Digiphoto Entertainment Imaging (Shanghai) Co., Ltd.

2020 Auditor's Report

DLK [2021] D13-105

Content

Auditor's Report

DLK [2021]D13-105

To all shareholders of Digiphoto Entertainment Imaging (Shanghai) Co., Ltd.:

I. Audit Opinion

We have audited the financial statements of Digiphoto Entertainment Imaging (Shanghai) Co., Ltd. (hereinafter referred to as the "Company"), including Balance Sheet as at December 31, 2020, and Income Statement, Cash Flow Statement and the Statement of Changes in Owners' Equity for the year then ended, as well as the Notes to Financial Statements.

In our opinion, the attached financial statements have been prepared in accordance with the Accounting System for Business Enterprises in all significant aspects, and have given fair views of the Company's financial position as at December 31, 2020, and the operating results and cash flows for the year then ended.

II. Basis for Forming Audit Opinion

We conducted the audit in accordance with the Chinese Certified Public Accountants Auditing Standards. Our responsibilities under these Standards are further set forth in the Section "CPA's Responsibility for Auditing Financial Statements" hereunder. In accordance with the Code of Ethics for Chinese Certified Public Accountants, we are independent of the Company, and have fulfilled other responsibilities in respect of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Responsibilities of the Management and the Executives for Financial Statements

The Company's management (hereinafter referred to as the management) is responsible for preparing the financial statements which should give fair view in accordance with the Accounting System for Business Enterprises, and designing, executing and maintaining necessary internal control, so that the financial statements are free from material misstatement, whether due to fraud or errors.

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In preparation of the financial statements, the management is responsible for evaluating the Company's ability of going concern, disclosing the matters related to going concern (if applicable), and utilizing the going concern assumptions, unless the management plans to liquidate the Company, or terminate operation or does not have any other practical choices.

The executives are responsible for supervising the process of the Company's financial reporting.

IV. CPA's Responsibility for Auditing Financial Statements

Our goal is to obtain reasonable assurance as to whether the financial statements in the whole are free from material misstatement, whether due to fraud or errors, and to issue the auditor's report including the audit opinion. The reasonable assurance is at high level, but cannot guarantee that audit in line with the auditing standards will always discover certain material misstatement if any. Misstatement might be caused by fraud or errors. If it is reasonably anticipated that misstatement might independently or together affect the economic decisions made by the users of the financial statements based on the financial statements, then, it is generally assumed that the misstatement is material.

In the course of audit performed in accordance with the auditing standards, we make our professional judgment and maintain the professional skepticism. Meanwhile, we also perform the following work:

(I) To identify and evaluate the material misstatement risks of the financial statements whether due to fraud or errors, design and implement the audit procedures to cope with these risks, and obtain sufficient and appropriate audit evidence as the basis for the audit opinion. As fraud might involve collusion, forging, intentional omission or false statement or overrides the internal control, the risk in failure to discover the material misstatement due to fraud overrides the risk in failure to discover the material misstatement due to errors.

(II) To understand the audit related internal control, in order to design appropriate procedures, but not for the purpose of expressing opinion on the effectiveness of the internal control.

(III) To evaluate the appropriateness of the accounting policies used by the management, and the reasonableness of the accounting estimates and relevant disclosures made by the management.

(IV) To make conclusions on appropriateness of the going concern assumptions used by the management, and make conclusions on material uncertainty of the matters or circumstances that are likely to materially challenge the Company's ability of going concern based on the obtained audit evidence at the same time. If our conclusions hold that there is material uncertainty, the auditing standards require we remind the users of the statements of the relevant disclosures in the financial statements in our auditor's report; if the disclosures are insufficient, we should express unqualified opinion. Our conclusions are based on the information available as of the date of the auditor's report. However, the future matters or circumstances might disqualify the Company from going concern.

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(V) To evaluate the overall presentation, structure and contents (including disclosures) of the financial statements, and evaluate whether the financial statements give fair view on the relevant transactions and matters.

We have communicated the planned audit scope, schedule and material audit discoveries with the executives, including the internal control defects that have been identified by us in the course of audit and should be paid attention to.

Beijing Dongshen Dingli International Certified Public Accountants Co., Ltd.

Beijing, China

May 28, 2021

Chinese CPA:

Chinese CPA:

Balance Sheet

December 31, 2020

KQ Form 01

Prepared by:Digiphoto Entertainment Imaging (Shanghai) Co., Ltd. Currency: Rmb

Assets	Notes	Year-closing balance	Year-opening balance
Current Assets:			
Cash and cash equivalents	1	947,608.77	2,383,034.09
Financial assets measured at fair value through profit or loss for the current period	2		
Derivative financial assets	3		
Notes receivable	4		
Accounts receivable	5	775,154.52	4,244,270.08
Advances to suppliers	6	57,242.27	780,155.22
Other receivables	7	42,200.00	78,500.00
Including:Interest receivable	8		
Dividend receivable	9		
Other receivables	10	42,200.00	78,500.00
Inventories	11	764,483.11	722,006.50
Hold for sale assets	12		
Non-current assets due within one year	13		
Other current assets	14		
Total Current Assets	15	**2,586,688.67**	**8,207,965.89**
Non-current Assets:			
Financial assets available for sale	16		
Held-to-maturity investment	17		
Long-term accounts receivable	18		
Long-term equity investments	19		
Investment Properties	20		
Fixed assets at net book value	21	1,034,944.26	1,410,809.68
Including:Fixed assets at net book value	22	1,034,944.26	1,410,809.68
Fixed assets pending disposal	23		
Construction in progress	24	19,858.35	
Including:Construction in progress	25	19,858.35	
Construction supplies	26		
Live stock assets	27		
Oil and gas assets	28		
Intangible assets	29		
Capitalized research and development expenses	30		
Goodwill	31		
Long-term prepaid assets	32		
Deferred income tax assets	33		
Other non-current assets	34		
Total Non-current Assets	35	**1,054,802.61**	**1,410,809.68**
Total Assets	36	**3,641,491.28**	**9,618,775.57**

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Responsible official of enterprise: **Finance employee in charge:** **Principal of Accounting Firm:**

Balance Sheet

December 31, 2020

KQ Form 01

Prepared by:Digiphoto Entertainment Imaging (Shanghai) Co., Ltd. Currency: Rmb

Liabilities & Owners' Equity	Notes	Year-closing balance	Year-opening balance
Currents Liabilities:			
Short-term loans	37		
Financial liabilities measured at fair value through profit or loss for the current period	38		
Derivative financial liabilities	39		
Including:Notes payable	40		
Accounts payable	41	9,131,473.49	14,090,788.47
Accounts advanced from customers	42		
Salary and wages payable	43		
Taxes and dues payable	44	-307,660.43	-151,422.19
Other payables	45	920,506.10	995,675.14
Including:Interest payable	46		
Dividend payable	47		
Other payables	48	920,506.10	995,675.14
Held for sale debt	49		
Non-current liabilities due within one year	50		
Other current liabilities	51		
Total Current Liabilities	52	**9,744,319.16**	**14,935,041.42**
None current liabilities:			
Long-term loans	53		
Debentures payable	54		
Debentures payable-Preferred Stock	55		
Debentures payable-Perpetual debt	56		
Payables due after one year	57		
Including:Payables due after one year	58		
Government grants payable	59		
Provisions	60		
Deferred income	61		
Deferred income tax liabilities	62		
Other non-current liabilities	63		
Total Non-current Liabilities	64		
Total Liabilities	65	**9,744,319.16**	**14,935,041.42**
Owners' Equity(or shareholder's equity):			
Paid in capital(or equity capital)	66	1,780,182.38	1,780,182.38
Other equity instruments	67		
Including:Other equity instruments-Preferred Stock	68		
Other equity instruments-Perpetual debt	69		
Capital surplus	70		
Minus:Retained stock	71		
Other comprehensive income	72		
Special reserve	73		
Surplus reserve	74		
Undistributed profit	75	-7,883,010.26	-7,096,448.23
Total Owners' Equity	76	**-6,102,827.88**	**-5,316,265.85**
Total Liabilities & Owners' Equity	77	**3,641,491.28**	**9,618,775.57**

Responsible official of enterprise: **Finance employee in charge:** **Principal of Accounting Firm:**

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Income Statement

Year 2020

KQ Form 02

Prepared by:Digiphoto Entertainment Imaging (Shanghai) Co., Ltd.

Currency: Rmb

Items	Notes	Year-closing balance	Year-opening balance
I.Sales of operations	1	6,682,764.69	10,962,603.13
Less: Cost of operations	2	4,399,320.26	8,593,619.80
Sales tax and additions	3	1,435.10	31,286.43
Selling expenses	4		
General and administrative expenses	5	3,662,633.18	3,849,036.31
Research and development expenses	6		
Financial expenses	7	-594,061.82	294,794.73
Including:Interest expenses	8		
Interest income	9	6,558.52	1,131.99
Add:Miscellaneous incomes	10		
Investment income (loss expressed with "-")	11		
Including:Income from associates and joint ventures	12		
Income from changes in fair value (loss expressed with "-")	13		
Impairment of assets	14		
Disposal of assets(loss expressed with "-")	15		
II.Operating income (loss expressed with "-")	16	**-786,562.03**	**-1,806,134.14**
Add:Non-operating income	17		
Less:Non-operating expense	18		
III.Total income	19	**-786,562.03**	**-1,806,134.14**
Less:Income tax	20		
IV.Net income (loss expressed with "-")	21	**-786,562.03**	**-1,806,134.14**
Continuous operation Profit/loss	22	-786,562.03	-1,806,134.14
Terminate the operation Profit/loss	23		
V.Each component of other comprehensive income, net of income tax effect	24		
1. Other comprehensive income which will not be reclassified subsequently to profit or loss	25		
1.1 Remeasure set benefit plan changes	26		
1.2 Other comprehensive income that cannot be transferred to profit or loss under the equity method	27		
……	28		
2. Other comprehensive income which will be reclassified subsequently to profit or loss when specific conditions are met	29		
2.1 Other comprehensive income under the equity method	30		
2.2 Changes in fair value of financial assets available for sale	31		
2.3 Investments held to maturity are reclassified as profits and losses of marketable financial assets	32		
2.4 The effective part of cash flow hedging profit and loss	33		
2.5 Translation differences arising on translation of foreign currency financial statements	34		
……	35		
VI.Total comprehensive earning	36	**-786,562.03**	**-1,806,134.14**
VII.Earning Per Share			
1.Primary earnings per share	37		
2.Diluted earnings per share	38		

Responsible official of enterprise: **Finance employee in charge:** **Principal of Accounting Firm:**

Cash Flow Statement

Year 2020

KQ Form 03

Prepared by:Digiphoto Entertainment Imaging (Shanghai) Co., Ltd. Currency: Rmb

Items	Notes	Year-closing balance	Year-opening balance
I. Cash Flows From Operating Activities			
Cash received from sale of goods or rendering of services	1	10,151,880.25	9,077,986.73
Refund of tax and levies	2		
Other cash received relating to operating activities	3	294,164.98	826.75
Sub-total of cash inflows from operating activties	4	10,446,045.23	9,078,813.48
Cash paid for goods and services	5	8,678,198.90	2,875,668.89
Cash paid to and on behalf of employees	6	2,407,656.74	1,303,479.54
Payments of all types of taxes	7	506,507.46	542,663.79
Other cash paid relating to operating activities	8	245,439.10	2,051,809.36
Sub-total of cash outflows from operating activties	9	11,837,802.20	6,773,621.58
Net cash flows from operating activities	10	-1,391,756.97	2,305,191.90
II. Cash Flows From Investing Activities			
Cash received from recovery of investments	11		
Cash received from returns on investments	12		
Net cash received from disposal of fixed assets, intangible assets & other long-term assets	13		
Net cash from disposal of Subsidiary and other operating entitie	14		
Other cash received relating to investing activities	15		
Sub-total of cash inflows from investing activities	16		
Cash paid to acquire fixed assets, intangible assets & other long-term assets	17	43,668.35	378,344.14
Cash paid to acquire investments	18		
Net cash obtained from subsidiary and other operating entities	19		
Other cash payments relating to investing activities	20		
Sub-total of cash outflows from investing activities	21	43,668.35	378,344.14
Net cash flows from investing activities	22	-43,668.35	-378,344.14
III.Cash Flows From Financing Activities			
Cash received from capital contribution	23		
Cash received from borrowings	24		
Other cash received relating to financing activities	25		
Sub-total cash flows from financing activities	26		
Cash repayments of amounts borrowed	27		
Cash payments for interest expenses and distribution of dividends or profit	28		
Other cash payments relating to financing activities	29		
Sub-total cash flows from financing activities	30		
Net cash flows from financing activities	31		
IV. Effect Of Foreign Exchange Rate Changes On Cash	32		
V. Net Increase/(Decrease) In Cash And Cash Equivalents	33	-1,435,425.32	1,926,847.76
Add: Cash and cash equivalents at the beginning of the year	34	2,383,034.09	456,186.33
VI.Cash and cash equivalents at the end of the year	35	947,608.77	2,383,034.09

Responsible official of enterprise: **Finance employee in charge:** **Principal of Accounting Firm:**

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Statement of Changes in Equity

Year 2020

KQ Form 04

Prepared by:Digiphoto Entertainment Imaging (Shanghai) Co., Ltd. | Currency: Rmb

Items	Notes	Current Year										
		Paid in capital(or equity capital)	Other equity instruments			Capital surplus	Less: Treasury Stock	Other comprehensive income	Special reserve	Surplus Reserve	Undistributed Profits	Total owner's equity
			Preferred Stock	Perpetual debt	Others							
I. Closing balance last year	1	1,780,182.38									-7,096,448.23	-5,316,265.85
Add:Change in accounting policy	2											
Corrections of prior period errors	3											
Others	4											
II. Opening balance this year	5	1,780,182.38									-7,096,448.23	-5,316,265.85
III. Fluctuation amount this year (decrease expressed with "-")	6										-786,562.03	-786,562.03
1.Total comprehensive income	7										-786,562.03	-786,562.03
2.Owners' capital of input and decrease	8											
2.1.Owner of the common shares	9											
2.2.Holders of other equity instruments invested capital	10											
2.3.Shares included in the owners' equity	11											
2.4.Others	12											
3.Profit distribution	13											
3.1.Appropriation of surplus reserve	14											
3.2.Distribution to owners	15											
3.3.Others	16											
4.Internal transfer of owners' equity	17											
4.1.Capital surplus to increase capital(or equity capital)	18											
4.2.Surplus reserve to increase capital(or equity capital)	19											
4.3.Surplus reserve making up losses	20											
4.4.Setting up benefit plans to transfer retained Income	21											
4.5.Others	22											
IV.Closing balance this year	23	1,780,182.38									-7,883,010.26	-6,102,827.88

Responsible official of enterprise: **Finance employee in charge:** **Principal of Accounting Firm:**

Statement of Changes in Equity
Year 2020

KQ Form 04

Prepared by:Digiphoto Entertainment Imaging (Shanghai) Co., Ltd.

Currency: Rmb

Items	Notes	Previous Year										
		Paid in capital(or equity capital)	Other equity instruments			Capital surplus	Less: Treasury Stock	Other comprehensive income	Special reserve	Surplus Reserve	Undistributed Profits	Total owner's equity
			Preferred Stock	Perpetual debt	Others							
I. Closing balance last year	1	1,780,182.38									-5,290,327.31	-3,510,144.93
Add:Change in accounting policy	2											
Corrections of prior period errors	3											
Others	4											
II. Opening balance this year	5	1,780,182.38									-5,290,327.31	-3,510,144.93
III. Fluctuation amount this year (decrease expressed with "-")	6										-1,806,120.92	-1,806,120.92
1.Total comprehensive income	7										-1,806,120.92	-1,806,120.92
2.Owners' capital of input and decrease	8											
2.1.Owner of the common shares	9											
2.2.Holders of other equity instruments invested capital	10											
2.3.Shares included in the owners' equity	11											
2.4.Others	12											
3.Profit distribution	13										13.22	13.22
3.1.Appropriation of surplus reserve	14											
3.2.Distribution to owners	15											
3.3.Others	16										13.22	13.22
4.Internal transfer of owners' equity	17											
4.1.Capital surplus to increase capital(or equity capital)	18											
4.2.Surplus reserve to increase capital(or equity capital)	19											
4.3.Surplus reserve making up losses	20											
4.4.Setting up benefit plans to transfer retained Income	21											
4.5.Others	22											
IV.Closing balance this year	23	1,780,182.38									-7,096,448.23	-5,316,265.85

Responsible official of enterprise: **Finance employee in charge:** **Principal of Accounting Firm:**

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Digiphoto Entertainment Imaging (Shanghai) Co., Ltd.

Notes to Financial Statements

December 31, 2020

(Unless otherwise specified, the amounts are stated in RMB)

I. Company Background

Digiphoto Entertainment Imaging (Shanghai) Co., Ltd. (hereinafter referred to as the "Company") was established on May 6, 2014 (Uniform Social Credit Code: 91310000088552167H; Type of Company: Limited Liability Company (wholly-owned by foreign legal person); Registered Address: Room 3631, 7th floor, 111 Fengpu Avenue, Fengxian Industrial Zone, Fengxian District, Shanghai; Registered Capital: US$300,000; Operation Period: 30 years; Legal Representative: MANOJKUMAR TIRTHRAM ARORA).

The Company's business scope includes photographic production, art photography, general photography library service, photo expansion service, photo processing and other services by computer, photographic equipment, electronic products, digital products, office supplies, daily department stores, handicrafts and gifts (except cultural relics), import and export of metal products, wholesale, commission agent (except for auctions), and relevant supporting services (not involving state-owned trade management commodities, involving quota and license management commodities, the application shall be processed in accordance with the relevant provisions of the State) [Projects subject to approval according to law can only be carried out after approved by relevant departments].

II. Basis of Preparation of the Financial Statements

1. Basis of preparation

Under the assumption of going concern, the Company recognizes and measures the actual events and transactions and prepares the financial statements in accordance with *the Accounting Standards for Business Enterprises*– Basic Standards enacted by the Ministry of Finance, 42 accounting standards, application guidelines and interpretations thereof, other relevant regulations, and the Notice of the Ministry of Finance on Revising and Printing the General Form for the Financial Statements in 2019 (CK [2019] No.15) (hereinafter collectively referred to as the "*Accounting Standards for Business Enterprises*").

2. Going concern

The financial statements are presented based on the assumption of going concern. The Company has not engaged in any events or circumstances that challenge the Company's ability of going concern over the 12 months at the end of the reporting period.

III. Compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company conform to the requirements of the Accounting Standards for Business Enterprises, and have given true and complete views on the Company's financial position as of December 31, 2019, and other information related to operating results and cash flows for the year then ended.

IV. Significant Accounting Policies and Accounting Estimates of the Company

1. Accounting period

The Company's accounting year begins on January 1 and ends on December 31 of every Gregorian calendar year. This reporting period ends on December 31, 2019.

2. Business cycle

The normal business cycle refers to the period from the date when the Company purchases the assets for processing to the date when the cash or cash equivalents are realized. The Company counts 12 months as a normal business cycle, and regards the business cycle as the classification criteria of the liquidity of the assets and liabilities.

3. Functional currency

The Company's functional currency is Chinese Renminbi ("RMB").

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4. Accounting for foreign currency transactions

Any foreign currency transactions are translated into the amounts in the functional currency at the spot exchange rate ruling on the transaction date. On the balance sheet date, the monetary items denominated in foreign currencies are translated at the spot exchange rate ruling on the balance sheet date, and the exchange difference is recorded in the current profit and loss. The non-monetary items denominated in foreign currencies are translated at the spot exchange rate ruling on the transaction date. When the financial statements of overseas operation are translated, the asset and liability items in the balance sheet are translated at the spot exchange rate ruling on the balance sheet date, and the owners' equity item other than the "undistributed profits" item are translated at the spot exchange rate ruling when such items are incurred. The income and expense items in the income statements are translated at the spot exchange rate ruling on the transaction date (or approximate exchange rate). When the Company disposes of the overseas operation, the Company shall carry forward the translation difference of the foreign currency financial statements that is presented under the owners' equity item in the balance sheet and related to such overseas operations to the current profit and loss of the disposal period from the owners' equity item; if the overseas operation is disposed in part, the translation difference of the foreign-currency financial statements in question shall be calculated in proportion to disposal, and carried forward to the current profit and loss.

5. Recognition criteria of cash and cash equivalents

The Company's cash and cash equivalents include cash on hand, cash in bank available for payment at any time, and the Company's short-term and high liquidity investments that are readily convertible into cash of known amounts and have insignificant risks of change in value.

6. Financial instruments

When the Company becomes a party to the financial instrument contracts, a financial asset or financial liability is recognized. The financial assets and the financial liabilities are measured at fair value on initial recognition. The relevant transaction expenses of the financial assets and financial liabilities at fair value through profit or loss ("FVTPL") are directly recorded in profits or losses; the relevant transaction expenses of the other kinds of financial assets and financial liabilities are recorded in the initial recognition amount.

(1) Determination method of the fair value of the financial assets and financial liabilities

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants on the measurement date. If the financial instruments have an active market, the Company will determine the fair value of the financial instruments at its quoted price in the active market. The quoted price in the active market is the price that is easily available from the stock exchange, the broker's agency, the industry association and the pricing service institutions on a regular basis, and represents the actual market price in the arm's length transaction. If the financial instruments do not have an active market, the Company determines the fair value thereof using the valuation techniques. The valuation techniques include reference to the price used by the parties who are familiar with the situations and are willing to enter transactions, current fair value of other substantially equivalent financial instruments, cash flow discounting method and option pricing model.

(2) Classification, recognition and measurement of the financial assets

The financial assets that are purchased or sold conventionally are recognized and derecognized by the trading day. The financial assets are classified into financial assets at FVTPL, held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

① Financial assets at FVTPL

The financial assets at FVTPL include the held-for-trading financial assets and the financial assets that are designated at fair value through profit or loss. The Company's financial assets at FVTPL are held-for-trading financial assets.

The held-for-trading financial assets refer to the financial assets that meet any of the following conditions: A. Such financial assets are acquired primarily for sale in the near future; B. Such financial assets are a part of the identifiable financial instrument combination under centralized management, and there is objective evidence that the Company manages such combination in such way making profits in a short term recently; C. Such financial assets are the derivative instruments, but the derivative instruments that are designated as and are hedging instruments, the derivative instruments that are financial guarantee contracts, and the derivative instruments that are linked with the equity instruments without a quoted price in an active market and reliable fair value and must be settled by delivery of such equity instruments are excluded.

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The held-for-trading financial assets are subsequently measured at fair value, and the gains or losses incurred by changes in fair value, and the dividends and interest income related to such financial assets are recognized in the current profit and loss.

The financial assets that meet any of following conditions may be designated as financial assets at FVTPL on initial recognition: A. Such designation may eliminate or significantly reduce inconsistence arising from recognition or measurement of gains or losses incurred by different measurement base of such financial assets; B. In accordance with the formal written documents regarding the risk management or investment strategies of the Company, the financial asset combination or the financial asset and financial liability combination in which such financial assets are incorporated is managed and evaluated at fair value, and reported to the key management.

② Held-to-maturity investments

The held-to-maturity investments are the non-derivative financial assets that have fixed maturity date and fixed or determinable recoverable amount, and the Company has express intention and ability to hold to maturity.

The held-to-maturity investments are subsequently measured at the amortized cost using the effective interest method, and the gains or losses incurred on derecognition, impairment or amortization is recognized in the current profit and loss.

The effective interest method is a method of calculating the amortized cost and interest income or expenditure of a financial asset or financial liability (including a group of financial assets or financial liabilities) at its effective interest rate. The effective interest rate is the rate that exactly discounts the estimated future cash flows of the financial assets or financial liabilities through the expected life or where appropriate, a shorter period, to the current carrying amount of such financial assets or financial liabilities.

In calculation of the effective interest rate, the Company will estimate the future cash flows (excluding the future credit losses) by taking into account all contract terms and conditions of the financial assets or financial liabilities, and charges, transaction expenses and discount or premium that is paid or received to and from parties to the financial asset or financial liability contracts, and is a part of the effective interest rate.

③ Loans and receivables

The loans and receivables are the non-derivative financial assets that are not quoted in the active market, but have fixed or determinable receivable amount. The Company classifies the loans and receivable as notes receivable, accounts receivable, interest receivable, dividends receivable and other receivables.

The loans and receivables are subsequently measured at the amortized cost using the effective interest method, and the gains or losses incurred on derecognition, impairment or amortization is recognized in the current profit and loss.

④ Available-for-sale financial assets

The available-for-sale financial assets include the non-derivative financial assets that are designated available for sale on initial recognition, and the financial assets other than the financial assets at FVTPL, loans and receivables, and held-to-maturity investments.

The closing costs of the available-for-sale debt instrument investments are determined at the amortized cost, that is, the initial recognition amount net of the repaid principal, plus or less the accumulative amortized amount incurred by amortizing the difference between such initial recognition amount and the amount on the maturity date using the effective interest method, and net of the incurred impairment losses. The closing costs of the available-for-sale equity instrument investments are the initial acquisition costs.

Available-for-sale financial assets are subsequently measured at fair value, and gains or losses incurred by changes in fair value are recognized as other comprehensive income, and reversed through profit or loss when such financial assets are derecognized, except that the impairment loss, and exchange difference related to monetary financial assets denominated in foreign currencies and amortized cost are credited in the current profit and loss. However, the equity instrument investments that do not have quoted price in an active market and reliable fair value, and the derivative financial assets that are linked with such equity instruments and must be settled by delivery of such equity instruments are subsequently measured at cost.

Interest accrued on the available-for-sale financial assets during the holding period of such financial assets and the cash dividends announced to be paid by the investee are recognized in the investment income.

(3) Impairment of the financial assets

The Company assesses the carrying amounts of the financial assets other than the financial assets at FVTPL on each balance sheet date. If there is objective evidence that the financial assets are impaired, the impairment provision is calculated.

The Company tests the financial assets of single significant amounts for impairment separately; the financial assets of insignificant single amount are tested for impairment separately or are incorporated in the financial asset combination of similar credit risk features for impairment test. The financial assets that have not been impaired upon individual test (including financial assets of significant and insignificant single amounts) are incorporated in the financial asset combination of similar credit risk features for further impairment test. The financial assets of which the impairment loss has been recognized separately are not incorporated in the financial asset combination of similar credit risk features for impairment test.

① Impairment of held-to-maturity investments, and loans and receivables

The carrying amounts of the financial assets that are measured at cost or at the amortized cost are reduced to the present value of the estimated future cash flows, and the reduced amount is recognized as the impairment loss through profit or loss. After the impairment loss is recognized, if there is objective evidence that the value of such financial assets has been recovered, and such recovery is objectively related to the events that take place upon recognition of such losses, the previously recognized impairment loss is reserved, to the extent that the carrying amount of the financial assets after impairment loss is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

② Impairment of the available-for-sale financial assets

When the Company judges that the falling in the fair value of the available-for-sale equity instrument investments is significant or not temporary by taking into account the relevant factors, the available-for-sale equity instrument investments are impaired.

When the available-for-sale financial assets are impaired, the accumulated losses incurred by falling of the fair value that are previously included in other comprehensive income are reversed through profit or loss. Such reversed accumulated losses are the balance of the initial acquisition costs of such assets net of the recovered principal, the amortized amounts, the current fair value and the impairment losses that are previously included in the profit and loss.

After the impairment loss is recognized, if, subsequently, there is objective evidence that the value of such financial assets has been recovered, and such recovery is objectively related to the events that take place upon recognition of such losses, the previously recognized impairment loss is reversed. The impairment losses of the available-for-sale equity instrument investments are reversed and recognized as other comprehensive income, and the impairment losses of the available-for-sale debt instruments are reversed through profit or loss.

The impairment losses of the equity instrument investments that do not have quoted price in the active market and reliable fair value, and the impairment losses of the derivative financial assets that are linked with such equity instruments and must be settled by delivery of such equity instruments are not reversed.

(4) Recognition basis and measurement methods for transfer of the financial assets

The financial assets are derecognized when any of the following conditions are met: ① the contractual rights to receive the cash flows of such financial assets are terminated; ② such financial assets have been transferred, and substantially all the risks and rewards of ownership of the financial assets are transferred to the transferee; or ③ such financial assets have been transferred, but the Company has waived control on such financial assets even though the Company has neither transferred nor retained substantially all risks and rewards of ownership of the financial assets.

If the Company has neither transferred nor retained substantially all the risks and rewards of ownership of the financial assets, nor waived control on such financial assets, then, the relevant financial assets are recognized to the extent of continuous involvement in the transferred financial assets, and the relevant liabilities are recognized accordingly. Continuous involvement in the transferred financial assets refers to the risk exposure caused to the Company by changes in values of such financial assets.

When overall transfer of the financial assets meet the derecognition conditions, the difference between the carrying amount of the transferred financial assets and the sum of consideration paid for consideration and accumulative changes in fair value that are previously recognized in other comprehensive income is recognized in the current profit and loss.

When partial transfer of financial assets meets the derecognition conditions, the carrying amounts of the transferred assets are amortized to the derecognized financial assets and non-derecognized financial assets at their relative fair values, and the difference between the sum of the consideration paid for transfer and the accumulative changes in fair value that is previously recognized in other comprehensive income and should be amortized to the derecognized financial assets, and the aforesaid carrying amounts is credited in the current profit and loss.

When the Company transfers the financial assets that are sold by attaching the right of recourse, or the endorsed financial assets, the Company shall confirm that substantially all the risks and rewards of the ownership of such financial assets have been transferred. If substantially all the risks and rewards of the ownership of such financial assets have been transferred to the transferee, such financial assets are derecognized; if substantially all the risks and rewards of the ownership of the financial assets are retained, such financial assets are not derecognized; if the Company has neither transferred nor retained substantially all the risks and rewards of the ownership of the financial assets, then, the Company shall judge whether to retain control over such assets, and conduct accounting treatment on the principles as set out in the foregoing paragraphs.

(5) Classification and measurement of the financial liabilities

The financial liabilities are classified as financial liabilities at FVTPL and other financial assets on initial recognition. The financial liabilities are initially measured at fair value. The relevant transaction expenses of the financial liabilities at FVTPL are directly recognized in the current profit and loss; the relevant transaction expenses of other financial liabilities are recognized in the initial recognition amount.

① Financial liabilities at FVTPL

The conditions and classification of the held-for-trading financial liabilities and the financial liabilities designated at FVTPL on initial recognition are consistent with the conditions of the held-for-trading financial assets and the financial asset designated at FVTPL on initial recognition.

The financial liabilities are subsequently measured at fair value, and gains or losses incurred by changes in fair value, and the dividends and interest expenditures related to such financial liabilities are recognized in the current profit and loss.

② Other financial liabilities

The derivative finance liabilities that are linked with the equity instruments that are not quoted in an active market and whose fair value cannot be measured reliably, and must be settled by delivery of such equity instruments are subsequently measured at cost. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, and gains or losses arising from derecognition or amortization is recognized in the current profit and loss.

③ Financial guarantee contracts

The financial guarantee contracts that are not the financial liabilities designated at fair value through profit or loss, are initially recognized at fair value, and subsequently measured at the higher of the amount determined according to the Accounting Standards for Business Standards No.13- Contingencies upon initial recognition or the initial recognition amount net of the accumulated amortized amounts determined on the principles under the Accounting Standards for Business Enterprises No.14- Income.

④ Loan commitments

The loan commitments that are not designated at fair value through profit or loss and have interest rate lower than the market interest rate are initially recognized at fair value, and subsequently measured at the higher of the amount determined according to the Accounting Standards for Business Standards No.13- Contingencies upon initial recognition or the initial recognition amount net of the accumulated amortized amounts determined on the principles under the Accounting Standards for Business Enterprises No.14- Income.

(6) Derecognition of the financial liabilities

If the present obligations of the financial liabilities have been cancelled in whole or part, such financial liabilities or a part thereof could be derecognized. If the Company (debtor) and the creditor sign an agreement, in which, the existing financial liabilities are replaced by the new financial liabilities, and the contract terms and conditions of the new financial liabilities are substantially different from that of the existing financial liabilities; the existing financial liabilities are derecognized, and the new financial liabilities are recognized at the same time.

If the financial liabilities are derecognized in whole or part, the difference between the carrying amounts of the derecognized financial liabilities and the consideration payment (including transfer-out non-cash assets or assumed new financial liabilities) is recognized in the current profit and loss.

(7) Derivative instruments and embedded derivative instruments

The derivative instruments are initially measured at fair value ruling on the date when the relevant contracts are signed, and are subsequently measured at fair value. The changes in fair value of the other derivative instruments are recognized in the current profit and loss.

If the hybrid instruments containing the embedded derivative instruments have not been designated as financial assets or financial liabilities at FVTPL; the embedded instruments are not closely related to such master contracts in terms of economic features and risks, and have the same conditions with the embedded derivative instruments, and the separate instrument conforms to the definition of derivative instrument, the embedded derivative instruments are separated from hybrid instruments, and recognized as separate derivative financial instruments. If it is impossible to separately measure the embedded derivative instruments on acquisition or subsequent balance sheet date, then the hybrid instrument is designated as financial asset or financial liability at FVTPL in the whole.

If the hybrid instruments have been separated on initial recognition, to the extent that the contract terms and conditions of the hybrid instruments are changed, and such changes have material impact on the original contractual cash flows of the hybrid instruments, then the Company shall re-evaluate whether the embedded derivative instruments should be separated.

(8) Offset of financial assets and financial liabilities

When the Company has the statutory rights to offset the recognized financial assets and financial liabilities, and such statutory rights are enforceable at present, to the extent that the Company plans to settle or realize such financial assets at net amount and discharge such financial liabilities at the same time, the financial assets and financial liabilities are presented in the balance sheet at the amounts upon offset. Otherwise, the financial assets and financial liabilities are presented in the balance sheet respectively without mutual offset.

(9) Equity instruments

The equity instrument is any contract that evidences a residual interest in the assets of the Company after deduction of all of its liabilities. The Company's issuance (including re-financing), repurchase, sale or cancellation of the equity instruments is recognized as changes in equity. The Company does not recognize the changes in fair value of the equity instruments. The transaction expenses related to equity transactions are deducted from the equity.

Allocations (excluding share dividends) made by the Company to the equity instrument holders eliminate the shareholders' equity. The Company does not recognize the changes in fair value of the equity instruments.

7. Receivables

The receivables include the accounts receivables and other receivables.

(1) Recognition criteria of bad debt reserves

The Company assesses the carrying amounts of the accounts receivable on the balance sheet date. Impairment provision is calculated if there is evidence that the accounts receivable are impaired as follows: ①The debtor has serious financial difficulty; ②The debtor violates the contract terms and conditions (e.g. default or overdue payment of interest or principal); ③The debtor is likely to be closed down or engages in other financial restructuring; ④There is other evidence that the accounts receivable are impaired.

