
<i>Adjustments for:</i>			
Depreciation	8	<b>609</b>	433
Provision for employees' end of service benefits	12	<b>1,177</b>	928
Other income	7	<b>-</b>	(11,721)
		<b>14,177</b>	(44,172)
Changes in:			
- trade and other receivables		<b>(53,551)</b>	(45,954)
- due from related parties		<b>(63,764)</b>	(2,994)
- trade and other payables		<b>89,687</b>	111,780
- due to related parties		<b>(217,527)</b>	214,336
Payment of employees' end of service benefits	12	<b>(1,047)</b>	(2,733)
<i>Net cash (used in)/from operating activities</i>		<b>(232,025)</b>	230,263
<b>Cash flow from investing activities</b>			
Acquisition of property and equipment	8	<b>(200)</b>	(1,324)
<i>Net cash (used in) investing activities</i>		<b>(200)</b>	(1,324)
Net increase in cash and cash equivalents		<b>(232,225)</b>	228,939
Cash and cash equivalents at beginning of the year		<b>280,512</b>	51,573
<b>Cash and cash equivalents at the end of the year</b>	15	<b>48,287</b>	280,512

The notes on pages 9 to 26 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 2023*

	Share capital OMR	Statutory reserve OMR	Accumulated losses OMR	Total OMR
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	<u>150,000</u>	<u>50,000</u>	<u>(269,999)</u>	<u>(69,999)</u>
At 1 January 2023	150,000	50,000	(269,999)	(69,999)
Total comprehensive Profit for the year	-	-	12,391	12,391
At 31 December 2023	<u>150,000</u>	<u>50,000</u>	<u>(257,608)</u>	<u>(57,608)</u>

The notes on pages 9 to 26 form an integral part of these financial statements.

# Muscat Desert Adventures Tourism LLC

## Notes to the 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

As at 31 December 2023, the Company has accumulated losses amounted to OMR 257,608 (2022: OMR 269,999) and net current liabilities amounted to OMR 55,706 (2022: OMR 68,637). 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 2023 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.

#### 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.

# Muscat Desert Adventures Tourism LLC

## Notes to the financial statements

### 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.

#### f) Changes in material accounting policies

##### Deferred tax related to assets and liabilities arising from a single transaction

The Company has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognize the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented. The amendment has no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IAS 12. There was also no impact on the opening retained earnings as at 1 January 2023 as a result of the change.

##### Material accounting policy information

The Company also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of “material”, rather than “significant”, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Summary of material accounting policies (2022: Summary of significant accounting policies) in certain instances in line with the amendments.

### 3 Material accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

In addition, the Company adopted the Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of “material”, rather than “significant”, accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in certain instances (see Note 2 (f) for further information).

#### 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.

# Muscat Desert Adventures Tourism LLC

## Notes to the financial statements

### 3 Material accounting policies (continued)

#### Revenue (continued)

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
<b>- Tourism &amp; related services</b> 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.
<b>Tour Packages</b>	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.

##### *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.

# Muscat Desert Adventures Tourism LLC

## Notes to the financial statements

### 3 Material accounting policies (continued)

#### Financial instruments (continued)

##### *Classification and subsequent measurement (continued)*

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.

##### *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.

# Muscat Desert Adventures Tourism LLC

## Notes to the financial statements

### 3 Material 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.

#### 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.

##### *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.

# Muscat Desert Adventures Tourism LLC

## Notes to the financial statements

### 3 Material accounting policies (continued)

#### **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.

##### *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.

# Muscat Desert Adventures Tourism LLC

## Notes to the financial statements

### 3 Material accounting policies (continued)

#### Impairment (continued)

##### *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.

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.



# Muscat Desert Adventures Tourism LLC

## Notes to the financial statements

### 3 Material 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 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.

#### 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 substantively 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.

# Muscat Desert Adventures Tourism LLC

## Notes to the financial statements

### 3 Material 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.

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.

# Muscat Desert Adventures Tourism LLC

## Notes to the financial statements

### 3 Material accounting policies (continued)

#### Leases (continued)

##### As a lessee (continued)

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

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

##### A. Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants (Amendments to IAS 1)

The amendments, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1 January 2024. The Company is in the process of assessing the potential impact of the amendments on the classification of this liability and the related disclosure.

##### B. Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The amendments apply for annual periods beginning on or after 1 January 2024.

The Company is in the process of assessing the impact of the amendments, particularly with respect to the collation of additional information needed to meet the new disclosure requirements.

##### C. Other standards

The following new and amended standards are not expected to have a significant impact on the Company's financial statements.

- a) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).
- b) Lack of Exchangeability (Amendments to IAS 21).

# Muscat Desert Adventures Tourism LLC

## Notes to the financial statements

### 3 Material accounting policies (continued)

#### New standards or amendments and forthcoming requirements (continued)

##### *New currently effective requirements*

##### Effective date

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 Estimates -Amendments to IAS 8	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	1 January 2023
International Tax Reform-Pillar Two Model Rules Amendments to IAS 12	23 May 2023
These standards and amendments do not have a significant impact on the Company's financial statements as at 31 December 2023.	

##### *New standards or amendments issued but not yet effective*

At the date of these financial statements, the following standards, amendments and interpretations have not been effective and have not been early adopted:

<b>New and amended standards not effective and not yet adopted by the Company</b>	<b>Effective date</b>
<i>Classification of Liabilities as Current or Non-current - Amendments to IAS 1 and Non-Current Liabilities with Covenants (Amendments to IAS 1)</i>	<i>1 January 2024</i>
<i>Lease liability in a Sale and Leaseback – Amendments to IFRS 16</i>	<i>1 January 2024</i>
<i>Supplier Finance Arrangements – Amendments of IAS 7 and IFRS 7</i>	<i>1 January 2024</i>
<i>Lack of Exchangeability – Amendments to IAS 21</i>	<i>1 January 2025</i>
<i>Sale or Contribution of assets between an investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28</i>	<i>Optional</i>

### 4 Revenue

Revenue from contract with customers is disaggregated by major products and service lines.

	<b>2023 OMR</b>	<b>2022 OMR</b>
Tourism and related services	<b>1,152,185</b>	564,204
	<b>1,152,185</b>	564,204
<b>Geographical markets</b>		
Oman	<b>1,152,185</b>	564,204
<b>Timing of revenue recognition</b>		
Revenue recognized at a point in time	<b>1,152,185</b>	564,204

### 5 Cost of sales

	<b>2023 OMR</b>	<b>2022 OMR</b>
Tourism and related services	<b>992,139</b>	493,076
	<b>992,139</b>	493,076

# Muscat Desert Adventures Tourism LLC

## Notes to the financial statements

### 6 Administrative and general expenses

	2023 OMR	2022 OMR
Staff salaries and related benefits (i)	93,748	71,589
Rent and utility expense	11,701	11,299
Motor vehicle expense	4,234	3,934
Promotion and business expense	9,917	6,533
Government and legal fees	8,684	8,244
Depreciation expense (refer note 8)	609	433
Office communication and postage expenses	5,864	6,886
Other Expenses	7,389	5,520
	<u>142,146</u>	<u>114,438</u>

(i) The staff salaries and related benefits comprises:

Staff salaries and wages	75,723	63,554
Other staff benefits	16,848	7,107
End of service benefits (refer note 12)	1,177	928
	<u>93,748</u>	<u>71,589</u>

### 7 Other income

	2023 OMR	2022 OMR
Other income	-	11,721
	<u>-</u>	<u>11,721</u>

### 8 Property and equipment

	Motor vehicle OMR	Office equipment OMR	Office furniture and installations OMR	Total OMR
<b>Cost</b>				
At 1 January 2022	59,474	5,211	16,848	81,533
Addition	-	1,324	-	1,324
As at 31 December 2022	<u>59,474</u>	<u>6,535</u>	<u>16,848</u>	<u>82,857</u>
At 1 January 2023	59,474	6,535	16,848	82,857
Addition	-	200	-	200
As at 31 December 2023	<u>59,474</u>	<u>6,735</u>	<u>16,848</u>	<u>83,057</u>
<b>Depreciation</b>				
As at 1 January 2022	59,474	5,211	16,436	81,121
Charge for the year	-	299	134	433
As at 31 December 2022	<u>59,474</u>	<u>5,510</u>	<u>16,570</u>	<u>81,554</u>
As at 1 January 2023	59,474	5,510	16,570	81,554
Charge for the year	-	476	133	609
As at 31 December 2023	<u>59,474</u>	<u>5,986</u>	<u>16,703</u>	<u>82,163</u>
Net book value				
At 31 December 2023	-	749	145	894
At 31 December 2022	-	1,025	278	1,303

# Muscat Desert Adventures Tourism LLC

## Notes to the financial statements

### 9 Trade and other receivables

	2023 OMR	2022 OMR
Trade receivables	120,702	93,775
Provision for impairment loss on trade receivables (refer note 9.1)	(5,713)	(5,713)
	<u>114,989</u>	<u>88,062</u>
Prepayments	39,830	14,226
Deposits	9,350	8,600
Other receivables	5,563	5,294
	<u>169,732</u>	<u>116,182</u>

#### 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:

	2023 OMR	2022 OMR
As at 1 January	5,713	5,713
As at 31 December	<u>5,713</u>	<u>5,713</u>

### 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. There were no transactions with the related party except for the funds payment and receipt during the year ended 31 December 2023 and 31 December 2022. Related party Desert Adventure Tourism L.L.C is the Parent Company of the Company and Gulf Dunes LLC and Jordan Desert Adventures Tourism L.L.C. are the sister concerns of the Company.

#### Due from related parties

	2023 OMR	2022 OMR
Desert Adventures Tourism L.L.C. – Dubai	91,431	-
Gulf Dunes LLC	-	27,667
	<u>91,431</u>	<u>27,667</u>

#### Due to related parties

	2023 OMR	2022 OMR
Desert Adventures Tourism L.L.C. – Dubai	-	213,945
Jordan Desert Adventures Tourism L.L.C.	814	4,397
	<u>814</u>	<u>218,342</u>

The key management personnel compensation is as follows:

	2023 OMR	2022 OMR
Short-term employee benefits	<u>2,795</u>	<u>2,665</u>

# Muscat Desert Adventures Tourism LLC

## Notes to the financial statements

### 11 Trade and other payables

	2023 OMR	2022 OMR
Hotel and other service accruals	206,585	144,523
Trade payables	56,300	6,165
Advances from customers	91,944	117,219
<i>Accruals and other payables</i>		
-Employee accruals	5,079	3,238
-Other payables	4,435	3,511
	<u>364,343</u>	<u>274,656</u>

### 12 Employees' end of service benefits

	2023 OMR	2022 OMR
At 1 January	2,665	4,470
Provision during the year	1,177	928
Payments made during the year	(1,047)	(2,733)
<b>At 31 December</b>	<u>2,795</u>	<u>2,665</u>

### 13 Share capital

	2023 OMR	2022 OMR
<i>Authorized, and fully paid up capital</i>		
150,000 shares of OMR 1 each	<u>150,000</u>	<u>150,000</u>

### 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 (2022: AED Nil).

### 15 Cash and cash equivalents

	2023 OMR	2022 OMR
Cash at bank	42,837	276,492
Cash in hand	5,450	4,020
	<u>48,287</u>	<u>280,512</u>

### 16 Contingencies

Guarantees amounting to OMR 5,000 (2022: 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 2023 (2022: Nil).