(2) Calculation method of bad debt reserves

① Calculation method of accounts receivable of significant single amount and single bad debt reserves: the accounts receivable of significant single amount are individually tested for impairment. If there is evidence that the accounts receivable are impaired, the bad debt reserves are calculated at the difference between the present value of their future cash flows and their carrying amount.

If the accounts receivable of significant single amount have not been impaired upon separate test, the bad debt reserves are calculated in combination.

② Accounts receivable of insignificant single amount and single bad debt reserves

Reasons for single calculation of bad debt reserves	Accounts receivable involved in proceedings, and worsened credit status
Calculation method of bad debt reserves	The bad debt reserves are calculated at the difference between the present value of their future cash flows and their carrying amount

③ Accounts receivable with bad debt reserves calculated in combination

In respect of the accounts receivable that have not been impaired upon separate test (including accounts receivable of significant and insignificant single amounts), and the accounts receivables that have not been tested separately and have insignificant amount, the bad debt reserves are calculated in the combination of the following credit risk features:

Type of combination	Determination basis of combination	Calculation method of bad debt reserves in combination
Aging combination	Aging status	Aging analysis method

8. Inventories

(1) Classification of inventories: the inventories include raw materials, goods in process and self-made semi-finished, revolving materials, finished products and merchandise inventories.

(2) Valuation method of the acquired and delivered inventories: the inventories are measured at actual costs on acquisition. The costs of the inventories include the purchase costs, the processing costs and other costs. The received and delivered inventories are accounted for and measured based on the FIFO method/ weighted average method/ specific identification method/ planned cost; the difference between the planned cost and the actual cost is measured as the cost difference item; the cost difference of the delivered inventories will be carried over as scheduled, and the planned costs are adjusted as the actual cost.

(3) Recognition of the net realizable value of the inventories, and calculation method of the inventory

falling price reserves.

The net realizable value is the estimated selling price of the inventories in the ordinary course of business, net of the estimated costs to be incurred before completion, estimated marketing expenses and relevant taxes. The net realizable value of the inventories is determined based on the concrete evidence by taking into account the purpose for which the inventories are held and the influence of the matters after the balance sheet date.

On the balance sheet date, the inventories are measured at the lower of the cost and the net realizable value. When the net realizable value is lower than the cost, the inventory falling price reserves are calculated. The inventory falling price reserves are calculated at the difference of the costs of the single inventory item over its net realizable value.

After the inventory falling price reserves are calculated, if factors affecting the previously reduced inventory value have disappeared, as a result of which, the net realizable value of the inventories exceeds their carrying amounts, the falling price reserves are reversed at the previously calculated amount, and the reversed amount is recognized in the current profit and loss.

(4) The low-value consumables and the packaging materials are amortized using the one-off write-off method.

(5) On the balance sheet date, the Company shall measure the inventories at the lower of the cost of a single inventory item and the net realizable value. The inventory falling price reserves are calculated at the difference between the net realizable value and the inventory cost, and recognized in the current profit and loss. The net realizable value is determined at the estimated selling price in the normal business course, net of the estimated costs to be incurred before completion, the marketing expenses and the relevant taxes.

(6) The inventories are subject to perpetual inventory system.

9. Long-term equity investments

For the purpose of this section, the long-term equity investments refer to the long-term equity investments through which the Company has control, common control or significant influence on the investee. The long-term equity investments through which the Company does not have control, common control or significant influence are recognized as the available-for-sale financial assets or the financial assets at FVTPL. See Note IV. 6 "Financial instruments" for the accounting policies in detail.

Common control refers to the Company's control over certain arrangements in accordance with the relevant contracts, and the decisions on the related activities of such arrangements must be agreed by the participants of the control power. Significant influence is recognized when the Company has the power to participate in deciding the financial and operation policies of the investee, but does not control or jointly control with others formulation of these policies.

(1) Initial measurement of the long-term equity investments

① In respect of the business merger under common control, the carrying amounts of the owners' equity acquired from the merged party on the date of merger are the initial investment costs of the long-term equity investments. The difference between the initial investment costs of the long-term equity investments, and the carrying amounts of the cash payments, the transferred non-cash assets and the incurred liabilities eliminates the capital reserves; if the capital reserves are insufficient for offset, the retained earnings are adjusted. The direct relevant expenses incurred by merger are recognized in the current overhead expenses.

② In respect of the business merger under non-common control, the initial investment costs are the sum of the assets and liabilities paid and incurred or assumed by the acquirer, and the fair value of the equity securities issued by the acquirer. The direct relevant expenses incurred by merger are recognized in the current overhead expenses.

③ Long-term equity investments acquired by other means. The initial investment costs of the long-term equity investments acquired by cash payments are the actually paid purchase price; the initial investment costs of the long-term equity investments acquired by issuing the equity securities are the fair values of the issued equity securities; as to the long-term equity investments made by the investors, the initial investment cost is the value set out in the investment contract or agreement (deduction of the outstanding cash dividends or profits that have been announced), except that the value under the contract or agreement is unfair; to the extent that the non-monetary asset swap is of the business essential and the fair values of the swap-in assets or the swap-out assets can be measured reliably, the initial investment costs of the long-term equity investments arising from swap of the non-monetary assets are determined at the fair values of the swap-out assets, unless there is concrete evidence that the fair value of the swap-in asset is more reliable. In respect of the non-monetary asset swap that is inconsistent with the foregoing preconditions, the initial investment costs of the long-term equity investments equal to the carrying amounts of the swap-out assets and the payable taxes; in respect of the long-term equity investments arising from debt restructuring, the initial investment costs are determined at their fair values.

(2) Subsequent measurement of the long-term equity investments

① The long-term equity investments in the subsidiaries are measured using the cost method.

② The long-term equity investments that do not exert common control or significant influence on the investee, and do not have a quoted price in an active market, and reliable fair value are measured using the cost method.

③ The long-term equity investments that exert common control or significant influence on the investee are measured using the equity method.

④ The long-term equity investments that are subject to accounting under the cost method should be measured at the initial investment cost. The additional or returned investments shall eliminate the costs of the long-term equity investments. The cash dividends or profits announced to be distributed by the investee are recognized as the current investment income, whether the distribution of the relevant profits is the distribution of the net profits realized by the investee before or after investment.

⑤ As to the long-term equity investments under the equity method, if the initial investment costs exceed the fair value of the net identifiable assets of the investee at the time of investment, the initial investment costs of the long-term equity investments are not adjusted; if the initial investment costs are lower than the fair value of the net identifiable assets of the investee at the time of investment, the resulting difference should be recognized in the current profit and loss, and the costs of the long-term equity investments shall be adjusted at the same time. After the investor acquires the long-term equity investments,

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the investor shall recognize the investment gains or losses and adjust the carrying amounts of the long-term equity investments at the amounts of the net profits or losses to be shared or assumed in the investee. The investor accordingly reduces the carrying amounts of the long-term equity investments in proportion of the profits or cash dividends announced by the investee.

⑥ As to the long-term equity investments under the equity method, when the investor recognizes the net losses accrued in the investee, the carrying amounts of the long-term equity investments and other long-term equity that substantially constitutes net investments in the investee shall be written down to zero, except that the investor is obligated for the additional losses. If the investee realizes net profits subsequently, after the Company recovers the unrecognized losses with the gains sharing, the gains sharing is recognized upon recovery.

⑦ In respect of the long-term equity investments under the equity method, the investor shall adjust the carrying amounts of the long-term equity investments in connection with the changes to the owners' equity other than the net profits and losses of the investee, and recognize such changes in the owners' equity.

(3) Conversion and disposal of the long-term equity investments

When the long-term equity investments are disposed, the difference between their carrying amounts and the actual price payment shall be recognized in the current profit and loss. Under the equity method, the long-term equity investments which are recognized in the owners' equity due to other changes in the owners' equity apart from net profits and losses of the investee should be reversed through profit or loss at the corresponding proportion when such investments are disposed.

10. Fixed assets

Fixed assets refer to the tangible assets that are held for the purposes of commodity production, labor service rendering, lease and operation management, and have useful lives of more than one year.

(1) Initial measurement of the fixed assets

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① The costs of the purchased fixed asset include the purchase price, the relevant taxes, and the transportation costs, the handling charges, the installation costs and the professional service fees incurred before the fixed assets are ready for their intended use.

② If payment for the purchase price of the fixed assets is delayed beyond the normal credit conditions, and is substantially of financing nature, the costs of the fixed assets are determined at the present value of the purchase price.

③ The costs of the self-built fixed assets are composed of the necessary expenditures incurred before such assets are ready for their intended use.

④ As to the fixed assets acquired by the debtors in the debt restructuring for debt repayment, their entry value is determined at their fair value, and the difference between the carrying amounts of the restructured debts and the fair value of such fixed assets for debt repayment is recognized in the current profit and loss;

(2) Subsequent measurement of the fixed assets

① Depreciation method of the fixed assets: from the next month after the fixed assets are ready for their intended use, the depreciation of the fixed assets is calculated using the straight-line method over the useful lives. The useful lives, estimated net residual values and the annual depreciation rates of the fixed assets are as follows:

Type of asset	Useful life	Residual value rate (%)	Annual depreciation rate (%)
Office furniture	3 years	0.00	33.33
Electronic equipment	3 years	0.00	33.33

② If the subsequent expenditures of the fixed assets meet the fixed asset recognition conditions, such expenditures shall be recognized in the costs of the fixed assets, and the carrying amounts of the replaced fixed assets shall be deducted at the same time; if the fixed asset recognition conditions are not met, such expenditures shall be recognized in the current profit and loss.

③ The fixed assets of the Company should be measured at the lower of the carrying amount and the recoverable amount at the end of the period. If the recoverable amount is lower than the carrying amount, the impairment provision of the fixed assets shall be calculated at the difference thereof. The impairment test method and the impairment provision calculation method of the fixed assets are set out in the Note IV. 14 "Impairment of long-term assets".

(3) Disposal of the fixed assets

The proceeds from sale, transfer, retirement or disposal of the fixed assets, net of their carrying amounts and the relevant taxes, are recognized in the non-operating income or proceeds from disposal of assets

11. Construction in process

The costs of the Company's construction in process are determined based on the actual expenditures.

When the construction in process is ready for the intended use, the construction in process is converted into the fixed assets at the actual engineering costs, and depreciation is calculated from the next month. If the completion settlement has not been conducted, the construction in process is converted into the fixed assets at the estimated value, and adjustment is made after the actual value is determined.

12. Intangible assets

(1) Initial measurement of the intangible assets

① The costs of the purchased intangible assets include the purchase price, the relevant taxes and other expenditures directly attributable to such assets before such assets are ready for their intended use.

② Intangible assets from the investors. The costs of the intangible assets from the investors shall be determined at the amount as set out in the investment contracts or agreements. If the amount under the investment contracts or agreements is unfair, the initial costs shall be the fair value of the intangible assets.

③ The acquired land use rights are generally recognized as intangible assets. As to the self-built plants and buildings, the relevant land use right expenditures and the construction costs of the buildings are recognized as intangible assets and fixed assets respectively. In case of acquired houses and buildings, then the relevant prices are allocated between the land use rights and the buildings. If it is hard to make allocation, all prices shall be recognized as the fixed assets.

(2) Subsequent measurement of the intangible assets

The amortized amounts of the intangible assets of limited useful lives shall be systematically and reasonably amortized over the useful lives in the anticipated realization manner of the economic benefits related to such intangible assets. If it is impossible to determine the anticipated realization manner, the intangible assets shall be amortized using the straight-line method.

The Company will test the intangible assets of indefinite useful life for impairment during each accounting period. If, upon impairment test, the intangible assets are impaired, then the corresponding impairment provisions shall be calculated.

(3) Disposal of the intangible assets

When the intangible assets are sold, the difference between the proceeds from sale and the carrying amounts of such intangible assets is recognized in the current profit and loss.

(4) Research and development ("R&D") expenditures

The Company's expenditures for the internal R&D projects are composed of the expenditures at the research stage and the expenditures at the development stage.

The expenditures at the research stage are recognized as current profit and loss when it's occurred.

The expenditures at the development stage are recognized as intangible assets when the following conditions are met. The expenditures at the development stage that are inconsistent with the following conditions are recognized in the current profit and loss:

① Such intangible assets are completed, so that it is technologically feasible to use or sell such intangible assets;

② The Company has intention to complete and use or sell such intangible assets;

③ The economic benefit generating mode of the intangible assets includes proving that the products made of such intangibles are marketable or the intangible assets have a market; if the intangible assets are used internally, the availability could be proved;

④ There are sufficient technological and financial resources and other resources to support development of such intangible assets, and the Company has ability to use or sell such intangible assets;

⑤ The expenditures of such intangible assets at the development stage can be measured reliably.

If the expenditures at the research stage and the expenditures at the development stage cannot be distinguished, the incurred R&D expenditures are recognized in the current profit and loss in full.

(5) The impairment test method and the impairment provision calculation method of the intangible assets.

The impairment test method and the impairment provision calculation method of the intangible assets are set out in the Note IV. 14 "Impairment of long-term assets".

13. Long-term prepaid expenses

The long-term prepaid expenses are the expenses that have been incurred but shall be allocated to the reporting period and the subsequent periods which should be more than one year. The Company's long-term prepaid expenses mainly include the overhauling expenditures of the fixed assets and the improvement expenditures of the leased fixed assets. The long-term prepaid expenses are amortized over the estimated benefit period using the straight-line method.

(1) The overhauling expenses in the deferred manner shall be amortized at average before the next overhauling; the improvement expenditures of the leased fixed assets shall be amortized at average over the lease term or the remaining useful lives of the leased assets, whichever is shorter; other long-term deferred expenses are amortized at average over the benefit period.

(2) The formation expenses incurred during the preparation period (other than acquisition of the fixed assets) are accrued in the long-term deferred expenses initially, and subsequently recognized in the profit and loss in lump sum in the month when the production and operation is commenced.

14. Impairment of the long-term assets

As to the fixed assets, the construction in process, the intangible assets of limited useful lives, the investment real estate measured at cost basis, the long-term equity investments in the subsidiaries, joint venture and associated enterprises, and other non-current non-financial assets, the Company judges whether there is impairment sign on the balance sheet date. If there is impairment sign, then their recoverable amount is estimated, and the impairment test is performed. The goodwill, the intangible assets of indefinite useful lives, and the intangible assets that have not been ready for intended use are tested for impairment every year whether there is impairment sign or not.

If the impairment test results indicate that the recoverable amount of the assets is lower than their carrying amounts, the impairment provision is calculated at the resulting difference, and the difference is recognized in the impairment loss. The recoverable amount is the higher of the fair value of an asset net of the disposal expenses, and the present value of the estimated future cash flows of such asset. The fair value of an asset is determined at the price under the sales agreement in the arm's length transaction; if there is no sales agreement but there is active market, the fair value is determined at the purchase price of the buyer of such assets; in absence of both the sales agreement and the active market, the fair value of the asset may be estimated based on the best available information. The disposal expenses include the legal costs, the relevant taxes and the handling costs related to disposal of the assets, and the direct expenses incurred before such asset is ready for its intended use. The present value of the estimated future cash flows of the assets is determined by discounting the estimated future cash flows of the assets in the process of continuous use and final disposal at the appropriate discount rate. The asset impairment provision is calculated and determined based on the single asset. If it is hard to estimate the recoverable amount of the single asset, the recoverable amount of the asset group in which such asset is incorporated is determined. The asset group is the minimum asset combination that can independently generate cash inflows.

For goodwill which listed independently in the financial statements, the book values hall be amortized to the asset group or the asset group combination that are expected to benefit from the synergies of the business combination during the impairment test. If the test results indicate that the recoverable amount of the asset group or the asset group combination which involves the amortized goodwill is lower than the book value, the corresponding impairment loss is recognized. The impairment loss firstly eliminates the book value of the goodwill amortized to this asset group or the asset group combination, and then eliminates the book value of other assets in proportion to the book value of other assets other than goodwill in the asset group or the asset group combination.

Once the aforesaid asset impairment losses are recognized, the recovered value shall not be reversed during the subsequent periods.

15. Employee remuneration

The employee remuneration mainly includes short-term remuneration, post-separation benefits, dismissal benefits and other long-term employee benefits.

The short-term remuneration mainly includes salary, bonus, allowances and subsidies, employee welfare expenses, medical insurance, maternity insurance, work related injury insurance, housing provident fund, trade union dues and employee education funds, and non-monetary benefits. The Company recognizes short-term remuneration payable during the accounting period when the employees offer services as liabilities, and records such remuneration in the current profit and loss or the costs of the relevant assets. The non-monetary benefits are measured at their fair values.

The post-separation benefits mainly include basic pension insurance, unemployment insurance and annuity payment, etc. The post-separation benefit plans include the defined contribution plan. If the defined contribution plan is used, the corresponding payable amounts are recognized in the costs of the relevant assets or the current profit and loss.

If the Company terminates employment before the labor contract expires, or gives compensations to the employee to encourage them to accept termination voluntarily, the employee remuneration liabilities incurred by way of dismissal benefits are recognized through profit or loss when the Company is unable to withdraw the dismissal benefits given for termination of the labor relationship or downsizing proposal unilaterally, or the Company recognizes the costs of the restructuring involving payment of the dismissal benefits, whichever is earlier. However, if it is anticipated that the dismissal benefits cannot be paid in full in 12 months after the end of the annual report, the dismissal benefits are recognized as other long-term employee remunerations.

The employee internal retirement plan is subject to the same principles of the aforesaid dismissal benefits. The Company recognizes the salaries and the social insurance expenses for the internally retired personnel from the date when they stop providing services to the regular retirement date in the current profit and loss (dismissal benefits) when the recognition conditions of the estimated liabilities are met.

If other long-term employee benefits provided by the Company to the employees are consistent with the defined contribution plan, the accounting treatment is in accordance with the defined contribution plan. For all other cases, the accounting treatment is in accordance with the defined benefit plan.

16. Borrowing expenses

(1) Recognition principles of borrowing expenses

Any borrowing expenses incurred by the Company that are directly attributable to acquisition, construction or production of qualifying assets are capitalized and added to the costs of those assets; other borrowing expenses are recognized as expenditures through profit or loss when they arise.

The assets qualified for capitalization refer to fixed assets, investment real estate and inventories which may require a substantial period of time for acquisition, construction or production activities to get ready for their intended use or sale.

(2) Capitalization period of the borrowing expenses

① Commencement of capitalization: The capitalized interest on specific loans, the discount or premium and the exchange difference will start to be amortized when the following conditions are met: 1) The capital expenditures have been incurred; 2) The borrowing expenses have been incurred; and 3) The necessary acquisition and construction activities to get the assets ready for their intended use have been started.

② Suspension of capitalization: If the acquisition and construction activities of the fixed assets are abnormally interrupted, and the interruption exceeds 3 months or more, capitalization of the borrowing expenses is suspended, and is recognized as current expenses until the acquisition and construction activities of the assets are restarted.

③ Stopping of capitalization: When the acquired and constructed fixed assets are ready for their intended use, capitalization of the borrowing expenses is stopped.

(3) Determination of the capitalized amount of the loan interest

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① If the loans are especially used for acquisition, construction or production of the qualifying assets, the capitalized amount shall be determined at the actual interest expenses of the specific loans, net of the interest income from deposit of the unused loans in the bank or the investment income from temporary investments of the loans.

② If the general loans are used for acquisition, construction or production of the qualifying assets, the company shall calculate and determine the interest amounts of the general loans that should be capitalized at the product of the excess of the accumulated asset expenditures over the weighted asset expenditure means of the special loans multiplied by the capitalization rate of the general loans.

(4) Treatment of foreign currency loans

During the capitalization period, the exchange difference of the principal and interest of the specific loans denominated in foreign currencies shall be capitalized. The exchange difference arising from the principal and interest of other foreign currency loans other than the specific loans denominated in foreign currencies shall be recognized in the financial expenses through profit or loss.

17. Income

If the contracts between the Company and the customers meet the following conditions, the Company shall recognize the income when the customers acquire control over the relevant commodities:

(1) Parties to the contracts have approved such contracts, and promise to fulfill their respective obligations;

(2) Such contracts expressly set forth the relevant rights and obligations of the parties to the contracts in connection with the transferred commodities or the provided labor services (hereinafter referred to as the "transferred commodities");

(3) Such contracts expressly set forth the payment terms related to the transferred commodities;

(4) Such contracts have business substance, that is, fulfillment of such contracts will change the risks, time distribution or amount of the future cash flows of the Company;

(5) The consideration that the Company has the right to receive from the customers in connection with the transferred commodities is likely recoverable.

北京东审鼎立国际会计师事务所有限责任公司

18. Government subsidies

The government subsidies are the monetary assets or the non-monetary assets received by the Company from the governments at no cost, but exclude capital invested by the government as an investor with entitlement in the corresponding owners' equity. The government subsidies are composed of asset related government subsidies and income related government subsidies.

If the government subsidies are monetary assets, such subsidies are measured at the received or receivable amount. If the government subsidies are non-monetary assets, such subsidies are measured at fair value. If the fair value is unreliable, the subsidies are measured at nominal amount. The government subsidies measured at nominal amount are directly recognized in current profit and loss.

The government subsidies related to assets are recognized as deferred income, and allocated through profit or loss at average over the useful lives of the relevant assets. The income related government subsidies are subject to the following accounting as appropriate:

① The income-related government subsidies are recognized as deferred income if such subsidies are used for repaying the relevant expenses and losses during the subsequent periods, and recorded in current profit and loss during the period when the relevant expenses are recognized;

② If the income related government subsidies are used for repaying the relevant expenses and losses that have been incurred, such subsidies are directly recorded in current profit and loss.

The government subsidies related to both assets and income shall be subject to accounting treatment separately if such government subsidies could be distinguished. If it is hard to distinguish the asset related government subsidies and the income related government subsidies, such government subsidies are classified as the income related government subsidies as a whole.

The government subsidies related to daily activities of the Company are included in other income or to be offset against relevant costs and expenses based on the substance of the economic business; the government subsidies not related to daily activities are included in the non-operating revenue and expenditures.

19. Accounting method of corporate income tax

Corporate income tax is accounted for under the Balance sheet liability method. The income tax payable calculated during the current period is recognized as the current income tax expenses.

Settlement method: prepaid on a quarterly basis, and finally settled at the end of the year.

V. Changes to Significant Accounting Policies and Accounting Estimates, and Correction of Significant Accounting Errors

1. Changes to accounting policies

During the reporting period, the Company has not made any changes to accounting policies.

2. Changes to accounting estimates

During the reporting period, the Company has not made any changes to accounting estimates.

3. Significant accounting errors

During the reporting period, there were no significant accounting errors identified by the Company.

VI. Taxes

1. Main tax items and tax rates:

Tax item	Taxation Basis	Tax rate
Value added tax	Revenue from Tax basis	6%
Urban construction tax	The circulation tax	7%
Educational surtax	The circulation tax	3%
Local educational surtax	The circulation tax	2%
Corporate income tax	Taxable income	25%
Individual income tax	---	---

2. Tax preferences policy

According to the law of the People's Republic of China on enterprise income tax law "article 28, the implementation regulations of the enterprise income tax law of the People's Republic of China, article ninety-two of the ministry of finance administration of taxation on implementing small micro enterprise general tax breaks notice (Caishui [2019] no. 13), the state administration of taxation on implementing general small profit-making enterprise income tax reduction policy announcement concerning the issues (the state administration of taxation announced in 2019, no. 2), the company enjoy" since January 1, 2019 to December 31, 2021, The portion of the annual taxable income of a small enterprise not exceeding 1 million yuan shall be included in the taxable income at the rate of 25%, and the enterprise income tax shall be paid at the rate of 20%. The portion of annual taxable income exceeding 1 million yuan but not exceeding 3 million yuan shall be included in the taxable income at a reduced rate of 50%, and the enterprise income tax shall be paid at the rate of 20%." Tax incentives.

VII. Notes on Main Items in Accounting Statements

1. Cash

Item	Year-closing balance	Year-opening balance
Cash on hand	5,525.04	4,470.81
Cash in bank	942,083.73	2,378,563.28
Total	947,608.77	2,383,034.09

2. Accounts receivable

① Aging analysis

Aging	Year-closing balance			Year-opening balance		
	Amount	Percentage	Bad debt reserves (Percentage)	Amount	Percentage	Bad debt reserves (Percentage)

Within 1 year	775,154.52	100.00%	0.00	4,244,270.08	100.00%	0.00
Total	775,154.52	100.00%	0.00	4,244,270.08	100.00%	0.00

② Details of the debtors

Name of Company	Year-closing balance	Percentage in accounts receivable	Aging
Atlantis Sanya - Lost Chambers	446,561.10	57.61%	Within 1 year
Atlantis Sanya - Aquaventure	151,094.54	19.49%	Within 1 year
Chimelong – Tram	88,686.38	11.44%	Within 1 year
Atlantis Sanya - Sealion	36,790.94	4.75%	Within 1 year
Chimelong Safari Park CABLE CAR	33,249.28	4.29%	Within 1 year
Total	756,382.24	97.58%	---

③ Closing balance of the top 5 debtors accounted for 97.58% of the closing balance of account receivable.

3. Prepayments

(1) Aging analysis

Aging	Year-closing balance		Year-opening balance	
	Amount	Bad debt reserves(Percentage)	Amount	Bad debt reserves(Percentage)
Within 1 year	57,242.27	100.00%	576,625.76	73.91%
1-2 years	0.00	0.00%	203,529.46	26.09%
Total	57,242.27	100.00%	780,155.22	100.00%

(1) Details of the debtors:

Name of Company	Year-closing balance	Percentage in prepayments	aging
Li Wuchen	52,602.45	91.89%	Within 1 year
51 Jobs.com	4,574.82	7.99%	Within 1 year
Total	57,177.27	99.88%	---

(3) The aggregate year-closing balance of 2 a major items account for 99.88% of the year end balance of the prepayments.

4. Other receivables

Item	Year-closing balance	Year-opening balance
Interest receivable	0.00	0.00
Dividends receivable	0.00	0.00
Other receivables	42,200.00	78,500.00
Total	42,200.00	78,500.00

(1) Other receivables

① Aging analysis

Aging	Year-closing balance			Year-opening balance		
	Amount	Percentage	Bad debt reserves	Amount	Percentage	Bad debt reserves
Within 1 year	0.00	0.00%	0.00	26,000.00	33.12%	0.00
1-2 years	0.00	0.00%	0.00	45,500.00	57.96%	0.00
2-3 years	42,200.00	100.00%	0.00	7,000.00	8.92%	0.00
Total	42,200.00	100.00%	0.00	78,500.00	100.00%	0.00

② Details of the debtors

Name of Company	Year-closing balance	Percentage in other receivables	Aging
Yan Xiangchao	30,000.00	71.09%	2-3 years
Lan Biquing	12,200.00	28.91%	2-3 years
Total	42,200.00	100.00%	---

③ Closing balance of the 2 debtors account for 100% of the closing balance of other receivable.

5. Inventories

Item	Year-closing balance		Year-opening balance	
	Carrying balance	Falling price reserve	Carrying balance	Falling price reserve
Merchandise inventories	764,483.11	0.00	722,006.50	0.00
Total	764,483.11	0.00	722,006.50	0.00

6. Fixed assets

Type	Year-closing balance	Year-opening balance
Fixed assets	1,034,944.26	1,410,809.68
Fixed assets to be disposed of	0.00	0.00
Total	1,034,944.26	1,410,809.68

(1) Fixed assets

Type	Year-opening balance	Increase in period	Decrease in period	Year-closing balance
Original value of fixed assets	---	---	---	---
Machinery equipment	264,323.42	0.00	0.00	264,323.42
Electronic equipment	1,923,656.75	23,810.00	0.00	1,947,466.75

Total	2,187,980.17	23,810.00	0.00	2,211,790.17
Accumulated depreciation	---	---	---	---
Machinery equipment	37,815.90	52,621.29	0.00	90,437.19
Electronic equipment	739,354.59	347,054.13	0.00	1,086,408.72
Total	777,170.49	399,675.42	0.00	1,176,845.91
Net value	1,410,809.68	---	---	1,034,944.26

7. Construction in Process

Type	Year-opening balance	Increase in period	Decrease in period	Year-closing balance
Capital WIP	0.00	19,858.35	0.00	19,858.35
Total	0.00	19,858.35	0.00	19,858.35

8. Accounts payable

① Aging analysis:

Aging	Year-closing balance		Year-opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	293,379.26	3.21%	9,510,148.57	67.49%
1-2 years	8,838,094.23	96.79%	4,062,225.65	28.83%
2-3years	0.00	0.00%	9,976.89	0.07%
More than 3 years	0.00	0.00%	508,217.36	3.61%
Total	9,131,473.49	100.00%	14,090,788.47	100.00%

② Details of creditors:

Name of Company	Year-closing balance	Percentage in accounts payable	Aging

Digiphoto Hong kong	6,041,260.88	66.16%	Within 2 years
Digiphoto Singapore	2,204,583.73	24.14%	Within 2 years
Digiphoto UAE	275,121.06	3.01%	Within 2 years
Digiphoto Malaysia	225,177.22	2.47%	1-2 years
Digiphoto India	189,958.16	2.08%	1-2 years
Total	8,936,101.05	97.86%	---

③ The aggregate of the top 5 creditors account for 97.86% of the total year end balance of accounts payable.

9. Taxes and dues payable

Item	Year-closing balance	Year-opening balance
Value-added Tax	-307,660.43	-151,422.19
Total	-307,660.43	-151,422.19

10. Other payables

Item	Year-closing balance	Year-opening balance
Interest payable	0.00	0.00
Dividends payable	0.00	0.00
Other payables	920,506.10	995,675.14
Total	920,506.10	995,675.14

(1) Other payables

① Aging analysis:

Aging	Year-closing balance		Year-opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	249,669.37	27.12%	680,389.03	68.33%

1-2 years	670,836.73	72.88%	219,160.12	22.01%
2-3 years	0.00	0.00%	96,125.99	9.66%
Total	920,506.10	100.00%	995,675.14	100.00%

② Details of the creditors:

Name of Company	Year-closing balance	Percentage in other payables	Aging
Shenzhen Lincoln Cloud Technology Co., Ltd	86,480.14	9.39%	Within 1 year
Artistic & Creation (H.K.) Limted	79,776.02	8.67%	Within 1 year
Zhejiang Jinbang acrylic craft factory	42,505.00	4.62%	Within 1 year
Shenzhen XiTianLe Industrial Co.,Ltd	12,700.00	1.38%	Within 1 year
Total	221,461.16	24.06%	----

③ The aggregate balance of the four of creditors accounts for 24.06% of the year-closing balance of other payables.

11. Paid-in capital

Name of shareholder	Year-opening balance	Increase in period	Decrease in period	Year-closing balance
DEI HOLDINGS LIMITED	1,780,182.38	0.00	0.00	1,780,182.38
Total	1,780,182.38	0.00	0.00	1,780,182.38

12. Undistributed profits

Item	Year-closing balance
Opening undistributed profits	-7,096,448.23
Plus: adjustment to the opening undistributed profits	0.00
Opening undistributed profits after adjustment	-7,096,448.23

Plus: net profits of this period	-786,562.03
Less: withdrawal of statutory surplus reserves	0.00
Withdrawal of discretionary surplus reserves	0.00
Dividends payable for ordinary shares	0.00
Others	0.00
Closing undistributed profits	-7,883,010.26

13. Operating income and operating costs

Item	2020		2019	
	Income	Cost	Income	Cost
Subtotal of Business activities	6,682,764.69	4,399,320.26	10,962,603.13	8,593,619.80
Including: Provision of labor services	6,682,764.69	4,399,320.26	10,962,603.13	8,593,619.80
Total	6,682,764.69	4,399,320.26	10,962,603.13	8,593,619.80

14. Administrative costs

Item	2020	2019
Administrative costs	3,662,633.18	3,849,036.31
Total	3,662,633.18	3,849,036.31

15. Financial Expenses

Item	2020	2019
Interest expenditures	0.00	0.00
Less: interest income	6,558.52	1,131.99
Exchange losses	130,190.78	292,409.74
Less: exchange gains	726,738.21	0.00
Others	9,044.13	3,516.98

Total	-594,061.82	294,794.73

VIII. Supplementary Information of the Cash Flow Statements

Supplementary information	During the year
1.Convert net profits into cash flows of operating activities:	
Net profits	-786,562.03
Plus: asset impairment provision	0.00
Depreciation of fixed assets, oil and gas assets and productive biological assets	399,675.42
Amortization of intangible assets	0.00
Amortization of long-term deferred expenses	0.00
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains indicated with "-")	0.00
Losses from retirement of fixed assets (gains indicated with "-")	0.00
Losses from change in fair value (gains indicated with "-")	0.00
Financial expenses (gains indicated with "-")	0.00
Investment losses (income indicated with "-")	0.00
Decrease in deferred income tax assets (increase indicated with "-")	0.00
Increase in deferred income tax liabilities (decrease indicated with "-")	0.00
Decrease in inventories (increase indicated with "-")	-42,476.61
Decrease in operating accounts receivable (increase indicated with "-")	4,228,328.51
Increase in operating accounts payable (decrease indicated with "-")	-5,190,722.26
Others	0.00
Net cash flows from operating activities	-1,391,756.97
2.Investment and financing activities without cash receipts and payments:	

Supplementary information	During the year
Conversion of debts into capital	0.00
Convertible bonds due within one year	0.00
Fixed assets under financing lease	0.00
3.Net increase in cash and cash equivalents:	
Closing balance of cash	947,608.77
Less: opening balance of cash	2,383,034.09
Plus: closing balance of cash equivalents	0.00
Less: opening balance of cash equivalents	0.00
Net increase in cash and cash equivalents	-1,435,425.32

IX. Related Parties and Related Party Transactions

(I) Related parties

1. Shareholders of the Company

Name of related party	Shareholding percentage in the Company	Voting power percentage in the Company
DEI HOLDINGS LIMITED	100.00%	100.00%

X. Contingencies

As at December 31, 2020, the Company has not involved in any pending litigations, external guarantee and other contingencies that shall be disclosed.

XI. Commitments

As at December 31, 2020, the Company has not made any commitments that shall be disclosed.

XII. Non-adjustment Events after the Balance Sheet Date

As at May 28, 2021, the Company has not engaged in any matters that shall be disclosed after the balance sheet date.

北京东审鼎立国际会计师事务所有限责任公司

XIII. Other Important Matters

As at May 28, 2021, the Company has not engaged in any other important matters that shall be disclosed.

XIV. Approval of the Accounting Statements

The accounting statements have been approved to be released by the Company's Board of Directors on May 28, 2021.

Digiphoto Entertainment Imaging (Shanghai) Co., Ltd.