# Muscat Desert Adventures Tourism LLC

## Notes to the financial statements

### 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.

	2023 OMR	2022 OMR
Current year	-	-
Prior years	-	-
	<hr/>	<hr/>
<b>Total tax expense for the year</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>

#### *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:

	2023 OMR	2022 OMR
Profit / (Loss) for the year	<b>12,391</b>	(33,812)
	<hr/>	<hr/>
Income tax at 15%	<b>1,859</b>	(5,072)
Non-deductible expenses	<b>1,199</b>	1,001
Unrecorded deferred tax on tax losses	<b>(4,795)</b>	(5,653)
Deferred tax on tax losses expired during the year	<b>1,737</b>	9,724
	<hr/>	<hr/>
Taxable expense for the year	<b>-</b>	<b>-</b>
	<hr/>	<hr/>

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 2019. The assessment for Tax Years 2020 and 2022 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 2023.

### 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.

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.



# Muscat Desert Adventures Tourism LLC

## Notes to the financial statements

### 19 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, 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:

	2023 OMR	2022 OMR
Trade and other receivables *	129,902	101,956
Due from related parties	91,431	27,667
Cash at bank	42,837	276,492
	-----	-----
	264,170	406,115
	=====	=====

\* Prepayments are excluded.

At 31 December 2023 and 31 December 2022, the Company's exposure of credit risk to trade receivables by geographical region was as follows:

	Gross Amount 2023 OMR	Gross amount 2022 OMR
<b>Geographical regions</b>		
Europe	43,340	53,885
Middle East	711	731
Commonwealth of Independent States	42,465	9,685
Others	34,186	29,474
	-----	-----
<b>Grand total</b>	120,702	93,775
	=====	=====

The ageing of trade receivables at the reporting date was:

	Not credit- impaired 2023 OMR	Credit impaired 2023 OMR	Not credit- impaired 2022 OMR	Credit impaired 2022 OMR
Not yet due	-	-	-	-
1-30 days	103,998	-	65,598	-
31- 90 days	12,969	-	24,032	(1,568)
91- 120 days and above	3,735	(5,713)	4,145	(4,145)
	-----	-----	-----	-----
<b>Total</b>	120,702	(5,713)	93,775	(5,713)
	=====	=====	=====	=====

# Muscat Desert Adventures Tourism LLC

## Notes to the financial statements

### 19 Financial risk management (continued)

#### Credit risk

##### *Impairment losses*

*Expected credit losses assessment for individual customers as at 31 December 2023 and 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
<b>2023</b>			
<i>Non derivative financial liabilities</i>			
Trade and other payables*	272,399 =====	272,399 =====	272,399 =====
<b>2022</b>			
<i>Non derivative financial liabilities</i>			
Trade and other payables*	157,437 =====	(157,437) =====	(157,437) =====

*\*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.

#### 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.

# Muscat Desert Adventures Tourism LLC

## Notes to the financial statements

### 19 Financial risk management (continued)

#### 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 2023 and 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.

#### *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.

### 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 Subsequent events

There has been no significant event subsequent to the reporting date and up to the date of authorization on 29 April 2024, which would have a material effect on the financial statements.

**DESERT ADVENTURES TOURISM  
(PRIVATE SHAREHOLDING COMPANY)  
AMMAN – JORDAN**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
TOGETHER WITH THE INDEPENDENT  
AUDITOR'S REPORT**

**DESERT ADVENTURES TOURISM  
(PRIVATE SHAREHOLDING COMPANY)  
AMMAN – JORDAN**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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# Independent AUDITOR'S REPORT

To the General Assembly of  
DESERT ADVENTURES TOURISM (PRIVATE SHAREHOLDING COMPANY)  
Amman – Jordan

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **DESERT ADVENTURES TOURISM – Jordan (private shareholding company) (the 'Company')**, which comprise the Statement of Financial Position as of December 31, 2022, the Statement of Profit or Loss and Other Comprehensive Income, Changes in Owners' Equity and Cash Flows for the year then ended, and notes, comprising significant accounting policies and explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting 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 of Accountant Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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 Accounting Standards", 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 business, 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 International Standards on 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 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.
- 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records. The accompanying financial statements are, in all material aspects, in agreement with the Company's accounting records, and we recommend that the Company's General Assembly approves these financial statements.

**KPMG**  
**Kawasmy and partners**

Hatem Kawasmy  
License No. (656)

Amman – Jordan  
April 1, 2024

**DESERT ADVENTURES TOURISM  
(PRIVATE SHAREHOLDING COMPANY)  
AMMAN – JORDAN**

**STATEMENT OF FINANCIAL POSITION**

*In Jordanian dinar*

<i>In Jordanian dinar</i>		As of December 31,	
	Note	2023	2022
<b><u>Assets</u></b>			
<b><u>Current assets</u></b>			
Cash and cash equivalents	4	356,368	179,975
Trade and other receivables	5	188,769	288,692
Due from related parties	9-1	8,826	8,109
<b>Total Current assets</b>		<b>553,963</b>	<b>476,776</b>
<b><u>Non-Current asset</u></b>			
Property and equipment	6	3,837	2,552
Right-of-use-assets	13	8,869	18,554
Deferred tax assets	8	29,134	18,998
<b>Total Non-Current asset</b>		<b>41,840</b>	<b>40,104</b>
<b>Total assets</b>		<b>595,803</b>	<b>516,880</b>
<b><u>Liabilities and Owners' Equity</u></b>			
<b><u>Current Liabilities</u></b>			
Trade and other payables	7	361,954	317,625
Due to related parties	9-2	-	13,536
Income tax provision	8	86,726	76,590
Lease liability	13	5,276	10,271
<b>Total Current liabilities</b>		<b>453,96</b>	<b>418,022</b>
<b><u>Non-Current Liabilities</u></b>			
Lease liability	13	-	5,276
<b>Total Non-current liabilities</b>		<b>-</b>	<b>5,276</b>
<b>Total Liabilities</b>		<b>453,956</b>	<b>423,298</b>
<b><u>Owners' Equity</u></b>			
Paid-up capital		100,000	100,000
Statutory reserve	10	25,000	25,000
Accumulated losses		16,846	(31,418)
<b>Net Owners' Equity</b>		<b>141,846</b>	<b>93,582</b>
<b>Total Owners' Equity and Liabilities</b>		<b>595,802</b>	<b>516,880</b>

The notes on pages (7) to (32) 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**

<i>In Jordanian dinar</i>		<b>For the year ended December 31,</b>	
	<b>Note</b>	<b>2023</b>	<b>2022</b>
Revenue	11	950,091	812,698
Cost of revenue	11	(643,007)	(528,811)
<b>Gross profit</b>		<b>307,084</b>	<b>283,887</b>
Administrative expenses	12	(260,428)	(192,548)
Marketing and advertisement expenses		-	(2,500)
Expected credit loss	5	-	-
<b>Profit/(Loss) from operations</b>		<b>46,656</b>	<b>88,839</b>
Interest income/(expense), net		930	242
Other income	12.1	678	1,388
<b>Profit/(Loss) before income tax</b>		<b>48,264</b>	<b>90,469</b>
<b>Income tax</b>			
Current tax expense	8	(10,136)	(18,998)
Deferred tax (income) / expense	8	10,136	18,998
<b>Profit/(Loss) for the year</b>		<b>48,264</b>	<b>90,469</b>
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>48,264</b>	<b>90,469</b>

The notes on pages (7) to (32) 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**

<i>In Jordanian dinar</i>	<b>Paid up Capital</b>	<b>Accumulated losses</b>	<b>Statutory Reserve</b>	<b>Total</b>
<b>Changes for the year ended December 31, 2023</b>				
Balance at January 1, 2023	100,000	(31,418)	25,000	93,582
Total comprehensive income for the year	-	48,264	-	48,264
<b>Balance as of December 31, 2023</b>	<b>100,000</b>	<b>16,846</b>	<b>25,000</b>	<b>141,846</b>
<b>Changes for the year ended December 31, 2022</b>				
Balance at January 1, 2022	100,000	(121,887)	25,000	3,113
Total comprehensive income for the year	-	90,469	-	90,469
<b>Balance as of December 31, 2022</b>	<b>100,000</b>	<b>(31,418)</b>	<b>25,000</b>	<b>93,582</b>

The notes on pages (7) to (32) 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**

<i>In Jordanian dinar</i>		<b>For the year ended December 31,</b>	
	<b>Note</b>	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities</b>			
Profit/(Loss) for the year		48,264	90,469
<b>Adjustments for:</b>			
Income tax, net	8	-	-
Interest expense on lease liability	13	440	801
Reversal of provisions		-	-
Depreciation expense		11,251	11,780
Expected credit loss	5	-	-
		<b>59,955</b>	<b>103,050</b>
<b>Changes in:</b>			
Trade and other receivables		99,923	(161,401)
Trade and other payables		44,342	(26,272)
Due from related parties		(717)	(7,267)
Due to related parties		(13,536)	1,211
<b>Net cash (used in) / from operating activities before</b>		<b>189,965</b>	<b>(90,679)</b>
Tax paid	8	-	(15,000)
<b>Net cash from operating activities</b>		<b>189,965</b>	<b>(105,679)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment	6	(2,862)	(1,705)
Funds provided to a related party - net		-	-
<b>Net cash (used in) investing activities</b>		<b>(2,862)</b>	<b>(1,705)</b>
<b>Cash flows from financing activity</b>			
Payment of lease liability	13	(10,710)	(10,605)
<b>Net Cash (used in) financing activity</b>		<b>(10,710)</b>	<b>(10,605)</b>
Net change in cash and cash equivalents		176,393	(117,989)
Cash and cash equivalents at the beginning of the year		179,975	297,964
<b>Cash and cash equivalents at the year end</b>	4	<b>356,368</b>	<b>179,975</b>

The notes on pages (7) to (32) 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**

**NOTES TO THE FINANCIAL STATEMENTS**

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**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:

<b><u>Shareholder</u></b>	<b><u>Share</u></b>
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 financial 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.

**NOTES TO THE FINANCIAL STATEMENTS**

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**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 2022 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.

**NOTES TO THE FINANCIAL STATEMENTS**

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**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.

**DESERT ADVENTURES TOURISM  
(PRIVATE SHAREHOLDING COMPANY)  
AMMAN – JORDAN**

**NOTES TO THE FINANCIAL STATEMENTS**

---

**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 its 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.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied by the Company in these financial statements for the year ended December 31, 2023 are the same as those applied by the Company in its financial statements for the year ended December 31, 2022.

**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.

**NOTES TO THE FINANCIAL STATEMENTS**

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revenue recognition (continued)**

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.

<b>Type of product/service</b>	<b>Nature and timing of satisfaction of performance obligations, including significant payment terms</b>	<b>Revenue recognition under IFRS 15</b>
<b>- Tourism &amp; related services</b> 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.

**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



**NOTES TO THE FINANCIAL STATEMENTS**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial instruments (continued)**

*Classification and subsequent measurement (continued)*

*Financial assets (continued)*

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.

*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.

**NOTES TO THE FINANCIAL STATEMENTS**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial instruments (continued)**

*Classification and subsequent measurement (continued)*

*Financial assets (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 – 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).

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.

**NOTES TO THE FINANCIAL STATEMENTS**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial instruments (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**

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.

**NOTES TO THE FINANCIAL STATEMENTS**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

*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:

<b><u>Property and equipment</u></b>	<b><u>Depreciation rate%</u></b>
Office Decoration and Accessories	
Office Equipment	35
Furniture and Fixture	15

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

**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.

**NOTES TO THE FINANCIAL STATEMENTS**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

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;

**NOTES TO THE FINANCIAL STATEMENTS**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Impairment (continued)**

*Non-derivative financial assets – (continued)*

*Financial instruments (continued)*

*Credit-impaired financial assets (continued)*

- 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Impairment (continued)**

*Non-derivative financial assets – (continued)*

*Financial instruments (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.

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. 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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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. Current tax payable is in accordance with prevailing income tax law in Jordan.

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.

**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 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.



**NOTES TO THE FINANCIAL STATEMENTS**

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**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 assets reflect 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.

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 Liability' 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.

**NOTES TO THE FINANCIAL STATEMENTS**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases (continued)**

**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.

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.

**New standards or amendments and forthcoming requirements**

**Changes in significant accounting policies**

The Company has adopted Onerous Contracts- Costs of Fulfilling a Contract (Amendments to IAS 37) from 1 January 2022. This resulted in a change in accounting policy to performing an onerous contract assessment. Previously, the Company included only the incremental costs to fulfil a contract when determining whether that contract was onerous. The revised policy is to include both incremental costs and an allocation of other direct costs.

The amendments apply prospectively to contracts existing at the date when the amendments are first applied. The Company has applied all contracts at 1 January 2022 and determined that none of them would be identified as onerous applying the revised accounting policy- i.e., there is no impact on the opening equity balances as at 1 January 2022 as a result of the change.

**Other amendment to IFRSs**

In addition to the amendments for Onerous contracts as included in note 2.2, in the current year, the Company has applied a number of amendments to IFRSs that are mandatorily effective for an accounting period that begins on or after 1 January 2022

**DESERT ADVENTURES TOURISM  
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**NOTES TO THE FINANCIAL STATEMENTS**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New standards or amendments and forthcoming requirements (continued)**

**Other amendment to IFRSs (continued)**

- a) Annual Improvements to IFRS Standards 2018-2020.
- b) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- c) Reference to Conceptual Framework (Amendments to IFRS 3).

These standards and amendments do not have a significant impact on the Company's financial statements as at 31 December 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:

<b>New and amended standards not effective and not yet adopted by the Company</b>	<b>Effective date</b>
<i>Classification of liabilities as current or non-current (Amendments to IAS 1)</i>	<i>1 January 2023</i>
<i>IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts</i>	<i>1 January 2023</i>
<i>Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)</i>	<i>1 January 2023</i>
<i>Definition of Accounting Estimate (Amendments to IAS 8)</i>	<i>1 January 2023</i>
<i>Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes</i>	<i>1 January 2023</i>

**4. CASH AND CASH EQUIVALENTS  
*In Jordanian dinar***

	<b>As of December 31,</b>	
	<b>2023</b>	<b>2022</b>
Cash at hand	10,024	9,025
Cash at bank	346,344	170,950
	<b>356,368</b>	<b>179,975</b>

**5. TRADE AND OTHER RECEIVABLES**

	<b>As of December 31,</b>	
	<b>2023</b>	<b>2022</b>
Trade receivables	17,747	95,910
Expected credit loss allowance *	(758)	(758)
	<b>16,989</b>	<b>95,152</b>
Advances to suppliers	365,494	395,731
Expected credit loss allowance *	(231,144)	(231,144)
	<b>134,350</b>	<b>164,587</b>
Prepaid expenses and other debit balances	12,430	3,953
Cash margins	25,000	25,000
	<b>188,769</b>	<b>288,692</b>

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**5. TRADE AND OTHER RECEIVABLES (CONTINUED)**

\*The following table illustrates the movement on the allowance for expected credit loss:

<i>Jordanian Dinar</i>	<b>As of December 31,</b>	
	<b>2023</b>	<b>2022</b>
Balance at the beginning of the year	<b>231,902</b>	<b>231,902</b>
Charge for expected credit loss	-	-
<b>Balance at the end of the year</b>	<b>231,902</b>	<b>231,902</b>

**6. PROPERTY AND EQUIPMENT**

<i>In Jordanian dinar</i>	<b>Office Equipment</b>	<b>Furniture and Fixture</b>	<b>Total</b>
Balance at January 1, 2022	12,119	13,680	25,799
Additions	1,705	-	1,705
<b>Balance at December 31, 2022</b>	<b>13,824</b>	<b>13,680</b>	<b>27,504</b>
Balance at January 1, 2023	13,824	13,680	27,504
Additions	1,982	880	2,862
<b>Balance at December 31, 2023</b>	<b>15,806</b>	<b>14,560</b>	<b>30,366</b>
<b><u>Accumulated Depreciation</u></b>			
Balance at January 1, 2022	10,431	12,416	22,847
Depreciation for the year	1,831	274	2,105
<b>Balance at December 31, 2022</b>	<b>12,262</b>	<b>12,690</b>	<b>24,952</b>
Balance at January 1, 2023	12,262	12,690	24,952
Depreciation for the year	1,170	406	1,576
<b>Balance at December 31, 2023</b>	<b>13,432</b>	<b>13,097</b>	<b>26,529</b>
<b>Net book value as at December 31, 2023</b>	<b>2,374</b>	<b>1,463</b>	<b>3,837</b>
<b>Net book value as at December 31, 2022</b>	<b>1,562</b>	<b>990</b>	<b>2,552</b>

**7. TRADE AND OTHER PAYABLES**

<i>In Jordanian dinar</i>	<b>As of December 31,</b>	
	<b>2023</b>	<b>2022</b>
Hotels and excursion payables	94,195	159,158
Trade payables	17,256	25,385
Advances from customers	228,778	104,349
Accrued expenses	21,725	28,733
	<b>361,954</b>	<b>317,625</b>

**8. INCOME TAX**

**A- Income tax expense**

<i>In Jordanian dinar</i>	<b>As of December 31,</b>	
	<b>2023</b>	<b>2022</b>
Income tax expenses	10,136	18,998
Change in estimate relating to prior years	-	-
Deferred tax income	(10,136)	(18,998)

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**NOTES TO THE FINANCIAL STATEMENTS**

Balance at the end of the year	-	-
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**8. INCOME TAX (CONTINUED)**

Income tax expense, current tax liabilities, and deferred tax assets have been calculated using the enacted 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.

**B- Current Tax Liabilities**

<i>In Jordanian dinar</i>	<b>As of December 31,</b>	
	<b>2023</b>	<b>2022</b>
Balance at the beginning of the year	76,590	72,592
Provision for the year	10,136	18,998
Tax paid during the year	-	(15,000)
Balance at the end of the year	<b>(86,726)</b>	<b>76,590</b>

\* During 2022, the Company has paid JOD 9,052,401 of accrual expenses which previously have been a temporary difference between the taxable income and accounting income, however, this has resulted in income tax receivables that are not utilized against taxable income with an amount of JOD 140,579 which has been classified as other receivables to be netted off from future taxable profits.

**C- Reconciliation of Taxable Income**

The total tax charge for the year can be reconciled to the accounting profit as follows:

<i>In Jordanian dinar</i>	<b>As of December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Reconciliation of effective tax rate</b>		
Profit/(Loss) before tax	48,264	90,469
Tax effect of:		
Depreciation of right of use asset	9,675	9,675
Non-deductible expenses	-	-
Non-deductible income	(678)	(1,388)
Contractual rent	(9,675)	(9,000)
	<b>47,586</b>	<b>89,756</b>
Income Tax Expense	10,136	18,998
<b>Effective Income Tax Rate</b>	<b>21%</b>	<b>21%</b>

**D- Income Tax Status**

The Company obtained a final clearance with the Income and Sales Tax Department until the end of 2018.

The Income tax returns for the years from 2019 till 2022 have been submitted within the legal period which were approved but not yet audited by the Income and Sales Tax Department, management has recorded deferred tax asset of JD 18,998 related to the carry forward of unutilized tax losses.

**E- Deferred Tax Assets**

Deferred tax assets balances are as follows:

<i>In Jordanian dinar</i>	<b>As of December 31,</b>	
	<b>2023</b>	<b>2022</b>
Opening balance	18,998	-
Addition during the year	10,136	18,998
Release during the year	-	-
Balance at the end of the year	<b>29,134</b>	<b>18,998</b>

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Deferred taxes assets have been calculated using the tax rate of 21% for the year 2022.

**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**

<i>In Jordanian dinar</i>	<b>Nature of relationship</b>	<b>As of December 31,</b>	
		<b>2023</b>	<b>2022</b>
Muscat Desert Adventures Tourism LLC	Related through Common Ownership	7,324	8,109
Desert Adventures Tourism L.L.C	Parent Company	1,502	-
		<b>8,826</b>	<b>8,109</b>

**9-2) DUE TO RELATED PARTIES**

<i>In Jordanian dinar</i>	<b>Nature of relationship</b>	<b>As of December 31,</b>	
		<b>2023</b>	<b>2022</b>
Desert Adventures Tourism L.L.C	Parent Company	-	13,536
		<b>-</b>	<b>13,536</b>

**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:

<b>For the year ended 31 December 2023</b>		
<i>Jordanian Dinar</i>	<b>Nature of relationship</b>	<b>Expenses</b>
Muscat Desert Adventures Tourism LLC	Related through common ownership	
Desert Adventures Tourism L.L.C.	Parent Company **	
<b>For the year ended 31 December 2022</b>		
<i>Jordanian Dinar</i>	<b>Nature of relationship</b>	<b>Expenses</b>
Muscat Desert Adventures Tourism LLC	Related through common ownership	-
Desert Adventures Tourism LLC	Parent Company **	-

\*\*Management fee represents the amount charged for the central functions which is allocated based on financial and non-financial basis.

**Key Management Salaries & Benefits**

Transactions with related parties included in the statement of profit or loss and other comprehensive income are as follows:

<i>In Jordanian Dinar</i>	<b>2023</b>	<b>2022</b>
Salaries	76,953	72,696
Allowances	4,500	8,189

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**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**

<i>In Jordanian dinar</i>	<b>For the year ended December 31, 2023</b>		
	<b><u>Revenue</u></b>	<b><u>Cost of revenue</u></b>	<b><u>Gross profit</u></b>
Tourism Group Revenue (Hotels)	921,523	624,783	296,740
Excursions, transfers, and other revenue	35,337	24,993	10,344
	<b><u>956,860</u></b>	<b><u>649,776</u></b>	<b><u>307,084</u></b>

<i>In Jordanian dinar</i>	<b>For the year ended December 31, 2022</b>		
	<b><u>Revenue</u></b>	<b><u>Cost of revenue</u></b>	<b><u>Gross profit</u></b>
Tourism Group Revenue (Hotels)	784,511	(510,065)	274,446
Excursions, transfers, and other revenue	28,187	(18,746)	9,441
	<b><u>812,698</u></b>	<b><u>528,811</u></b>	<b><u>283,887</u></b>

**12. ADMINISTRATIVE EXPENSES**

<i>In Jordanian dinar</i>	<b>For the year ended December 31,</b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
Staff salaries and related benefits	181,525	121,964
Social security	20,605	15,227
Office expenses	9,443	7,513
Depreciation (refer note 6)	11,251	11,780
Legal and professional fees	14,095	22,238
Others	23,509	13,826
	<b><u>260,428</u></b>	<b><u>192,548</u></b>

**12.1 OTHER INCOME**

<i>In Jordanian dinar</i>	<b>For the year ended December 31,</b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
Reversal of provisions	678	1,388

This pertains to the reversal of accruals on account of discount offered by suppliers during COVID.