May 28, 2021

北京东审鼎立国际会计师事务所有限责任公司

姓名 Full name 崔军胜

性别 Sex 男

出生日期 Date of birth 1978-05-15

工作单位 Working unit 上海荣审会计师事务所有限责任公司

身份证号码 Identity card No. 410603197805152010

北京东审鼎立国际会计师事务所有限责任公司 1101080257427

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年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

姓名：崔军胜
证书编号：110000192378

年 /y 月 /m 日 /d

证书编号：110000192378
No. of Certificate

批准注册协会：上海市注册会计师协会
Authorized Institute of CPAs

发证日期：二〇〇三 年 /y 七 月 /m 二十三 日 /d
Date of Issuance

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出 上海荣审
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CPAs

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2014 年 /y 8 月 /m 8 日 /d

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北京 东审鼎立国际
事务所
CPAs

BEIJING INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS 注册会计师协会 转所专用章

转入协会盖章
Stamp of the transfer-in Institute of CPAs

2014 年 /y 5 月 /m 3 日 /d

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

事务所
CPAs

转出协会盖章
Stamp of the transfer-out Institute of CPAs

年 /y 月 /m 日 /d

同意调入
Agree the holder to be transferred to

事务所
CPAs

转入协会盖章
Stamp of the transfer-in Institute of CPAs

年 /y 月 /m 日 /d

姓名 Full name 龚莉

性别 Sex 女

出生日期 Date of birth 1995-08-12

工作单位 Working unit 北京东审鼎立国际会计师事务所有限责任公司

身份证号码 Identity card No. 36012119950

北京东审鼎立国际会计师事务所有限责任公司 1101080257927

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THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

中国注册会计师协会

证书编号：
No. of Certificate 110004910029

批准注册协会：
Authorized Institute of CPAs 北京注册会计师协会

发证日期：
Date of Issuance 2020 年 10 月 16 日

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

年 月 日

会计师事务所

执业证书

名　　　称：北京东审鼎立国际会计师事务所有限责任公司

首席合伙人：

主任会计师：崔军胜

经 营 场 所：北京市海淀区知春路113号1幢17层2006-1

组 织 形 式：有限责任

执业证书编号：11000491

批准执业文号：京财会[2006]2908号

批准执业日期：2006年12月22日

北京东审鼎立国际会计师事务所有限责任公司 1101080257427

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证书序号：0014642

说　明

1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。

2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。

3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。

4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。

发证机关：北京市财政局

二〇[illegible]一年 一 月 日

北京市财政局

中华人民共和国财政部制

营业执照

（副 本）(1-1)

统一社会信用代码

91110108797552 24X0

扫描二维码登录"国家企业信用信息公示系统"了解更多登记、备案、许可、监管信息

名　　称　北京东审鼎立国际会计师事务所有限责任公司

类　　型　有限责任公司(自然人投资或控股)

法定代表人　崔军胜

经营范围　审查企业会计报表，出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关的报告；基本建设年度财务决算审计；代理记帐；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其它业务。（市场主体依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事国家和本市产业政策禁止和限制类项目的经营活动。）

注册资本　110万元

成立日期　2006年12月27日

营业期限　2006年12月27日 至 2056年12月26日

住　　所　北京市海淀区知春路113号1幢17层2006-1

北京东审鼎立国际会计师事务所有限责任公司 1101080247

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登记机关

北京市海淀区市场监督管理局

2020年07月28日

国家企业信用信息公示系统网址：http://www.gsxt.gov.cn

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制

DESERT ADVENTURES TOURISM (PRIVATE SHAREHOLDING COMPANY) AMMAN – JORDAN

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

DESERT ADVENTURES TOURISM
(PRIVATE SHAREHOLDING COMPANY)
AMMAN – JORDAN
FOR THE YEAR ENDED DECEMBER 31, 2020

Content	***Page***

DESERT ADVENTURES TOURISM
(PRIVATE SHAREHOLDING COMPANY)
AMMAN – JORDAN

STATEMENT OF FINANCIAL POSITION

In Jordanian dinar	Note	As of December 31, 2020	2019
Assets			
Cash and cash equivalents	5	**14,660**	466,717
Trade receivables and other debit balances	6	**368,623**	2,294,242
Deferred tax asset	9	-	-
Due from related parties	10.2	**482,877**	-
Current assets		**866,160**	2,760,959
Property and equipment	7	**15,710**	27,978
Non-Current assets		**15,710**	27,978
Total assets		**881,870**	2,788,937
Owners' Equity and Liabilities			
Owners' Equity			
Paid up capital		**100,000**	100,000
Statutory reserve	11	**25,000**	25,000
Retained earnings		**241,269**	372,830
Net Owners' Equity		**366,269**	497,830
Liabilities			
Lease liability		**-**	5,194
Non-current liability		**-**	5,194
Trade payables and other credit balances	8	**481,281**	2,014,414
Due to related parties	10.1	**4,932**	214,093
Income tax provision	9	**24,208**	42,046
Lease liability		**5,180**	15,360
Current liabilities		**515,601**	2,285,913
Total Liabilities		**515,601**	2,291,107
Total Owners' Equity and Liabilities		**881,870**	2,788,937

The Company initially applied IFRS 16 at 1 January 2020, using the modified retrospective approach. Under this approach, comparative information has not been restated and the right-of-use asset is measured at an amount equal to the lease liability.

The notes on pages (7) to (31) are an integral part of these financial statements.

The financial statements on pages (3) to (31) were approved by the Board of Director on______________.

Chairman of Board of Directors **Financial Manager** **General Manager**

DESERT ADVENTURES TOURISM
(PRIVATE SHAREHOLDING COMPANY)
AMMAN – JORDAN

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In Jordanian dinar		For the year ended December 31,	
	Note	**2020**	2019
Revenue	12	**1,538,228**	6,530,528
Cost of revenue	12	**(1,443,372)**	(5,801,384)
Gross profit		**187,017**	729,144
Administrative expenses	13	**(201,061)**	(520,119)
Impairment loss on trade receivables	6	**(758)**	(1,584)
Marketing and advertisement expenses		**-**	(3,944)
Profit from operations		**(106,963)**	203,497
Finance cost		**(390)**	(523)
Profit before income tax		**(107,353)**	202,974
Income tax			
Current tax expense	9	**(24,208)**	(42,625)
Deferred tax income	9	**-**	-
Reversal of Tax provision		**-**	(46,015)
Reversal of Deferred Tax Asset		**-**	160,176
Profit for the year		**(131,561)**	160,176
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(131,561)**	160,176

The Company initially applied IFRS 16 at 1 January 2020, using the modified retrospective approach. Under this approach, comparative information has not been restated and the right-of-use asset is measured at an amount equal to the lease liability.

The notes on pages (7) to (31) are an integral part of these financial statements.

The financial statements on pages (3) to (31) were approved by the Board of Director on___________.

Chairman of Board of Directors **Financial Manager** **General Manager**

DESERT ADVENTURES TOURISM
(PRIVATE SHAREHOLDING COMPANY)
AMMAN – JORDAN

STATEMENT OF CHANGES IN OWNERS' EQUITY

In Jordanian dinar	**Paid up Capital**	**Retained earnings**	**Statutory reserve**	**Total**
Changes for the year ended December 31, 2020				
Balance at January 1, 2020	100,000	372,830	25,000	497,380
Total comprehensive income for the year	-	(131,561)	-	131,561
Balance as of December 31, 2020	**100,000**	**241,269**	**25,000**	**366,269**
Changes for the year ended December 31, 2019				
Balance at January 1, 2019	100,000	212,654	25,000	337,654
Total comprehensive income for the year	-	160,176	-	160,176
Balance as of December 31, 2019	100,000	372,830	25,000	497,380

The Company initially applied IFRS 16 at 1 January 2020, using the modified retrospective approach. Under this approach, comparative information has not been restated and the right-of-use asset is measured at an amount equal to the lease liability.

The notes on pages (7) to (31) are an integral part of these financial statements

DESERT ADVENTURES TOURISM
(PRIVATE SHAREHOLDING COMPANY)
AMMAN – JORDAN

STATEMENT OF CASH FLOWS

		For the year ended December 31,	
In Jordanian dinar	Note	**2020**	2019
Cash flows from operating activities			
Profit for the year after income tax		**(131,561)**	160,176
Adjustments for :			
Current tax expense	9	**24,208**	42,798
Deferred tax	9	**-**	-
Finance costs		**390**	523
Depreciation expense	7	**13,998**	9,795
		(92,965)	213,292
Changes in :			
Trade receivables and other debit balances		1,925,619	(1,093,646)
Trade payables and other credit balances		**(1,533,133)**	838,293
Due to related parties		**(209,161)**	218,163
Due from related parties		**(482,877)**	148,376
Tax paid		**(42,046)**	(32,117)
Net cash from operating activities		**(434,563)**	292,361
Cash flows from investing activity			
Acquisition of property and equipment	7	**(1,744)**	(8,511)
Net cash used in investing activity		**(1,744)**	(8,511)
Cash flows from financing activity			
Payment of lease liability		**(15,750)**	(7,000)
Net cash used in financing activity		**(15,750)**	(7,000)
Net increase / (decrease) in cash and cash equivalents		**(452,057)**	276,850
Cash and cash equivalents at the beginning of the year		**466,717**	189,867
Cash and cash equivalents at the year end	5	**14,660**	466,717

The Company initially applied IFRS 16 at 1 January 2020, using the modified retrospective approach. Under this approach, comparative information has not been restated and the right-of-use asset is measured at an amount equal to the lease liability.

The notes on pages (7) to (31) are an integral part of these financial statements

1. GENERAL

Desert Adventures Tourism PSC was incorporated on 16 September 2010 as a Private Shareholding Company in the Hashemite Kingdom of Jordan, under number (767), with a paid up capital of JD 100,000, divided into 100,000 shares, distributed as the below schedule. The Company's parent Company is Desert Adventures Tourism LLC (Dubai) and the Ultimate Parent of the Company is Fairfax Financial Holdings Limited with a registered address at 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada.

The shareholding in the Company was as follows:

Shareholder	Share
Desert Adventures Tourism LLC (Dubai)	50%
Loai Khalid Ahmed Najdawi	50%

The principal business activity of the Company is organizing leisure and individual business tours. The Company secures access to hotel accommodation and other activities and services from hotels and other service providers at competitive rates which are offered at preferential rates to tour operators, travel agents and other wholesalers.

The registered address of the Company is Amman – Mecca Street, Jordan.

Loai Khalid Ahmed Najdawi is holding these shares for the beneficial interest of the Parent Company. The financial statements were authorised and approved by the Board of Director on_______________.

2. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

This is the first set of the Company's annual financial statements in which IFRS 16 – Leases has been applied. Changes to significant accounting policies are described in note 3.

(b) Basis of measurement

The financial statements have been prepared at historical cost basis.

(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

The preparation of financial statements in conformity with IFRSs requires management to make 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. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

In particular, information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is summarized as follows:

2. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgments (continued)

- Management periodically reassesses the economic useful lives of tangible assets based on the general condition of these assets and the expectation for their useful economic lives in the future.
- Management frequently reviews the lawsuits raised against the company (if any), based on a legal study prepared by the Company's management advisors. This study highlights potential risks that the Company may incurred in the future.
- Management estimates the recoverable amount of the other financial assets to determine whether there was any impairment in its value.
- A provision for impairment loss on trade receivables is taken on the basis and estimates approved by management in conformity with International Financial Reporting Standards (Refer note 18).
- Management estimates the provision for income tax in accordance with the prevailing laws and regulations.
- Management applies judgment in identifying distinct performance obligation and recognition of revenue. (Refer note 18).
- Fair value hierarchy:

  The Company is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgment and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

Management believes that its estimates and judgments are reasonable and adequate.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Company has applied IFRS 16 using modified retrospective approach under which ROU assets, related lease liabilities and other relevant adjustments in related assets and liabilities have been recorded without having any impact on retained earnings as at 1 January 2020. Accordingly, the comparative information presented for 2019 is not restated i.e it is presented as previously reported under IAS 17 and related interpretations. The details of the changes in significant accounting policies are discussed below. Additionally the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Definition of a Lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4 Determining whether an arrangement contains lease. Under IFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of a lease as explained in note 4.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2020.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet except where the Company has decided to apply recognition exemption to leases that have lease term of 12 months or less and leases of low value assets.

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 price.

The Company made the following adjustments on transition:

Leases classified as operating leases under IAS 17

Previously, the Company classified property leases as operating leases under IAS 17. On transition, lease liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate, as at 1 January 2020. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Company has assessed its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Company:
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Did not recognize right-of-use assets and liabilities for lease of low value assets.

Impact on financial statements
On transition to IFRS 16, the Company recognised additional right-of-use assets and additional lease liabilities, the impact on transition is summarised below.

In JOD	**1 January 2020**
Right of use asset (note 7)	**27,032**
Lease liabilities	**27,032**

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate of 3.25% at 1 January 2020.

The factors considered in determination of incremental borrowing rate are: term of the lease, Company specific rate, the amount of fund involved, nature and quality of leased assets, jurisdiction of the lease contract, and the time at which the lease is expiring/maturing.

In Jordanian dinar	**1 January 2020**
Operating lease commitments at 31 December 2019 as disclosed under IAS 17	**28,000**
Discounted using the incremental borrowing rate at 1 January 2020	**(968)**
Lease liabilities recognised as at 1 January 2020	**27,032**

4. SIGNIFICANT ACCOUNTING POLICIES

The Company has consistently applied the accounting policies set out below to all periods presented in these financial statements except for the effect of changes to significant accounting policies are described in note 3.

Revenue

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

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

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

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
- **Tourism & related services** including: - Hotel accommodation - Visas - Transfers - Meet and greet and; - Excursions	Control of travel related services is considered transferred to customer at the travel in date i.e. in case of: - Visas at the date of issuance; - Hotel accommodation on the date hotel check in; - Transfers on the date of arrival; - Meet and greet on the date of arrival; and - Excursions on the date excursions Invoices are usually payable within 30 days. Booking cancellations vary depending on the timing of the season during the year.	Revenue is recognized at a point in time i.e. the time of travel in date.
Tour Packages	The services above are also sold as a combined tour package to travelers. In case of a combined tour package, entire package is generally considered as a single performance obligation. The combination of separate services in a combined tour package is considered significant integration and revenue for the entire tour package is recognized at the time of travel in date. Invoices are usually payable within 30 days. Booking cancellations vary depending on the timing of the season during the year.	Revenue is recognized at a point in time i.e. the time of travel in date.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating lease

Policy applicable before 1 January 2020

Leases of assets under which the lessor effectively retains all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Financial instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement

Financial assets

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets (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.

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.

4. 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.

Foreign currency transactions

Transactions in foreign currencies are translated to Jordanian Dinar (JD) 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 JD 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 JD 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

Items of property and equipment are depreciated on a straight-line basis in the statement of profit or loss and other comprehensive income over the estimated useful lives of each component.

Items of property and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated deprecation rates of property and equipment for the current and previous year are as follows:

Property and equipment	Depreciation rate %
Office Decoration and Accessories	15
Office Equipment	35
Furniture and Fixture	15

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 is 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.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment (continued)

Non-derivative financial assets – (continued)

Financial instruments (continued)

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

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

Measurement of ECLs

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

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

Credit-impaired financial assets

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

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

Presentation of allowance for ECL in the statement of financial position

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment (continued)

Non-derivative financial assets – (continued)

Financial instruments (continued)

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

Objective evidence that financial assets were impaired included:

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

Financial assets measured at amortized cost

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment (continued)

Non-derivative financial assets – (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 17mortization, 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax

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

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

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

Intercompany recharges

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

Contract assets

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

Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Policy applicable from 1 January 2020

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:

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Policy applicable from 1 January 2020 (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.

As a lessee

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

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

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

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

• Amendments to References to Conceptual Framework in IFRS Standards.
• Definition of a Business (Amendments to IFRS 3).
• Definition of Material (Amendments to IAS 1 and IAS 8).
• IFRS 17 Insurance Contracts.

5. CASH AND CASH EQUIVALENTS

	As of December 31,	
In Jordanian dinar	**2020**	2019
Cash on hand	**12,036**	18,747
Cash at bank	**2,624**	447,970
	14,660	466,717

6. TRADE RECEIVABLES AND OTHER DEBIT BALANCES

	As of December 31,	
In Jordanian dinar	**2020**	2019
Trade receivables	**2,236**	510,312
Provision for expected credit loss *	**(758)**	(1,584)
	1478	508,728
Advances to suppliers	**325,939**	1,753,913
Prepaid expenses and other debit balances	**16,206**	6,601
Cash margins	**25,000**	25,000
	368,623	2,294,242

6. TRADE RECEIVABLES AND OTHER DEBIT BALANCES (CONTINUED)

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

Jordanian Dinar	As of December 31, 2020	2019
Balance at the beginning of the year		-
Provision for expected credit loss		1,584
Balance at the end of the year		

7. PROPERTY AND EQUIPMENT

In Jordanian dinar	Office Premises	Office Equipment	Furniture and Fixture	Total
Cost				
Balance at January 1, 2019	-	3,703	11,851	15,554
Additions	-	8,282	229	8,511
Recognition of right-of-use asset on initial application of IFRS 16	27,032	-	-	27,032
Balance at December 31, 2019	**27,032**	**11,985**	**12,080**	**51,097**
Balance at January 1, 2020	27,032	11,985	12,080	51,097
Additions	-	144	1,600	1,744
Recognition of right-of-use asset on initial application of IFRS 16	-	-	-	-
Disposal	(10)	-	-	(10)
Balance at December 31, 2020	**27,022**	**12,129**	**13,680**	**52,831**
Accumulated Depreciation				
Balance at January 1, 2019	-	1,473	11,851	13,324
Depreciation for the year	7,603	2,175	17	9,795
Balance at December 31, 2019	**7,603**	**3,648**	**11,868**	**23,119**
Balance at January 1, 2020	7,603	3,648	11,868	23,119
Depreciation for the year	10,129	3,595	274	13,998
Balance at December 31, 2020	**17,732**	**7,243**	**12,142**	**37,117**
Net book value as at December 31, 2019	19,429	8,337	212	27,978
Net book value as at December 31, 2020	**9,290**	**4,886**	**1,538**	**15,714**

8. TRADE PAYABLES AND OTHER CREDIT BALANCES

In Jordanian dinar	As of December 31,	
	2020	2019
Hotels and excursion payables	**92,046**	1,780,236
Trade payables	**246,569**	164,937
Advances from customers	**119,038**	37,929
Accrued expenses	**23,628**	31,312
	481,281	2,014,414

9. INCOME TAX

In Jordanian dinar	As of December 31,	
	2020	2019
Current tax expense		
Current year	**-**	42,625
Change in estimate relating to prior years	**24,208**	173
Income tax expense for the current year	**24,208**	42,798
Deferred tax credit		
Recognition of deferred tax asset related to unused tax losses	**-**	-
Income tax for the year	**24,208**	42,798
Reconciliation of effective tax rate		
Profit before tax	**(131,561)**	202,974
Taxable profit for the current year	**(131,561)**	202,974
Tax rate effective during the year	**21%**	21%
Tax expense	**(27,628)**	42,625
(Over) / under provision in prior years	**24,208**	173
Recognition of deferred tax asset related to unused tax losses	**-**	-
Deferred tax not booked	**27,628**	-
Net tax expenses recognized in profit or loss	**24,208**	42,798

The movement on income tax provision during the year was as follows:

In Jordanian dinar	As of December 31,	
	2020	2019
Balance at the beginning of the year	**42,046**	77,380
Provision for the year	**24,208**	42,798
Utilization of deferred tax asset	**-**	(46,015)
Tax paid during the year	**(42,046)**	(32,117)
Balance at the end of the year	**24,208**	42,046

9. INCOME TAX (CONTINUED)

The movement on the deferred tax asset during the year was as follows:

In Jordanian dinar	**Tax losses carried forward**
Cost	
Balance at January 1, 2019	-
Recognition of previously unrecognized tax losses (i)	-
Balance at December 31, 2019	-
Balance at January 1, 2020	-
Recognition of previously unrecognized tax losses (i)	-
Utilization of deferred tax asset	-
Balance at December 31, 2020	-

Tax status of the Company is as follow:

(i) The Company filed its income tax returns on timely basis for the years 2016, 2017 and 2019 and they were not assessed by the income tax department until the date of these financial statements.

10. 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

10-1) DUE TO RELATED PARTES

		As of December 31,	
In Jordanian dinar	**Nature of relationship**	**2020**	2019
Desert Adventures Tourism L.L.C.*	Parent Company	**-**	214,093
Muscat Desert Adventures LLC	Associated Company	**4,932**	-
		4,932	214,093

*There is no interest payable on the Company to be paid to the Parent Company over this amount, nor a year obligation for this amount to be paid back to the Parent Company.

10-2) DUE FROM RELATED PARTIES

		As of December 31,	
In Jordanian dinar	**Nature of relationship**	**2020**	2019
Desert Adventures Tourism L.L.C.*	Parent Company	**482,877**	**-**
SOTC travel limited	Fellow subsidiary	**-**	**-**
		482,877	**-**

*There is no interest receivable on the Company to be received from the Parent Company over this amount.

10-3) TRANSACTIONS WITH RELATED PARTIES

Transaction terms and pricing policies are approved by management. Transactions included in the statement of profit or loss and other comprehensive income are as the below:

For the year ended 31 December 2020

Jordanian Dinar	**Relationship**	**Expenses**
Muscat Desert Adventures Tourism LLC	Related through common ownership	**25,416**
Desert Adventures Tourism LLC	Ultimate Parent Company (refer note 10.2)	**115,201**

For the year ended 31 December 2019

Jordanian Dinar	**Relationship**	**Expenses**
Muscat Desert Adventures Tourism LLC	Related through common ownership	**35,443**
Desert Adventures Tourism LLC	Ultimate Parent Company (refer note 10.2)	**230,401**

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

11. 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 and in the current year, 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".

12. REVENUE AND COST OF REVENUE

	For the year ended December 31, 2020		
In Jordanian dinar	**Revenue**	**Cost of revenue**	**Gross profit**
Tourism Group Revenue (Hotels)	**1,256,593**	**1,189,316**	**67,276**
Excursions, transfers and other revenue	**281,635**	**254,055**	**27,580**
	1,538,228	**1,443,372**	**94,856**

	For the year ended December 31, 2019		
In Jordanian dinar	**Revenue**	**Cost of revenue**	**Gross profit**
Tourism Group Revenue (Hotels)	5,342,289	(4,833,6	508,642
Excursions, transfers and other revenue	1,188,239	(967,737)	220,502
	6,530,528	(5,801,384)	729,144

13. ADMINISTRATIVE EXPENSES

In Jordanian dinar	For the year ended December 31,	
	2020	2019
Management fee	**48,456**	266,948
Staff salaries and related benefits	**89,410**	157,004
Social security	**14,163**	17,787
Office expenses	**8,008**	12,426
Depreciation (refer note 7)	**13,998**	9,795
Legal and professional fees	**7,088**	8,392
Travel	**-**	4,084
Rent	**-**	2,588
Others	**19,938**	41,095
	201,061	520,119

14. LEASES

The Company has leased office area. The lease period is for 32 months. Previously, this lease was classified as operating lease under IAS 17.

i. Right-of-use-assets

Right of use assets related to leased properties are presented as property and equipment (see note 7).

In Jordanian Dinar	**Office premises**	**Total**
2020		
Balance as at 1 January	19,429	**19,429**
Depreciation charge for the year	10,129	**10,129**
Disposal	(10)	**(10)**
Balance as at 31 December	9,290	**9,290**

ii. Amounts recognised in Statement of Profit or loss

In Jordanian Dinar	**2020**
2020 - Leases under IFRS 16	
Interest on lease liability	**390**
Depreciation charged right of use	**10,129**

iii. Lease liability

In Jordanian Dinar	**2020**
Lease liability	**5,180**
Less: current portion	**5,180**
Non-current lease liability	**-**

15. FINANCIAL RISK MANAGEMENT

Overview

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and

- Market risk.

15. FINANCIAL RISK MANAGEMENT

Risk management framework

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

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

Credit risk

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

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

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

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

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

In Jordanian dinar	As of December 31,	
	2020	2019
Trade and other receivables *	**368,623**	538,008
Due from related parties	**482,877**	-
Cash at bank	**14,660**	447,970
	866,160	985,978

* Prepayments and advances are excluded.

At 31 December 2020, the Company's exposure of credit risk to trade receivables by geographical region was as follows:

In Jordanian Dinar	As of December 31,	
	2020	2019
Geographical regions		
Common Wealth of Independent States	**-**	286,237
Middle East	**782**	151,153
Europe	**1454**	67,331
Others	**-**	5,591
Grand total	**2,236**	510,312

15. FINANCIAL RISK MANAGEMENT

Credit risk (continued)

The ageing of trade receivables at the reporting date was:
Impairment losses

Expected credit losses assessment for individual customers as at 31 December 2020.

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 2020.

	Gross carrying amount	Loss allowance JOD	Credit impaired
0-59 days	**-**	**-**	**No**
60-89 days	**-**	**-**	**No**
90- 120 days	**2,236**	**758**	**Yes**
Total	**2,236**	**758**	

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.

15. 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 always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the company maintains line of credit from its bank for sudden cash requirements.

The following are the contracted maturities of financial liabilities, including estimated interest payments:

Non-derivative financial liabilities:

In Jordanian dinar	**Carrying value**	**Contractual Cash flows**	**12 Month or Less**	**More than one year**
As of December 31, 2020				
Trade payables and other credit balances (excluding advances)	**386,451**	**386,451**	**(386,451)**	-
Due to related parties	**4,932**	**4,932**	**(4,932)**	-
Lease liability	**5,180**	**5,180**	**(5,180)**	-
	396,563	**396,563**	**(396,563)**	-

In Jordanian dinar	**Carrying value**	**Contractual Cash flows**	**6 Month or Less**	**More than one year**
As of December 31, 2019				
Trade payables and other credit balances (excluding advances)	1,976,485	(1,976,485)	(1,976,485	-
Due to related parties	214,093	(214,093)	(214,093)	-
Lease liability	20,554	(21,000)	(15,750)	(5,250)
	(2,213,886)	(2,214,332)	(2,209,082	(5,250)

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.

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk
The Company does not have any financial assets or liabilities that bear interest as of year-end.

Capital management

The company's policy concerning capital management is to maintain a strong capital base to maintain partners, creditors and market confidence and to sustain future development of the business.

The management monitors the return on capital, which the management defined as net operation income divided by total partners' equity.

There have been no changes in the Company's approach to capital management during the year neither the Company is subject to externally imposed capital requirements.

Debt to Capital Ratio	**As of December 31,**	
Jordanian Dinar	**2020**	2019
Total debt	**515,601**	2,291,107
(Less) Cash at bank	**(14,660)**	(447,970)
Net debt	**500,941**	1,843,137
Net owners' equity	**366,269**	497,830
Adjusted capital	**366,269**	497,830
Debt-to–adjusted Capital Ratio	**136.77%**	370.2%

In Jordanian dinar		**Fair Value**		
	Book value Fair value	**Level (1)**	**Level (2)**	**Level (3)**
December 31, 2020				
Trade receivables and other debit balances	368,623	-	368,623	
Cash and cash equivalents	14,660	14,660	-	
Trade payables and other credit balances	(481,281)	-	(481,281)	
Lease liability	(5,180)	-	(5,180)	
Income tax provision	(24,208)	-	(24,208)	
Due to related parties	(4,932)	-	(4,932)	
December 31, 2019				
Trade receivables and other debit balances	540,329	-	540,329	-
Cash and cash equivalents	466,717	466,717	-	-
Trade payables and other credit balances	(1,976,485)	-	(1,976,485)	-
Lease liability	(15,360)		(15,360)	
Income tax provision	(42,046)	-	(42,046)	-
Due to related parties	(214,093)	-	(214,093)	-

16. BANK GUARANTEES

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

	As of December 31,	
Jordanian Dinar	**2020**	2019
Guarantees *	**25,000**	25,000
	25,000	25,000

* These Guarantees are issued for the favor of the Ministry of Tourism with an amount of JD 25,000 *(2019: JD 25,000)*.

17. 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 2020, there are no financial instruments carried at fair value by valuation method.

18. 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).

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.

18. USE OF JUDGMENTS AND ESTIMATES (CONTINUED)

(b) Revenue recognition timing

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

(c) Tour Package as single performance obligation

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

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

19. COMPARATIVE FIGURES

Comparatives have been reclassified wherever necessary to conform to the presentation adopted in the current year. The reclassification is not considered material and does not impact the financial statements 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.

20. SUBSEQUENT EVENTS

The coronavirus outbreak (COVID-19) since early 2020 has brought about additional uncertainties in the Company's operating environment and has impacted its operations in and its financial position subsequent to the financial year end. The Company has been closely monitoring the impact of COVID-19 on the Company's business.

As a result of COVID-19, there are limited operations of the Company and as the situation is fast evolving, the effect of the COVID-19 outbreak is subject to significant levels of uncertainty, with the full range of possible effects unknown. Furthermore, while the effects of COVID-19 is expected to have an adverse impact on profits and operating cash flows, management believes that the Company has sufficient liquidity and support from parent Company available to continue to meet its financial commitments for the foreseeable future when they become due.

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DIGIPHOTO IMAGING (MACAU) LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2020

HMV & ASSOCIATES

Certified Public Accountants

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DIGIPHOTO IMAGING (MACAU) LIMITED

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INDEPENDENT AUDITOR'S REPORT

TO THE MANAGEMENT OF
DIGIPHOTO IMAGING (MACAU) LIMITED
(Incorporated in Macau with limited liability)

We have audited the financial statements of the Digiphoto Imaging (Macau) Limited (the "Company") set out on pages 3 to 13, which comprise the balance sheet as at 31 December 2020, and the income statement, the statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The management of the Company is responsible for the preparation and the true and fair presentation of these financial statements in accordance with Financial Reporting Standards issued by the Government of Macau Special Administrative Region. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and maintaining proper and accurate accounting records.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with the Auditing Standards and Technical Auditing Standards issued by the Government of Macau Special Administrative Region. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and the true and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (continued)

TO THE MANAGEMENT OF
DIGIPHOTO IMAGING (MACAU) LIMITED
(Incorporated in Macau with limited liability)

Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of Digiphoto Imaging (Macau) Limited as at 31 December 2020 and of its operating results and cash flows for the year then ended in accordance with Financial Reporting Standards of Macau Special Administrative Region.

Use of report

This report has been prepared solely for the management purpose of the Company and is not intended for any other purpose.

Ho Mei Va
Certified Public Accountant
HMV & Associates

Macau, [ ] [ ] 2021

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DIGIPHOTO IMAGING (MACAU) LIMITED

INCOME STATEMENT

Year ended 31 December 2020

	Notes	2020 MOP	2019 MOP
REVENUE			
Service income	3	5,121,019	24,552,072
Other income	4	8,111	15,000
		5,129,130	24,567,072
Partner revenue share		(1,897,926)	(11,913,447)
Direct operating expenses	5	(2,553,795)	(9,447,706)
Depreciation		(134,919)	(85,944)
Other operating and administrative expenses		(2,325,944)	(2,990,390)
(LOSS) / PROFIT BEFORE TAX	6	(1,783,454)	129,585
Income tax expense	7	-	-
(LOSS) / PROFIT FOR THE YEAR		(1,783,454)	129,585

DIGIPHOTO IMAGING (MACAU) LIMITED
BALANCE SHEET
31 December 2020

IMPORTANT NOTICE

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	Notes	2020 MOP	2019 MOP
ASSETS			
NON-CURRENT ASSETS			
Plant and equipment	8	427,507	562,426
CURRENT ASSETS			
Amount due from immediate holding company	9	25,000	25,000
Amounts due from related companies	10	357,828	214,774
Inventories	11	876,397	969,350
Accounts receivable		347,783	2,333,713
Prepayments, deposits and other receivables		26,825	118,098
Cash and bank balances		405,213	1,136,712
		2,039,046	4,797,647
TOTAL ASSETS		2,466,553	5,360,073
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	12	25,000	25,000
Legal reserve	13	12,500	12,500
Accumulated losses		(5,810,783)	(4,027,329)
		(5,773,283)	(3,989,829)
CURRENT LIABILITIES			
Accounts payable		171,986	723,864
Other payables and accruals		111,004	1,503,309
Income tax payable		-	64,742
Amounts due to related companies	10	7,956,846	7,057,987
		8,239,836	9,349,902
TOTAL EQUITY AND LIABILITIES		2,466,553	5,360,073

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Director Director

IMPORTANT NOTICE

This document is in **DRAFT** form and **INCOMPLETE**. It is subject to review and change and therefore its contents cannot be relied upon as being accurate.

DIGIPHOTO IMAGING (MACAU) LIMITED
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2020

	Share capital MOP	Legal reserve MOP	Accumulated losses MOP	Total MOP
At 1 January 2019	25,000	12,500	(4,156,914)	(4,119,414)
Profit for the year	-	-	129,585	129,585
At 31 December 2019 and 1 January 2020	25,000	12,500	(4,027,329)	(3,989,829)
Loss for the year	-	-	(1,783,454)	(1,783,454)
At 31 December 2020	25,000	12,500	(5,810,783)	(5,773,283)

IMPORTANT NOTICE

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DIGIPHOTO IMAGING (MACAU) LIMITED

CASH FLOW STATEMENT

Year ended 31 December 2020

	2020 MOP	2019 MOP
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before tax	(1,783,454)	129,585
Adjustments for:		
Depreciation	134,919	85,944
Write-off of other payables and accruals	(8,111)	(15,000)
	(1,656,646)	200,529
(Increase) / decrease in amounts due from related companies	(143,054)	201,652
Decrease in inventories	92,953	282,858
Decrease in accounts receivable	1,985,930	329,937
Decrease in prepayments, deposits and other receivables	91,273	60,307
(Decrease) / increase in accounts payable	(551,878)	38,088
(Decrease) / increase in other payables and accruals	(1,384,194)	207,516
Increase / (decrease) in amounts due to related companies	898,859	(305,650)
Cash (used in) / generated from operations	(666,757)	1,015,237
Tax paid	(64,742)	-
Net cash (used in) / from operating activities	(731,499)	1,015,237
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	-	(597,562)
Net cash used in investing activities	-	(597,562)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(731,499)	417,675
Cash and cash equivalents at beginning of year	1,136,712	719,037
CASH AND CASH EQUIVALENTS AT END OF YEAR	405,213	1,136,712

1. GENERAL INFORMATION

Digiphoto Imaging (Macau) Limited (the "Company") is a limited liability company incorporated in Macau on 26 February 2014. The address of its registered office is Calcada de Santo Agostinho, no.19, 7 andar, Macau. The principal activities of the Company are provision of services of souvenir photography and sales of photos and products related with photography.

The Company's immediate holding company is DEI Holdings Limited, a company incorporated in United Arab Emirates. The Directors consider that DEI Holdings Limited is also the ultimate holding company of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

Basis of preparation

These financial statements have been prepared under historical cost convention and in accordance with Financial Reporting Standards set out in Administrative Regulation No. 25/2005 approved by the Government of Macau Special Administrative Region. These financial statements are not statutory financial statements and have been prepared solely for the information of the management of the Company.