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**NOTES TO THE FINANCIAL STATEMENTS**

**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).

<i>In Jordanian Dinar</i>	<b>Office premises</b>	<b>Total</b>
<b><u>Cost</u></b>		
Balance as at 1 January 2022	29,025	29,025
Balance as at 31 December 2022	<b>29,025</b>	<b>29,025</b>
Balance as at 1 January 2023	29,025	29,025
Balance as at 31 December 2023	<b>29,025</b>	<b>29,025</b>
<b><u>Accumulated Depreciation</u></b>		
Balance as at 1 January 2022	796	796
Depreciation for the year	9,675	9,675
Balance as at 31 December 2022	<b>10,471</b>	<b>10,471</b>
Balance as at 1 January 2023	10,471	10,471
Depreciation for the year	9,675	9,675
Balance as at 31 December 2023	<b>20,156</b>	<b>20,156</b>
<b>Net book value as at December 31, 2023</b>	<b>8,869</b>	<b>8,869</b>
<b>Net book value as at December 31, 2022</b>	<b>18,554</b>	<b>18,554</b>

Office 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%.

**ii. Lease liability**

<i>In Jordanian Dinar</i>	<b>Office premises</b>	<b>Total</b>
<b>2023</b>		
Balance as at 1 January	15,547	15,547
Interest on lease liability	440	440
Payments during the year	(10,712)	(10,712)
Balance as at 31 December	<b>5,275</b>	<b>5,275</b>
<b>2022</b>		
Balance as at 1 January	25,351	25,351
Interest on lease liability	801	801
Payments during the year	(10,605)	(10,605)
Balance as at 31 December	<b>15,547</b>	<b>15,547</b>

**13. LEASES (continued)**

**iii. Amounts recognised in statement of profit or loss**

<i>In Jordanian Dinar</i>	<b>2023</b>	<b>2022</b>
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**NOTES TO THE FINANCIAL STATEMENTS**

<b>Leases under IFRS 16</b>		
Interest on lease liability	440	801
Depreciation charged right of use	9,675	9,675

**iv. Lease liability**

	<b>For the year ended December 31,</b>	
<i>In Jordanian Dinar</i>	<b>2023</b>	<b>2022</b>
Lease liability	5,275	15,547
Less: current portion	(5,275)	(10,271)
<b>Non-current lease liability</b>	<b>-</b>	<b>5,276</b>

**14. BANK GUARANTEES**

As of the date of the financial statements, the Company has the below Guarantees:

	<b>For the year ended December 31,</b>	
<i>Jordanian Dinar</i>	<b>2023</b>	<b>2022</b>
Guarantees *	25,000	25,000
	<b>25,000</b>	<b>25,000</b>

\* These Guarantees are issued for the favor of the Ministry of Tourism with an amount of JD 25,000 (2022: 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.

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**NOTES TO THE FINANCIAL STATEMENTS**

**15. FINANCIAL RISK MANAGEMENT**

**Credit risk (continued)**

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables, due from related party and 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:

*In Jordanian dinar*

	<b>As of December 31,</b>	
	<b>2023</b>	<b>2022</b>
Trade and other receivables *	49,934	124,105
Due from related parties	8,826	8,109
Cash at bank	346,344	170,950
	<b>405,104</b>	<b>303,164</b>

\* 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*

	<b>As of December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Geographical regions</b>		
USA	9,753	60,094
Middle East	365	7,892
Europe	4,342	26,500
CIS	1,268	1,029
Others	2,019	395
<b>Grand total</b>	<b>17,747</b>	<b>95,910</b>

*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.

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**15. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**Credit Risk (continued)**

*Impairment losses (continued)*

	<b>Gross carrying</b>	<b>Loss allowance</b>	<b>Credit impaired</b>
	<b>Amount</b>	<b>JOD</b>	
0-59 days	14,686	-	-
60-89 days	2,536	-	-
90- 120 days	525	(758)	-
<b>Total</b>	<b>17,747</b>	<b>(758)</b>	<b>-</b>

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:**

	<b>As of December 31, 2023</b>			
<b><u>In Jordanian dinar</u></b>	<b>Carrying value</b>	<b>Contractual Cash flows</b>	<b>12 Month or Less</b>	<b>More than one year</b>
Trade and other payables (excluding advances)	133,176	(133,176)	(133,176)	-
Due to related parties	-	-	-	-
Lease liability	5,275	(5,275)	(5,275)	-
	<b>138,451</b>	<b>(138,451)</b>	<b>(138,451)</b>	<b>-</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

**15. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**Liquidity risk (continued)**

**Non-derivative financial liabilities (continued):**

	As of December 31, 2022			
	Carrying value	Contractual Cash flows	6 Month or Less	More than one year
Trade and other payables (excluding advances)	213,276	(213,276)	(213,276)	-
Due to related parties	13,536	(13,536)	(13,536)	-
Lease liability	15,547	(15,547)	(10,271)	(5,276)
	<b>242,359</b>	<b>(242,359)</b>	<b>(237,083)</b>	<b>(5,276)</b>

**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**

***Jordanian Dinar***

Total debt  
(Less) Cash at bank

**Net debt**

Net owners' equity

**Adjusted capital**

**Debt-to-adjusted Capital Ratio**

As of December 31,	
2023	2022
453,956	418,022
(346,344)	(170,949)
<b>107,612</b>	<b>247,073</b>
141,846	93,581
141,846	93,581
<b>75.87%</b>	<b>264.02%</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

**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.

<i>In Jordanian dinar</i>	<b>Book value Fair value</b>	<b>Fair Value</b>		
		<b>Level (1)</b>	<b>Level (2)</b>	<b>Level (3)</b>
<b><u>December 31, 2023</u></b>				
Trade and other receivables	188,769	-	188,769	-
Cash and cash equivalents	356,368	356,368	-	-
Trade and other payables	(361,954)	-	(361,954)	-
Lease liability	(5,275)	-	(5,275)	-
Income tax provision	(86,726)	-	(86,726)	-
Due to related parties	-	-	-	-
<b><u>December 31, 2022</u></b>				
Trade and other receivables	288,692	-	288,692	-
Cash and cash equivalents	179,975	179,975	-	-
Trade and other payables	(317,625)	-	(317,625)	-
Lease liability	(15,547)	-	(15,547)	-
Income tax provision	(76,590)	-	(76,590)	-
Due to related parties	(13,536)	-	(13,536)	-

PSNAM - Private Safaris Namibia  
Statement of Profit And Loss for the 12 months ended Mar 2024

Period 1st April,2023 to 31st March 2024

Currency - NAD

Particulars	Notes	12 months ended Mar 2024	12 months ended Mar 2023
<b>Income</b>			
Revenue from operations	17	108,507,819.3	78,511,233.1
Other income	18(a)	227,965.9	143,015.4
Other gains (net)	18(b)	85,923.0	17,565.9
<b>Total income</b>		<b>108,821,708.2</b>	<b>78,671,814.4</b>
<b>Expenses</b>			
Cost of services		95,831,492.8	69,485,322.8
Employee benefits expense	19	5,848,815.6	4,657,022.3
Finance Cost	22	234,792.5	493,690.8
Advertisement Expenses		489,311.0	280,485.5
Depreciation and amortisation expense	20	51,373.8	27,250.7
Other expenses	21	4,325,032.5	1,895,935.7
<b>Total expenses</b>		<b>106,780,818.1</b>	<b>76,839,707.9</b>
<b>Profit before exceptional item</b>		<b>2,040,890.1</b>	<b>1,832,106.6</b>
Add Exceptional items:		-	-
Less Exceptional items:		-	-
<b>(Loss)/Profit before tax</b>		<b>2,040,890.1</b>	<b>1,832,106.6</b>
Less : Tax expense			
Current tax	23	-	-
Deferred tax	23	-	-
<b>Total tax expenses</b>		<b>-</b>	<b>-</b>
<b>(Loss)/Profit for the year (A)</b>		<b>2,040,890.1</b>	<b>1,832,106.6</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of post-employment benefit obligations			
Income tax relating to items that will not be reclassified to profit or loss			
<b>Total other comprehensive income for the year, net of taxes (B)</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year (A+B)</b>		<b>2,040,890.1</b>	<b>1,832,106.6</b>
<b>Earnings/(Loss) per equity share ( Face value of INR 1 each)</b>	34		
- Basic earnings/(loss) per share		-	-
- Diluted earnings/(loss) per share		-	-

Summary of Significant Accounting Policies

2

The above statement of profit and loss should be read in conjunction with the accompanying notes.

**PSNAM - Private Safaris Namibia**  
**Balance Sheet as at 31st March 2024**

Currency - NAD			
Particulars	Notes	As at 31st March 2024	12 months ended Mar 2023
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Property, plant and equipment	3	107,454.0	161,835.3
Capital work-in-progress	3	-	-
Goodwill	4	-	-
Other intangible Assets	4	11.5	-
Right of Use Assets	4(a)	-	0.0
Intangible assets under development		-	-
Investment accounted for using equity method	5	-	-
Investment in subsidiaries	5	-	-
Financial assets			
- Non current investments	5	-	-
- Loans			
- Other financial assets	6(e)	50,402.6	284,380.6
Non-current bank balances			
Others			
Other non-current assets	7	-	-
Non Current Income Tax assets	9	-	-
Deferred tax assets (net)	16	39,450.0	32,425.8
<b>Total non-current assets</b>		<b>197,318.1</b>	<b>478,641.8</b>
<b>Current assets:</b>			
Inventories			
Financial assets			
- Investments	6(a)	-	-
- Trade receivables	6(b)	7,600,160.0	3,181,510.9
- Cash and cash equivalents	6(c)	8,106,762.9	13,175,627.6
- Bank balances other than cash and cash equivalents	6(d)	-	-
- Other financial assets	6(e)	-	-
Other current assets	8	7,363,984.0	948,482.5
<b>Total current assets</b>		<b>23,070,906.9</b>	<b>17,305,621.1</b>
<b>TOTAL ASSETS</b>		<b>23,268,224.9</b>	<b>17,784,262.8</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	10(a)	3,000,000.0	3,000,000.0
Preference share capital	10(a)	1,000.0	1,000.0
Other equity			
Share application money pending allotment		-	-
Reserve and surplus	10(b)	(14,101,096.9)	(16,141,986.9)
<b>Total Equity</b>		<b>(11,100,096.9)</b>	<b>(13,140,986.9)</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
- Borrowings	11(a)	-	-
- Other financial liabilities	11(c)	(62,065.5)	521,241.1
Provisions	14	-	-
Employee Benefit Obligations	15	-	-
Deferred tax liabilities (net)	16	-	-
Other non-current liabilities	12	-	-
<b>Total non-current liabilities</b>		<b>(62,065.5)</b>	<b>521,241.1</b>
<b>Current liabilities</b>			
Financial liabilities			
- Borrowings	11(b)	-	-
- Trade payables	11(d)	5,442,068.6	11,456,662.5
- Other financial liabilities	11(c)	10,970,864.8	9,876,766.4
Provisions	14	-	-
Employee Benefit Payable	15	144,126.5	192,731.9
Current Income Tax Liabilities	9	-	-
Other current liabilities	13	17,873,327.9	8,877,847.9
<b>Total current liabilities</b>		<b>34,430,387.8</b>	<b>30,404,008.7</b>
<b>TOTAL LIABILITIES</b>		<b>34,368,322.3</b>	<b>30,925,249.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>23,268,225.4</b>	<b>17,784,262.8</b>
Check --->		<b>(0.46)</b>	<b>0.0</b>

Summary of Significant Accounting Policies  
The above balance sheet should be read in conjunction with the accompanying notes.



Virginia Barnard  
Managing Director

**PSSA Private Safaris South Africa**  
**Statement of Profit And Loss for the 12 months ended 31 March 2024**

Period [April 1,2023 to March 2024]

Currency - ZAR

Particulars	Notes	12 months ended 31 March 2024	12 months ending March 2023
<b>Income</b>			
Revenue from operations	17	135,896,011.7	121,665,915.2
Other income	18(a)	739,143.9	1,191,573.4
Other gains (net)	18(b)	13,652.2	4,485.3
<b>Total income</b>		<b>136,648,807.8</b>	<b>122,861,973.9</b>
<b>Expenses</b>			
Cost of services		115,272,885.7	103,949,101.3
Employee benefits expense	19	12,296,024.3	10,678,867.1
Finance Cost	22	3,204,407.1	2,570,967.2
Advertisement Expenses		1,287,980.8	1,211,524.5
Depreciation and amortisation expense	20	1,189,821.0	2,129,947.8
Other expenses	21	1,353,404.7	9,770,492.1
<b>Total expenses</b>		<b>134,604,523.7</b>	<b>130,310,900.0</b>
<b>Profit before exceptional item</b>		<b>2,044,284.0</b>	<b>(7,448,926.1)</b>
Add Exceptional items:		-	-
Less Exceptional items:		-	-
<b>(Loss)/Profit before tax</b>		<b>2,044,284.0</b>	<b>(7,448,926.1)</b>
Less : Tax expense			
Current tax	23	54,000.0	-
Deferred tax	23	-	-
<b>Total tax expenses</b>		<b>54,000.0</b>	<b>-</b>
<b>(Loss)/Profit for the year (A)</b>		<b>1,990,284.0</b>	<b>(7,448,926.1)</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of post-employment benefit obligations			
Income tax relating to items that will not be reclassified to profit or loss			
<b>Total other comprehensive income for the year, net of taxes (B)</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year (A+B)</b>		<b>1,990,284.0</b>	<b>(7,448,926.1)</b>
<b>Earnings/(Loss) per equity share ( Face value of INR 1 each)</b>	34		
- Basic earnings/(loss) per share		-	-
- Diluted earnings/(loss) per share		-	-

Summary of Significant Accounting Policies

2

The above statement of profit and loss should be read in conjunction with the accompanying notes.



**PSSA Private Safaris South Africa**  
**Balance Sheet as at 31st March, 2024**

Currency - ZAR			
Particulars	Notes	As at 31st March, 2024	As at 31st March 2023
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Property, plant and equipment	3	1,203,905.9	521,914.2
Capital work-in-progress	3	-	-
Goodwill	4	-	-
Other intangible Assets	4	274,272.2	275,434.5
Right of Use Assets	4(a)	3,085,725.1	4,067,274.1
Intangible assets under development			
Investment accounted for using equity method	5	-	-
Investment in subsidiaries	5	-	-
Financial assets			
- Non current investments	5	-	-
- Loans			
- Other financial assets	6(e)	25,430.4	1,427,905.2
Non-current bank balances			
Others			
Other non-current assets	7	-	-
Non Current Income Tax assets	9	-	221,271.1
Deferred tax assets (net)	16	-	-
<b>Total non-current assets</b>		<b>4,589,333.6</b>	<b>6,513,799.1</b>
<b>Current assets:</b>			
Inventories		-	103,232.3
Financial assets			
- Investments	6(a)	-	-
- Trade receivables	6(b)	15,575,681.1	15,798,230.1
- Cash and cash equivalents	6(c)	13,413,827.3	9,896,208.0
- Bank balances other than cash and cash equivalents	6(d)	-	-
- Other financial assets	6(e)	848,288.2	8,363,269.5
Current Tax Assets (Net)			
Other current assets	8	42,107,640.9	20,046,997.5
<b>Total current assets</b>		<b>71,945,437.5</b>	<b>54,207,937.3</b>
<b>TOTAL ASSETS</b>		<b>76,534,771.1</b>	<b>60,721,736.5</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	10(a)	500,000.0	500,000.0
Preference share capital	10(a)	-	-
Other equity			
Share application money pending allotment		-	-
Reserve and surplus	10(b)	(28,709,326.8)	(30,699,610.8)
<b>Total Equity</b>		<b>(28,209,326.8)</b>	<b>(30,199,610.8)</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
- Borrowings	11(a)	-	-
- Other financial liabilities	11(c)	3,342,626.9	4,180,584.0
Provisions	14	-	-
Employee Benefit Obligations	15	-	-
Deferred tax liabilities (net)	16	-	-
Other non-current liabilities	12	-	-
<b>Total non-current liabilities</b>		<b>3,342,626.9</b>	<b>4,180,584.0</b>
<b>Current liabilities</b>			
Financial liabilities			
- Borrowings	11(b)	19,698,288.6	23,766,915.3
- Trade payables	11(d)	29,616,167.1	32,290,477.1
- Other financial liabilities	11(c)	1,707,641.2	2,634,509.7
Provisions	14	2,109,915.3	1,707,528.9
Employee Benefit Payable	15	366,814.5	282,609.9
Current Income Tax Liabilities	9	-	-
Other current liabilities	13	47,902,644.5	26,058,722.3
<b>Total current liabilities</b>		<b>101,401,471.2</b>	<b>86,740,763.3</b>
<b>TOTAL LIABILITIES</b>		<b>104,744,098.1</b>	<b>90,921,347.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>76,534,771.2</b>	<b>60,721,736.5</b>

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Summary of Significant Accounting Policies

The above balance sheet should be read in conjunction with the accompanying notes.



Virginia Barnard  
Managing Director

**PRIVATE SAFARIS (EAST AFRICA) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**COMPANY INFORMATION**

**BOARD OF DIRECTORS**

: Madhavan Karunakaran Menon (Indian)  
: Alexander Andor Spiro (Swiss)

**REGISTERED OFFICE AND  
PRINCIPAL PLACE OF BUSINESS**

: 2nd floor, Olibya 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 2023, 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 2023 the total revenue of the company increased from Shs. 1,590,495,145 to Shs. 2,147,149,832. This increase is mainly as a result of more bookings in the current year.

Key performance indicators	2023	2022
Turnover (Shs '000)	2,147,150	1,590,495
Gross profit (Shs '000)	343,647	266,045
Gross profit margin (%)	16%	17%
Profit for the year (Shs '000)	127,891	111,549
EBITDA (Shs '000)	208,238	122,545

### 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 20 to the financial statements.

### DIVIDEND

The directors do not recommend the declaration of a dividend for the year (2022: 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 Kenyan 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**

  
\_\_\_\_\_

April 2, 2024



## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan 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 Kenyan 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 Kenyan Companies Act, 2015. They also accept responsibility for:

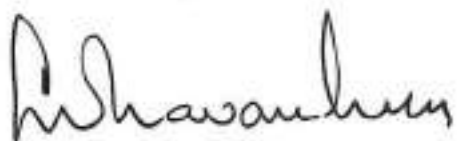
- i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. Selecting and applying appropriate accounting policies; and
- iii. Making accounting estimates and judgements that are reasonable in the circumstances.

The directors confirm that the financial statements give a true and fair view of the financial position of the company as at 31 December 2023 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 Kenyan 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 for at least the next twelve months from the date of this statement.

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 April 2, 2024 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 35, which comprise the statement of financial position as at 31 December 2023, 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 material 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 2023, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan 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 direct costs 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.

**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 Kenyan 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.





**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**

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 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.

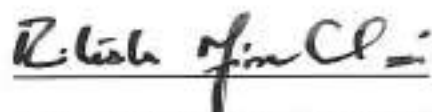


**REPORT OF THE INDEPENDENT AUDITOR  
TO THE MEMBERS OF PRIVATE SAFARIS (EAST AFRICA) LIMITED (CONTINUED)**

**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

20 April 2024

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**STATEMENT OF PROFIT OR LOSS**

	Notes	2023 Shs '000	2022 Shs '000
Revenue from contracts with customers	1	2,147,150	1,590,495
Cost of sales		<u>(1,803,503)</u>	<u>(1,324,450)</u>
<b>Gross profit</b>		343,647	266,045
Other operating income	2	30	1,953
Interest income earned from fixed deposits		6,236	652
Net impairment (loss) on financial and contract assets	20 (b)	(3,049)	(5,084)
Net impairment (loss) on intangible assets		(9,900)	-
Administrative expenses		(114,125)	(133,451)
Other operating expenses		<u>(32,196)</u>	<u>(26,624)</u>
<b>Operating profit</b>	3	190,644	103,491
Finance costs	5	<u>(1,518)</u>	<u>(2,967)</u>
<b>Profit before tax</b>		189,126	100,524
Tax	6	<u>(61,235)</u>	<u>11,025</u>
<b>Profit for the year</b>		<u>127,891</u>	<u>111,549</u>
<b>Earnings per share</b>			
- basic and diluted (Shs.)	7	<u>41</u>	<u>36</u>

The notes on pages 12 to 35 form an integral part of these financial statements.

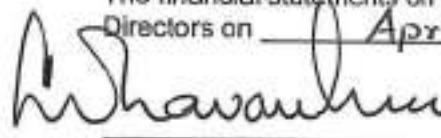
Report of the independent auditor - pages 5 to 7.



Private Safaris (East Africa) Limited  
Annual report and financial statements  
For the year ended 31 December 2023  
**STATEMENT OF FINANCIAL POSITION**

		<b>As at 31 December</b>	
	<b>Notes</b>	<b>2023</b>	<b>2022</b>
		<b>Shs '000</b>	<b>Shs '000</b>
<b>CAPITAL EMPLOYED</b>			
Ordinary share capital	8	62,500	62,500
Preference share capital	8	293,770	293,770
Retained earnings		(20,002)	(147,893)
<b>Shareholders' funds</b>		<u>336,268</u>	<u>208,377</u>
<b>Non-current liabilities</b>			
Lease liabilities	9	<u>5,014</u>	<u>2,113</u>
		<u>341,282</u>	<u>210,490</u>
<b>REPRESENTED BY</b>			
<b>Non-current assets</b>			
Deferred tax	10	65,183	124,547
Property and equipment	11	4,213	11,779
Intangible assets	12	578	8,615
Right-of-use assets	13	<u>13,191</u>	<u>6,576</u>
		<u>83,165</u>	<u>151,517</u>
<b>Current assets</b>			
Inventories	14	1,902	2,918
Trade and other receivables	15	243,020	75,740
Cash and cash equivalents	16	336,114	232,095
Tax recoverable		<u>46,997</u>	<u>48,067</u>
		<u>628,033</u>	<u>358,820</u>
<b>Current liabilities</b>			
Trade and other payables	17	361,127	294,814
Lease liabilities	9	<u>8,789</u>	<u>5,033</u>
		<u>369,916</u>	<u>299,847</u>
<b>Net current assets</b>		<u>258,117</u>	<u>58,973</u>
		<u>341,282</u>	<u>210,490</u>

The financial statements on pages 8 to 35 were approved and authorised for issue by the Board of Directors on April 2, 2024 and were signed on its behalf by:

 **DIRECTOR**

 **DIRECTOR**

The notes on pages 12 to 35 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
<b>Year ended 31 December 2022</b>				
At start of year	62,500	293,770	(259,442)	96,828
Profit for the year	-	-	111,549	111,549
At end of year	<u>62,500</u>	<u>293,770</u>	<u>(147,893)</u>	<u>208,377</u>
<b>Year ended 31 December 2023</b>				
At start of year	62,500	293,770	(147,893)	208,377
Profit for the year	-	-	127,891	127,891
At end of year	<u>62,500</u>	<u>293,770</u>	<u>(20,002)</u>	<u>336,268</u>

The notes on pages 12 to 35 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 7.