As at 31 December 2020, the Company's current liabilities exceeded its total assets by approximately MOP5,773,000. In the opinion of the Directors, as the Company's immediate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due, accordingly these financial statements have been prepared on the going concern basis.

The preparation of financial statements in conformity with Macau Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

New financial reporting standards approved but not yet applied

Pursuant to the Dispatch No. 44/2020 of Secretary of Economy and Finance of Macau Special Administrative Region, Macau Government has promulgated a new set of financial reporting standards which replace the Macau Financial Reporting Standards previously issued under the Administrative Regulation No. 25/2005. The new financial reporting standards will be effective for accounting periods beginning on or after 1 January 2022. The Company has not early applied the new financial reporting standards, and is in the process of making an assessment of the impact of these new financial reporting standards upon initial application which would affect the presentation, disclosure and remeasurement of the financial statements of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably, on the following bases:

i) Revenue in respect of services and goods sold is recognised in the period in which the souvenir photography services are rendered;
ii) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rate applicable.

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation of plant and equipment is calculated using straight-line method to write off cost to their residual values over their estimated useful lives as follows:

Computer equipment	3 - 5 years
Furniture and fixtures	3 - 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

Gains or losses arising from disposal or retirement are determined as the difference between the net sales proceeds and the carrying amounts of the assets and are recognised in profit or loss on the date of the assets' disposal or retirement.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If such indication exists, the Company makes an estimate of the asset's recoverable amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are 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 assets. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of the impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. The reversal of the impairment loss is credited to profit or loss in the year in which it arises.

Inventories

Inventories of materials and consumables are stated at the lower of cost and net realisable value, and are expensed when consumed in operations. Cost is determined on a weighted average basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions and contingent liabilities

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 economic benefits will be required to settle the obligation, and the amount has been reliably measured.

Where it is not probable that outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligations are disclosed as contingent liabilities, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Taxation

Income tax expense represents current income tax expense. Income tax payable represents the anticipated amount payable to the tax authorities, using the tax rates that have been substantively enacted by the balance sheet date.

Deferred tax is provided using the liability method on temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes. Deferred tax liabilities are provided in full while deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Cash and cash equivalents

Deposits and bank balances are carried in the balance sheet at cost.

For the purpose of the cash flow statement, cash and cash equivalents include cash in hand, and other short term highly liquid investments with original maturities of three months or less when acquired.

Foreign currency translation

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

3. REVENUE

The revenue represents the gross service income for the provision of services of souvenir photography and sales of photos and products related with photography during the year.

4. OTHER INCOME

	2020 MOP	2019 MOP
Write-off of other payables and accruals	8,111	15,000

5. DIRECT OPERATING EXPENSES

	2020 MOP	2019 MOP
Cost of materials and consumables	649,762	3,184,365
Outsourced labour costs	1,859,064	6,060,394
Other direct expenses	44,969	202,947
	2,553,795	9,447,706

6. (LOSS) / PROFIT BEFORE TAX

(Loss) / profit before tax is arrived at after charging:

	2020 MOP	2019 MOP
Depreciation	134,919	85,944
Exchange difference, net	133,344	129,758

7. INCOME TAX EXPENSE

Macau complementary tax is provided at the applicable tax rates on the estimated assessable profit for the year. No Macau complementary tax has been provided as the Company did not generate any assessable profit attributable to its operations during the year.

	2020 MOP	2019 MOP
Macau complementary tax		
- Provision for current year	-	-

Reconciliation between tax expense and accounting profit in the financial statements is as follows:

	2020 MOP	2019 MOP
(Loss) / profit before tax	(1,850,121)	129,585
Tax at the applicable tax rate of 12% (2019: 12%)	(222,015)	15,551
Effect of progressive tax rate before 12%	-	-
Effect of non-deductible expenses	1,069	420
Effect of deductible temporary differences not previously recognised for deferred tax purposes	(3,091)	(26,153)
Effect of tax losses not recognised	224,037	10,182
Tax expense	-	-

No deferred tax asset has been recognised in respect of the tax loss for the year due to unpredictability of future profit streams of the Company (2019: nil).

8. PLANT AND EQUIPMENT

	Computer equipment MOP	Furniture and fixtures MOP	Total MOP
Cost			
At 1 January 2019	1,035,910	217,870	1,253,780
Additions	288,748	308,814	597,562
Disposals	(44,728)	-	(44,728)
At 31 December 2019	1,279,930	526,684	1,806,614
Additions	-	-	-
At 31 December 2020	1,279,930	526,684	1,806,614
Accumulated depreciation			
At 1 January 2019	1,001,600	201,372	1,202,972
Charge for the year	41,146	44,798	85,944
Disposals	(44,728)	-	(44,728)
At 31 December 2019	998,018	246,170	1,244,188
Charge for the year	68,137	66,782	134,919
At 31 December 2020	1,066,155	312,952	1,379,107
Net book value			
At 31 December 2020	213,775	213,732	427,507
At 31 December 2019	281,912	280,514	562,426

9. AMOUNT DUE FROM IMMEDIATE HOLDING COMPANY

The amount due from the immediate holding company is unsecured, interest free and has no fixed terms of repayment.

10. AMOUNTS DUE FROM / TO RELATED COMPANIES

The amounts due from / to related companies are unsecured, interest free and have no fixed terms of repayment.

11. INVENTORIES

	2020 MOP	2019 MOP
Materials and consumables, at cost	876,397	969,350

12. SHARE CAPITAL

	2020 MOP	2019 MOP
Registered quota share capital		
Two quota shares of MOP12,500 each	25,000	25,000

13. LEGAL RESERVE

In accordance with the provisions of Macau Commercial Code, the Company is required to transfer a minimum of 25% of its annual net profit to a legal reserve until the balance of such reserve equals 50% of the registered share capital. This reserve is not distributable in form of dividends or otherwise to the shareholders of the Company.

14. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Company's directors on [ ] [ ] 2021.

Financial Statements

Digiphoto SAE
For the year ended 31 December 2020

Contents

Auditor's Report on Separate Financial Statements

Digiphoto SAE
For the year ended 31 December 2020

TO THE SHAREHOLDERS OF DOGIPHOTO SAE

Report on the Financial Statements

We have audited the accompanying financial statements of Digiphoto SAE ('the Company'), represented in statement of financial position as of 2020 , and the related statements of profit or loss, comprehensive income, cash flow and the changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement

The financial statements are the responsibility of the Company's Management, as Management is responsible for the preparation and fair presentation of the financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws. Management responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, include the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these financial statements.

Opinion

In our opinion the financial statements refereed to above, give true and fair view, in all material respects, of the separate financial position of Digiphoto SAE as of 2020, and its financial performance and its cash flow for the period from 1 January 2020 till 31 December 2020 in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

Report on other Legal and Regulatory Requirements

The company maintains proper accounting records that comply with the laws and the Company's articles of association and the financial statements agree with the Company's records

The financial information included in the Management Report, prepared in accordance with Law No. 159 of 2981 and its executive regulation, is in agreement with the books of the Company insofar as such information recorded therein.

Ramy Shalash

RAA 26825

[Cairo]

Dated: 29 April 2021

Separate Statement of Financial Position

Digiphoto SAE

As at 31 December 2020

	31 DEC 2020	31 DEC 2019
Assets		
Non-Current Assets		
Property, Plant and Equipment	649,827	948,668
Total Non-Current Assets	**649,827**	**948,668**
Current Assets		
Cash and Cash Equivalents	1,873,035	1,797,747
Prepayments	20,138	-
Trade and Other Receivables	1,495,992	1,571,612
Current Tax Asset	441,719	397,516
Inventories	348,971	768,839
Total Current Assets	**4,179,855**	**4,535,715**
Total Assets	**4,829,682**	**5,484,383**
Equity and Liabilities		
Equity		
Share Capital	62,500	62,500
Retained Earnings		
Retained earnings	(2,337,749)	(2,762,225)
Current year earnings	(1,967,441)	424,475
Total Retained Earnings	**(4,305,191)**	**(2,337,749)**
Total Equity	**(4,242,691)**	**(2,275,249)**
Liabilities		
Current Liabilities		
Trade and Other Payables	7,061,428	6,160,604
Current Tax Liability	1,869,567	1,443,876
Other Current Liabilities	141,377	155,152
Total Current Liabilities	**9,072,372**	**7,759,632**
Total Liabilities	**9,072,372**	**7,759,632**
Total Equity and Liabilities	**4,829,682**	**5,484,383**

Separate Statement of Profit or Loss

Digiphoto SAE

For the year ended 31 December 2020

	2020	2019
Revenue		
Sales	2,731,596	7,047,752
Total Revenue	**2,731,596**	**7,047,752**
Cost of Sales		
Cost of Goods Sold	822,352	1,820,996
COGS	-	161,868
Wages and Salaries	889,803	1,557,729
Total Cost of Sales	**1,712,155**	**3,540,593**
Gross Profit	**1,019,441**	**3,507,159**
Expenses		
Administrative Expenses		
Audit fees	66,000	59,400
Insurance	3,290	11,930
Directors, trustees and related party fees	2,313,508	2,290,601
Professional and consulting fees	246,840	258,720
Superannuation expenses	-	1,102
Total Administrative Expenses	**2,629,638**	**2,621,752**
Other Expenses		
Expense	58,403	183,918
Depreciation	298,841	258,793
Repairs and maintenance	-	18,220
Total Other Expenses	**357,244**	**460,931**
Total Expenses	**2,986,882**	**3,082,684**
Profit (Loss) Before Tax	**(1,967,441)**	**424,475**
Profit (Loss) for the Period from Continuing Operations	**(1,967,441)**	**424,475**
Profit (Loss) for the Period	**(1,967,441)**	**424,475**
Total Comprehensive Income for the Period	**(1,967,441)**	**424,475**

Separate Statement of Comprehensive Income

Digiphoto SAE

For the year ended 31 December 2020

	2020	2019
Revenue		
Sales	2,731,596	7,047,752
Total Revenue	**2,731,596**	**7,047,752**
Cost of Sales		
COGS	-	161,868
Cost of Goods Sold	822,352	1,820,996
Wages and Salaries	889,803	1,557,729
Total Cost of Sales	**1,712,155**	**3,540,593**
Gross Profit	**1,019,441**	**3,507,159**
Expenses		
Administrative Expenses	2,629,638	2,621,752
Other Expenses	357,244	460,931
Total Expenses	**2,986,882**	**3,082,684**
Profit (Loss) Before Tax	**(1,967,441)**	**424,475**
Profit (Loss) for the Period from Continuing Operations	**(1,967,441)**	**424,475**
Profit (Loss) for the Period	**(1,967,441)**	**424,475**
Total Comprehensive Income for the Period	**(1,967,441)**	**424,475**

Statement of Cash Flows - Indirect Method

Digiphoto SAE

For the year ended 31 December 2020

	2020	2019
Operating Activities		
Profit after taxation	(1,967,441)	424,475
Adjustments for non-cash items		
Depreciation	298,841	258,793
Changes in operating assets and liabilities		
Accounts receivable	75,620	(690,694)
Inventory	419,868	(24,352)
Prepaid expenses	-	50,000
Other current assets	(44,203)	(167,453)
Accounts payable	2,312,555	27,819
Other current liabilities	(1,002,775)	1,357,477
Net cash provided by operating activities	**92,464**	**1,236,066**
Investing Activities		
Payment for property, plant & equipment	-	(551,874)
Other cash items from investing activities	(20,138)	-
Net cash provided by investing activities	**(20,138)**	**(551,874)**
Financing Activities		
Other cash items from financing activities	2,961	-
Net cash provided by financing activities	**2,961**	**-**
Net Cash Flows	**75,287**	**684,192**
Cash and Cash Equivalents		
Cash and cash equivalents at beginning of period	1,797,747	1,113,556
Cash and cash equivalents at end of period	1,873,035	1,797,747
Net change in cash for period	**75,287**	**684,192**

Notes to the Separate Financial Statements

Digiphoto SAE
For the year ended 31 December 2020

1. Introduction

Digiphoto Company (S.A.E) (the company) is an Egyptian joint stock company incorporated on 20 July 2016 under the provisions

of companies' law No. 159 for the year 1981. The company was registered in the commercial register under registration No. 95340

on 20 JULY 2016.

The purpose of the company is photography, general trading and distribution. The Company may have interest or participate

by any means with corporates and others, which practice business similar to its business or which may assist it to achieve its

purpose in Egypt or abroad, as it may merge in the aforementioned bodies or acquire it and this is according to provisions of law

and its executive regulation.

The company registered office is at 18 El Obour Buildings, Salah Salem Street. Nasr City, Cairo, Egypt

The company's parent is UAE company DEI HOLDINGS LIMITED.

2. Accounting Policies

The following is a summary of the most significant accounting policies applied in the preparation of these separate financial statements:

2-1 BASIS OF PREPARATION

The separate financial statements of the company are prepared in accordance with Egyptian Accounting Standards ("EAS") and the related applicable laws and regulations.

The financial statement shave been prepared in Egyptian pounds (LE), which is the Company's functional and presentation currency.

The financial statement shave been prepared under the going concern assumption on a historical cost basis.

2-2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumption sand estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimate sand their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

The key judgement and estimates that have significant impact on the financial statement of the Company are discussed below:

Judgement

The general personal judgments for implementation of the company accounting policies:

In general the application of the company's accounting policies does not require from management the use of personal judgment (except relating to significant accounting estimate and judgments described below which might have a major impact on the value recognized at the financial statement).

Estimations

Estimates and adjustments 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 Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

Taxes

The Company is subject to income taxes in Egypt. Significant judgment is required to determine the total provision for current and deferred taxes. The Company established provisions,based on reasonable estimates, for possible consequences of audits by the tax authorities in Egypt. The amount of such provision is based on various factors,such as experience of previous tax audits and differing interpretations of tax regulations by the Company and the responsible tax authority. Such differences of interpretations may arise on a wide variety of issues depending on the conditions prevailing in Egypt.

2-3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign currencies

Transactions in foreign currencies rerecorded at the rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. All differences are recognized in the statement of income.

Non monetary items that are measured at historical cost in foreign currency are translated using the exchange rates prevailing at the dates of the initial recognition.

Non monetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair values determined.

Accounts receivable and other debit balances

Accounts receivable and other debit balances are stated at original invoice amount less any impairment losses.

Provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables.Impairment losses are measured as the difference between the receivables carrying amount and the present value of estimated future cash flows.

Suppliers and accrued expenses

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Trade parables are generally carried at the value of goods or services received from others, whether invoiced or not. Trade parables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trades payable are recognized initially at fair value, and subsequently measured at amortized cost using the effective interest method, where material.

Expenses

All expenses including operating expenses,general and administrative expenses and other expenses are recognized and charged to the statement of income in the financial year in which these expenses were incurred.

Related party transactions

Related parties represent in parent company ,associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the boards of directors.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months less bank overdrafts.

Statement of cash flows

The statement of cash flows is prepared using the indirect method.

FAIR VALUE MEASUREMENT

Fair value is 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. The fair value measurements based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For assets traded in an active market, fair value is determined by reference to quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

For unquoted assets, fair value is determined by reference to the market value of similar asset or is based on the expected discounted cash flows.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservant inputs.

All assets and liabilities for which fair values measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

· Level 1 – Fair value measurements are those derived from quoted prices in an active market (that are adjusted) for identical assets or liabilities.

· Level 2 – Fair value measurements are those derived from 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).

· Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that aren't based on observable market data (unobservant inputs).

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3. Capital

The Company's authorized capital amounts LE 2,500,000, the issued capital is LE 250,000, shares are divided over 2,500 of par value LE 100 each while the Company's paid up capital amounts LE 62,500 as follows:

Shareholder	Number of shares	Participation %	Issued Capital LE	Paid up Capital LE
RAMAKRISHNAN KALAPATHY SHANKAR	25	1%	2,500	625
SANGHAMITRA RAMAKRISHNAN KALPATHY	25	1%	2,500	625
DEI HOLDINGS LIMITED	2,450	98%	245,000	61,250
Total	2,500	100%	250,000	62,500

DEI HOLDINGS LIMITED
(Separate Financial Statements)

P.O. Box 214745, Dubai, United Arab Emirates

Standalone Financial Statements and Auditor's Report

For the Year Ended December 31, 2020

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Board of Director's Report to the Shareholders

The board of director submits its report and audited financial statements for the year ended December 31, 2020.

Results

The net loss for the year amounted to USD 193,748 as compared to net loss of USD 817,908 in the previous year 2019.

Review of the business

The activity of the Company is to own properties, which are approved by Jebel Ali Free Zone Authority (JAFZA) and to act as holding Company.

Auditors

A resolution to re-appoint N. R. Doshi & Partners, Public Accountants as auditors and fix their remuneration will be put to the shareholders at the Annual General Meeting.

On Behalf of the Board

____

Mr. Ramakrishnan Kalapathy Shankar
Director

Date : August 14, 2021

Independent Auditor's Report to the Shareholders of

DEI HOLDINGS LIMITED
P.O. Box 214745, Dubai, United Arab Emirates

Report on the audit of the financial statements

We have audited the financial statements of **DEI Holdings Limited** ("the Company"), which comprise the statement of financial position as at December 31, 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements, including summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of opinion

We conducted our audit in accordance with the 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 (the "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.

Emphasis of matter

These financial statements relates to the accounts of the DEI Holdings Limited (Standalone) only. In order to ascertain the state of affairs of the group including the Company and its subsidiaries as a whole, reference should be made to the consolidated financial statements of DEI Holdings Limited which includes figures of subsidiary companies.

Responsibilities of management and those charged with governance for the financial statements

The Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Articles of Association of the Company 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.

(Independent auditor's report continued on next page...)

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.

As part of an audit in accordance with ISAs, 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 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 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.

Public Accountants

Dubai, United Arab Emirates

Date : August 14, 2021

DEI HOLDINGS LIMITED
P.O. Box 214745, Dubai, United Arab Emirates

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended December 31, 2020 All figures are expressed in US Dollars	**Notes**	**2020**	**2019**
Continuing operations			
Revenue from contract with customers		0	0
Cost of revenue		0	0
Gross profit		0	0
Other income	6	122,203	294,736
Other administrative expenses	7	(317,389)	(1,095,721)
Operating Loss		(195,186)	(800,985)
Finance cost	8	(489,208)	(252,271)
Finance income		490,646	235,348
Loss from continuing operations		(193,748)	(817,908)
Discontinued operations			
Loss for the year from discontinued operations		0	0
Loss for the year		**(193,748)**	**(817,908)**
Attributable to :			
Shareholders of the Company		(193,748)	(817,908)
Non-controlling interest		0	0
Loss for the year		(193,748)	(817,908)
Other comprehensive income			
- Items that will not be reclassified subsequent to profit or loss		0	0
- Items that may be reclassified subsequent to profit or loss		0	0
Other comprehensive income for the year		**0**	**0**
Total Comprehensive income for the year		**(193,748)**	**(817,908)**
Attributable to:			
Shareholders of the Company		(193,748)	(817,908)
Non-controlling interest		0	0
		(193,748)	(817,908)

These standalone financial statements on pages 4 to 21 were authorised for issue on August 14, 2021 by the board of director and signed on behalf of the board by:

Mr. Ramakrishnan Kalapathy Shankar
Director

The accompanying notes 1 to 23 form an integral part of these standalone financial statements.

DEI HOLDINGS LIMITED
P.O. Box 214745, Dubai, United Arab Emirates

Statement of Financial Position

As at December 31, 2020 All figures are expressed in US Dollars	**Notes**	**2020**	**2019**
ASSETS			
Non-Current Assets			
Investments in subsidiaries	9	284,095	284,095
Financial assets at amortised cost	10	15,692,210	9,017,658
Total non-current assets		15,976,305	9,301,753
Current Assets			
Financial assets at amortised cost	10	556,965	492,977
Cash and bank balances	11	30,253	53,107
Other assets	12	39,224	60,173
Total current assets		626,442	606,257
Total assets		**16,602,747**	**9,908,010**
LIABILITIES			
Non-Current Liabilities			
Bank Borrowings	13	1,500,000	3,500,000
Total Non-Current Liabilities		1,500,000	3,500,000
Current Liabilities			
Bank Borrowings	13	2,000,000	2,000,000
Financial liabilities at amortised cost	14	1,109,339	1,020,854
Total current liabilities		3,109,339	3,020,854
Total liabilities		**4,609,339**	**6,520,854**
Net assets		**11,993,408**	**3,387,156**
EQUITY			
Share capital	1.1	13,615	13,615
Shareholders' loan accounts	15	13,200,000	4,400,000
Retained earnings	16	(1,220,207)	(1,026,459)
Total equity		**11,993,408**	**3,387,156**

These standalone financial statements on pages 4 to 21 were authorised for issue on August 14, 2021 by the board of director and signed on behalf of the board by:

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Mr. Ramakrishnan Kalapathy Shankar
Director

The accompanying notes 1 to 23 form an integral part of these standalone financial statements.

DEI HOLDINGS LIMITED

P.O. Box 214745, Dubai, United Arab Emirates

Statement of Changes in Equity

For the Year Ended December 31, 2020

All figures are expressed in US Dollars

	Share Capital	Retained Earnings	Shareholders' Loan Accounts	Total
Balance as at January 1, 2019	13,615	(208,551)	0	(194,936)
Loss for the year	0	(817,908)	0	(817,908)
Other comprehensive income	0	0	0	0
Total comprehensive income for the year	0	(817,908)	0	(817,908)
Transaction with shareholders recorded directly in equity				
Funds introduced	0	0	4,400,000	4,400,000
Balance as at December 31, 2019	**13,615**	**(1,026,459)**	**4,400,000**	**3,387,156**
Loss for the year	0	(193,748)	0	(193,748)
Other comprehensive income	0	0	0	0
Total comprehensive income for the year	0	(193,748)	0	(193,748)
Transaction with shareholders recorded directly in equity				
Funds introduced	0	0	8,800,000	8,800,000
Balance as at December 31, 2020	**13,615**	**(1,220,207)**	**13,200,000**	**11,993,408**

The accompanying notes 1 to 23 form an integral part of these standalone financial statements.

DEI HOLDINGS LIMITED
P.O. Box 214745, Dubai, United Arab Emirates

Statement of Cash Flows

For the Year Ended December 31, 2020 All figures are expressed in US Dollars	**Notes**	**2020**	**2019**
I. Cash flow from operating activities			
Net (loss) for the year		(193,748)	(817,908)
Adjustments for:			
Finance cost		489,208	252,271
Finance income		(490,646)	(235,348)
Cash used in operations before working capital changes		(195,186)	(800,985)
Changes in financial assets at amortised cost		(63,988)	(62,679)
Chanages in other assets		20,949	(60,173)
Changes in financial liabilities at amortised cost		88,485	78,209
Net cash (used in) operating activities		**(149,740)**	**(845,628)**
II. Cash flow from investing activities			
Changes in investment in subsidiaries		0	100
Changes in financial assets at amortised cost		(6,674,552)	(9,017,658)
Interest received		490,646	235,348
Interest paid		(489,208)	(252,271)
Net cash (used in) investing activities		**(6,673,114)**	**(9,034,481)**
III. Cash flow from financing activities			
Funds introduce (net)		8,800,000	4,400,000
Changes in bank borrowings		(2,000,000)	5,500,000
Net cash flow from financing activities		6,800,000	9,900,000
((Decrease) / Increase in cash and cash equivalents	**(I + II + III)**	**(22,854)**	**19,891**
Cash and cash equivalents as at beginning of the year	(Note 5.6, 17)	53,107	33,216
Cash and cash equivalents as at end of the year	(Note 5.6, 17)	**30,253**	**53,107**
Non-cash financing and investing activities		**Nil**	**Nil**

The accompanying notes 1 to 23 form an integral part of these standalone financial statements.

DEI HOLDINGS LIMITED
P.O. Box 214745, Dubai, United Arab Emirates

Notes to the Financial Statements

For the Year Ended December 31, 2020
All figures are expressed in US Dollars

1 Legal Status, Business Activities and Management

1.1 Legal Status

DEI HOLDINGS LIMITED ("the Company") is registered as an Offshore Company with Jebel Ali Free Zone Authority with Limited liability under the registration number 171866 in accordance with Offshore Companies Regulations of Jebel Ali Free Zone of 2003. The Jebel Free Zone Offshore Companies Regulations 2018 replaces existing regulations.

The address of the Company is kept with their registered agent, Trident Trust Company (UAE) Limited, P.O. Box 214745, Dubai, United Arab Emirates.

The share capital of the Company is AED 50,000 divided into 50,000 shares of AED 1 each which is equivalent to USD 13,615.

As per the Addendum to the Memorandum of Association dated March 28, 2019, the following are the shareholders of the Company:

Name	**No. of Shares**	**AED**
Travel Circle International (Mauritius) Ltd	25,500	25,500
Ramakrishnan Kalapathy Shankar	12,500	12,500
Sanghamitra Ramakrishnan Kalapathy	12,000	12,000
Total	**50,000**	**50,000**

1.3 Business Activities

The activity of the Company is to own properties, which are approved by Jebel Ali Free Zone Authority (JAFZA) and to act as holding Company.

1.4 Management

The Board of Directors and Secretary of the Company are as follows:

Board of Directors
Ramakrishnan Kalapathy Shankar
Sanghamitra Ramakrishnan Kalapathy

Secretary
Nixen Paul Francis

Notes to the Financial Statements

2 Basis of Preparation

2.1 Compliance with International Financial Reporting Standard

The financial statements of the Company has been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretation Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

2.2 Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which are measured at fair value.

2.3 Functional and Presentation Currency

The financial statements are presented in US Dollar, which is the Company's functional currency. All financial information presented in US Dollar has been rounded to the nearest US Dollar.

3 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements in conformity with IFRSs required management to make judgements, 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. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

The key judgments and estimates and assumptions that have significant impact on the financial statements of the Company are as discussed below:

3.1 Classification of Investments

Management designates at the time of acquisition of securities whether these should be classified as at fair value or amortised cost. In judging whether investments in securities are classified as at fair value or amortised cost, management has considered the detailed criteria for determination of such classification as set out in IFRS 9 Financial Instruments.

3.2 Impairment of Financial Assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

3.3 Impairment of Non-Financial Assets

The Company assesses whether there are any indicators for impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amount may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

3.4 Fair Value Measurement of Financial Instrument

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

4.1 New Standards, Interpretations and Amendments to Existing Standards

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing from January 1, 2020. Although these new standards and amendments applied for the first time in 2020, they did not have a material impact on the financial statements of the Company. The new standard or amendment is described below:

IAS / IFRS	**Brief Description**
Amendments to IFRS 3	Definition of a Business
Amendments to IAS 1 & IAS 8	Definition of Material
Conceptual Framework	Amendments to Reference to the Conceptual
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform
Amendments to IAS 90	Employee Benefits Plan Amendment, Curtailment or Settlement

4.2 Standards and Interpretations Issued but not yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2020 reporting period and have not been early adopted by the Company.

IAS / IFRS	Effective Date (Annual reporting period commencing from)	Brief Description
Amendments to IFRS 16	June 1, 2020	COVID-19 Related Rent Concessions
Amendments to IFRS 3	January 1, 2022	Reference to the Conceptual Framework
Amendments to IAS 16	January 1, 2022	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	January 1, 2022	Onerous Contracts - Cost of Fulfilling a Contract
IFRS 17 and amendments to IFRS 17	January 1, 2023	Insurance Contracts
Amendments to IAS 1	January 1, 2023	Classification of Liabilities as current or Non-current
IFRS 10 and IAS 28	To be determined	Sale or Contribution of Assets between an Investors and its Associate or Joint Venture

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

5 Summary of Significant Accounting Policies

The accounting policies used by the Company in the preparation of these financial statements have been consistently applied to all the years presented, unless otherwise stated.

5.1 Foreign Currency

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

5.2 Royalty Income

The Company recognises income from royalty when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. It is recognised on accrual basis in accordance with the substance of the relevant agreement.

5.3 Investments and Other Financial Assets

Assets that are held for collection of contractual cash flows where those cash flows represents solely payments of principal and interest are measured at amortized cost. At initial recognition, the Company measures a financial assets at amortised cost at its fair value. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains / (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the

Financial asset at amortised cost is derecognised when:

i. The right to receive cash flows from the asset have expired,

ii. The Company retains the right to receive cash flow from the asset, but has assumed an obligation to pay them in full without material delay to the third party under a 'pass-through' arrangement,

iii. The Company has transferred its right to receive cash flow from the asset and either:

- has transferred substantially all the risks and rewards of the asset, or
- has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

5.4 Financial Liabilities

Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include financial liabilities at amortised cost and borrowings.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

5.5 Impairment of Non-Financial Assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

5.6 Cash and Cash Equivalents

Cash and cash equivalents for the purpose of cash flow statement comprises of cash in hand, bank current and call accounts and bank fixed deposits free from lien with a maturity date of three months or less from the date of deposit.

5.7 Investment in Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company 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 Company. They are deconsolidated from the date that control ceases.

Investment in subsidiary companies are recognised at cost. The cost method is a method of accounting for an investment whereby the investment is recognised at cost. The investor recognises income from the investment only to the extent that the investor receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as recovery of investment and are recognised as a reduction of cost of the investment.

These financial statements relates to the accounts of the DEI Holdings Limited (Standalone) only. In order to ascertain the state of affairs of the group including the Company and its subsidiaries as a whole, reference should be made to the consolidated financial statements of DEI Holdings Limited which includes figures of subsidiaries.

Notes to the Financial Statements

5.8 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material.)

6 Other Income

	2020	2019
Royalty income	122,203	292,295
Other miscellaneous income	0	2,441
	122,203	294,736

7 Other Administrative Expenses

	2020	2019
Professional fees	0	755,180
Other expenses	317,389	340,541
	317,389	1,095,721

8 Finance Cost

	2020	2019
Interest on borrowings	197,426	90,685
Interest on shareholders' loan	291,782	161,586
	489,208	252,271

9 Investments in Subsidiaries

	2020	2019
Investment in Digiphoto Studio	100	100
Investment in Digiphoto Entertainment Imaging PTE Ltd.	100	100
Investment in Digiphoto Entertainment Imaging SDN.BHD	100	100
Investment in PT Digiphoto Imaging Indonesia	100	100
Investment in Digiphoto Entertainment Imaging Co.LTD.	100	100
Investment in Digiphoto Entertainment Imaging Limited	100	100
Investment in Digiphoto Imaging (Macau) Limited	100	100
Investment in Digiphoto Entertainment Imaging Limited	275,000	275,000
Investment in Digiphoto, joint stock Company	6,888	6,888
Investment in DEI Solutions LTD	1,507	1,507
	284,095	284,095

DEI HOLDINGS LIMITED
P.O. Box 214745, Dubai, United Arab Emirates

Notes to the Financial Statements

Investments are made in following subsidiary companies:

Name of Company	Incorporated in	Voting Rights	Ownership
Digiphoto Entertainment Imaging LLC (note iii)	UAE	100	100
Digiphoto Entertainment Imaging Pte Ltd.	Singapore	100	100
Digiphoto Entertainment Imaging SDN.BHD	Malaysia	100	100
PT Digiphoto Imaging Indonesia (note iv)	Indonesia	100	100
Digiphoto Entertainment Imaging Co.LTD. (note v)	Thailand	100	100
Digiphoto Entertainment Imaging Limited	Hong Kong	100	100
Digiphoto Imaging (Macau) Limited (note vi)	Macau	100	100
Digiphoto Entertainment Imaging Limited	China	275,000	275,000
Digiphoto, joint stock Company (note viii)	Egypt	6,888	6,888
DEI Solutions LTD (note ix)	Mauritius	1,507	1,507
Total Investments in Subsidiary Companies		**284,095**	**284,095**

Notes:

i. These financial statements relates to the accounts of the DEI Holdings Limited (Standalone) only. In order to ascertain the state of affairs of the group including the Company and its subsidiaries as a whole, reference should be made to the consolidated financial statements of DEI Holdings Limited which includes figures of subsidiaries. The consolidated financial statements is prepared by the DEI Holdings Limited and can be obtained at P.O. Box 214745, Jebel Ali Free Zone, Dubai, U.A.E.

ii. Investments in subsidiaries in these financial statements are recognised at cost.

iii. 100% ownership of Digiphoto Entertainment Imaging LLC is in the name of Mr. Ramakrishnan Kalapathy Shankar, however the beneficial ownership lies with DEI Holdings Limited.

iv. 0.20% of the shares of PT. Digiphoto Imaging Indonesia is held by Mr.Ramakrishnan Kalapathy Shankar, however the beneficial ownership lies with DEI Holdings Limited. Remaining shares are held by the Company.

v. 50% of the shares of Digiphoto Entertainment Imaging Co.Ltd is held by Ms. Supranee Jogkaew, local resident of Thailand, 0.5% of shares is held by Mr.Ramakrishnan Kalapathy Shankar and another 0.5% is held by Mrs.Sanghamitra Ramakrishnan Kalapathy, however the beneficial ownership of all these shares lies with DEI Holdings Limited. Remaining shares are held by the Company.

vi. 50% of the shares of Digiphoto Imaging (Macau) Limited., Ltd is held by Mr.Ramakrishnan Kalapathy Shankar and another 50% is held by Mrs.Sanghamitra Ramakrishnan Kalapathy, however the beneficial ownership of all these shares lies with DEI Holdings Limited.

vii. 1% of the shares of Digiphoto, Joint Stock Company (Egypt), is held by Mr.Ramakrishnan Kalapathy Shankar and another 1% is held by Mrs.Sanghamitra Ramakrishnan Kalapathy, however the beneficial ownership of all these shares lies with DEI Holdings Limited.

viii. 100% shares of DEI Solutions Ltd is held by DEI Holdings Limited.

Notes to the Financial Statements

10 Financial Assets at Amortised Cost

	2020	2019
Long term financial assets at amortised cost		
Fixed deposits	500,000	500,000
Loan given to related party	15,192,210	8,517,658
	15,692,210	9,017,658
Short term financial assets at amortised cost		
Due from related parties	517,791	469,384
Other receivables	12,815	11,138
VAT receivable	26,359	12,455
	556,965	492,977

11 Cash and Bank Balances

Balance with bank in current account	30,253	53,107

12 Other Assets

Prepayments	39,224	60,173

13 Borrowings

Term loan	3,500,000	5,500,000
a. Current Portion (Repayable within a year)	2,000,000	2,000,000
b. Non Current Portion (Repayable after a year)	1,500,000	3,500,000
	3,500,000	5,500,000

14 Financial Liabilities at Amortised Cost

Accruals	7,193	21,016
Due to related parties	648,073	982,625
Interest payable on loan received	454,073	17,213
	1,109,339	1,020,854

Notes to the Financial Statements

15 Shareholders' Loan Accounts

	2020	2019
Travel Circle International (Mauritius) Ltd	8,500,000	2,200,000
Ramakrishnan Kalapathy Shankar	4,700,000	2,200,000
	13,200,000	4,400,000

16 Retained Earnings

Balance as at beginning of the year	(1,026,459)	(208,551)
Net loss for the year	(193,748)	(817,908)
Balance as at end of the year	(1,220,207)	(1,026,459)

17 Cash and Cash Equivalents

Balance with bank in current account	30,253	53,107

18 Related Party and Transactions with Related Parties

For the purpose of these financial statements, parties are considered to be related to the Company, if the party has the ability, directly or indirectly, to control the Company or exercise the significant influence over the Company in making financial or operating decisions, or vice versa, or where the Company and the party are subject to common control or significant influence. Related parties may be individuals or other entities.