**STATEMENT OF CASH FLOWS**

	Notes	2023 Shs '000	2022 Shs '000
<b>Operating activities</b>			
Cash from operations	18	109,599	204,826
Interest accrued and paid on lease liabilities	9	(1,518)	(1,556)
Tax paid		(801)	(228)
Net cash generated from operating activities		<u>107,280</u>	<u>203,043</u>
<b>Investing activities</b>			
Cash paid for purchase of property and equipment	11	(1,269)	(1,521)
Cash paid for purchase of intangible assets	12	(79)	(8,518)
Interest received		6,235	652
Proceeds from disposal of property and equipment		38	1,910
Net cash generated from/(used in) investing activities		<u>4,927</u>	<u>(7,478)</u>
<b>Financing activities</b>			
Payment of lease liabilities	9	(8,288)	(7,993)
Proceeds from borrowings		-	(38,471)
Net cash (used in) financing activities		<u>(8,288)</u>	<u>(46,464)</u>
<b>Increase in cash and cash equivalents</b>		<u>103,919</u>	<u>149,101</u>
<b>Movement in cash and cash equivalents</b>			
At start of year		232,095	83,271
Increase		103,919	149,101
Effect of exchange rate changes		100	(277)
At end of year	16	<u>336,114</u>	<u>232,095</u>

The notes on pages 12 to 35 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 7.

## NOTES

### MATERIAL ACCOUNTING POLICY INFORMATION

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.

These financial statements comply with the requirements of the Kenyan Companies Act, 2015. The statement of profit or loss and other comprehensive income represents the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

#### 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 20 and disclosures in respect of capital management are set out in Note 21.

#### Going concern

Based on the financial performance and position of the company and its risk management policies, the directors are of the opinion that the company is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

#### 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 2023. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

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 policy information and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the company's financial statements.

#### Amendments to IAS 8 'Definition of Accounting Estimates'

The amendments introduce a definition of 'accounting estimates' and clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the company's financial statements.

#### Amendments to IAS 12 'Deferred Tax Related to Assets and Liabilities arising from a Single Transaction'

The amendments narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the company's financial statements.

**NOTES (CONTINUED)**

**MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**a) Basis of preparation (continued)**

**New standards, amendments and interpretations adopted by the company (continued)**

**IFRS 17 'Insurance Contracts'** - The new standard had no impact on the company's financial statements.

**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 and Non-current liabilities with covenants' (issued in January 2020, amended in October 2022), effective for annual periods beginning on 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. In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

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 7 and IFRS 7 'Supplier Finance Arrangements' (issued in May 2023), effective for annual reporting periods beginning on or after 1 January 2024, clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.
- Amendment to IAS 21 'Lack of Exchangeability' (issued in August 2023), Effective for annual periods beginning on or after 1 January 2025, specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.
- Amendment to IFRS 16 'Lease Liability in a Sale and Leaseback' (issued in September 2022), effective for 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 that relates to the right of use it retains.

Except where indicated above, 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.



**NOTES (CONTINUED)**

**MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**a) Basis of preparation (continued)**

**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.

**NOTES (CONTINUED)**

**MATERIAL ACCOUNTING POLICY INFORMATION (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.

**Provision for expected credit losses of trade receivables and contract assets**

The company uses a provision matrix to calculate ECLs for trade receivables and contract assets.

The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by geography, product type, customer type, rating and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the company's historical observed default rates. The company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

**- 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.

**NOTES (CONTINUED)**

**MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**b) Significant accounting judgements, estimates and assumptions (continued)**

**- Accounting for leases under IFRS 16 (continued)**

**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.

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.



**NOTES (CONTINUED)**

**MATERIAL ACCOUNTING POLICY INFORMATION (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

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
- Contract assets
- Other financial assets

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)**

**MATERIAL ACCOUNTING POLICY INFORMATION (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 and any accumulated impairment losses. 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:

	<u>Rate</u>
	<u>%</u>
Leasehold improvements	20%
Furniture and fittings	20%
Motor vehicles	20%
Computers equipment	33%

**NOTES (CONTINUED)**

**MATERIAL ACCOUNTING POLICY INFORMATION (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.

**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. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

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.

Capital work in progress is not depreciated.

**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)**

**MATERIAL ACCOUNTING POLICY INFORMATION (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).

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 of disposal 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)**

**MATERIAL ACCOUNTING POLICY INFORMATION (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**

There were no changes in presentation in the current year.

**NOTES (CONTINUED)**

	<b>2023</b> <b>Shs '000</b>	<b>2022</b> <b>Shs '000</b>
<b>1. Revenue from contracts with customers</b>		
Sale of safari packages	<u>2,147,150</u>	<u>1,590,495</u>
<b>2. Other operating income</b>		
Gain on disposal of property and equipment	30	1,909
Other income	<u>-</u>	<u>44</u>
	<u>30</u>	<u>1,953</u>
<b>3. Operating profit</b>		
The following items have been charged in arriving at the operating profit:		
Depreciation on property and equipment (Note 11)	8,828	10,556
Amortisation of intangible assets (Note 12)	437	395
Depreciation on right of use assets (Note 13)	8,329	8,103
Staff costs (Note 4)	136,823	103,473
Director's remuneration	18,719	14,455
Auditors' remuneration		
- current year	1,290	1,290
- under provision in prior years	382	165
Repairs and maintenance	<u>7,437</u>	<u>4,418</u>
<b>4. Staff costs</b>		
Salaries and wages	119,116	91,874
Other staff costs	16,700	11,631
Post-employment benefits:		
- National Social Security Fund	<u>1,007</u>	<u>168</u>
	<u>136,823</u>	<u>103,473</u>
The average number of persons employed during the year, by category, were:	<b>2023</b> <b>No</b>	<b>2022</b> <b>No</b>
Management and administration	<u>83</u>	<u>76</u>
<b>5. Finance costs</b>	<b>2023</b> <b>Shs '000</b>	<b>2022</b> <b>Shs '000</b>
Lease liabilities interest (Note 9)	1,518	1,556
Interest expense on shareholder's loan (Note 19)	<u>-</u>	<u>1,411</u>
<b>Total finance costs</b>	<u>1,518</u>	<u>2,967</u>

**NOTES (CONTINUED)**

<b>6. Tax</b>	<b>2023 Shs '000</b>	<b>2022 Shs '000</b>
Current tax	1,871	196
Deferred tax charge/(credit) (Note 10)	59,364	(11,221)
	<u>61,235</u>	<u>(11,025)</u>

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

Profit before tax	189,128	100,524
Tax calculated at a tax rate of 30% (2022: 30%)	56,738	30,157
Tax effect of:		
- expenses not deductible for tax purposes	4,497	1,665
- effect of deferred tax previously not recognised now recognised (Note 10)	-	(42,847)
<b>Tax charge/(credit)</b>	<u>61,235</u>	<u>(11,025)</u>

**7. Earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	<b>2023 Shs</b>	<b>2022 Shs</b>
Profit attributable to equity holders (Shs.)	127,891,000	111,549,000
Weighted average number of ordinary shares (Number)	3,125,000	3,125,000
Earnings per share (Shs).	<u>41</u>	<u>36</u>

**8. Share capital**

**Authorised:**

3,250,000 (2022: 3,250,000) ordinary shares of Shs. 20 each	65,000	65,000
2,937,695 (2022: 2,937,695) 6% non-cumulative redeemable preference shares of Shs. 100 each	293,770	293,770
	<u>358,770</u>	<u>358,770</u>

**Issued and fully paid:**

3,125,000 (2022: 3,125,000) ordinary shares of Shs. 20 each	62,500	62,500
2,937,695 (2022: 2,937,695) 6% non-cumulative redeemable preference shares of Shs. 100 each	293,770	293,770
	<u>356,270</u>	<u>356,270</u>

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.

NOTES (CONTINUED)

9. Lease liabilities	2023 Shs '000	2022 Shs '000
Non-current	5,014	2,113
Current	8,789	5,033
	<u>13,802</u>	<u>7,146</u>

Reconciliation of lease liabilities arising from financing activities:

At start of year	7,146	15,139
Interest charged to profit or loss (Note 5)	1,518	1,556
Cash flows:		
- Amounts financed through leases	14,944	-
- Payments under leases	(9,806)	(9,549)
At end of year	<u>13,802</u>	<u>7,146</u>

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:

	2023 Shs '000	2022 Shs '000
6 months or less	4,141	4,419
6 - 12 months	4,648	614
1 - 2 years	5,014	2,113
	<u>13,802</u>	<u>7,146</u>

Weighted average effective interest rates at the reporting date was:	2023 %	2022 %
Lease liabilities	<u>11.5% - 14%</u>	<u>11.5% - 14%</u>

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	2023 Shs '000	2022 Shs '000
Not later than 1 year	10,236	5,599
Later than 1 year and not later than 5 years	5,281	2,474
Total gross lease	<u>15,516</u>	<u>8,073</u>
Future interest expense on leases liabilities	<u>(1,714)</u>	<u>(927)</u>
Present value of lease liabilities	<u>13,802</u>	<u>7,146</u>



**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% (2022: 30%). The movement on the deferred tax account is as follows:

	2023 Shs '000	2022 Shs '000
At start of year	(124,547)	(113,326)
Charge/(credit) to profit or loss (Note 6)	<u>59,364</u>	<u>(11,221)</u>
At end of year	<u>(65,183)</u>	<u>(124,547)</u>

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
<b>Year ended 31 December 2023</b>			
Property and equipment	(6,354)	(808)	(7,162)
Impairment loss	(2,523)	(1,443)	(3,966)
General provisions	(4,443)	888	(3,555)
Unrealised foreign exchange differences	5,035	17,974	23,009
Tax losses	<u>(116,262)</u>	<u>42,753</u>	<u>(73,509)</u>
<b>Net deferred tax (asset)</b>	<u>(124,547)</u>	<u>59,364</u>	<u>(65,183)</u>
<b>Year ended 31 December 2022</b>			
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 assets previously not recognised now recognised	<u>42,847</u>	<u>(42,847)</u>	<u>-</u>
<b>Net deferred tax (asset)</b>	<u>(113,326)</u>	<u>(11,221)</u>	<u>(124,547)</u>

NOTES (CONTINUED)

11. Property and equipment

Year ended 31 December 2023

	Leasehold improvements Shs '000	Furniture and fittings Shs '000	Motor vehicles Shs '000	Computer equipment Shs '000	Total Shs '000
<b>Cost</b>					
At start of year	46,522	19,009	79,193	46,601	191,324
Additions	-	-	-	1,269	1,269
Disposals	-	-	-	(19)	(19)
At end of year	46,522	19,009	79,193	47,851	192,574
<b>Accumulated depreciation</b>					
At start of year	45,890	18,922	69,567	45,166	179,545
Disposals	-	-	-	(11)	(11)
Charge for the year	161	66	7,627	974	8,828
At end of year	46,051	18,988	77,194	46,129	188,361
<b>Net carrying amount</b>	<b>471</b>	<b>21</b>	<b>1,998</b>	<b>1,722</b>	<b>4,213</b>

Year ended 31 December 2022

<b>Cost</b>					
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
<b>Accumulated depreciation</b>					
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
<b>Net carrying amount</b>	<b>46,522</b>	<b>87</b>	<b>9,625</b>	<b>1,435</b>	<b>11,779</b>

All additions during the year were made through cash payments.