18.1 Related Party Transactions

During the year, the following the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties:

Royalty income	122,203	292,295
Finance income	490,646	235,348
Finance cost	489,208	252,271
Other administrative expenses	268,323	275,363

18.2 Related Party Balances

Significant related party balances are as follows:

Loan given to related party	15,192,210	8,517,658
Due from related parties	517,791	469,384
Shareholders' loan accounts	13,200,000	4,400,000
Interest payable on loan received	454,073	17,213
Due to related parties	648,073	982,625

19 Financial Instruments

Financial instruments means financial assets and financial liabilities. The Company holds following financial instruments:

Financial assets	**2020**	**2019**
Financial assets as at amortized cost		
- Balance with bank in current account	30,253	53,107
- Other financial assets at amortized cost	16,249,175	9,510,635
	16,279,428	9,563,742

Financial liabilities		
Financial liabilities recognized as at amortized cost		
- Bank borrowings	3,500,000	5,500,000
- Financial liabilities at amortised cost	1,109,339	1,020,854
	4,609,339	6,520,854

20 Fair Values of Financial Instruments

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.

The Company uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique :

Level 1 : The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in level 1.

Level 2 : The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 : If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There were no transfers between different categories for recurring fair value measurements during the year.

21 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.

21.1 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL) and deposits with banks and financial institutions, as well as credit exposures customers.

a. Other Financial Assets and Cash and Cash Equivalents

With respect to credit risk arising from the other financial assets of the Company, which comprise bank balances and cash, other receivables and deposits, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets. These are considered to have low credit risk. No loss allowance is necessary considering 12 month expected loss.

Credit risk from balances with banks and financial institutions is low since the bank current accounts and bank margins are placed with high credit quality financial institutions and considering the profile of them, the management does not expect any counterparty to fail in meeting its obligations.

21.2 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.

Typically, 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.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual maturity dates:

Year Ended: December 31, 2020	Contractual cash flows	12 months or less	Above 12 months
Non-derivative financial liabilities			
- Bank borrowings	3,500,000	2,000,000	1,500,000
- Other financial liabilities at amortised cost	1,109,339	1,109,339	0
Derivative financial liabilities	0	0	0
Total financial liabilities	**4,609,339**	**3,109,339**	**1,500,000**

Year Ended: December 31, 2019	Contractual cash flows	12 months or less	Above 12 months
Non-derivative financial liabilities			
- Bank borrowings	5,500,000	2,000,000	3,500,000
- Other financial liabilities at amortised cost	942,645	942,645	0
Derivative financial liabilities	0	0	0
Total financial liabilities	**6,442,645**	**2,942,645**	**3,500,000**

At present, the Company expects to pay all liabilities at their contractual maturity. In order to meet such cash commitments, the Company expects the operating activity to generate sufficient cash inflows. In addition, the Company holds financial assets for which there is a liquid market and that are readily available to meet liquidity needs.

21.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates 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.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

a. Exposure to 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.

Interest has been charged at 4.71% (relevant period) and 2.57% (relevant period) per annum in respect of loan received amounting to USD 4,400,000 from shareholders. Interest has been charged at 4.05% per annum in respect of loan received amounting to USD 8,800,000 from Shareholders.

Interest is charged at 6 months LIBOR + 2.10% per annum in respect of loan given to Digiphoto Entertainment LLC. Interest is paid at 3 months LIBOR + 2.95% per annum in respect of borrowings from bank.

b. Exposure to Exchange Rate Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's significant monetary assets and liabilities denominated in foreign currencies are in USD. As the AED is currently pegged to the USD, balances in USD are not considered to represent significant currency risk.

21.4 Capital Management

Capital includes equity attributable to the shareholder of the Company. 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. The primary objective of the Company's capital management strategy is to ensure that it maintains a healthy capital gearing ratio in order to support its business and maximise shareholder value.

Loan Covenants

Under the terms of the major borrowing facilities, the Company is required to comply with the specific financial covenants which are either based on consolidated financial statements of the Company or based on consolidated financial statements of the parent Company.

22 Significant Events Occurring After the Date of Statement of Financial Position

There were no significant events occurring after the financial position date which require disclosure in the financial statements.

23 Comparative Figures

Previous year's figures are regrouped and reclassified wherever necessary so as to conform to the current year's presentation.

CORRESPONDENCE FILE

PRIVATE SAFARIS (EAST AFRICA) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS	: Alexander Andor Spiro (Swiss) : Madhavan Karunakaran Menon (Indian)
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	: 2nd floor, Oilibya Plaza : Muthaiga : P.O. Box 16913, 00620 : NAIROBI
INDEPENDENT AUDITOR	: PKF Kenya LLP : Certified Public Accountants : P.O. Box 14077, 00800 : NAIROBI
COMPANY SECRETARIES	: Scribe Services Secretaries : Certified Public Secretaries : 20th floor, Lonrho House : Standard Street : P.O. Box 3085, 00100 : NAIROBI
PRINCIPAL BANKERS	: Citibank N.A. : NAIROBI : Standard Chartered Bank Kenya Limited : NAIROBI

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 December 2020, 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 2020 the total revenue of the company decreased from Shs. 1,506,601,000 to Shs. 320,366,424. This decrease is as a result of the Covid 19 pandemic during the year.

Key performance indicators	**2020**	**2019**
Turnover (Shs '000)	320,366	1,506,601
Gross profit (Shs '000)	80,382	247,104
Gross profit margin (%)	25%	16%
(Loss)/profit for the year (Shs '000)	(81,959)	27,425

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.

Impact of covid-19 on the company's operations
The coronavirus (COVID-19) pandemic has triggered an unprecedented crisis and has taken the whole world by storm bringing it to a virtual standstill. The impact of the crisis is being felt by most of the industries and one of the sectors most hard hit is the travel and tourism industry. Government and the industry are focusing their effort on:

- Lifting travel restrictions. Domestic travel resumed in July 2020 and International travel resumed from August 2020.
- Issuance new standard operating procedures including the health protocols for safe travel.
- Promoting domestic business.
- Preparing comprehensive tourism plans for the revival sector.

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 22 to the financial statements.

REPORT OF THE DIRECTORS (CONTINUED)

DIVIDEND

The directors do not recommend the declaration of a dividend for the year (2019: 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.

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

With respect to each director at the time this report was approved:

(a) there is, so far as the person is aware, no relevant audit information of which the company's auditor is unaware; and

(b) the person has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

TERMS OF APPOINTMENT OF THE AUDITOR

PKF Kenya LLP continues in office in accordance with the company's Articles of Association and section 719 of the companies Act, 2015. The director monitors the effectiveness, objectivity and independence of the auditor. The director also approves the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fee.

BY ORDER OF THE BOARD

DIRECTOR

23rd MARCH 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act, 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company keeps proper accounting records that are sufficient to show and explain the transactions of the company; that disclose, with reasonable accuracy, the financial position of the company and that enable them to prepare financial statements of the company that comply with International Financial Reporting Standards and the requirements of the Companies Act, 2015. The directors are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2015. They also accept responsibility for:

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

The directors are of the opinion that the financial statements give a true and fair view of the financial position of the company as at 31 December 2020 and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015.

Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors on 23rd MARCH 2021 and signed on its behalf by:

DIRECTOR **DIRECTOR**

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

Opinion

We have audited the financial statements of Private Safaris (East Africa) Limited set out on pages 8 to 36, which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act, 2015.

Basis for Opinion

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

Other information

The directors are responsible for the other information. The other information comprises the report of the directors and schedules of cost of sales and expenditure but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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PKF

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

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

PKF

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

Auditor's responsibilities for the Audit of the Financial Statements (continued)

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

Report on other matters prescribed by the Companies Act, 2015

In our opinion the information given in the report of the directors on pages 2 and 3 is consistent with the financial statements.

PKF Kenya LLP

Certified Public Accountants
NAIROBI

25 March 2021

CPA Ritesh Haresh Mirchandani - P/No. 1631.
Signing partner responsible for the independent audit

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STATEMENT OF PROFIT OR LOSS

	Note	2020 Shs '000	2019 Shs '000
Revenue from contracts with customers	1	320,366	1,506,601
Cost of sales		(239,985)	(1,259,497)
Gross profit		80,382	247,104
Other operating income	2	4,681	9,379
Interest earned from fixed deposits		452	701
Net impairment (loss)/gain on financial and contract assets	20 (b)	(2,248)	8,180
Administrative expenses		(120,170)	(194,377)
Other operating expenses		(27,318)	(30,263)
Operating (loss)/profit	3	(64,221)	40,724
Finance income	5	1,643	629
(Loss)/profit before tax		(62,578)	41,353
Tax	6	(19,381)	(13,928)
(Loss)/profit for the year		(81,959)	27,425
(Loss)/earnings per share			
- basic and diluted (Shs.)	7	(26)	9

The notes on pages 12 to 36 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 7.

STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2020 Shs '000	2019 Shs '000
CAPITAL EMPLOYED			
Share capital	8	356,270	356,270
Retained earnings		(236,183)	(154,224)
Shareholders' funds		120,087	202,046
Non-current liabilities			
Lease liabilities	9	4,420	3,848
		124,507	205,894
REPRESENTED BY			
Non-current assets			
Deferred tax	10	113,327	132,595
Property and equipment	11	30,527	41,716
Intangible assets	12	542	2,142
Right-of-use assets	13	8,707	10,904
		153,103	187,357
Current assets			
Inventories	14	4,202	5,176
Trade and other receivables	15	51,275	153,446
Cash and cash equivalents	16	54,135	52,997
Tax recoverable		47,985	47,878
		157,597	259,497
Current liabilities			
Trade and other payables	17	181,602	233,401
Lease liabilities	9	4,592	7,559
		186,193	240,960
Net current (liabilities)/assets		(28,596)	18,537
		124,507	205,894

The financial statements on pages 8 to 36 were approved and authorised for issue by the Board of Directors on 23rd MARCH 2021 and were signed on its behalf by:

______________ DIRECTOR ______________ DIRECTOR

The notes on pages 12 to 36 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 7.

STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital Shs '000	Preference share capital Shs '000	Retained earnings Shs '000	Total Shs '000
Year ended 31 December 2019				
At start of year	62,500	293,770	(181,649)	174,621
Profit for the year	-	-	27,425	27,425
At end of year	62,500	293,770	(154,224)	202,046
Year ended 31 December 2020				
At start of year	62,500	293,770	(154,224)	202,046
(Loss) for the year	-	-	(81,959)	(81,959)
At end of year	62,500	293,770	(236,183)	120,087

The notes on pages 12 to 36 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 7.

STATEMENT OF CASH FLOWS

Operating activities	**Note**	**2020 Shs '000**	**2019 Shs '000**
Cash from operations	18	3,345	13,551
Tax paid		(220)	(391)
Net cash from operating activities		3,125	13,160
Investing activities			
Purchase of property and equipment	11	(1,451)	(22,204)
Purchase of intangible assets	12	-	(1,132)
Interest received		452	701
Proceeds from disposal of property and equipment		4,095	851
Net cash from/(used in) investing activities		3,096	(21,784)
Financing activities			
(Net Repayments of):			
- lease liabilities	9	(8,255)	(8,164)
Net cash (used in) financing activities		(8,255)	(8,164)
(Decrease) in cash and cash equivalents		(2,033)	(16,788)
Movement in cash and cash equivalents			
At start of year		52,997	67,963
(Decrease)		(2,033)	(16,788)
Effect of exchange rate changes		3,172	1,822
At end of year	16	54,135	52,997

The notes on pages 12 to 36 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 7.

NOTES

SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) **Basis of preparation**

The financial statements have been prepared under the historical cost convention and are in accordance with International Financial Reporting Standards (IFRS). The historical cost convention is generally based on the fair value of the consideration given in exchange of assets.

The financial performance of the company is set out in the report of the directors and in the statement of profit or loss. The financial position of the company is set out in the statement of financial position. Disclosures in respect of risk management are set out in Note 22 and disclosures in respect of capital management are set out in Note 23.

These financial statements comply with the requirements of the Companies Act, 2015. The statement of profit or loss 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.

Going concern and the impact of COVID-19 on the operations of the company

Since 31 March 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations and travel activity for long and indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The company has since and as a result has been faced with many travel bookings in hand being postponed, including some cancellations subsequent to the year end.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of the government responses remain unclear at this time due to uncertainty of the outcome. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact of the financial position and the results of the company for future periods.

The ultimate shareholder has also agreed to support the company to meet its financial obligations as they fall due and as a result the financial statements have been 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 2020. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Conceptual Framework for Financial Reporting issued on 29 March 2018
The revised conceptual framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the company.

Amendments to IAS 1 and IAS 8 Definition of Material (issued in October 2018)
The amendments, applicable to annual periods beginning on or after 1 January 2020, clarify the definition of material and how it should be applied by including in the definition guidance that previously featured elsewhere in IFRS.

NOTES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Amendments to IFRS 3: Definition of a Business (issued in October 2018)
The amendments, applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition. These amendments had no impact on the financial statements of the company, but may impact future periods should the company enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform (issued in September 2019)
The amendments, applicable to annual periods beginning on or after 1 January 2020, provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the company as it does not have any interest rate hedge relationships.

Amendments to IFRS 16 Covid-19 Related Rent Concessions (issued on 28 May 2020)
The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the company.

ii) **New standards, amendments and interpretations issued but not effective**

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

- Amendments to IAS 1 'Classification of Liabilities as Current or Non-current (issued in January 2020), effective for annual periods beginning or after 1 January 2023, clarify a criterion 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.

- Amendments to IAS 16 'Property, Plant and Equipment: Proceeds before Intended Use' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022 prohibit entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

NOTES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

ii) **New standards, amendments and interpretations issued but not effective (continued)**

- Amendments to IAS 37 'Onerous Contracts – Costs of Fulfilling a Contract' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022, specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

- Amendment to IAS 41 Agriculture 'Taxation in fair value measurements' (issued in May 2020), effective for annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted, removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

- Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards 'Subsidiary as a first-time adopter' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted, permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

- Amendments to IFRS 3 Business Combinations - The amendments added an exception to the the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. The amendments also clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

- Amendment to IFRS 9 Financial Instruments 'Fees in the '10 per cent' test for derecognition of financial liabilities' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted, clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (issued in September 2014), applicable from a date yet to be determined, address a current conflict between the two standards and clarify that a gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.

- IFRS 17 'Insurance Contracts' (issued in May 2017), effective for annual periods beginning on or after 1 January 2023, establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. The group does not issue insurance contracts.

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 group plans to apply the changes above, if applicable, from their effective dates.

NOTES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (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 companys 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.

- **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.

NOTES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- **Measurement of expected credit losses (ECL): (continued)**

Assessment of significant increase in credit risk: The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3). The company uses these guidelines in determining the staging of its assets unless there is persuasive evidence available to rebut these presumptions.

For trade receivables, the company has applied the simplified model under IFRS 9 where lifetime expected credit loss allowance is recognised on the basis of a provisioning matrix.

- **Useful lives, depreciation methods and residual values of property and equipment, intangible assets and right-of-use assets**

Management reviews the useful lives, depreciation methods and residual values of the items of property and equipment, intangible assets and right-of-use on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values. The carrying amount of property and equipment, intangible assets and right-of-use assets are disclosed in notes 11, 12 and 13, respectively.

- **Accounting for leases under IFRS 16**

Management has made various judgements and estimates under IFRS 16 as detailed below:

Incremental borrowing rate: To determine the incremental borrowing rate, the company:
- where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g.. term, country, currency and security.

Lease term/period: In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of offices and stores, the following factors are normally the most relevant:
- If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and vehicles leases have not been included in the lease liability, because the company could replace the assets without significant cost or business disruption.

NOTES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

  The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

  The carrying amounts of lease liabilities and right-of-use assets are disclosed in notes 9 and 13, respectively

- **Recognition of deferred income tax on tax losses**

  The company has partially recognised deferred tax assets on tax losses. In determining whether these tax losses will be utilised, the management makes judgement as to whether these will be utilised before they are forfeited based on the requirement of the Income Tax Act. Detailed assumptions on recognition of deferred tax assets have been set out in Note 10 of the financial statements.

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 not retranslated.

The resulting differences from conversion and translation are dealt with in profit or loss in the year in which they arise.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

- ***Financial assets***

All financial assets are recognised initially using the trade date accounting which is the date the group commits itself to the purchase or sale.

The company's financial assets which include cash and bank balances and trade and other receivables fall into the following categories:

- **Amortised cost:**
  Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding and are not designated at Fair Value Through Profit or Loss (FVTPL), are classified and measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured.

At initial recognition of a financial asset, the company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the company has not identified a change in its business models.

Derecognition/write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the company has transferred substantially all risks and rewards of ownership, or when the company has no reasonable expectations of recovering the asset.

Financial instruments that are subsequently measured at amortised cost are subject to impairment.

Impairment

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment assessment. No impairment loss is recognised on investments measured at FVTPL.

The company recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are measured at amortised cost:
- Cash and cash equivalents
- Trade and other receivables

The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which:
- the credit risk has increased significantly since initial recognition; or
- there is observable evidence of impairment (a credit-impaired financial asset).

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

NOTES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) **Financial instruments (continued)**

Impairment (continued)

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the reporting date, those which management has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

- ***Financial liabilities***

All financial liabilities are classified and measured at amortised cost.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the company's normal operating cycle, those payable or expected to be paid within 12 months of the reporting date and those which the company does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

- **Offsetting financial instruments**

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

f) **Property and equipment**

All property and equipment is initially recorded at cost and thereafter stated at historical cost less accumulated depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Depreciation is calculated on a straight line basis to write down the cost of each asset, to its residual value over its estimated useful life as follows:

	Rate %
Leasehold improvements	20%
Furniture and fittings	20%
Motor vehicles	20%
Computers equipment	33%

NOTES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) **Property and equipment (continued)**

The assets' residual values, useful lives and methods of depreciation are reviewed at the end of each reporting period and adjusted prospectively, if appropriate,.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss. On disposal of revalued amounts in the revaluation reserve relating to the particular assets being disposed of are transferred to retained earnings in the statement of changes in equity.

g) **Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

i) **Computer software**

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are estimated to be three years.

ii) **Trade marks**

Trade marks are shown at historical cost. Trade marks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over a period of five years to allocate the cost of trademarks over their estimated useful lives.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset is recognised in profit or loss.

h) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on direct purchase value. Net realisable value is the estimate of the selling price in the ordinary course of business less the selling expenses.

i) **Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) **Taxation**

The tax expense for the year comprises current and deferred tax and is recognised in profit or loss.

Current tax
Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

Deferred tax
Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

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.

l) **Impairment of non-financial assets and intangible assets**

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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.

NOTES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) **Accounting for leases (continued)**

The company as a lessee: (continued)

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.

The above accounting policy has been applied from 1 January 2018. Note 19 and Note 20 sets out the equivalent policy applied in the previous year and the impact of the change in accounting policy.

n) **Share capital**

Ordinary shares are classified as equity.

o) **Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

NOTES (CONTINUED)

	2020	2019
1. Revenue from contracts with customers	**Shs '000**	**Shs '000**
Sale of safari packages	320,366	1,506,601
2. Other operating income		
Gain on disposal of property and equipment	2,916	851
Other income	1,765	8,528
	4,681	9,379
3. Operating (loss)/profit		
The following items have been charged in arriving at the operating (loss)/profit:		
Depreciation on property and equipment (Note 11)	11,461	10,356
Amortisation of intangible assets (Note 12)	1,600	1,701
Depreciation on right of use assets (Note 13)	8,058	7,922
Staff costs (Note 4)	81,622	131,348
Director's remunaration	7,568	12,388
Auditors' remuneration		
- current year	1,561	1,385
- underprovision in prior year	-	22
Service charge and parking	1,612	3,140
Repairs and maintenance	738	981
4. Staff costs		
Salaries and wages - cost of sales	70,961	118,022
Other staff costs - administrative expenses	10,451	13,161
Pension costs: National Social Security Fund	210	165
	81,622	131,348

The average number of persons employed during the year, by category, were:	2020 No	2019 No
Management and administration	71	87
Total	71	87

5. Finance (income)	**2020 Shs '000**	**2019 Shs '000**
Lease liabilities interest (Note 9)	1,528	1,193
Foreign exchange (gain)/loss:		
- realised	349	(4,888)
- unrealised	(3,520)	3,066
Total finance income	(1,643)	(629)

NOTES (CONTINUED)

6. **Tax**	**2020 Shs '000**	**2019 Shs '000**
Current tax	113	210
Deferred tax charge (Note 10)	19,268	13,718
	19,381	13,928

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

(Loss)/profit before tax	(62,578)	41,353
Tax calculated at a tax rate of 25% (2019: 30%)	(15,645)	12,406
Tax effect of:		
- expenses not deductible for tax purposes	424	1,522
- effect of differential tax rate	(2,440)	-
- effect of deferred tax not recognised (Note 10)	37,042	-
Tax charge	19,381	13,928

Tax losses expire as follows:

	Shs	**Expiry**
- tax losses arising in 2013	243,476,565	31/12/2022
- tax losses arising in 2014	57,093,333	31/12/2023
- tax losses arising in 2015	60,626,667	31/12/2024
- tax losses arising in 2016	13,021,120	31/12/2025
- tax losses arising in 2018	29,400,837	31/12/2027
- tax losses arising in 2020	59,634,420	31/12/2029

7. **Earnings/(loss) per share**

Basic earnings/(loss) 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.

	2020 Shs	**2019 Shs**
(Loss)/profit attributable to equity holders (Shs.)	(81,959,000)	27,425,000
Weighted average number of ordinary shares (Number)	3,125,000	3,125,000
(Loss)/earnings per share (Shs).	(26)	9

8. **Share capital**	**2020 Shs '000**	**2019 Shs '000**
Authorised		
3,250,000 (2019: 3,250,000) ordinary shares of Shs. 20 each	65,000	65,000
2,937,695 (2019: 2,937,695) 6% non-cumulative redeemable preference shares of Shs. 100 each	293,770	293,770
	358,770	358,770
Issued and fully paid:		
3,125,000 (2019: 3,125,000) ordinary shares of Shs. 20 each	62,500	62,500
2,937,695 (2019: 2,937,695) 6% non-cumulative redeemable preference shares of Shs. 100 each	293,770	293,770
	356,270	356,270

The preference share are non-cumulative and only redeemable within a period of 20 years from the issue date (being 21 December 2017) if the company has not exercised its option to convert such shares to ordinary equity before such period elapses. The company holds the option for conversion of such shares at a predetermined number and valuation at any time over this period

9. Lease liabilities

	2020 Shs '000	2019 Shs '000
Non-current	4,420	3,848
Current	4,592	7,559
	9,012	11,407

Reconciliation of lease liabilities arising from financing activities:

	2020 Shs '000	2019 Shs '000
At start of year	11,407	5,662
Interest charged to profit or loss (Note 5)	1,528	1,193
Cash flows:		
- Amounts financed through leases	5,860	13,909
- Payments under leases	(9,783)	(9,357)
At end of year	9,012	11,407

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:

	2020 Shs '000	2019 Shs '000
6 months or less	4,257	3,969
6 - 12 months	435	3,590
1 - 2 years	4,320	3,848
	9,012	11,407

Weighted average effective interest rates at the reporting date was:	2020 %	2019 %
Lease liabilities	11.5% - 14%	11.5% - 14%

The carrying amounts of the company's lease liabilities are denominated in Kenya Shillings.

Maturity based on the repayment structure of lease liabilities is as follows:

Gross lease liabilities - minimum lease payments	2020 Shs '000	2019 Shs '000
Not later than 1 year	5,515	8,459
Later than 1 year and not later than 2 years	5,654	4,201
Total gross lease	11,169	12,660
Future interest expense on leases liabilities	(2,157)	(1,253)
Present value of lease liabilities	9,012	11,407

10. **Deferred tax**

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2019: 30%). The movement on the deferred tax account is as follows:

	2020 Shs '000	2019 Shs '000
At start of year	(132,595)	(146,313)
Charge/(credit) to profit or loss (Note 6)	19,268	13,718
At end of year	(113,327)	(132,595)

Deferred tax (assets) in the statement of financial position and deferred tax charge/(credit) to profit or loss are attributable to the following items:

	At start of year Shs '000	Charge/(credit) to profit or loss Shs '000	At end of year Shs '000
Deferred tax (assets)			
Property and equipment	(5,650)	751	(4,899)
Impairment loss	(597)	(668)	(1,265)
General provisions	(4,342)	(1,942)	(6,284)
Unrealised foreign exchange differences	(920)	1,976	1,056
Tax losses	(121,086)	(17,890)	(138,976)
Deferred tax asset not recognised	-	37,042	37,042
Net deferred tax (asset)	(132,595)	19,268	(113,327)

The deferred tax assets include an amount of Shs. 101,934,000 which relates to carried forward tax losses of Private Safaris (East Africa) Limited. The company has prepared financial forecasts for a period of 5 years from the financial year ended 31 December 2021 to 31 December 2025. Based on the financial statement projections management has determined that it will be highly probable that tax losses amounting to Shs. 123.476,565 will not be utilised before they expire in the year ended 31 December 2022. The forecasts have mainly been arrived at taking into account historical profit margins and expected revenue, taking into account bookings in hand. Based on the above, deferred tax assets amounting to Shs. 37,042,969 have not been recognised in the financial statements.

11. Property and equipment

Year ended 31 December 2020

	Leasehold improvements Shs '000	Furniture and fittings Shs '000	Motor vehicles Shs '000	Computer equipment Shs '000	Total Shs '000
Cost					
At start of year	45,717	19,009	104,257	43,358	212,341
Additions	119	-	10	1,322	1,451
Disposals	-	-	(13,662)	(131)	(13,793)
At end of year	45,836	19,009	90,605	44,549	199,999
Depreciation					
At start of year	45,453	18,709	65,409	41,054	170,625
On disposals	-	-	(12,518)	(96)	(12,614)
Charge for the year	251	72	9,441	1,697	11,461
At end of year	45,704	18,781	62,333	42,655	169,472
Net book value	132	228	28,272	1,894	30,527

Year ended 31 December 2019

	Leasehold improvements Shs '000	Furniture and fittings Shs '000	Motor vehicles Shs '000	Computer equipment Shs '000	Total Shs '000
Cost					
At start of year	45,717	18,680	87,394	41,404	193,195
Additions	-	329	19,829	2,046	22,204
Disposals	-	-	(2,966)	(92)	(3,058)
At end of year	45,717	19,009	104,257	43,358	212,341
Depreciation					
At start of year	44,420	18,446	60,660	39,801	163,327
On disposals	-	-	(2,966)	(92)	(3,058)
Charge for the year	1,033	263	7,715	1,345	10,356
At end of year	45,453	18,709	65,409	41,054	170,625
Net book value	45,717	300	38,848	2,304	41,716

All additions during the year were made through cash payments.

NOTES (CONTINUED)

12. **Intangible assets**	**Trademarks Shs '000**	**Computer software Shs '000**	**2020 Shs '000**	**2019 Shs '000**
Cost				
At start	304	25,722	26,026	24,894
Additions	-	-	-	1,132
At end of year	304	25,722	26,026	26,026
Amortisation				
At start of year	226	23,658	23,884	22,183
Charge for the year	17	1,583	1,600	1,701
At end of year	243	25,241	25,484	23,884
Net book value	61	481	542	2,142

Amortisation costs amounting to Shs. 1,600,000 (2019: Shs. 1,701,000) are included in other operating expenses.

13. **Right-of use assets**	**Leased buildings**	
	2020 Shs '000	**2019 Shs '000**
Cost		
At start of year	33,388	19,479
Additions	5,860	13,909
At end of year	39,248	33,388
Depreciation		
At start of year	22,484	14,562
Charge for the year	8,058	7,922
At end of year	30,542	22,484
Net book value	8,707	10,904

The company leases offices and stores. The leased offices and stores are typically for periods of between 1 and 5 years, with options to renew. None of the leases contains any restrictions or covenants other than the protective rights of the lessor or carries a residual value guarantee.

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

	2020 Shs '000	**2019 Shs '000**
Additions, as above	5,860	13,909
Less: amounts financed through lease liabilities	(5,860)	(13,909)
	-	-

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

NOTES (CONTINUED)

14. **Inventories**	**2020 Shs '000**	**2019 Shs '000**
Park tickets	4,202	5,176

15. Trade and other receivables

Trade receivables	9,519	110,017
Less: impairment provisions	(4,215)	(1,989)
Net trade receivables	5,304	108,028
Prepayments	278	1,345
Other receivables	45,306	33,273
Amount due from related parties (Note 21)	387	10,800
	51,275	153,446

		2020			**2019**	
	Gross amount Shs '000	**ECL allowance Shs '000**	**Carrying amount Shs '000**	**Gross amount Shs '000**	**ECL allowance Shs '000**	**Carrying amount Shs '000**
Trade receivables	9,519	(4,215)	5,304	110,017	(1,989)	108,028
Prepayments	278	-	278	1,345	-	1,345
Other receivables	45,306	-	45,306	33,273	-	33,273
Amount due from related parties	387	-	387	10,800	-	10,800
	55,490	(4,215)	51,275	155,435	(1,989)	153,446

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

	2020 Shs '000	**2019 Shs '000**
Kenya Shillings	41,377	32,053
Dollars	9,898	121,393
	51,275	153,446

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The company does not hold any collateral as security.

The company's credit risk arises primarily from trade receivables.

NOTES (CONTINUED)

	2020	2019
16. Cash and cash equivalents	**Shs '000**	**Shs '000**
Cash at bank and in hand	54,135	52,997

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the above.

Expected credit loss provisions amount to Shs. 413,684 (2019: 391,023). An expected credit loss amounting to Shs. 22,661 (2019: 391,023) has been recognised under profit or loss.

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

	2020	2019
	Shs '000	**Shs '000**
Kenya Shillings	9,176	10,892
United States Dollar	40,579	36,182
Euro	4,380	5,435
Sterling Pound	-	413
Swiss Frank	-	75
	54,135	52,997

17. Trade and other payables

Trade payables	70,645	33,844
Accruals for safaris	21,673	152,464
Deferred income	59,093	20,843
Accruals and other payables	22,230	22,092
Amount due to related party (Note 21)	7,961	4,158
	181,602	233,401

In the opinion of the directors, the carrying amounts of trade and other payables approximate to their fair value.

	2020	2019
The carrying amounts of the company's trade and other payables are denominated in the following currencies:	**Shs '000**	**Shs '000**
Kenya Shillings	108,758	204,241
United States Dollar	62,684	24,688
Euro	2,378	314
Indian Rupees	7,782	4,158
	181,602	233,401

17. Trade and other payables (continued)

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

Year ended 31 December 2020	**Up to 3 months Shs '000**	**4 to 12 months Shs '000**	**Total Shs '000**
Trade payables	39,785	30,860	70,645
Accruals for safaris	-	21,673	21,673
Deferred income	3,094	55,998	59,093
Accruals and other payables	3,066	19,164	22,230
Amounts due to related party	-	7,961	7,961
	45,946	135,656	181,602
Year ended 31 December 2019			
Trade payables	33,844	-	33,844
Accruals for safaris	-	152,464	152,464
Deferred income	20,843	-	20,843
Accruals and other payables	22,092	-	22,092
Amounts due to related party	4,158	-	4,158
	80,937	152,464	233,401

18. Cash from operations

Reconciliation of (loss)/profit before tax to cash from operations:

	2020 Shs '000	**2019 Shs '000**
(Loss)/profit before tax	(62,578)	41,353
Adjustments for:		
Depreciation on property and equipment (Note 11)	11,461	10,356
Depreciation on right-of-use assets (Note 13)	8,058	7,922
Amortisation of intangible assets (Note 12)	1,600	1,701
(Gain) on disposal of property and equipment	(2,916)	(851)
Interest income	(452)	(701)
Net foreign exchange (gain) (Note 5)	(3,172)	(1,822)
Changes in working capital:		
- inventories	974	(2,372)
- trade and other receivables	102,170	(48,067)
- trade and other payables	(51,799)	6,032
Cash from operations	3,345	13,551

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.

The following transactions were carried out and balances held with related parties:	2020 Shs '000	2019 Shs '000
i) **Sale of goods and services to other related party**	2,464	419,938
ii) **Purchase of goods and services to other related party**	7,524	15,032
iii) **Key management compensation**		
Salaries and other short term benefits - directors	7,568	12,388
iv) **Outstanding balances arising from sale and purchase of goods/services/property/other transactions**		
Amounts due from related parties (Note 15) - Parent	387	10,800
Amounts due to related parties (Note 17) - Other related parties	7,961	4,158

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.

	2020 Shs '000	2019 Shs '000
Effect of profit - (decrease)/increase	(1,349)	9,404

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.

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.

	2020 Shs '000	2019 Shs '000
Effect on profit - (decrease)	303	364

A 1% sensitivity rate is being used when reporting interest risk internally to key management personnel and represents managements assessment of the reasonably possible change in interest rates.

(b) **Credit risk**

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

Management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.

Exposure to this risk has been quantified in each financial asset note in the financial statements along with any concentration of risk.

In assessing whether the credit risk on a financial asset has increased significantly, the company compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the company considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due.

For these purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the company does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis. For such purposes, the company companys financial assets on the basis of shared credit risk characteristics, such as:
- type of instrument;
- industry in which the debtor operates; and
- nature of collateral.

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
- the disappearance of an active market for the financial asset because of financial difficulties.

The gross carrying amount of financial assets with exposure to credit risk at the reporting date was as follows:

Basis for measurement of loss allowance	**Lifetime expected credit losses Shs '000**
As at 31 December 2020	
Trade receivables	9,519
Cash and cash equivalents	54,526
Gross carrying amount	64,045
Loss allowance	(4,628)
Exposure to credit risk	59,417
Basis for measurement of loss allowance	
As at 31 December 2019	
Trade receivables	110,017
Cash and cash equivalents	52,997
Gross carrying amount	163,014
Loss allowance	(2,380)
Exposure to credit risk	160,634

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.

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 2020	3,445	22	623	340	5,089	9,519
As at 31 December 2019	70,297	28,276	9,325	292	1,827	110,017

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

Basis for measurement of loss allowance

	Lifetime expected credit losses		
Year ended 31 December 2020	**Trade receivable s Shs '000**	**Cash and cash equivalents Shs '000**	**Total Shs**
At start of year	(1,989)	(391)	(2,380)
Changes relating to assets	(2,226)	(23)	(2,248)
At end of year	(4,215)	(414)	(4,628)
Year ended 31 December 2019			
At start of year	(10,560)	-	(10,560)
Changes relating to assets	8,571	(391)	8,180
At end of year	(1,989)	(391)	(2,380)

(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 2020	Interest rate %age	Between 0 - 6 months Shs '000	Between 6 months - 1 year Shs '000	Between 1 - 2 years Shs '000	Total Shs '000
Non interest bearing liabilities:					
- Trade and other payables	-	45,946	135,656	-	181,602
Interest bearing liabilities					
- Lease liabilities	11.5% - 14%	2,758	2,758	5,654	8,412
		48,703	138,414	5,654	190,013
Year ended 31 December 2019					
Non interest bearing liabilities:					
- Trade and other payables	-	80,937	152,464	-	233,401
Interest bearing liabilities					
- Lease liabilities	11.5% - 14%	4,230	4,230	4,201	12,660
		85,167	156,694	4,201	246,061

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. **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.

23. **Presentation currency**

The financial statements are presented in Kenya Shillings (Shs).

SCHEDULE OF DIRECT COSTS AND EXPENDITURE

1. DIRECT COSTS	2020 Shs '000	2019 Shs '000
Accomodation and meals expenses	114,680	835,396
Entrance and parking fees	33,924	135,570
Transport	71,206	246,858
Fuel	3,224	8,914
Repairs and maintenance	2,301	6,672
Driver's allowance	1,652	6,451
Commission	5,592	(4,824)
Excursion and transport	5,340	13,601
Spare parts, tyres and tubes expenses	550	1,677
Other costs	1,516	9,182
Total direct costs	239,985	1,259,497

2. ADMINISTRATIVE EXPENSES

	2020 Shs '000	2019 Shs '000
Employment:		
Salaries and wages	71,171	118,187
Staff medical	6,910	6,638
Staff training and recruitment	55	52
Other staff costs	3,486	6,471
Total employment costs	81,622	131,348
Other administrative expenses:		
Director's remuneration	7,568	12,388
Promotions and sales support	2,802	6,929
Printing and stationery	813	1,415
Postages and telephones	2,114	2,059
Travelling and entertainment	2,322	6,021
Audit fees:		
- current year	1,561	1,385
- underprovision in prior year	-	22
Computer expenses	13,518	15,953
Legal and professional fees	2,482	2,774
Secretarial charges	112	112
Subscriptions	265	325
Bank charges	1,219	2,085
Gifts and donations	10	-
Sales agent fees	2,063	10,142
Miscellaneous expenses	1,699	1,419
Total other administrative expenses	38,548	63,029
Total administrative expenses	120,170	194,377

SCHEDULE OF DIRECT COSTS AND EXPENDITURE (CONTINUED)

3. OTHER OPERATING EXPENSES	2020 Shs '000	2019 Shs '000
Establishment:		
Light and water	1,612	3,140
Service charge and parking	2,408	3,978
Licences	1,062	1,697
Security	267	271
Repairs and maintenance	112	217
Insurance	738	981
Amortisation of intangible assets	1,600	1,701
Depreciation on property and equipment	11,461	10,356
Depreciation on right of use asset	8,058	7,922
Total other operating expenses	27,318	30,263

4. **FINANCE (INCOME)/COSTS**

Interest expense on lease liabilities	1,528	1,193
Realised exchange (gain)/losses	349	(4,888)
Unrealised foreign exchange losses	(3,520)	3,066
Total finance (income)/costs	(1,643)	(629)

PT DIGIPHOTO IMAGING INDONESIA

FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019
AND INDEPENDENT AUDITORS' REPORT

Approved by:

Date:

PT DIGIPHOTO IMAGING INDONESIA
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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PT DIGIPHOTO IMAGING INDONESIA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019
(Expressed in Rupiah, unless otherwise stated)

	Notes	2020	2019
ASSETS			
CURRENT ASSETS			
Cash on hand and in banks	2, 5	823,017,068	3,179,945,414
Trade receivables – third parties – net of allowance for impairment loss on receivables of Rp 204,480,002 in 2020	2, 6	1,361,853,793	3,415,842,458
Other receivables – related parties	2, 7, 26	5,349,445,241	490,134,084
Inventories	2, 8	3,183,574,836	3,765,589,282
Prepaid tax	2, 27	1,487,032,159	-
Prepaid expense	2, 9	146,055,262	23,467,679
Advance for purchases	2, 10	32,399,360	-
Due from related parties	2, 26	6,440,367,050	12,574,597,050
Total Current Assets		18,823,744,769	23,449,575,967
NON-CURRENT ASSETS			
Deferred tax assets	2, 27	168,856,923	-
Fixed assets – net of accumulated depreciation of Rp 3,831,390,685 in 2020 and Rp 2,304,080,906 in 2019	2, 11	3,298,813,557	4,544,843,662
Security deposits	2	8,000,000	8,000,000
Total Non-current Assets		3,475,670,480	4,552,843,662
TOTAL ASSETS		22,299,415,249	28,002,419,629

PT DIGIPHOTO IMAGING INDONESIA
STATEMENTS OF FINANCIAL POSITION (Continued)
DECEMBER 31, 2020 AND 2019
(Expressed in Rupiah, unless otherwise stated)

	Notes	2020	2019
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade payables			
Related party	2, 12, 26	8,988,733	-
Third parties	2, 12	1,412,142,334	1,729,682,238
Other payables			
Related parties	2, 13, 26	13,525,524,172	7,200,904,338
Third parties	2, 13	-	27,274,951
Taxes payable	2, 27	381,532,918	2,167,361,643
Accrued expenses	2, 14	1,829,276,657	2,860,136,265
Guarantee deposits	15	4,420,000	-
Lease liabilities	2, 17	1,666,666	-
Total Current Liabilities		17,163,551,480	13,985,359,435
NON-CURRENT LIABILITIES			
Deferred tax liabilities	2, 27	-	38,838,401
Estimated liabilities for employee benefits	2, 16	799,723,844	731,098,766
Total Non-Current Liabilities		799,723,844	769,937,167
TOTAL LIABILITIES		17,963,275,324	14,755,296,602
EQUITY			
Capital stock – par value Rp 877,100 per share Authorized, issued and fully paid capital – 6,000 shares	2, 18	5,262,600,000	5,262,600,000
Additional paid-in capital	19	409,706,900	409,706,900
Retained earnings (deficit)		(1,750,330,978)	6,696,487,167
Other equity components	20	414,164,003	878,328,960
Total Equity		4,336,139,925	13,247,123,027
TOTAL LIABILITIES AND EQUITY		22,299,415,249	28,002,419,629

See accompanying Notes to the Financial Statements which are an integral part of the financial statements.

PT DIGIPHOTO IMAGING INDONESIA
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in Rupiah, unless otherwise stated)

	Notes	2020	2019
SALES	2, 21	12,623,822,585	52,229,452,207
COST OF SALES	2, 22	(10,267,110,271)	(35,569,206,213)
GROSS PROFIT		2,356,712,314	16,660,245,994
Other income	2, 23	50,073,548	141,608,426
General and administrative expenses	2, 24	(11,300,760,267)	(8,979,372,933)
Other expenses	2, 25	(453,061,953)	(1,273,027,255)
INCOME (LOSS) BEFORE PROVISION FOR TAX EXPENSE		(9,347,036,358)	6,549,454,232
PROVISION FOR TAX INCOME (EXPENSE)			
Current	2, 27	-	(1,949,569,250)
Deferred	2, 27	99,609,687	(39,710,970)
Total provision for tax income (expense)		99,609,687	(1,989,280,220)
INCOME (LOSS) FOR THE YEAR		(9,247,426,671)	4,560,174,012
OTHER COMPREHENSIVE INCOME			
ITEMS NOT TO BE RECLASSIFIED TO PROFIT OR LOSS:			
Actuarial gain (loss)	2, 16	(640,125,789)	290,995,066
Income (loss) tax related to item not to be reclassified to profit or loss	2, 27	140,827,674	(72,748,767)
Total other comprehensive income for the year – net of tax		(499,298,115)	218,246,299
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		(9,746,724,787)	4,778,420,311

See accompanying Notes to the the Financial Statements which are an integral part of the financial statements.

PT DIGIPHOTO IMAGING INDONESIA
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in Rupiah, unless otherwise stated)

	Notes	Issued and Fully Paid Capital	Additional Paid-in Capital	Retained Earnings (Deficit)	Other Equity Components	Total Equity
Balance as of January 1, 2019		5,262,600,000	409,706,900	2,136,313,155	660,082,661	8,468,702,716
Comprehensive income for the year		-	-	4,560,174,012	218,246,299	4,778,420,311
Balance as of December 31, 2019		5,262,600,000	409,706,900	6,696,487,167	878,328,960	13,247,123,027
Adjustment on the implementation of PSAK No. 71	4, 6	-	-	(40,602,034)	-	(40,602,034)
Adjustment on the implementation of PSAK No. 24		-	-	841,210,560	35,133,158	876,343,718
Balance as of January 1, 2020 – restated	4	5,262,600,000	409,706,900	7,497,095,693	913,462,118	14,082,864,711
Comprehensive loss for the year		-	-	(9,247,426,671)	(499,298,115)	(9,746,724,786)
Balance as of December 31, 2020		5,262,600,000	409,706,900	(1,750,330,978)	414,164,003	4,336,139,925

See accompanying Notes to the Financial Statements which are an integral part of the financial statements.

PT DIGIPHOTO IMAGING INDONESIA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in Rupiah, unless otherwise stated)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	14,641,629,216	52,493,219,518
Cash paid to suppliers, employees and operational	(20,909,489,256)	(44,528,841,375)
Interest received	1,297,653	2,154,508
Payment of financial charges	(108,489,128)	(526,496,076)
Cash generated from (used in) operations	(6,375,051,515)	7,440,036,575
Payment of taxes	(3,272,860,883)	(360,960,148)
Net Cash Flows Provided by (Used in) Operating Activities	(9,647,912,398)	7,079,076,427
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(281,279,674)	(4,162,917,777)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of due from related parties	6,134,230,000	-
Addition (payment) in other payable	6,297,344,883	(791,367,932)
Addition other accounts receivable from related parties	(4,859,311,157)	(108,972,388)
Net Cash Flows Provided by (Used in) Financing Activities	7,572,263,726	(900,340,320)
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANKS	(2,356,928,346)	2,015,818,330
CASH ON HAND AND IN BANKS AT BEGINNING OF THE YEAR	3,179,945,414	1,164,127,084
CASH ON HAND AND IN BANKS AT END OF THE YEAR	823,017,068	3,179,945,414

See accompanying Notes to the Financial Statements which are an integral part of the financial statements.

PT DIGIPHOTO IMAGING INDONESIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(Expressed in Rupiah, unless otherwise stated)

1. GENERAL

a. The Entity's Establishment and General Information

PT Digiphoto Imaging Indonesia was established on March 23, 2011 based on Notarial Deed No. 7 of Hartono, S.H., notary in Bali. This deed was approved by Minister of law of the Republic of Indonesia under Decision Letter No. AHU-0028883.01.09 Year 2011 on April 12, 2011 and Notifications of Presidential Approval from Capital Investment Coordinating Board (BKPM) No. 00723/I/PPM/PMA/2011 dated March 15, 2011.

The Articles of Association have been amended several times, most recently by Notarial Deed No. 6 dated August 14, 2018 of Hamidah Meutiasari, S.H., M.Kn., a public notary in Jakarta, concerning the changes in the Company"s Articles of Association. This amendement was approved by the Minister of Law and Human Rights of the Republic of Indonesia in his Decision Letter No. AHU-0110613.AH.01.11. Tahun 2018 dated August 24, 2018.

In accordance with article 3 of the Company"s Articles of Association, the scope of its activities is to engage mainly in trading and services.

The Company is domiciled in Jakarta Barat and its office is located at Soho Capital - Podomoro City Lt 16, Suite SC-1606A, Jl. S. Parman Kavling 28, Tanjung Duren Selatan, Grogol Petamburan, Jakarta Barat, Indonesia 11470. The Company"s operational is mainly in Bali and Jakarta.

The Entity is operating commercially since 2011.

b. Commissioner, Board of Directors and Employees

The members Entity"s Commissioner and Director as of December 31, 2020 and 2019 are as follows:

Commissioner		
Commissioner	:	Kalapathy Sanghamitra Ramakrishnan
Board of Directors		
President Director	:	Kalapathy Shankar Ramakrishnan
Director	:	Yufendy

The Entity has 123 and 152 permanent employees as of December 31, 2020 and 2019, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

Management is responsible for the preparation and presentation of the financial statements, and have been prepared in accordance with the Indonesian Financial Accounting Standards (PSAK) which include Statements and Interpretations of Financial Accounting Standards (ISAK) issued by Financial Accounting Standards Board of the Indonesian Accountant Institute.

b. Basis of Preparation of Financial Statements

The financial statements, except for the statements of cash flows, have been prepared on the accrual basis using historical cost concept of accounting, except for certain accounts which are measured on the bases described in the related accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is 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.

The functional and presentation currency used in the financial statements is Indonesian Rupiah (Rp).

The statements of cash flows were presented using the direct method with cash flows classification into operating, investing and financing activities.

The preparation of financial statements in conformity with Indonesian Financial Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the 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 3.

The implementation of the amendment, improvement and interpretations standards which are effective on January 1, 2020 did not result in significant changes to the accounting policies of the Entity and no material effect on the financial statements:

- PSAK No. 1 (Amendment and Annual Improvement 2019), regarding “Presentation of Financial Statements: Title of Financial Statements and Definition of Material” and PSAK No. 25 (Amendment 2019), regarding “Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material”.

  The amendment allows the entities to use titles for the statements other than those used in PSAK No. 1. For example, an entity may use the title “Statement of Comprehensive Income” instead of “Statement of Profit or Loss and Other Comprehensive Income”.

  The amendment clarifies that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

  The Annual Improvements 2019 to PSAK No. 1, regarding “Presentation of Financial Statements” clarify some wordings in the standard to align with the intention in IAS No. 1.

- PSAK No. 15 (Amendment 2017), regarding “Investments in Associates and Joint Ventures: Long Term Interest in Associate and Joint Ventures”.

  This amendment adds paragraph 14A to regulate that the entity also applies PSAK No. 71 on financial instruments to associates or joint ventures where the equity method is not applied. This includes long-term interests which substantially form part of the entity‟s net investment in associates or joint ventures as referred to in PSAK No. 15 paragraph 38.

- ISAK No. 35, regarding "Presentation of Financial Statements of the Non-profit Oriented Entity".

  ISAK No. 35 is an interpretation of PSAK No. 1: Presentation of Financial Statements paragraph 5 which provides an example of how a non-profit oriented entity makes adjustments either: (i) adjusting the description used for certain items in the financial statements; and (ii) adjusting the description used for the financial statements themselves.

- ISAK No. 36, regarding "Interpretation of the Interaction between Provisions Regarding Land Rights in PSAK No. 16: Fixed Assets and PSAK No. 73: Leases"

  ISAK No. 36 provides confirmation of the intentions and considerations of the Financial Accounting Standards Board of the Indonesian Accountants Insitute (DSAK-IAI) regarding the accounting treatment of land rights that are secondary in nature. ISAK No. 36 deals with: (i) valuation in determining the accounting treatment of land rights; (ii) accounting treatment related to land rights in accordance with PSAK No. 16; and (iii) accounting treatment related to land rights in accordance with PSAK No. 73.

- PSAK No. 72, regarding "Revenue from Contracts with Customers".

  This PSAK is a single standard that is a joint project between the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB), which regulates the revenue recognition model of contracts with customers, so that the Entity are expected to conduct an analysis before recognizing the revenue.

  PSAK 72 requires entities to analyze revenue recognition using five steps based on contracts where revenue is recognized when performance obligation is satisfied by transferring the promised goods or services to a customer (which is when the customer obtains control of goods or services).

The Entity had early applied PSAK No. 73 regarding "Leases" effectively for the financial year beginning on January 1, 2019.

On January 1, 2020, the Entity have implemented the following standards and their related transitional provisions and ptractical expedients:

- PSAK No. 71 (Amendment 2020), regarding "Financial Instruments".

  The Entity opted not to restate the comparative information upon initial adoption of PSAK No. 71. The effect of initially applying PSAK No. 71 is recognized at the date of initial application.

  The impact of the application of PSAK No. 71 are presented in Note 4.

c. *<u>Financial Instruments</u>*

The Entity have applied PSAK No. 71 regarding "Financial Instruments".

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition

Classification and measurement of financial assets are based on business model and contractual cash flows - whether from solely payment of principal and interest (SPPI).

Financial assets are classified in the three categories as follows:

1. Financial assets measured at amortized cost;
2. Financial assets measured at Fair Value Through Profit or Loss (FVTPL); and
3. Financial assets measured at Fair Value Through Other Comprehensive Income (FVOCI).

SPPI Test

As a first step of its classification process, the Entity assess the contractual terms of financial to identify whether they meet the SPPI test.

Principal for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within an arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Entity apply judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured as FVTPL.

Business Model Assessment

The Entity determine their business model at the level that best reflects how it manages the Entity financial assets to achieve its business objective.

The Entity business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity‟s key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular the way those risks are managed;
- The expected frequency, value, and timing of sales are also important aspects of the Entity assessment.

The business model assessment is based on reasonably expected scenarios without taking “worst case” or “stress case” scenarios into account. If cash flows after initial recognition are realised in a way that is different from original expectations, the Entity does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets are measured at amortized cost if the financial asset is managed in a business model aimed at owning a financial asset in order to obtain a contractual cash flow and the contractual requirements of a financial asset that on a given date increases the cash flow solely from the principal and interest payments (SPPI) of the amount owed.

At initial recognition, the financial assets measured at amortized cost are recognized at the fair value plus the transaction fee and subsequently measured at amortized cost by using the effective interest rate.

Interest income from financial assets measured at amortized cost is recorded in the statement of profit and loss and other comprehensive income and is recognized as "Finance Income". When a decline in value occurs, the impairment loss is recognized as a deduction of the recorded value of the financial asset and is recognized in the financial statements as "Impairment Loss".

With the exception of trade receivables that do not contain a significant financing component or for which the Entity has applied the practical expedient. All financial assets are recognized initially at fair value plus transaction costs, except in the case of financial assets which are recorded at fair value through profit or loss.

Trade receivables that do not contain a significant financing component or for which the Entity has applied the practical expedient are measured at the transaction price as disclosed in “Revenue from Contracts with Customers”.

Financial assets in this category are classified as current assets if expected to be settled within 12 months from end of reporting period, otherwise they are classified as non-current.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets measured at amortized cost

Financial assets measured at amortized cost are subsequently measured using the effective interest rate (“EIR”) method less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition fees or costs that are an integral part of the EIR. The EIR amortization is included in the statements of profit or loss and other comprehensive income. The losses arising from impairment are also recognized in the statements of profit or loss and other comprehensive income.

Effective interest rate method

The effective interest rate method is a method of calculating the amortized cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for financial instruments other than those financial instruments measured at FVTPL.

As of December 31, 2020 and 2019, financial assets measured at amortized cost consist of cash on hand and in banks, trade receivables – third parties, other receivables – related parties, due from related parties and security deposits.

(ii) Financial assets measured at FVTPL

Financial assets measured at FVTPL are subsequently carried in the statements of financial position at fair value, with changes in fair value recognized in the statement of profit or loss and other comprehensive income.

As of December 31, 2020 and 2019, the Entity has no financial assets measured at FVTPL.

(iii) Financial assets measured at FVOCI

Fair value gains and losses are recognized in other comprehensive income. Interest income, impairment losses or reversals, and foreign exchange gains and losses are recognized in profit or loss. Interest earned on investments is calculated using the EIR method. When debt instrument is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

As of December 31, 2020 and 2019, the Entity has no financial assets measured at FVOCI.

Accounting policies applied for financial assets before January 1, 2020 are as follows:

Before January 1, 2020, the Entity classified their financial assets into these categories: (a) financial assets measured at fair value through profit or loss, (b) loans and receivables, (c) financial assets held to maturity, and (d) financial assets available for sale. The classification depends on the purpose of acquiring such financial assets. Management determines the classification of such financial assets at the initial recognition.

At the time of initial recognition, loans and receivables are recognized at their fair value plus transaction fees and are further measured on amortized acquisition costs using the EIR method. Income from financial assets in the category of loans and receivables is recorded in the statement of profit or loss and other comprehensive income and is reported as “Finance Income”. In the event of impairment, impairment losses are reported as a deduction from the carrying value of the financial assets in loan and receivables and are recognized in the statement of profit and loss and other comprehensive income as “Impairment Loss”.

Financial Liabilities

Initial Recognition

Financial liabilities within the scope of PSAK No. 71 are classified as follows:

1. Financial liabilities measured at amortized cost; and
2. Financial assets measured at Fair Value Through Profit or Loss (FVTPL).

The Entity determine the classification of their financial liabilities at initial recognition.

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

Financial liabilities are classified as non-current liabilities when the remaining maturity is more than 12 months after the reporting period, and as current liabilities when the remaining maturity is less than 12 months.

Subsequent Measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are subsequently measured using the EIR method. The EIR amortization is included in finance costs in the statements of profit or loss and other comprehensive income.

Gains or losses are recognized in the statements of profit or loss and other comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

As of December 31, 2020 and 2019, financial liabilities measured at amortized cost consist of trade payables, other payables, accrued expenses, guarantee deposits and lease liabilities.

(ii) Financial liabilities measured at FVTPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition measured at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Entity that are not designated as hedging instruments in hedge relationships as defined by PSAK No. 71. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss and other comprehensive income.

As of December 31, 2020 and 2019, the Entity has no financial liabilities measured at FVTPL.

Derivative Financial Instruments and Hedging Activities

The Entity enter into and engage in interest rate swaps and forward foreign exchange contracts, if considered necessary, for the purpose of managing its foreign exchange and interest rate exposures emanating from the Entity loans and bonds payable in foreign currencies. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values.

The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

For derivatives that are designated as a cash flow hedge, at the inception of the transaction, the Entity document the relationship between hedging instruments and hedged items, as well as their risk management objectives and strategy for undertaking various hedging transactions. The Entity also document their assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of hedged item is more than 12 months after the reporting period, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months after the reporting period.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges for accounting purposes and that are effective, are recognized in other comprehensive income within “cash flow hedging reserve”. When a hedging instrument expires, or when a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss in other comprehensive income is recognized in the statements of profit or loss and other comprehensive income.

Changes in the fair value of derivatives that do not meet the criteria of hedging for accounting purposes are recorded immediately in the statements of profit or loss and other comprehensive income within “gain (loss) on change in fair value of derivatives – net”.

<u>Offsetting of Financial Instruments</u>

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the norma course of business and in the event of default, insolvency or bankruptcy of the Entity or the counterparty.

<u>Impairment of Financial Assets</u>

Accounting policies applied for impairment of financial assets after January 1, 2020 are as follows:

At each reporting date, the Entity assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Entity use the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses.

To make that assessment, the Entity compare the risk of a default occurring on the financial instrument as of the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider 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, that is indicative of significant increases in credit risk since initial recognition.

For trade receivable, the Entity applies a simplified approach in calculating expected credit losses. The Entity recognize a loss allowance based on lifetime expected credit losses at the end of each reporting period. The expected credit losses on these financial assets are estimated using a provision matrix based on the Entity historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, including time value of money where appropriate.

When the credit risks on financial instruments for which lifetime expected credit losses have been recognized subsequently improves, and the requirement for recognizing lifetime expected credit losses is no longer met, the loss allowance is measured at an amount equal to 12-months expected credit losses at the current reporting period, except for assets for which simplified approach was used.

The Entity recognize impairment loss (reversals) in profit or loss for all financial assets with corresponding adjustment to their carrying amount through a loss allowance account, except for investment in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset in the statements of financial position.

Accounting policies applied for impairment of financial assets before January 1, 2020 are as follows:

Financial assets, other than those measured at FVTPL, are assessed for indicators of impairment at the end of each reporting date. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment of financial assets could include:
- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becomes probable that the borrower will enter bankruptcy or financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties

For certain categories of financial assets, such as receivables, the impairment value of assets are assessed individually. Objective evidence of impairment for a portfolio of receivables can be seen from the Entity experiences of collecting payments in the past, increasing delays in receiving payments due from the average credit period, and also the observation of changes in national or local economic conditions that correlable with the failure of payment on the receivables.

For financial assets measured at amortized cost, the amount of the impairment loss is the difference between the financial asset"s carrying amount and the present value of estimated future cash flows which is discounted by using the financial asset"s original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, which the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statements of profit or loss and other comprehensive income.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when: (1) the rights to receive cash flows from the asset have expired; or (2) the Entity have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Entity have transferred substantially all the risks and rewards of the asset, or (b) the Entity have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

Financial liability

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of profit or loss and other comprehensive income.

Fair Value of Financial Instruments

The Entity measure financial instruments, including derivatives, at fair value at each statements of financial position date.

Fair value is 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset and liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Entity.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economi benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Entity use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques fo which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that ar recognized at fair value in the financial statements on recurring basis, the Entity determine whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

For the purpose of fair value disclosures, the Entity have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Credit Risk Adjustment

The Entity adjust the price in the more advantageous market to reflect any differences in counterparty credit risk between instruments traded in that market and the ones being valued for financial asset positions. In determining the fair value of financial liability positions, the Entity own credit risk associated with the instrument is taken into account.

d. Transaction with Related Parties

The Entity have transactions with entities that are regarded as having special relationship as defined by PSAK No. 7 (Improvement 2015), regarding “Related Parties Disclosures”.

Related party represents a person or an entity who is related to the reporting entity:

(a) A person or a close member of the person‟s family is related to a reporting entity if that person:
  (i) has control or joint control over the reporting entity;
  (ii) has significant influence over the reporting entity; or
  (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:
  (i) the entity‟s and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  (iii) both entities are joint ventures of the same third party;
  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
  (vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
(viii) the entity, or any member of a group of which it is a part, provided key management personnel services to the reporting entity or to the parent of the reporting entity.

All balances and significant transactions with related parties, whether it is done or not done with the terms and conditions as those with third parties, are disclosed in the notes to the financial statements.

e. *Cash and Cash Equivalents*

According to PSAK No. 2, regarding "Statements of Cash Flows", cash and cash equivalents consist of cash on hand, cash in bank, and time deposits with maturity period of 3 (three) months or less from the date of placement and can be cash soon without significant value changes. Cash and cash equivalents are not pledged as collaterals for liabilities and other loans and not restricted.

f. *Trade Receivables – Third Parties*

Trade receivables – third parties are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment. An allowance for impairment loss of trade receivables – third parties is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset‟s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognized in the statements of profit or loss and other comprehensive income.

g. *Other Receivables*

Other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment. An allowance for impairment loss of other receivables is established when there is objective evidence that the Entity will not be able to the original terms of the receivables. The amount of the allowance is the different between the asset‟s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognized in the statement‟s of profit of loss and other comprehensive income.

h. *Inventories*

According to PSAK No. 14, regarding "Inventories", inventories are stated at the lower of cost or net realizable value. Cost is determined using the weighted-average method.

Net realizable value represents the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

i. *Prepaid Expenses*

Prepaid expenses are amortized over their beneficial periods by using the straight-line method.

j. *Advance for purchases*

Advance for purchases represents advance payments made to supplier for goods to be delivered.

k. *Fixed Assets*

According with PSAK No. 16, regarding "Fixed Assets", fixed assets held for use in the production or supply of goods or services, or for administrative purposes are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed using the straight-line method. The useful lives of the fixed assets are as follows:

	Years
Computer and equipment	5
Furniture and fixture	5

Cost of repairs and maintenance is charged to the statements of profit or loss and other comprehensive income as incurred, significant renewals and betterments are capitalized.

When assets are retired or otherwise disposed of, their carrying value and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to current statements of profit or loss and other comprehensive income.

l. *Leases*

On January 1, 2020, the Entity have applied PSAK No. 73, regarding "Leases", which set the requirements for the recognition of right-of-use asset and lease liabilities in relation to leases which had been previously classified as „operating lease‟.

At the inception of a contract, the Entity assess whether the 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 assets 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 Entity shall assess whether:

- The Entity has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- The Entity have the right to direct the use of the asset. The Entity have this right when they have the decision-making rights that are the most relevant to changing how and for what purpose the asset is used are predetermined and:
  1. The Entity has the right to operate the asset;
  2. The Entity has designed the asset in a way that predetermined how and for what purpose it will be used.

At the inception or on reassessment of a contract that contains a lease component, the Entity allocate the consideration in the contract to each lease component on the basis of their relative stand-alone prices and the aggregate stand-alone price of the non-lease components. However, for the leases of improvements in which the Entity are a lessee, the Entity have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

i) Right-of-use assets

The Entity recognize a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial measurementof the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to be incurred in dismantling and removing the underlying asset or to restore the underlying asset to the conditions required by the terms and conditions of the lease, less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

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, as follows:

	Years
Office building	2
House	1

If the lease transfers ownership of the underlying asset to the Entity by the end of the lease term or if the cost of the right-of-use asset reflects that the Entity will exercise a purchase option, the Entity depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Entity depreciate the right-of-use asset 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 Entity apply PSAK No. 48 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the impairment of assets policy.

When a contract includes lease and non-lease components, the Entity apply PSAK No. 72 to allocate the consideration under the contract to each component.

ii) 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 by using the interest rate implicit in the lease or, if that rate cannot be readily determined, using incremental borrowing rate. Generally, the Entity use their incremental borrowing rate as the discount rate.

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

- fixed payments(including in-substance fixed payments) less any lease incentives receivable;
- 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 guarantees;
- the exercise price of a purchase option if the Entity are reasonably certain to exercise that options; and
- payment of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period using the effective interest method.

The Entity present “Right-of-Use Assets” as part of fixed assets and “Lease liabilities” are presented separately in the statements of financial position.

Short-term Leases

The Entity have elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Entity recognize the lease payments associated with these leases as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease Modification

The Entity account for a lease modification as a separate lease if both:
- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification, the Entity:
- remeasure and allocate the consideration in the modified contract;
- determine the lease term of the modified lease;
- remeasure the lease liability by discounting the revised lease payments using a revised discount rate on the basis of the remaining lease term and the remaining lease payment with a corresponding adjustment to the right-of-use assets. The revised discount rate is determined as the Entity incremental borrowing rate at the effective date of the modification;
- decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The Entity recognize any gain or loss relating to the partial or full termination of the lease in profit or loss; and
- make a corresponding adjustment to the right-of-use asset for all other lease modifications.

Variable rents that do not depend on an index or rate are not included in the measurements of the lease liability and the right-of-use asset. The related payments are recognized as an expense inthe period in which the event or condition that triggers those payments occur and are included in the line “General and Administrative Expenses” in the statement of profit or loss and other comprehensive income.

Accounting policies applied for leases before January 1, 2020 are as follows:

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

A finance lease from which the Entity have all substantial risks and benefits incidental to ownership of the leased item, is capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between reduction of the lease liability and finance charges as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in financing cost in the statement of profit or loss and other comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Operating lease payments are recognized as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

m. *Impairment of Non–Financial Assets*

According to PSAK No. 48, regarding “Impairment of Assets”, at statement of financial position dates, the Entity review the carrying amount of non-financial 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). Where it is not possible to estimate the recoverable amount of an individual asset, the Entity estimate the recoverable amount of the cash generating unit to which the asset belongs.

Estimated recoverable amount is the higher of fair value less costs to sell or value in use. If the recoverable amount of a non-financial asset (cash generating unit) is less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount and an impairment loss is recognized immediately in the statements of profit or loss and other comprehensive income.

n. *Estimated Liabilities for Employee Benefits*

According to PSAK No. 24, regarding “Employee Benefits”, the Entity recognize an unfunded employee benefit liability in accordance with Labor Law No. 13/2003, dated March 25, 2003 (UU No. 13/2003).

The cost of providing employee benefits under the UU No. 13/2003 is determined using the Projected Unit Credit actuarial valuation method.

The Entity recognize all actuarial gains or losses through other comprehensive income. Actuarial gains or losses in the period where is that actuarial gains or losses happen, are recognized as other comprehensive income and presented in the statements of profit or loss and other comprehensive income.

Past-service costs are recognized immediately in the statements of profit or loss and other comprehensive income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period. The current service cost is recorded as an expense in the prevailing period.

o. *Revenue from Contracts with Customer and Expenses*

Revenue from services is recognized when transportation management (freight forwarding) has been rendered to the customers. Expenses are recognized when incurred (accrual basis).

1. Identify contract(s) with a customer.
2. Identify the performance obligations in the contract. Performance obligations are promises in a contract that transfer to a customer goods or services that are distinct.
3. Determine the transaction price. Transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. If the consideration promised in a contract includes a variable amount, the Entity estimate the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer less the estimated amount of service level guarantee which will be paid during the contract period.
4. Allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct goods or services promised in the contract. Where these are not directly observable, the relative standalone selling price are estimated based on expected cost plus margin.
5. Recognize revenue when performance obligation is satisfied by transferring a promised goods or services to a customer (which is when the customer obtains control of that goods or services).

A performance obligation may be satisfied at the following:

a. A point in time (typically for promises to transfer goods to a customer); or
b. Over time (typically for promises to transfer services to a customer). For a performance obligation satisfied over time, the Entity select an appropriate measure of progress to determine the amount of revenue that should be recognized as the performance obligation is satisfied.

Payment of the transaction price differs for each contracts. A contract asset is recognized once the consideration paid by customer is less than the balance of performance obligation which has been satisfied. A contract liability is recognized once the consideration paid by customer is more than the balance of performance obligation which has been satisfied.

Contract asset

Contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Entity perform by transferring of goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for earned consideration that is conditional.

Contract liabilities

Contract liabilities is the obligation to transfer goods or services to a customer for which the Entity have received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Entity transfer goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Entity perform under the contract.

Sale of Goods

Revenue from the sale of goods is recognized at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 days upon delivery. The Entity have concluded that it is the principal in its revenue arrangements because it controls the goods before transferring them to the customer.

Under the Entity standard contract terms, customers have a right of return of same days. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognized for those products expected to be returned. At the same time, the Entity has a right to recover the product when customers exercise their right of return. Consequently, the Entity recognizes a right to returned goods asset and a corresponding adjustment to cost of sales. The Entity uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognized will not occur given the consistent level of returns over previous years.

Accounting policies applied for revenue before January 1, 2020 are as follows:

Sale of goods

Revenue was measured at the fair value ofthe consideration received or receivable.Revenue was reduced for estimated customerreturns, rebates and other similar allowances.