**NOTES (CONTINUED)**

**12. Intangible assets**

**Year ended 31 December 2023**

	<b>Trademarks Shs '000</b>	<b>Computer software Shs '000</b>	<b>Capital work in progress Shs '000</b>	<b>Total Shs '000</b>
<b>Cost</b>				
At start	319	26,797	7,679	34,795
Additions	-	79	-	79
Transfers	-	-	(7,679)	(7,679)
At end of year	319	26,876	-	27,195
<b>Amortisation</b>				
At start of year	92	26,088	-	26,180
Charge for the year	64	373	-	437
At end of year	156	26,461	-	26,617
<b>Net carrying amount</b>	<b>163</b>	<b>415</b>	<b>-</b>	<b>578</b>

**Year ended 31 December 2022**

<b>Cost</b>				
At start	186	26,091	-	26,277
Additions	133	706	7,679	8,518
At end of year	319	26,797	7,679	34,795
<b>Amortisation</b>				
At start of year	49	25,736	-	25,785
Charge for the year	43	352	-	395
At end of year	92	26,088	-	26,180
<b>Net carrying amount</b>	<b>227</b>	<b>709</b>	<b>7,679</b>	<b>8,615</b>

Amortisation costs amounting to Shs. 437,233 (2022: Shs. 394,695) are included in other operating expenses.

**13. Right-of use assets**

	<b>Leased buildings</b>	
	<b>2023</b>	<b>2022</b>
	<b>Shs '000</b>	<b>Shs '000</b>
<b>Cost</b>		
At start of year	19,903	19,903
Additions	14,944	-
At end of year	34,847	19,903
<b>Depreciation</b>		
At start of year	13,327	5,224
Charge for the year	8,329	8,103
At end of year	21,656	13,327
<b>Net carrying amount</b>	<b>13,191</b>	<b>6,576</b>

The company leases offices and stores. The leased offices and stores are typically for periods of between 1 and 2 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.

**NOTES (CONTINUED)**

**13. Right-of use assets (continued)**

In the statement of cash flows, the amount for payments for right-of-use assets represents:

	Shs '000	Shs '000
Additions, as above	14,944	-
Less: amounts financed through lease liabilities	(14,944)	-
	<u>-</u>	<u>-</u>

For information on the related lease liabilities, see Note 9.

**14. Inventories**

	Shs '000	Shs '000
Park tickets	<u>1,902</u>	<u>2,918</u>

**15. Trade and other receivables**

Trade receivables	149,695	32,074
Less: impairment provisions	(13,218)	(8,410)
Net trade receivables	136,476	23,664
Prepayments	5,313	659
Other receivables	100,925	47,876
Amount due from related parties (Note 19)	306	3,541
	<u>243,020</u>	<u>75,740</u>

	Gross amount Shs '000	2023 ECL allowance Shs '000	Carrying amount Shs '000	Gross amount Shs '000	2022 ECL allowance Shs '000	Carrying amount Shs '000
Trade receivables	149,695	(13,218)	136,476	32,074	(8,410)	23,664
Prepayments	5,313	-	5,313	659	-	659
Other receivables	100,925	-	100,925	47,876	-	47,876
Amount due from related parties	306	-	306	3,541	-	3,541
	<u>256,239</u>	<u>(13,218)</u>	<u>243,020</u>	<u>84,150</u>	<u>(8,410)</u>	<u>75,740</u>

The carrying amounts of the company's trade and other receivables are denominated in the following currencies:

	2023 Shs '000	2022 Shs '000
Kenya Shillings	93,053	40,124
Dollars	146,342	32,714
Euros	<u>3,625</u>	<u>2,902</u>
	<u>243,020</u>	<u>75,740</u>

Trade receivables relate to contracts with customers. The carrying amount of trade receivables as at 1 January 2023 was Shs. 23,664,583. The increase in trade receivables in 2023 was as a result of increase in sales.

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)**

	<b>2023</b> <b>Shs '000</b>	<b>2022</b> <b>Shs '000</b>
<b>16. Cash and cash equivalents</b>		
Cash at bank and in hand	<u>336,114</u>	<u>232,095</u>

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 Nil (2022: Shs. 1,759,917). An expected credit loss amounting to Nil (2022: Shs. 1,136,741) has been recognised under profit or loss.

The carrying amounts of the company's cash and cash equivalents are denominated in the following currencies:

	<b>2023</b> <b>Shs '000</b>	<b>2022</b> <b>Shs '000</b>
Kenya Shillings	22,389	10,975
United States Dollar	304,484	209,494
Euro	7,798	9,864
Great Britain Pound	<u>1,443</u>	<u>1,761</u>
	<u>336,114</u>	<u>232,095</u>

**17. Trade and other payables**

Trade payables	94,829	24,297
Accruals for safaris	147,718	165,360
Deferred income	97,216	86,261
Accruals and other payables	18,879	17,581
Amount due to related party (Note 19)	<u>2,485</u>	<u>1,315</u>
	<u>361,127</u>	<u>294,814</u>

The carrying amounts of the company's trade and other payables are denominated in the following currencies:

Kenya Shillings	269,001	269,261
United States Dollar	86,211	22,507
Euro	3,238	1,747
Indian Rupees	2,256	1,125
South African Rand	<u>421</u>	<u>175</u>
	<u>361,127</u>	<u>294,814</u>

**NOTES (CONTINUED)**

**17. Trade and other payables (continued)**

The maturity analysis of the trade and other payables is as follows:

	<b>Up to 3 months Shs '000</b>	<b>4 to 12 months Shs '000</b>	<b>Total Shs '000</b>
<b>Year ended 31 December 2023</b>			
Trade payables	88,444	6,385	94,829
Accruals for safaris	137,864	9,855	147,718
Deferred income	50,001	47,215	97,216
Accruals and other payables	18,879	-	18,879
Amounts due to related party	2,485	-	2,485
	<u>297,672</u>	<u>63,455</u>	<u>361,127</u>
<b>Year ended 31 December 2022</b>			
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
	<u>212,029</u>	<u>82,785</u>	<u>294,814</u>

**18. Cash from operations**

	<b>2023 Shs '000</b>	<b>2022 Shs '000</b>
Reconciliation of profit before tax to cash from operations:		
Profit before tax	189,126	100,524
<b>Adjustments for:</b>		
Depreciation on property and equipment (Note 11)	8,828	10,556
Depreciation on right-of-use assets (Note 13)	8,329	8,103
Amortisation of intangible assets (Note 12)	437	395
Impairment of intangible assets (Note 12)	7,679	-
Interest expense on lease liabilities (Note 9)	1,518	1,556
(Gain) on disposal of property and equipment	(30)	(1,909)
Interest (income)	(6,236)	(652)
Net foreign exchange (gain) (Note 5)	(100)	277
Changes in working capital:		
- inventories	1,016	(1,622)
- trade and other receivables	(167,281)	(15,597)
- trade and other payables	66,313	103,195
Cash generated from operations	<u>109,599</u>	<u>204,826</u>

## NOTES (CONTINUED)

### 19. 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.

	2023 Shs '000	2022 Shs '000
The following transactions were carried out and balances held with related parties:		
i) <b>Sale of goods and services to other related party</b>	23,092	13,657
ii) <b>Purchase of goods and services from other related party</b>	9,320	5,204
iii) <b>Interest charged on shareholders loan (Note 5)</b>	-	1,411
iv) <b>Key management compensation</b>		
Salaries and other short term benefits - directors	20,207	14,455
v) <b>Outstanding balances arising from sale and purchase of goods/services/property/other transactions</b>		
Amount due from related parties (Note 15) - Parent	306	3,541
Amount due to related parties (Note 17) - Other related parties	2,485	1,315

### 20. 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 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.

	2023 Shs '000	2022 Shs '000
Effect of profit - increase	27,519	17,002

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.

**NOTES (CONTINUED)**

**20. 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 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.

	2023 Shs '000	2022 Shs '000
Effect on profit - decrease	<u>1,915</u>	<u>1,026</u>

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 company's 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)**

**20. 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:

	<b>Lifetime expected credit losses Shs '000</b>
<b>Basis for measurement of loss allowance</b>	
<b>As at 31 December 2023</b>	
Trade receivables	149,695
Cash and cash equivalents	<u>337,874</u>
Gross carrying amount	487,568
Loss allowance	<u>(13,218)</u>
Exposure to credit risk	<u><u>474,350</u></u>
<b>Basis for measurement of loss allowance</b>	
<b>As at 31 December 2022</b>	
Trade receivables	32,074
Cash and cash equivalents	<u>232,718</u>
Gross carrying amount	264,792
Loss allowance	<u>(10,170)</u>
Exposure to credit risk	<u><u>254,622</u></u>

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.

**NOTES (CONTINUED)**

**20. 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 2023	110,573	10,648	19,788	1,677	7,315	150,001
As at 31 December 2022	29,154	(1,995)	4,266	432	3,759	35,616

The changes in the loss allowance during the year were as follows:

Basis for measurement of loss allowance Year ended 31 December 2023	Lifetime expected credit losses		
	Trade receivables Shs '000	Cash and cash equivalents Shs '000	Total Shs
At start of year	(8,410)	(1,760)	(10,170)
Changes relating to assets	(4,808)	1,760	(3,048)
At end of year	(13,218)	-	(13,218)
<b>Year ended 31 December 2022</b>			
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)

**(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 and 9 disclose the maturity analysis of trade and other payables 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.

NOTES (CONTINUED)

20. Risk management objectives and policies (continued)

Financial risk management (continued)

(c) Liquidity risk (continued)

Year ended 31 December 2023	Interest rate %age	Within 1 year Shs '000	Between 1 - 5 years Shs '000	Total Shs '000
<i>Non interest bearing liabilities:</i>				
- Trade and other payables	-	361,127	-	361,127
<i>Interest bearing liabilities</i>				
- Lease liabilities	11.5% - 14%	10,236	5,281	15,516
		<u>371,363</u>	<u>5,281</u>	<u>376,644</u>
 Year ended 31 December 2022				
<i>Non interest bearing liabilities:</i>				
- Trade and other payables	-	294,814	-	294,814
<i>Interest bearing liabilities</i>				
- Lease liabilities	11.5% - 14%	5,599	2,474	8,073
		<u>300,413</u>	<u>2,474</u>	<u>302,887</u>

21. 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.