Revenue from sale of goods was recognizedwhen all of the following conditions were satisfied:

- The Entity had transferred to the buyer the significant risks and rewards on ownership of the goods;
- The Entity retained neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue could be measured reliably;
- It is probable that the economic benefits associated with the transaction would flow to the Entity; and
- The cost incurred or to be incurred in respect of the transaction could be measured reliably.

Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized when incurred.

p. Foreign Currency Transactions and Balance

Transactions involving foreign currencies are recorded in Rupiah at the exchange rates prevailing at the time the transactions are made. At statement of financial positions dates, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the rates of exchange prevailing at such date, as published by Bank Indonesia. The resulting gains or losses are credited or charged to current operations.

(Expressed in Rupiah, unless otherwise stated)

The exchange rates were computed by taking the average of the last published buying and selling rates for bank notes and/or transaction exchange rates by Bank Indonesia. As of December 31, 2020 and 2019, the exchange rates are as follows:

	2020	2019
USD 1, Dolar Amerika Serikat	14,105	13,901
SGD 1, Singapore Dollar	10,644	10,321
AED 1, Uni Emirat Arab Dirham	3,844	3,781
MYR 1, Malaysian Ringgit	3,492	3,397
Hong Kong Dollar	1,819	1,785
India Rupee	193	195

q. <u>*Income Taxes*</u>

The Entity adopted PSAK No. 46 (Revised 2018), regarding “Income Taxes”, which requires the Entity to account for the tax consequences of current and future taxes over the future recovery (settlement) of the carrying amount of assets (liabilities) recognized in the statement of financial position and transactions as well as other events that occurred in the current year are recognized in the financial statements.

Current tax expense is based on estimated taxable income for the year. Deferred tax assets and liabilities are recognized for temporary differences between assets and liabilities for commercial purposes and the tax bases of each reporting date. Future tax benefits, such as the value carried on the balance of unused tax losses, if any, is also recognized to the extent the realization of such benefits is possible.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the financial statements position date.

Changes in the carrying amount of deferred tax assets and liabilities due to changes in tax rates charged to the current year, except for transactions that are previously charged or credited to equity.

Changes to tax liabilities are recognized when the tax assessment is received or if the Entity appealed against, when the results of objection has been set.

r. <u>*Events After the Reporting Period*</u>

Post year-end events that provide additional information about the Entity‟s position at the reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the financial statements when material.

3. USE OF SIGINIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make estimations and assumptions that affect assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could be different from these estimations.

Estimates and Assumptions

The estimates, assumptions and judgments that have a significant effect on the carrying amounts of assets and liabilities are as follows:

a. *Estimating Provision for Expected Credit Losses of Trade and Other Receivables*

The level of a specific provision is evaluated by management on the basis of factors that affect the collectibility of the accounts. In these cases, the Entity use judgement based on the best available facts and circumstances, including but not limited to, the length of the Entity‟s relationship with the customers and customers‟ credits status based on third-party credit reports and known market factors, to record specific reserves for customers against amounts due in order to reduce the Entity‟s receivables to amounts that they expect to collect.

These specific reserves are re-evaluated and adjusted as additional information received affects the amounts estimated. In addition to specific provision against individually significant receivables, the Entity also recognize a collective impairment provision against credit exposure of its debtors which are grouped based on common credit characteristics, and although not specifically identified as requiring a specific provision, have a greater risk of default than when the receivables were originally granted to the debtors.

The Entity apply simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. In determining expected credit losses, management is required to excercise judgement in defining what is considered to be a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. Judgement has been applied in determining the lifetime and point of initial recognition of receivables.

b. *Depreciation of Fixed Assets*

The costs of fixed assets are depreciated on a straight-line method over their estimated useful lives. Management estimates the useful lives of these fixed assets are 5 years. These are common life expectancies applied in the industries where the Entity conducts its businesses. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

c. *Income Taxes*

The Entity operates under the tax regulations in Indonesia. Significant judgment is required in determining the provision for income taxes and value added taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will recorded at statement of profit or loss and other comprehensive income in the period in which such determination is made.

d. *Employee Benefits*

The present value of the employee benefits obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for pensions include the expected long-term rate of return on the relevant plan assets and the discount rate. Any changes in these assumptions will impact the carrying amount of employee benefits obligation.

Other key assumptions for employee benefits obligation are based in part on current market conditions.

e. *Impairment Loss of Non-Financial Assets Except Goodwill*

At the end of each reporting period, the Entity review the carrying amount of non-financial assets except goodwill 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). Where it is not possible to estimate the recoverable amount of an individual asset, the Entity estimate the recoverable amount of the cash generating unit to which the asset belongs.

Estimated recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the non-financial asset (cash generating unit) is less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount and an impairment loss is recognized immediately against earnings.

f. *Fair Value Measurement*

A number of assets and liabilities included in the financial statements require measurement at, and/or disclosure of fair value.

The fair value measurement of the financial and non-financial assets and liabilities utilize market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized are (the fair value hierarchy):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Valuation techniques for observable direct or indirect inputs other than level 1 inputs
- Level 3: Valuation techniques for unobservable inputs (i.e. not derived from market data)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period they occur.

When the fair value of financial assets and financial liabilities recorded in the statements of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including discounted cash flow model. The inputs to these model are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair value. Judgement include considerations of inputs such as liquidity risks, credit risks and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

g. *Uncertain tax exposure*

In certain circumstances, the Entity may not be able to determine the exact amount of their current or future tax liabilities or recoverable amount of the claim for tax refund due to ongoing investigation by, or negotiation with, the taxation authority. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income.

In determining the amount to be recognized in respect of an uncertain tax liability or the recoverable amount of the claim for tax refund related to uncertain tax positions, the Entity apply similar considerations as it would use in determining the amount of a provision to be recognized in accordance with PSAK No. 57, "Provisions, Contingent Liabilities and Contingent Assets" and PSAK No. 46, "Income Taxes". The Entity makes an analysis of all uncertain tax positions to determine if a tax liability for uncertain tax benefit or a provision for unrecoverable claim for tax refund should be recognized.

The Entity presents interest and penalties for the underpayment of income tax, if any, in income tax expense in the statement profit or loss and other comprehensive income.

h. *Impairment of Fixed Assets*

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognised whenever there is existing evidence that the carrying amount is not recoverable.

Management believes that there are no indications that the fixed assets are impaired.

Significant Accounting Judgments in Applying The Entity Accounting Policies

In the process of applying the Entity‟s accounting policies, management has made the following judgment, apart from those involving estimations and assumptions, which have the most significant effect on the amounts recognized in the financial statements:

a. *Business Model Assessment*

Classification and measurement of financial assets depends on the result of the business model soley for payments of principal and interest (SPPI) test. The Entity determine the business model at a level that reflects how the group of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Entity monitor financial assets measured at amortized cost or FVOCI that are derecognized prior to their maturity to understand the reason for their disposal and whether the reason are consistent with the objective of the business for which the asset was held. Monitoring is part of the Entity‟s continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in the business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

b. *Significant Increase in Credit Risk*

Expected credit losses ("ECL") are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stages 2 or stage 3 assets. An asset moves to stage 2 when credit risks has increased significantly since initial recognition. PSAK No. 71 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Entity take into account qualitative and quantitative reasonable and supportable forward looking information. Management assessed that there has no significant increase in credit risk on the Entity‟s financial assets for the years ended December 31, 2020 and 2019.

(Expressed in Rupiah, unless otherwise stated)

4. IMPLEMENTATION IMPACT OF PSAK NO. 71

On January 1, 2020, the Entity have applied PSAK No. 71 for the first time.

The impact to the Entity financial statements for the first time adoption of PSAK No. 71 are as follows:

PSAK No. 71, regarding "Financial Statements"

Classification of financial assets and liabilities

The table below shows the classification of financial assets and liabilities according to PSAK No. 55 and the new classification of financial assets and liabilities in accordance with PSAK No. 71 as of January 1, 2020:

Notes	Classification based on PSAK No. 55 December 31, 2019	Classification based on PSAK No. 71 January 1, 2020	Balance based on PSAK No. 55 December 31, 2019	Balance based on PSAK No. 71 January 1, 2020
Financial assets				
Cash on hand and in banks	Loans and receivables	Financial assets measured at amortized cost	3,179,945,414	3,179,945,414
Trade receivables – third parties	Loans and receivables	Financial assets measured at amortized cost	3,415,842,458	3,375,240,424
Other receivables – related parties	Loans and receivables	Financial assets measured at amortized cost	490,134,084	490,134,084
Due from related parties	Loans and receivables	Financial assets measured at amortized cost	12,574,597,050	12,574,597,050

Impact on the adoption of PSAK No. 71 on the statements of financial position on January 1, 2020:

	Balance before implementation PSAK No. 71	Expected credit loss	Balance after implementation PSAK No. 71
Trade receivables – third parties – net of provision impairment receivables	3,415,842,458	(40,602,034)	3,375,240,424
Retained earnings	6,696,487,167	(40,602,034)	6,655,885,133

5. CASH ON HAND AND IN BANKS

This account consists of:

	2020	2019
Cash on hand	121,669,556	402,167,550
Cash in banks		
PT Bank Central Asia Tbk	514,318,188	1,034,861,612
PT Bank HSBC Indonesia	187,029,324	1,742,916,252
Sub-total	701,347,512	2,777,777,864
Total	823,017,068	3,179,945,414

(Expressed in Rupiah, unless otherwise stated)

There are no cash on hand and in banks to related parties.

As of December 31, 2020 and 2019, there are no cash and cash equivalents balances which are restricted for use.

All cash on hand and in banks are insured to PT Asuransi Eka Lloyd Jaya with the sum insured as of December 31, 2020 amounting to Rp 1,249,675,000. Management believes that the sum insured is adequate to cover any possible losses.

6. TRADE RECEIVABLES – THIRD PARTIES

This account consists of:

	2020	2019
PT Alfa Retailindo	788,303,500	1,505,800,600
PT Jakarta Akuarium Indonesia	533,085,091	535,852,031
PT Para Bandung Propertindo	98,042,499	310,104,000
Sofitel Bali Nusa Dua Beach Resort	75,054,546	89,054,546
Oriental Indah Bali Hotel	58,090,909	-
PT Bali Ocean Magic	-	621,648,227
PT Tiara Inti Mulia	-	118,359,545
PT Sukses Primatama Bersama	-	58,827,273
Other (each below Rp 55,000,000)	13,757,250	176,196,236
Sub-total	1,566,333,795	3,415,842,458
Less: Provision for impairment loss of receivables	204,480,002	-
Total – net	1,361,853,793	3,415,842,458

Analysis of aging schedule of billed trade receivables – third parties were as follows:

	2020	2019
Not yet due	56,684,746	294,658,181
Has matured		
1 – 30 days	685,201,132	2,413,947,955
31 – 60 days	358,923,438	634,726,222
61 – 90 days	178,892,963	72,510,100
More than 90 days	286,631,516	-
Total	1,566,333,795	3,415,842,458

The changes in the allowance for impairment losses of trade receivables – third parties are as follows:

	2020	2019
Balance at beginning of year	-	-
Opening balance adjustment upon initial adoption of PSAK No. 71 (see Note 4)	40,602,034	-
Addition of the year (see Note 25)	163,877,968	-
Balance at ending of year	204,480,002	-

(Expressed in Rupiah, unless otherwise stated)

All trade receivables – third parties are in Rupiah.

The Entity applies the lifetime expected loss provision for all trade receivables – third parties. To measure the expected credit losses, trade receivables – third parties have been grouped based on shared credit risk characteristics and the days past due.

Based on a review of the trade receivables – third parties as of December 31, 2020 and 2019, management believes that the allowance for impairment loss on trade receivables – third parties is enough to cover possible losses from uncollectible accounts.

7. OTHER RECEIVABLES – RELATED PARTIES

This account consists of:

	2020	2019
Digiphoto Entertainment Imaging Sdn., Bhd	5,305,459,141	8,928,000
Digiphoto Entertainment Imaging Pte., Ltd	31,964,300	5,345,584
Digiphoto Thailand	12,021,800	88,384,797
Digiphoto Studio	-	387,475,703
Total	5,349,445,241	490,134,084

8. INVENTORIES

This account represents inventories of photo albums and papers amounting to Rp 3,183,574,836 and Rp 3,765,589,282 as of December 31, 2020 and 2019, respectively.

Inventories are not used as collateral as of December 31, 2020 and 2019.

Management believes that the carrying value of inventories does not exceed the net realizable value, therefore, no provision for inventories obsolescence.

Inventories are insured to certain insurance company with the sum insured as of December 31, 2020 amounting to US$ 1,000,000. Management believes that the sum insured is adequate to cover any possible losses.

9. PREPAID EXPENSES

This account represents prepayment of staff uniform and internet charges amounting to Rp 146,055,262 and Rp 23,467,679 as of December 31, 2020 and 2019, respectively.

10. ADVANCE FOR PURCHASES

This account represent Advance for purchases of inventory amounting to Rp 32,399,360 as of December 31, 2020.

(Expressed in Rupiah, unless otherwise stated)

11. FIXED ASSETS

This account consists of:

	Beginning Balance	2020 Additions	Deductions	Adjustment	Ending Balance
Cost:					
Computer and equipment	5,833,932,084	112,214,636	-	-	5,946,146,720
Furniture and fixture	943,881,373	159,422,540	-	-	1,103,303,913
Right of use – office building	71,111,111	9,642,498	-	-	80,753,609
Total	6,848,924,568	281,279,674	-	-	7,130,204,242
Accumulated Depreciation:					
Computer and equipment	1,966,469,280	1,276,836,678	-	-	3,243,305,958
Furniture and fixture	302,056,070	208,292,155	-	-	510,348,225
Right of use – office building	35,555,556	42,180,946	-	-	77,736,502
Total	2,304,080,906	1,527,309,779	-	-	3,831,390,685
Book Value	4,544,843,662				3,298,813,557

	Beginning Balance	2019 Additions	Deductions	Adjustment	Ending Balance
Cost:					
Computer and equipment	6,010,980,762	3,536,906,852	3,713,955,531	1	5,833,932,084
Furniture and fixture	1,447,971,021	554,899,814	1,058,989,462	-	943,881,373
Right of use – office building	-	71,111,111	-	-	71,111,111
Total	7,458,951,783	4,162,917,777	4,772,944,993	1	6,848,924,568
Accumulated Depreciation:					
Computer and equipment	4,891,797,142	704,748,454	3,628,868,975	(1,207,341)	1,966,469,280
Furniture and fixture	1,247,541,940	103,344,611	1,045,204,758	(3,625,723)	302,056,070
Right of use – office building	-	35,555,556	-	-	35,555,556
Total	6,139,339,082	843,648,621	4,674,073,733	(4,833,064)	2,304,080,906
Book Value	1,319,612,701				4,544,843,662

Depreciation expenses were charged to the statements of profit or loss and other comprehensive income as follows:

	2020	2019
Cost of sales (see Note 22)	1,171,408,061	787,340,380
General and administrative expenses (see Note 24)	355,901,718	56,308,241
Total	1,527,309,779	843,648,621

Deductions in 2019 pertains to the disposal of fixed assets with the net carrying value of Rp 98,871,260.

Fixed assets which consist of computer and equipment and furniture and fixture are insured to PT Asuransi Eka Lloyd Jaya with the sum insured as of December 31, 2020 and 2019 amounting to Rp 15,894,437,800 and US$ 1,368,866, respectively. Management believes that the sum insured is adequate to cover any possible losses.

(Expressed in Rupiah, unless otherwise stated)

Based on management's evaluation, there are no events or changes in the circumstances, which might indicate impairment in the value of fixed assets of the Entity as of December 31, 2020 and 2019.

12. TRADE PAYABLES

This account consists of:

	2020	2019
Related party (see Note 26):		
DEI General Trading LLC	8,988,733	-
Third parties:		
PT Yufendy Konsultan Indonesia	617,772,301	-
Shenzhen Hongxin Technology Co., Ltd	177,470,238	142,813,416
CV Prima Print	151,751,550	270,893,063
Shenzhen Hong Xing Handbags Factory	146,189,862	-
Bounty Cruise	64,314,583	-
PT Ningrat Muda Mandiri	57,721,043	-
PT Inspirasi Semesta Alam	29,693,046	236,726,182
PT Langgeng Lima Saudara	29,693,046	236,726,182
PT Fun International	-	500,511,027
PT Garuda Adhimatra Indonesia	-	69,094,773
Others	137,536,665	272,917,595
Sub-total	1,412,142,334	1,729,682,238
Total	1,421,131,067	1,729,682,238

Analysis of aging schedule of trade payables were as follows:

	2020	2019
Not yet due	348,310,647	166,311,134
Has matured		
1 – 30 days	88,337,954	872,399,010
31 – 60 days	10,821,364	550,807,062
61 – 90 days	27,068,910	10,367,642
More than 90 days	946,592,192	129,797,390
Total	1,421,131,067	1,729,682,238

The details of trade payables based on currencies are as follows:

	2020	2019
Rupiah	1,043,051,114	1,546,661,461
Foreign currency (see Note 28)		
United States Dollar	323,885,780	171,110,312
United Arab Emirates Dirham	54,194,173	11,910,465
Total	1,421,131,067	1,729,682,238

(Expressed in Rupiah, unless otherwise stated)

13. OTHER PAYABLES

	2020	2019
Related parties (see Note 26):		
Digiphoto Entertainment Imaging Pte., Ltd	10,765,321,589	4,637,915,357
Digiphoto Studio	2,189,993,340	2,083,342,315
Digiphoto Entertainment Imaging Sdn., Bhd	500,144,326	438,230,973
BDC Digiphoto Imaging Solution Pvt., Ltd	68,730,050	39,745,628
Digiphoto United Arab Emirates	1,334,867	1,313,025
Digiphoto Entertainment Imaging Limited – Hongkong	-	357,040
Sub – total	13,525,524,172	7,200,904,338
Third parties:		
Other	-	27,274,951
Total	13,525,524,172	7,228,179,289

There is no collateral given for the trade payables to third parties.

14. ACCRUED EXPENSES

This account consists of:

	2020	2019
Photography commission	1,373,937,090	2,086,002,124
Others	455,339,567	774,134,141
Total	1,829,276,657	2,860,136,265

15. GUARANTEE DEPOSITS

This account represents guarantee deposits amounting to Rp 4,420,000 as of December 31, 2020.

16. ESTIMATED LIABILITIES FOR EMPLOYEE BENEFITS

The Entity recorded the defined benefit liabilities for severance pay, gratuity, years of service and compensation to employees amounting to Rp 799,723,844 as of December 31, 2020, based on calculations using the “Projected Unit Credit Method”, calculated by PT Sigma Prima Solusindo, an independent actuary.

The defined benefit pension plan typically expose the Entity to actuarial risks such as, interest rate risk and salary risk.

Interest Risk

A decrease in the bond interest rate will increase the plan liability, however this will be partially offset by an increase in the return on the plan‟s debt investments.

(Expressed in Rupiah, unless otherwise stated)

Salary Risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan‟s liability.

The actuarial assumptions used in measuring employee benefit expense and liabilities as of December 31, 2020 and 2019 are as follows:

	2020	2019
Normal pension age	55 year	-
Discount rate	7.77%	-
Estimated future salary Increase	10%	-
Mortality table	100% (Tabel Mortalitas Indonesia- IV)	-
Disability rate	5% of mortality rate	-
Method	Projected Unit Credit	-

Post-Employment Benefits

Details of estimated liabilities on post-employment benefits are as follows:

	2020	2019
Beginning balance	731,098,766	516,680,020
Current employee benefits expenses for the year (see Note 24)	337,585,046	505,413,812
Actuarial loss (gain)	640,125,789	(290,995,066)
Payment of benefit realization	(68,625,078)	-
Adjustment	(840,460,679)	-
Ending balance	799,723,844	731,098,766

Details of post-employment benefits expense for the current year are as follows:

	2020	2019
Current service cost	337,585,046	464,030,863
Interest cost	-	41,382,949
Total	337,585,046	505,413,812

The management of the Entity believe that the allowance for employee benefits as of December 31, 2020 and 2019 are adequate to meet the requirements of UU No. 13/2003 and PSAK No. 24 (Improvement 2013).

17. LEASE LIABILITIES

This account represents lease liabilities of building amounting to Rp 1,666,666 as of December 31, 2020.

(Expressed in Rupiah, unless otherwise stated)

18. CAPITAL STOCK

As of December 31, 2020 and 2019, the Entity"s stockholders and their respective share ownership are as follows:

	(Par Value at Rp 877,100 per Share)		
Stockholders	Number of Shares Issued and Fully Paid (Shares)	Percentage of Ownership (100%)	Total
Digiphoto Entertainment Imaging Limited	5,988	99.8%	5,252,074,800
Kalapathy Shankar Ramakrishnan	12	0.2%	10,525,200
Total	6,000	100.0%	5,262,600,000

19. ADDITIONAL PAID-IN CAPITAL

This account represents the difference between tax amnesty assets and tax amnesty liabilities amounting to Rp 409,706,900 as of December 31, 2020 and 2019, respectively.

20. OTHER EQUITY COMPONENTS

This account consists of:

	2020	2019
Actuarial loss (see Note 16)	530,979,492	1,171,105,281
Income tax related to item not to be reclassified to profit or loss (see Note 27)	(116,815,489)	(292,776,321)
Total	414,164,003	878,328,960

21. SALES

This account represents sales of photography and photo albums amounting to Rp 12,623,822,585 and Rp 52,229,452,207 for the years ended December 31, 2020 and 2019, respectively.

22. COST OF SALES

This account consists of:

	2020	2019
Photography Commission	4,140,034,544	19,519,268,852
Salaries	3,317,665,454	7,445,655,227
Cost of photo albums and papers	1,461,631,302	6,485,901,056

(Expressed in Rupiah, unless otherwise stated)

	2020	2019
Depreciation of fixed assets (see Note 11)	1,171,408,061	787,340,380
Telecommunication	69,535,316	535,075,971
Advertising	25,667,513	244,575,561
Travelling	-	390,715,664
Others	81,168,081	160,673,502
Total	10,267,110,271	35,569,206,213

23. OTHER INCOME

This account consists of:

	2020	2019
Interest income	1,297,653	2,154,508
Gain on foreign exchange	-	139,453,918
Others	48,775,895	-
Total	50,073,548	141,608,426

24. GENERAL AND ADMINISTRATIVE EXPENSES

This account consists of:

	2020	2019
Management fees	9,943,342,619	5,983,433,027
Depreciation of fixed assets (see Note 11)	355,901,718	56,308,241
Employee benefits (see Note 16)	337,585,046	505,413,812
Professional fees	213,488,695	469,340,063
Tax expenses	185,038,454	-
Salaries and allowance	147,174,181	212,005,919
Property cost	41,390,564	15,403,988
Telecommunication	33,156,077	33,261,323
Travelling	27,655,463	1,109,163,800
Postage and stationery	15,777,450	26,867,220
Advertising	250,000	26,033,638
Representation and donation	-	184,480,424
Others	-	357,661,478
Total	11,300,760,267	8,979,372,933

25. OTHER EXPENSES

This account consists of:

	2020	2019
Provision for impairment loss on trade receivables (see Note 6)	163,877,968	-

(Expressed in Rupiah, unless otherwise stated)

	2020	2019
Loss on foreign exchange	133,045,920	-
Financial charges	108,489,128	526,496,076
Interest	35,752,637	-
Others	11,896,300	746,531,179
Total	453,061,953	1,273,027,255

26. SIGNIFICANT BALANCES AND TRANSACTIONS WITH RELATED PARTIES

In the normal course of business, the Entity entered in to business and financial transactions with related parties.

The nature of transaction and relationship with related parties are as follows:

Nature of Relationship	Related Parties
Stockholder	Kalapathy Shankar Ramakrishnan
Key management	Kalapathy Sanghamitra Ramakrishnan
Affiliated entity	Digiphoto Entertainment Imaging Sdn., Bhd Digiphoto Entertainment Imaging Pte., Ltd Digiphoto Thailand Digiphoto Studio Digiphoto Entertainment Imaging Limited – Hongkong Digiphoto United Arab Emirates BDC Digiphoto Imaging Solution Pvt., Ltd DEI General Trading LLC

a) The Entity had financial transactions with related parties. These transactions are non-interest bearing. The balances of these transactions are presented as “Due from Related Parties” in the statements of financial position with details as follows:

	2020	2019
Kalapathy Shankar Ramakrishnan	4,357,254,550	4,357,254,550
Kalapathy Sanghamitra Ramakrishnan	2,083,112,500	2,083,112,500
Digiphoto Entertainment Imaging Limited – Hongkong	-	6,134,230,000
Total	6,440,367,050	12,574,597,050

b) The Entity had financial transactions with related parties. These transactions are non-interest bearing. The balances of these transactions are presented as “Other Receivables – Related Parties” in the statements of financial position (see Note 7).

c) In 2020, the Entity had purchased inventory with DEI General Trading LLC amounting to AED 2,338 or equivalent to Rp 8,988,733. The balances arising from these transactions as of December 31, 2020 are presented as part of account “Trade Payables – Related Party” in the statements of financial position (see Note 12).

(Expressed in Rupiah, unless otherwise stated)

d) The Entity has availed services from related parties. The balances of this transactions are presented as “Other Payables – Related Parties” in the statements of financial position (see Note 13).

27. TAXATION

a. Prepaid Taxes

This account consists of:

	2020	2019
Income Taxes Article 21	7,884,091	-
Value Added Tax	1,479,148,068	-
Total	1,487,032,159	-

b. Taxes Payable

This account consists of:

	2020	2019
Income Taxes		
Article 4 (2)	11,076,659	175,222,075
Article 21	-	6,796,952
Article 23	1,563,456	17,944,597
Article 25	-	24,435,264
Article 29	368,892,803	1,717,763,331
Value Added Tax	-	225,199,424
Total	381,532,918	2,167,361,643

c. Current Tax

The reconciliation between income (loss) before provision for tax expense according to the statements of profit or loss and other comprehensive income for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Income (loss) before provision for tax expense	(9,347,036,359)	6,549,454,232
Temporary differences:		
Employee benefits	337,585,046	505,413,812
Depreciation	(151,117,596)	(664,257,691)
Provision for impairment loss on trade receivables	163,877,968	-
Permanent differences:		
Interest income	(1,297,653)	(2,154,508)
Others	63,408,100	1,409,821,766
Sub-Total	412,455,865	1,248,823,379
Estimated taxable income (fiscal loss)	(8,934,580,494)	7,798,277,611

(Expressed in Rupiah, unless otherwise stated)

	2020	2019
Rounded off – taxable income	-	7,798,277,000
Provision for tax expense for the current year	-	1,949,569,250
Less prepayment of income taxes:		
Article 23	-	11,888,543
Article 25	-	219,917,376
Estimated corporate income tax payable	-	1,717,763,331

d. Deferred Tax

The details of deferred tax assets (liabilities) as of December 31, 2020 and 2019 are as follows:

	2020					
	Beginning Balance	Credited (Charged) to Profit or Loss	Tariff Adjustments*)	Other Comprehensive Income	Tariff Adjustments*)	Ending Balance
Estimated liabilities for employee benefits	182,774,692	(101,717,972)	(13,203,111)	116,815,489	(8,729,852)	175,939,246
Fixed assets	(221,613,093)	142,951,599	26,593,571	-	-	(52,067,923)
Allowance for impairment loss of receivables	-	36,053,153	8,932,447	-	-	44,985,600
Total	(38,838,401)	77,286,780	22,322,907	116,815,489	(8,729,852)	168,856,923

	2019			
	Beginning Balance	Credited (Charged) to Profit or Loss	Other Comprehensive Income	Ending Balance
Estimated liabilities for employee benefits	129,170,006	126,353,453	(72,748,767)	182,774,692
Fixed assets	(55,548,670)	(166,064,423)	-	(221,613,093)
Total	73,621,336	(39,710,970)	(72,748,767)	(38,838,401)

*) Changes in tax rate, see Note 31

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

In their operating, investing and financing activities, the Entity are exposed to the following financial risks: credit risk, liquidity risk and market risk and define those risks as follows:

a. Market risks : currently there are no market risk other than interest rate risk and foreign currency exchange rate risk as the Entity do not invest in any financial instruments in their normal activities.
b. Credit risk : possibility that a customer will not pay the part or all of a receivable or will not pay in timely manner and hence, the Entity will incur loss.
c. Liquidity risk : the Entity defined liquidity risk from the collectibility of the accounts receivable as mentioned above, which may cause difficulty in meeting the obligations of the Entity relating to financial liabilities.

This note describes regarding the exposure of the Entity towards each risk and quantitative disclosure including exposure risk and summarizes the policies and processes for measuring and managing the arising risk, including the capital management.

The Entity‟s director is responsible for implementing risk management policies and overall financial risk management program which focuses on uncertainty on financial market and minimize potential losses that impact to the Entity‟s financial performance.

The Entity‟s management policies regarding financial risks are as follows:

a. Market Risks

1) Foreign Exchange Risk

The Entity are not significantly exposed to foreign currency exchange rate risk because most liabilities are denominated in Rupiah. There is no currency hedging activities on December 31, 2020 and 2019, but the Entity has provided funds in foreign currency in accordance with the needs of operations.

The following table presents the Entity financial assets and financial liabilities denominated in foreign exchange:

		December 31, 2020	
		Foreign Currency	Equivalent in Rupiah
Liabilities			
Trade payable			
Related party	AED	2,338.38	8,988,733
Third parties	US$	22,962.48	323,885,780
	AED	11,760.00	45,205,440
Other payable			
Related parties	SGD	1,011,398.12	10,765,321,589
	AED	570,064.57	2,191,328,207
	MYR	143,225.75	500,144,326
	INR	356,114.25	68,730,050
Total liabilities			13,903,604,125

		December 31, 2019	
		Foreign Currency	Equivalent in Rupiah
Liabilities			
Trade payable			
Third parties	US$	12,309.20	171,110,312
	AED	3,150.00	11,910,465
Other payable			
Related parties	SGD	449,378.18	4,637,915,357
	AED	551,335.68	2,084,655,340
	MYR	129,016.30	438,230,973

(Expressed in Rupiah, unless otherwise stated)

		December 31, 2019	
		Foreign Currency	Equivalent in Rupiah
	INR	204,169.25	39,745,628
	HKD	200.00	357,040
Total liabilities			7,383,925,115

2) Sensitivity Analysis

Movement that may occur towards Rupiah exchange rate against United States Dollar, Singapore Dollar, Malaysian Ringgit and Hong Kong Dollar at the year end that could increase (decrease) equity or profit loss amounted to the values presented in the table. The analysis was conducted based on the variance of foreign currency exchange rates considered to occur at the financial position date with all other variables being constant.

The following table presented sensitivity exchange rate of the United States Dollar, Singapore Dollar, Malaysian Ringgit and Hong Kong Dollar and the changes on net income and equity of the Entity:

			Sensitivity	
2020	Change in Exchange Rates		Equity	Profit (Loss)
USD	Appreciates	(616)	14,156,312	10,617,234
	Depreciates	1,242	(28,519,515)	(21,389,636)
SGD	Appreciates	(429)	433,609,131	325,206,848
	Depreciates	685	(692,704,044)	(519,528,033)
MYR	Appreciates	(171)	24,452,575	18,339,431
	Depreciates	218	(31,174,159)	(23,380,619)
HKD	Appreciates	(79)	-	-
	Depreciates	165	-	-

			Sensitivity	
2019	Change in Exchange Rates		Equity	Profit (Loss)
USD	Appreciates	(210)	2,578,777	1,934,083
	Depreciates	153	(1,877,153)	(1,407,865)
SGD	Appreciates	(108)	48,430,610	36,322,957
	Depreciates	46	(20,836,543)	(15,627,407)
MYR	Appreciates	(33)	4,216,898	3,162,673
	Depreciates	25	(3,289,271)	(2,466,953)
HKD	Appreciates	(29)	5,779	4,335
	Depreciates	18	(3,651)	(2,738)

(Expressed in Rupiah, unless otherwise stated)

3) Interest Rate Risk

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

On date of the statement of financial position, the Entity's profile of financial instruments that are affected by interest are as follows:

	2020	2019
Floating interest Instrument		
Financial assets	701,347,512	2,777,777,864

b. Credit Risk

Credit risk represents the risk of financial loss of the Entity if any customer or other party of a financial instrument fails to meet contractual liabilities. This risk arises mainly from trade receivables, other receivables and due from related parties. The Entity manage and control credit risk from trade receivables, other receivables and due from related parties by monitoring the default limit period on each customer and related party.

Management believes that there is no risk of significant concentrations of credit. The Entity manages and controls credit risk from trade receivables by monitoring the default limit period as of each customer's receivables.

The following table analyzes the financial assets based on the maximum exposure to credit risk as reflected in the carrying amount of an allowance for impairment:

	2020			
	Neither Past Due	Past Due	Impairment	Total
Financial Assets Measured at Amortized Cost				
Cash in banks	701,347,512	-	-	701,347,512
Trade receivables – third parties	56,684,746	1,509,649,049	(204,480,002)	1,361,853,793
Other receivable – related parties	5,349,445,241	-	-	5,349,445,241
Due from related parties	6,440,367,050	-	-	6,440,367,050
Security deposits	8,000,000	-	-	8,000,000
Total	12,555,844,549	1,509,649,049	(204,480,002)	13,861,013,596

	2019			
	Neither Past Due	Past Due	Impairment	Total
Financial Assets Measured at Amortized Cost				
Cash in banks	2,777,777,864	-	-	2,777,777,864
Trade receivables – third parties	294,658,181	3,121,184,277	-	3,415,842,458

(Expressed in Rupiah, unless otherwise stated)

	2019			
	Neither Past Due	Past Due	Impairment	Total
Other receivable – related parties	490,134,084	-	-	490,134,084
Due from related parties	12,574,597,050	-	-	12,574,597,050
Security deposits	8,000,000	-	-	8,000,000
Total	16,145,167,179	3,121,184,277	-	19,266,351,456

c. Liquidity Risk

Through their operations and existing funding sources, the Entity can meet all their financial obligations as they mature, because the Entity have the financial assets which are liquid and available to meet liquidity needs.

In managing the liquidity risk, the Entity observe strict control on the forecast and continuous realization of actual cash flows from both collectibility of receivables as well as the fulfillment of obligations and due dates.