22. Commitments

Contractual commitments for the acquisition of assets

At the reporting date these commitments were as follows:

	2023 Shs	2022 Shs
Property and equipment	24,826	-

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**

	<b>2023</b>	<b>2022</b>
	<b>Shs '000</b>	<b>Shs '000</b>
<b>1. DIRECT COSTS</b>		
Accommodation and meals expenses	1,245,760	970,187
Entrance and parking fees	165,778	119,526
Transport	338,533	192,014
Fuel	7,456	9,358
Repairs and maintenance	7,077	4,127
Drivers' allowance	4,271	4,102
Commission	16,882	11,469
Excursion and transport	12,092	9,239
Spare parts, tyres and tubes expenses	1,821	1,590
Other costs	3,834	2,838
<b>Total direct costs</b>	<b>1,803,503</b>	<b>1,324,450</b>
<b>2. ADMINISTRATIVE EXPENSES</b>		
<b>Employment:</b>		
Salaries and wages	120,123	91,842
Staff medical	6,008	5,173
Staff training and recruitment	65	45
Other staff costs	10,627	6,413
<b>Total employment costs</b>	<b>136,823</b>	<b>103,473</b>
<b>Other administrative expenses:</b>		
Director's remuneration	18,719	14,455
Promotions and sales support	7,921	3,251
Printing and stationery	1,345	867
Postages and telephones	1,643	2,228
Travelling and entertainment	2,135	3,213
Audit fees:		
- current year	1,672	1,455
- underprovision in prior years	-	11
Computer expenses	13,585	7,191
Management fees	10,827	5,534
Legal and professional fees	1,919	727
Secretarial charges	149	112
Subscriptions	233	281
Bank charges	1,995	1,281
Gifts and donations	100	40
Sales agent fees	6,367	4,984
Miscellaneous expenses	1,280	2,835
Realised exchange (gain)	(15,894)	(1,705)
Unrealised foreign exchange (gain)	(76,695)	(16,782)
<b>Total other administrative expenses</b>	<b>(22,698)</b>	<b>29,978</b>
<b>Total administrative expenses</b>	<b>114,125</b>	<b>133,451</b>

**SCHEDULE OF DIRECT COSTS AND EXPENDITURE (CONTINUED)**

	<b>2023</b>	<b>2022</b>
	<b>Shs '000</b>	<b>Shs '000</b>
<b>3. OTHER OPERATING EXPENSES</b>		
Establishment:		
Light and water	3,075	2,201
Service charge and parking	4,309	3,374
Licences	3,677	381
Security	290	284
Repairs and maintenance	360	291
Insurance	2,892	1,039
Amortisation of intangible assets	437	395
Depreciation on property and equipment	8,828	10,556
Depreciation on right of use assets	8,329	8,103
<b>Total other operating expenses</b>	<b>32,196</b>	<b>26,624</b>
<b>4. FINANCE COSTS</b>		
Interest expense on lease liabilities	1,518	1,556
Interest expense on shareholder's loan	-	1,411
<b>Total finance costs</b>	<b>1,518</b>	<b>2,967</b>





**Kuoni Australia Holding Pty Ltd**

**ABN 78 133 084 714**

**Annual Report - 31 December 2023**



**Kuoni Australia Holding Pty Ltd**  
**Directors' report**  
**31 December 2023**

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 2023.

**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  
Sebastian Alex Mendonca

**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 \$1,525,796 (31 December 2022: \$930,238).

**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 2023 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.

**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.

Kuoni Australia Holding Pty Ltd  
Directors' report  
31 December 2023

**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



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Eng Waa Teh  
Director

20 June 2024  
Melbourne



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Laurent Kuenzle  
Director

## Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

### To the directors of Kuoni Australia Holding Pty Ltd

As lead auditor for the audit of Kuoni Australia Holding Pty Ltd for the year ended 31 December 2023, I declare that, to the best of my knowledge and belief, 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.

This declaration is in respect of Kuoni Australia Holding Pty Ltd and the entities it controlled during the period.



**William Buck Audit (Vic) Pty Ltd**  
ABN 59 116 151 136



**J. C. Luckins**  
Director  
Melbourne, 20 June 2024

## **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 20 June 2024. 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 2023**

	<b>Note</b>	<b>Consolidated 2023 \$</b>	<b>2022 \$</b>
<b>Revenue</b>			
Sales Revenue	3	9,054,767	3,981,468
Cost of Sales		<u>(7,699,811)</u>	<u>(3,356,066)</u>
Gross profit		<u>1,354,956</u>	<u>625,402</u>
<b>Expenses</b>			
Employee benefits expense		(1,354,641)	(980,025)
Depreciation and amortisation expense		(10,208)	(16,017)
Other expenses		(9,627)	(10,746)
Administration		<u>(1,506,276)</u>	<u>(548,852)</u>
<b>Loss before income tax expense</b>		<u>(1,525,796)</u>	<u>(930,238)</u>
Income tax expense	4	<u>-</u>	<u>-</u>
<b>Loss after income tax expense for the year attributable to the owners of Kuoni Australia Holding Pty Ltd</b>	12	<u>(1,525,796)</u>	<u>(930,238)</u>
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year attributable to the owners of Kuoni Australia Holding Pty Ltd</b>		<u><u>(1,525,796)</u></u>	<u><u>(930,238)</u></u>

*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 2023**

	<b>Note</b>	<b>Consolidated 2023 \$</b>	<b>2022 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	134,064	37,904
Trade and other receivables	6	946,369	542,556
Prepaid Expense		71,194	53,867
Total current assets		<u>1,151,627</u>	<u>634,327</u>
<b>Non-current assets</b>			
Property, plant and equipment		15,713	20,151
Deferred tax	7	<u>144,301</u>	<u>144,301</u>
Total non-current assets		<u>160,014</u>	<u>164,452</u>
Total assets		<u>1,311,641</u>	<u>798,779</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	3,669,705	1,832,683
Financial liabilities	9	8,538,245	8,358,245
Employee benefits provisions	10	<u>97,978</u>	<u>81,955</u>
Total current liabilities		<u>12,305,928</u>	<u>10,272,883</u>
<b>Non-current liabilities</b>			
Employee benefits provisions		<u>75,436</u>	<u>69,823</u>
Total non-current liabilities		<u>75,436</u>	<u>69,823</u>
<b>Total liabilities</b>		<u>12,381,364</u>	<u>10,342,706</u>
<b>Net liabilities</b>		<u>(11,069,723)</u>	<u>(9,543,927)</u>
<b>Equity</b>			
Issued capital		500,000	500,000
Accumulated losses	12	<u>(11,569,723)</u>	<u>(10,043,927)</u>
<b>Total deficiency in equity</b>		<u>(11,069,723)</u>	<u>(9,543,927)</u>

*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 2023**

	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Retained profits \$</b>	<b>Non- controlling interest \$</b>	<b>Total deficiency in equity \$</b>
<b>Consolidated</b>					
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	<u>500,000</u>	<u>-</u>	<u>(10,043,927)</u>	<u>-</u>	<u>(9,543,927)</u>
	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Retained profits \$</b>	<b>Non- controlling interest \$</b>	<b>Total deficiency in equity \$</b>
<b>Consolidated</b>					
Balance at 1 January 2023	500,000	-	(10,043,927)	-	(9,543,927)
Loss after income tax expense for the year	-	-	(1,525,796)	-	(1,525,796)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	(1,525,796)	-	(1,525,796)
Balance at 31 December 2023	<u>500,000</u>	<u>-</u>	<u>(11,569,723)</u>	<u>-</u>	<u>(11,069,723)</u>

*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 2023**

	<b>Note</b>	<b>Consolidated</b>	
		<b>2023</b>	<b>2022</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		8,650,953	3,438,912
Government support		-	-
Payments to suppliers and employees		(8,729,023)	(3,824,264)
Borrowing costs		-	-
		<u>(78,070)</u>	<u>(385,352)</u>
Interest received		-	-
Net cash used in operating activities		<u>(78,070)</u>	<u>(385,352)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		<u>(5,770)</u>	<u>(21,624)</u>
Net cash used in investing activities		<u>(5,770)</u>	<u>(21,624)</u>
		<u>-</u>	<u>-</u>
Net cash from financing activities		-	-
Net decrease in cash and cash equivalents		(83,840)	(406,976)
Cash and cash equivalents at the beginning of the financial year		<u>(8,320,341)</u>	<u>(7,913,365)</u>
Cash and cash equivalents at the end of the financial year		<u><u>(8,404,181)</u></u>	<u><u>(8,320,341)</u></u>

*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.

### **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 2023 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**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Sales - external parties	5,637,500	1,572,805
Sales - related parties	3,417,267	2,408,663
	<u>9,054,767</u>	<u>3,981,468</u>

The Company operates in only one geographical region being Australia.

**Note 4. Income tax expense**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(1,525,796)	(930,238)
Tax at the statutory tax rate of 30%	(457,739)	(279,071)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Deferred tax asset not recognised	457,739	279,071
Income tax expense	-	-

**Note 5. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	134,064	37,904

**Note 6. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	950,024	543,671
Less: Allowance for expected credit losses	(368)	(3,578)
	949,656	540,093
Other receivables	(3,287)	2,463
	946,369	542,556

**Note 7. Non-current assets - deferred tax**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Deferred tax asset	144,301	144,301

**Note 8. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Trade payables	3,556,748	1,727,014
Customer deposits	112,957	105,669
	3,669,705	1,832,683



**Note 9. Current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
Advances from related parties – other entities ultimately controlled by Fairfax Financial Holdings Limited	8,538,245	8,358,245

**Note 10. Current liabilities - employee benefits provisions**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
Employee benefits	97,978	81,955

**Note 11. Equity - Contributed Equity**

The company has 500,000 ordinary fully paid shares on issue (2022: 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**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
Accumulated losses at the beginning of the financial year	(10,043,927)	(9,113,689)
Loss after income tax expense for the year	(1,525,796)	(930,238)
Accumulated losses at the end of the financial year	(11,569,723)	(10,043,927)

**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:

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
Aggregate compensation	345,727	252,862

**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:

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Sale of goods and services:		
Sale of goods to other related parties within the Fairfax Financial Holdings Limited Group	3,417,267	2,408,663

*Loans to/from related parties*

The following balances are outstanding at the reporting date in relation to loans with related parties:

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Current borrowings:		
Loan from other entities ultimately controlled by Fairfax Financial Holdings Limited	8,538,245	8,358,245

*Terms and conditions*

Loans are interest bearing at a rate of 8.6%

**Note 16. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2023 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 2023 the company incurred a net loss of \$1,525,796 and had net current liabilities totalling \$11,154,301 which included amounts payable, secured by or guaranteed by related entities ultimately controlled by Fairfax Financial Holdings Limited totalling \$8,358,245. These conditions highlight that there is a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern due to the continued trading losses and operating cash outflows. 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 2023**

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 2023 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,

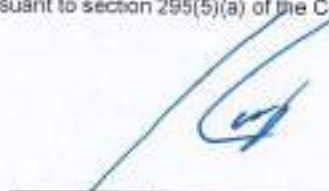
On behalf of the directors



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Eng Waa Teh  
Director

20 June 2024  
Melbourne



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Laurent Kuenzle  
Director

## Independent auditor's report to the members of Kuoni Australia Holding Pty Ltd

### Report on the audit of the financial report



#### Our opinion on the financial report

In our opinion, the accompanying financial report of Kuoni Australia Holding Pty Ltd (the Company and its subsidiaries (the Group)) is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001*.

#### What was audited?

We have audited the financial report of the Group, which comprises:

- the consolidated statement of financial position as at 31 December 2023,
- the consolidated statement of profit or loss and other comprehensive income for the year then ended,
- the consolidated statement of changes in equity for the year then ended,
- the consolidated statement of cash flows for the year then ended,
- notes to the financial statements, including material accounting policy information, and
- the directors' declaration.

#### 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 & 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 \$1,525,796 during the year ended 31 December 2023 and, as of that date the Group's current liabilities exceeded its current assets by \$11,154,301. 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 2023, but does not include the financial report and our 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 Company 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 have 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 the financial report is located at the Auditing and Assurance Standards Board website at:

[https://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar3.pdf)

This description forms part of our auditor's report.



**William Buck Audit (Vic) Pty Ltd**  
ABN 59 116 151 136



**J. C. Luckins**

Director

Melbourne, 20 June 2024