The following table presents the amount of financial liabilities on December 31, 2020 and 2019, based on their maturity:

	2020			
		Will be Due		
	Maturity Not Determined	Less Than 1 Year	More Than 1 Year	Total
Financial Liabilities Measured at Amortized Cost				
Trade payables	1,421,131,067	-	-	1,421,131,067
Other payables	13,525,524,172	-	-	13,525,524,172
Accrued expense	1,829,276,657	-	-	1,829,276,657
Lease liabilities	1,666,666	-	-	1,666,666
Total	16,777,598,562	-	-	16,777,598,562

	2019			
		Will be Due		
	Maturity Not Determined	Less Than 1 Year	More Than 1 Year	Total
Financial Liabilities Measured at Amortized Cost				
Trade payables	1,729,682,238	-	-	1,729,682,238
Other payables	7,228,179,289	-	-	7,228,179,289
Accrued expense	2,860,136,265	-	-	2,860,136,265
Total	11,817,997,792	-	-	11,817,997,792

(Expressed in Rupiah, unless otherwise stated)

29. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received to sell on assets or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The table below shows the categories of financial instruments and the carrying amounts and fair values of the financial assets and financial liabilities recorded in the statements of financial position as of December 31, 2020 and 2019:

	Carrying Amount		Fair Value	
	2020	2019	2020	2019
Financial Assets				
Cash on hand and in banks	823,017,068	3,179,945,414	823,017,068	3,179,945,414
Trade receivables – third parties	1,361,853,793	3,415,842,458	1,361,853,793	3,415,842,458
Other receivables – related parties	5,349,445,241	490,134,084	5,349,445,241	490,134,084
Due from related parties	6,440,367,050	12,574,597,050	6,440,367,050	12,574,597,050
Security deposits	8,000,000	8,000,000	8,000,000	8,000,000
Total Financial Assets	13,982,683,152	19,668,519,006	13,982,683,152	19,668,519,006
Financial Liabilities				
Trade payables	1,421,131,067	1,729,682,238	1,421,131,067	1,729,682,238
Other payables	13,525,524,172	7,228,179,289	13,525,524,172	7,228,179,289
Accrued expenses	1,829,276,657	2,860,136,265	1,829,276,657	2,860,136,265
Lease liabilities	1,666,666	-	1,666,666	-
Total Financial Liabilities	16,777,598,562	11,817,997,792	16,777,598,562	11,817,997,792

30. CAPITAL MANAGEMENT

The objectives of capital management are to secure the Entity‟s ability to continue its business in order to deliver results for stockholders and benefits to other stakeholders and to maintain an optimal capital structure to minimize the cost of capital.

Periodically, the Entity performs the valuation of debt to determine the possible refinancing of existing debt with new loan that is more efficient which will lead to more optimal debt costs.

Debt to equity ratio is the ratio required by the lender to be supervised by management in evaluating the Entity's capital structure and reviewing the effectiveness of the Entity‟s borrowing.

The Entity‟s capital structure are as follows:

	2020		2019	
	Total	Percentage	Total	Percentage
Current liabilities	17,163,551,480	76.97%	13,985,359,435	49.94%
Non-current liabilities	799,723,844	3.59%	769,937,167	2.75%
Total liabilities	17,963,275,324	80.56%	14,755,296,602	52.69%
Total equity	4,336,139,925	19.44%	13,247,123,027	47.31%

(Expressed in Rupiah, unless otherwise stated)

	2020		2019	
	Total	Percentage	Total	Percentage
Total	22,299,415,249	100.00%	28,002,419,629	100.00%
Debt to equity ratio		4.14		1.11

31. EVENTS AFTER THE REPORTING PERIOD

a) Law No. 2 Year 2020

Based on Law No. 2 Year 2020 there are some adjustments on income tax rates of the domestic corporate taxpayer and permanent establishment, as follows:

1. Decrease the tax rates to 22% effective for the Fiscal Years 2020 and 2021;
2. Decrease the tax rates to 20% effective for the Fiscal Year 2022;

3. Domestic corporate taxpayer in the form of publicly-listed entity with total number of shares of at least 40% traded at the Indonesian Stock Exchange which obtain 3% tax rate lower than in points 1 and 2 above (and when certain conditions are met).

b) Enactment of Omnibus Law

On November 2, 2020, the Law No. 11 Year 2020 regarding “Jobs Creation”, commonly referred to as the “Omnibus Law” was signed by the President of the Republic of Indonesia. The Omnibus Law aims create jobs and raise foreign and domestic investments by improving the ease of doing business and boost the national investment climate in Indonesia.

The Omnibus Law regulates strategic policies which include:

1. Growth of investment ecosystem and business activities;
2. Employment and Labor;
3. Convenience, protection and empowerment of cooperatives and Micro, Small and Medium-sized Enterprises (“MSMEs”);
4. Ease of doing business;
5. Support for research and innovation;
6. Land procurement;
7. Economic zones;
8. Central Government investment and national strategic projects;
9. Implementation of government administration; and
10. Imposition of sanctions.

The Omnibus Law amends a number of existing laws, including Law No. 13 Year 2003 on Labor (“Labor Law”) and Law No. 40 Year 2004 on National Social Security System (“Social Security Law”), amongst others.

The essential changes on Labor law include: definite period of employment, outsourcing, overtime, minimum wage, termination of employment, amongst others.

The Omnibus Law introduces a new social security program, i.e., jaminan kehilangan pekerjaan or unemployment security. This newly introduced program will be administered by the Manpower Social Security Organizing Agency [Badan Penyelenggara Jaminan Sosial (BPJS)

Ketenagakerjaan]. Terminated employees are entitled to benefits from the unemployment social security program in the form of cash, access to information on the job market and job training. The implementation of the unemployment security program will be further regulated under a government regulation.

Three of the major laws relating to taxation are impacted by the Omnibus Law:

1. The General Tax Procedures (Ketentuan Umum Perpajakan/KUP) Law;
2. The Income Tax Law (ITL); and
3. The Value Added Tax (VAT) Law.

Some of the important changes to these laws include relaxation of sanctions on taxpayers, exempting certain types of income from tax (including some dividends and offshore income), introduction of a limited territorial,tax allowance and also several changes in the VAT rules including relaxation of crediting VAT-in that offer a more fair and reasonable outcome and encourage to strengthen the economy.

As of the date of this audit report, the Entity are still currently evaluating the impact of the Omnibus Law. Such effects will be reported in the financial statements when they known and can be estimated.

c) Covid-19 Pandemic

The Entity operations may be adversely impacted by the outbreak of Corona Virus Disease (“Covid-19”). The adverse effects of Covid-19 to the global and Indonesia economy includes negative effect to economic growth, decline in capital markets, increase in credit risk, depreciation of foreign currency exchange rates and disruption of business operation. The future effects of the outbreak of Covid-19 to Indonesia and the Entity are unclear at this time. A significant rise in the number of Covid-19 infections or prolongation of the outbreak could have severe affect to Indonesia and the Entity. However, future effects will also depend on the effectiveness of policy responses issued by the Government of the Republic of Indonesia in response to the pandemic.

As of the date of these financial statements, there has been a decline in the Indonesia Stock Exchange Bond Index (“IHSG”), Indonesia Composite Bond Index (“ICBI”) and Rupiah foreign currency exchange rates and the drop in Indonesia‟s economic growth which has resulted on the decline of the purchasing power and investment which were contributed by the impact of Covid-19. However, specific impact to the Entity business, earnings, recoverability of assets and liabilities are not possible to be determined as this stage. Such effects will be reported in the financial statements when they are known and can be estimated.

32. NEW AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARS

Amendment to PSAK No. 73 which are effective for financial statements beginning on or after June 1, 2020, with early application permitted.

PSAK No. 73 (Amendment 2020) Leases: Rental Concessions related to Covid-19.

As a result of the Covid-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. The standard board made an amendment to PSAK No. 73 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognized in profit or loss arising from the rent concessions.

New standards and amendment which are effective for the financial statements beginning on or after January 1, 2021, are as follows:

- PSAK No. No. 22 (Amendment 2019), regarding “Business Combination”.

  These amendments clarify the definition of business for the purpose of assisting the entity in determining whether a transaction should be accounted for as a business combination or an asset acquisition. In general, the amendments to PSAK No. 22 of these:
  amend the definition of business.
  a. amend the definition of business.
  b. added an optional concentration test that allows a simplified assessment of whether the acquired set of activities and assets is not a business.
  c. clarified the business element that to be considered as a business, an integrated set of activities and assets acquired includes, as a minimum, substantive inputs and processes that together contribute significantly to the ability to produce outputs.
  d. adds illustrative guidance and examples to help the entity assess whether substantive processes have been acquired.

- Amendments to PSAK No. 71, Amendments to PSAK No. 55, Amendments to PSAK No. 60, Amendments to PSAK No. 62 and Amendments to PSAK No. 73 regarding Interest Rate Reference Reform - Phase 2 is adopted from IFRS concerning Interest Rate Benchmark Reform - Phase 2.

  The interest rate reference reform refers to the global reform .which agrees to replace IBOR with an alternative interest rate reference, the replacement of IBOR is divided into two stages:
  1. Stage 1 (Pre-replacement issues).
  2. Stage 2 (Replacement issues).

- PSAK No. 110, regarding “Accounting for Sukuk” and PSAK No. 111, regarding “Wa'd Accounting” (Amendment 2020), regarding “Business Combinations”.

  This adjustment provides clarification on the initial recognition of an investment in a sukuk. This adjustment aims to harmonize and maintain consistency of arrangements for the acquisition of sukuk. Adjustments to PSAK No. 110 has an impact on PSAK No. 111: Wa'd Accounting which refers to PSAK No. 110.

- PSAK No. 112, regarding “Wakaf Accounting”.

  In general, PSAK No. 112 regulates the accounting treatment of waqf transactions carried out by both nazhir and wakif in the form of organizations and legal entities. PSAK No. 112 can also be applied by individual nazhir.

The standard annual amendments and adjustments that are effective for financial statements beginning on or after January 1, 2022 are as follows:

- PSAK No. 22 (Amendment 2020), regarding "Business Combinations against references to the Financial Reporting Conceptual Framework".

  Amendments to PSAK No. This 22 clarifies the interaction between PSAK No. 22, PSAK No. 57, ISAK No. 30 and the Conceptual Framework of Financial Reporting.

  This amendment adds a description of the liabilities and contingent liabilities within the scope of PSAK No. 57 or ISAK No. 30, and clarify the contingent liabilities recognized at the acquisition date, and in relation to the definition of a contingent asset and its accounting treatment.

- PSAK No. 57 (Amendment 2019), regarding "Provisions, Contingent Liabilities, and Contingent Assets regarding Contract Loss - Contract Fulfillment Costs".

  This amendment classifies the cost of fulfilling a contract in relation to determining whether a contract is an burdensome contract. This amendment provides that the cost of fulfilling the contract consists of costs that are directly related to the contract. Directly related costs consist of: incremental costs to fulfill the contract and allocations of other costs that are directly related to fulfilling the contract.

- PSAK No. 69 (Improvement 2020), regarding "Agriculture".

  This improvement clarifies the recognition and measurement that previously "the entity does not take into account cash flows for financing assets, taxation or regeneration of biological assets after harvest", to "the entity does not account for cash flows for financing assets, or regrowth of biological assets after harvest".

- PSAK No. 71 (Improvement 2020), regarding "Financial Instruments".

  PSAK No. 71 (Improvement 2020) clarifies fees (benefits) recognized by borrowers in relation to derecognition of financial liabilities. In determining the fee (return) to be paid after deducting the fee (return) received, the borrower only includes the fees (benefits) paid or received between the borrower and the lender, including fees (benefits) paid or received by either the borrower or the lender on behalf of other parties.

- PSAK No. No. 73 (Annual Improvement 2020), regarding "Leases".

  PSAK No. 73 (Improvement 2020) clarifies the measurement by tenants and records changes in lease term related to "improvements to rental property".

The amended standards which became effective for financial statements beginning on or after January 1, 2023 are as follows:

- PSAK No. 1 (Amendment 2020), regarding "Presentation of Financial Statements concerning Classification of Liabilities as Short-Term or Long-Term".

  Amendments to PSAK No. 1 was adopted from the IAS Amendment No. 1: Presentation of Financial Statements. The amendments clarify one of the criteria for classifying a liability as long-term, that is, it requires the entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments also relate to the following:

a. specifies that the entity's right to defer settlement of the liability must exist at the end of the reporting period;
b. clarify that the classification is not affected by management's intentions or expectations of whether the entity will exercise its right to suspend settlement of the liability;
c. clarify how loan conditions affect classification; and
d. clarify the requirements for an entity to classify a liability based on its ability to settle the liability by issuing its own equity instruments.

New standards which is effective for financial statements beginning on or after January 1, 2025 and early adoption is permitted as follows:

- PSAK No. 74, regarding “Insurance Contracts”.

  PSAK No. 74 is an adoption of IFRS No. 17: Insurance Contract effective January 1, 2023. PSAK No. 74 has included relaxation of several provisions as regulated in Amendments to IFRS No. 17: Insurance Contract which, amongst others, provides for additional scope exceptions, adjustments in the presentation of financial statements, application of risk mitigation options and some modifications to transitional provisions.

  Implementation of PSAK No. 74 The Insurance Contract will make the insurance company's Financial Statements “comparable” with other industries such as banking and other financial service companies due to PSAK No. 62 The current Insurance Contract (adoption of IFRS No. 4) still allows for varying reporting in each jurisdiction/country. In addition, PSAK No. 74 also requires a clear separation between income generated from the insurance business and income from investment activities so that all stakeholders of the financial statements, including policyholders and investors, receive transparent information on the financial statements of companies that have insurance contracts for protection products insurance with investment features.

  The management of the Entity is currently evaluating the impact of the new standards, amendments and improvements to standards on the financial statements.

33. COMPLETION OF THE FINANCIAL STATEMENTS

The management of the Entity is responsible for the preparation of the financial statements which were completed on July 30, 2021.

Report of the Directors

Audited Financial Statements

DIGIPHOTO ENTERTAINMENT IMAGING LIMITED

31 December 2020

DIGIPHOTO ENTERTAINMENT IMAGING LIMITED

CONTENTS

DIGIPHOTO ENTERTAINMENT IMAGING LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 December 2020.

Directors

The names of the person who were the directors of the Company during the period beginning with the end of the financial year and ending on the date of this report is as follows:

Ramakrishnan KALAPATHY SHANKAR
Sanghamitra Ramakrishnan KALAPATHY

Principal activity

The principal activity is provision for souvenir imaging provider to theme parks.

Permitted indemnity provision

At no time during the financial year were there any permitted indemnity provisions in force for the benefit of one or more Directors of the Company.

At the time of approval of this report, there are no permitted indemnity provisions in force for the benefit of one or more Directors of the Company.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the financial year.

Business review

The Company falls within reporting exemption for the financial year. Accordingly, the Company is exempted from preparing a business review.

Equity-linked agreements

During the financial year, no equity-linked agreements were entered into by the Company.

At the end of the financial year, the Company was not party to any equity-linked agreements.

Approval of Directors' report

This report was approved by the Directors on 15 July 2021.

ON BEHALF OF THE DIRECTORS

....

Ramakrishnan KALAPATHY SHANKAR
Director
Hong Kong,

AN INDEPENDENT AUDITORS' REPORT

To the members of DIGIPHOTO ENTERTAINMENT IMAGING LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of DIGIPHOTO ENTERTAINMENT IMAGING LIMITED ("the Company") set out on pages 4 to 10, which comprise the statement of financial position as at 31 December 2020, and the income statement for the year then ended, and accounting policies and explanatory notes to financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Company are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-Sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to PN 900 (Revised) Audit of Financial Statements Prepared in Accordance with the Small and Medium-Sized Entity Financial Reporting Standard issued by the HKICPA. 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 HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors' report 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.

詹訓龍會計師事務所
香港灣仔莊士敦道181號大有大廈908-9室
Rm 908 - 9, Tai Yau Bldg., 181 Johnston Road, Wanchai, Hong Kong
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louis@flchimandco.com.hk

F. L. CHIM & Co.

Certified Public Accountants

AN INDEPENDENT AUDITORS' REPORT

To the members of DIGIPHOTO ENTERTAINMENT IMAGING LIMITED
(incorporated in Hong Kong with limited liability)

Responsibilities of directors and those charged with governance for the financial statements

The directors are responsible for the preparation of the financial statements in accordance with the SME-FRS issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at HKICPA's website at http://www.hkicpa.org.hk/file/media/section6_standards/standards/Audit-n-assurance/auditre/fs_cf.pdf This description forms part of our auditor's report.

F L Chim & Co

F. L. Chim & Co.
Certified Public Accountants
Hong Kong
Date of the auditor's report: 15 July 2021

詹訓龍會計師事務所
香港灣仔莊士敦道181號大有大廈908-9室
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DIGIPHOTO ENTERTAINMENT IMAGING LIMITED

INCOME STATEMENT

Year ended 31 December 2020

	Notes	2020 HK$	2019 HK$
Revenue	2	4,875,738	22,435,669
Cost of services		(5,097,962)	(19,613,255)
Gross (loss)/profit		(222,224)	2,822,414
Other revenue	2	346	348,026
Administrative expenses		(2,323,201)	(3,465,163)
(Loss) before income tax expense	3	(2,545,079)	(294,723)
Income tax expense	5	-	-
(Loss) for the year		(2,545,079)	(294,723)

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

DIGIPHOTO ENTERTAINMENT IMAGING LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 HK$	2019 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	6	150,113	212,130
CURRENT ASSETS			
Inventories	7	244,824	284,990
Accounts receivable		8,840,913	11,639,470
Prepayment and deposit		26,786	41,483
Due from the ultimate holding company	8	501,872	501,872
Cash and bank balances		775,481	1,260,955
		10,389,876	13,728,770
CURRENT LIABILITIES			
Accounts payable		23,574,840	24,066,479
Accruals		1,079,986	1,444,179
		24,654,826	25,510,658
NET CURRENT (LIABILITIES)		(14,264,950)	(11,781,888)
NET (LIABILITIES)		(14,114,837)	(11,569,758)
EQUITY			
Share capital			
Issued and fully paid: 100 ordinary shares	9	100	100
(Accumulated losses)		(14,114,937)	(11,569,858)
TOTAL (NEGATIVE EQUITY)		(14,114,837)	(11,569,758)

Approved on behalf of the directors by:

Ramakrishnan KALAPATHY SHANKAR Director	Sanghamitra Ramakrishnan KALAPATHY Director

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

REPORTING ENTITY

DIGIPHOTO ENTERTAINMENT IMAGING LIMITED is a company incorporated in Hong Kong with limited liability. The Company's registered office is located at Flat 7, 2/F., Fat Lee Industrial Building, 17 Hung To Road, Kwun Tong, Hong Kong. The Company's principal activity is provision for souvenir imaging provider to theme parks.

In the opinion of the directors, the ultimate holding company of the Company is DEI Holdings Limited, a private company incorporated in Dubai, UAE.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Company qualifies for the reporting exemption as a small private company under section 359(1)(a) of the Hong Kong Companies Ordiance (Cap. 622) and is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Company is a going concern that the Company's sole shareholder agreed to provide sufficient financial resources to maintain the Company's going concern.

The measurement base adopted is the historical cost convention.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

(a) Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably, on the following bases:

(i) Sales income is recognised when the goods had been passed to customers;
(ii) Services income are recognised when the services had been rendered; and
(iii) Interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

(b) Foreign exchange

The reporting currency of the Company is Hong Kong dollars ("HK$"), which is the currency of the primary economic environment in which the Company operates.

Foreign currency transactions are converted at the exchange rate applicable at the transaction date. Foreign currency monetary items are translated into HK$ using exchange rates applicable at the end of the reporting period. Gains and losses on foreign exchange are recognised in the income statement.

(c) Income tax expense

Income tax expense represents current tax expense. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is not provided.

(d) Accounts and other receivables

Accounts and other receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income statement.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The depreciable amount of an item of property, plant and equipment is allocated on a systemic basis over its estimated useful life using the straight-line method. The principal annual rates used for depreciation are as follows:

Computer and equipment	20%
Fixture and fittings	20%

(f) Impairment of assets

An assessment is made at each balance sheet date to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognised for the asset in prior years.

(g) Inventories

Inventories for re-sale are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. At each reporting date, inventories for re-sales are assessed for impairment and the carrying amount is reduced to its selling price less costs to complete and sell with the impairment loss recognised immediately in income statement.

(h) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the income statement on a straight-line basis over the lease years.

2. REVENUE AND OTHER REVENUE

An analysis of the Company's revenue and other revenue is as follows:

	2020 HK$	2019 HK$
Services income	4,875,738	22,435,669
Other revenue		
Other income	346	348,026
	4,876,084	22,783,695

3. (LOSS) BEFORE INCOME TAX EXPENSE

This is arrived at after charging:

	2020 HK$	2019 HK$
Auditor's remuneration	13,000	15,000
Exchange loss, net	221,575	406,002
Depreciation	62,017	45,144
Staff cost, excluding directors' remuneration	511,663	938,347

4. DIRECTORS' REMUNERATION

The directors are regarded as key management of the Company. None of the directors received or will receive any fees or other emoluments in respect of their services to the Company during the year (2019: Nil).

5. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Company incurred a tax loss for the year (2019: Nil).

6. PROPERTY, PLANT AND EQUIPMENT

	Computer and equipment HK$	Fixtures and fittings HK$	Total HK$
Cost:			
At 1 January 2020 and at 31 December 2020	382,478	35,744	418,222
Accumulated depreciation:			
At 1 January 2020	195,277	10,815	206,092
Charge for the year	56,426	5,591	62,017
At 31 December 2020	251,703	16,406	268,109
Net carrying amount:			
At 31 December 2020	130,775	19,338	150,113
At 31 December 2019	187,201	24,929	212,130

7. INVENTORIES

	2020 HK$	2019 HK$
Inventories for re-sales, at cost	244,824	284,990

8. DUE FROM THE ULTIMATE HOLDING COMPANY

The amount due is unsecured, interest free and has no fixed terms of repayment.

9. SHARE CAPITAL

	Number of shares	HK$
Issued and fully paid:		
As at 1 January 2020 and 31 December 2020		
100 ordinary shares with no par value	100	100

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the general meeting of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

10. CHANGES IN EQUITY

	Share capital HK$	(Accumulated losses) HK$	Total HK$
Balance brought forward	100	(11,569,858)	(11,568,758)
(Loss) for the year	-	(2,545,079)	(2,545,079)
As at 31 December 2020	100	(14,114,937)	(14,114,837)

11. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2020, the Company had future aggregate minimum lease payments under non-cancellable operating leases under land and buildings as follows:

	2020 HK$	2019 HK$
Operating lease commitments:		
Not later than one year	52,650	105,300
Between two to five years, inclusive	-	-
	52,650	105,300

12. RELATED PARTIES TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these accounts, the Company had the following transactions with related parties during the year:

(a) Balances with related parties:

	2020 HK$	2019 HK$
Accounts receivable due from fellow subsidiaries	8,422,414	9,856,564
Accounts payable due to fellow subsidiaries	(23,614,161)	(23,753,945)

In the opinion of the directors of the Company, the above related parties transactions were entered into by the Company in the ordinary course of business.

13. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Company's Board of Directors on 15 July 2021.

Company No.: (200801015899 (817189-P)

DIGIPHOTO ENTERTAINMENT IMAGING SDN. BHD.

(Incorporated in Malaysia)

Reports & Financial Statements
31 December 2020

HccH Partners PLT AF 002061
RN: 201906003885 (LLP0022697-LCA)
Chartered Accountants

Company No.: (200801015899 (817189-P)

DIGIPHOTO ENTERTAINMENT IMAGING SDN. BHD.
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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DIGIPHOTO ENTERTAINMENT IMAGING SDN. BHD.
(Incorporated in Malaysia)

CORPORATE INFORMATION

DIRECTORS

Wong Kat Hoong
Kalapathy Shankar Ramakrishnan

COMPANY SECRETARY

Wong Kat Hoong (MIA 23525)

REGISTERED OFFICE

No. 7-1, Jalan Damai Perdana,
6/1B Bandar Damai Perdana Cheras
56000 Kuala Lumpur.

PRINCIPAL PLACE OF BUSINESS

No. 21.02, Level 21,
Menara AmFirst,
No. 1, Jalan 19/3,
46300 Petaling Jaya, Selangor.

AUDITORS

HCCH Partners PLT (AF 002061)
RN: 201906003885 (LLP0022697-LCA)
Chartered Accountants

BANKER

CIMB Bank Berhad

HOLDING COMPANIES

DEI Holdings Limited, (Co. No. 171866) (Immediate Holding)
(A Company Incorporated in United Arab Emirates)

Thomas Cook (India) Limited (Penultimate Holding)
(A Company Incorporated in India)

Fairfax Financial Holdings Limited (Ultimate Holding)
(A Company Incorporated in Canada)

DIGIPHOTO ENTERTAINMENT IMAGING SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors hereby submit their report together with the audited financial statements of the Company for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of providing customised imaging solutions to theme parks, resorts and entertainment arenas. .

RESULTS

	RM
Total comprehensive loss for the year	(3,918,149)

DIVIDENDS

No dividends have been paid or declared since the end of the previous year. The directors do not recommend that a dividend to be paid in respect of the current year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions except as disclosed in the financial statements.

SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the year to take up unissued shares of the Company.

No shares have been issued during the year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the year, there were no unissued shares of the Company under options.

DIRECTORS

The directors of the Company in office at any time during the year and since the end of the year up to the date of this report are:

Wong Kat Hoong
Kalapathy Shankar Ramakrishnan

DIRECTORS' BENEFITS

During and at the end of the year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest. , other than certain Directors who have significant financial interests in companies which traded with certain companies in the Company in the ordinary course of business.

DIRECTORS' INTERESTS

None of the other directors in office at the end of the year have interest in shares of the Company or its related corporations during the year ended 31 December 2020.

DIRECTORS' REMUNERATIONS

None of the directors or past directors of the Company have received any remunerations from the Company during the year.

None of the directors or past directors of the Company have received any other benefits otherwise than in cash from the Company during the year.

No payment has been paid to or payable to any third party in respect of the services provided to the Company by the directors or past directors of the Company during the year.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been the director, officer or auditor of the Company.

OTHER STATUTORY INFORMATION

Before the financial statements of the Company were prepared, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that there are no known bad debts to be written off and that no allowance for doubtful debts is required.

(b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

As of the date of this report, the directors are not aware of any circumstances:

(a) which would necessitate the writing off of bad debts and providing of allowance of doubtful debts in the financial statements.

(b) which would render the values attributed to current assets in the financial statements of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

As of the date of this report, there does not exist:

(a) any charge on the assets of the Company which has arisen since the end of the year and secures the liability of any other person; or

(b) any contingent liability of the Company which has arisen since the end of the year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the directors:

(a) the results of the operations of the Company during the year were not substantially affected by any item, transaction or event of a material and unusual nature.

(b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the year and the date of this report which is likely to affect substantially the results of operations of the Company for the year in which this report is made.

HOLDING COMPANIES

The Company is a wholly owned subsidiary of DEI Holdings Limited, a company incorporated in United Arab Emirates. The directors regard the penultimate holding and ultimate holding are Thomas Cook (India) Limited, a company incorporated in India, and Fairfax Financial Holding Limited, a company incorporated in Canada respectively.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 15.1 to the financial statements.

AUDITORS

The retiring auditors, Messrs. HCCH Partners PLT, have indicated their willingness to be re-appointed

Approved by the Board and signed on behalf of the Directors

WONG KAT HOONG
DIRECTOR

KALAPATHY SHANKAR RAMAKRISHNAN
DIRECTOR

Kuala Lumpur
DATE :

DIGIPHOTO ENTERTAINMENT IMAGING SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 251 (2) of the Companies Act 2016

The directors of Digiphoto Entertainment Imaging Sdn. Bhd. state that, in their opinion, the financial statements of the Company set out on pages 10 to 29 are drawn up in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2020 and financial performance of the Company and cash flows for the year ended 31 December 2020.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors

WONG KAT HOONG DIRECTOR	**KALAPATHY SHANKAR RAMAKRISHNAN** DIRECTOR

Kuala Lumpur
DATE :

STATUTORY DECLARATION
Pursuant to Section 251 (1) (b) of the Companies Act 2016

I, Wong Kat Hoong, (NRIC: 770619-14-5221), the director primarily responsible for the financial management of Digiphoto Entertainment Imaging Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 10 to 29 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
the above-named Wong Kat Hoong)
at Kuala Lumpur this)

WONG KAT HOONG

Before me,

COMMISSIONER FOR OATHS

HCCH

HCCH Partners PLT

AF002061
Chartered Accountants
RN: 201906003885 (LLP0022697-LCA)
30-1, Lorong 6A/91. Taman Shamelin Perkasa, 56100 Kuala Lumpur, Malaysia
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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF DIGIPHOTO ENTERTAINMENT IMAGING SDN. BHD.
(Company No.: (200801015899 (817189-P))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Digiphoto Entertainment Imaging Sdn. Bhd., which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 29.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Emphasis of Matter

As discuss in Note 20 to the financial statements, the recent outbreak of the coronavirus pestilence, also known as "COVID-19", has spread throughout the world and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities worldwide have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. Given the uncertainty in the current economic situation the related financial impact on the company cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF DIGIPHOTO ENTERTAINMENT IMAGING SDN. BHD.
(Company No.: (200801015899 (817189-P))
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company 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 the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company 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 approved standards on auditing in Malaysia and 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 approved standards on auditing in Malaysia and International Standards on Auditing, 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 of the Company, 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 the 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 auditors' report to the related disclosures in the financial statements of the Company 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 of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

HccH Partners PLT	**CHUNG CHEE HOE**
RN: 201906003885 (LLP0022697-LCA	02651/07/2022 J
AF: 002061	Chartered Accountant
Chartered Accountants	

KUALA LUMPUR
DATE :

DIGIPHOTO ENTERTAINMENT IMAGING SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 RM	2019 RM
NON-CURRENT ASSET			
Property, plant and equipment	4	1,203,311	1,538,721
CURRENT ASSETS			
Inventories	5	1,390,887	1,812,572
Trade receivables	6	553,949	2,431,224
Other receivables, deposits and prepayments	7	5,708,099	19,099,684
Tax recoverable		127,015	613,125
Cash and cash equivalents	8	402,528	606,911
		8,182,478	24,563,516
CURRENT LIABILITIES			
Trade payables	9	793,488	1,120,926
Other payables and accruals	10	3,073,566	14,304,180
Current tax liabilities		-	1,008,497
		3,867,054	16,433,603
NET CURRENT ASSETS		4,315,424	8,129,913
		5,518,735	9,668,634
FINANCED BY:			
CAPITAL AND RESERVES			
Share capital	11	1,000,000	1,000,000
Retained earnings	12	4,516,440	8,434,589
SHAREHOLDERS' EQUITY		5,516,440	9,434,589
NON-CURRENT LIABILITY			
Deferred tax liabilities	13	2,295	234,045
		5,518,735	9,668,634

The accompanying notes form an integral part of the financial statements.

DIGIPHOTO ENTERTAINMENT IMAGING SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 RM	2019 RM
REVENUE	14	9,394,311	38,068,768
Cost of sales		(4,232,539)	(18,455,199)
Gross profit		5,161,772	19,613,569
Other income		84	7,790
Administrative expenses		(8,672,198)	(14,381,402)
Distribution and selling expenses		(208,848)	(562,088)
Other operating expenses		(93,104)	(140,425)
(Loss)/profit before tax	15	(3,812,294)	4,537,444
Income tax expense	16	(105,855)	(1,018,802)
(Loss)/profit for the year		(3,918,149)	3,518,642
Other comprehensive income		-	-
Total comprehensive income for the year		(3,918,149)	3,518,642

DIGIPHOTO ENTERTAINMENT IMAGING SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital RM	Retained earnings RM	Total RM
As at 1 January 2019	1,000,000	4,915,947	5,915,947
Total comprehensive profit for the year	-	3,518,642	3,518,642
As at 31 December 2019	1,000,000	8,434,589	9,434,589
Total comprehensive loss for the year	-	(3,918,149)	(3,918,149)
As at 31 December 2020	1,000,000	4,516,440	5,516,440

DIGIPHOTO ENTERTAINMENT IMAGING SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before tax		(3,812,294)	4,537,444
Adjustments for:			
Depreciation of property, plant and equipment		444,372	346,333
Loss on disposal of property, plant and equipment		-	16,993
Bad debts written off		-	374,902
Allowance for doubtful debts		728,016	-
Operating (loss)/profit before working capital changes		(2,639,906)	5,275,672
Decrease/(increase) in inventories		421,685	(317,477)
Receivables		14,535,144	(6,946,502)
(Decrease)/increase in payables		(11,558,053)	3,825,716
Cash from operations		758,870	1,837,409
Tax paid		(859,992)	(1,242,802)
Tax refund		-	30,033
Net cash (used in)/from operating activities		(101,122)	624,640
CASH FLOWS FROM INVESTING ACTIVITY			
Acquisition of property, plant and equipment	17	(108,961)	(870,959)
Net cash used in investing activity		(108,961)	(870,959)
CASH FLOWS FROM FINANCING ACTIVITY			
Net cash from financing activity		-	-
Net decrease in cash and cash equivalents		(210,083)	(246,319)
Cash and cash equivalents at beginning of the year		606,911	853,230
Cash and cash equivalents at end of the year		396,828	606,911
Cash and cash equivalents comprise:			
Cash and cash equivalents		402,528	606,911

The accompanying notes form an integral part of the financial statements.

DIGIPHOTO ENTERTAINMENT IMAGING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 GENERAL INFORMATION

The Company is a private limited company incorporated and domiciled in Malaysia.

The registered office is located at No. 7-1, Jalan DamaiPerdana, 6/1B Bandar Damai Perdana Cheras, 56000 Kuala Lumpur.

The principal place of business is located at No. 21.02, Level 21, Menara AmFirst, No. 1, Jalan 19/3, 46300 Petaling Jaya, Selangor.

The principal activity of the Company is that of providing customised imaging solutions to theme parks, resorts and entertainment arenas.

The Company is a wholly owned subsidiary of DEI Holdings Limited, a company incorporated in United Arab Emirates. The directors regard the penultimate holding and ultimate holding are Thomas Cook (India) Limited, a company incorporated in India, and Fairfax Financial Holding Limited, a company incorporated in Canada respectively.

The financial statements of the Company are presented in the functional currency, which is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is Ringgit Malaysia as the sales and purchases are mainly denominated in Ringgit Malaysia and receipts from operations are usually retained in Ringgit Malaysia and funds from financing activities are generated in Ringgit Malaysia.

2 SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Malaysian Private Entities Reporting Standard ("MPERS") and the requirements of the Companies Act 2016.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets and liabilities.

The principal accounting policies adopted are set out below:

2.1 PROPERTY, PLANT AND EQUIPMENT

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. After recognition as an asset, an item of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses, except for freehold land and buildings.

Depreciation is provided on a straight-line method so as to write off the depreciable amount of the following assets over their estimated useful lives, as follows:

	Rate
Computers and equipment	33.33%
Furniture and fittings	33.33%

Depreciation of an asset begins when it is ready for its intended use.

If there is an indication of a significant change in factors affecting the residual value, useful life or asset consumption pattern since the last annual reporting date, the residual values, depreciation method and useful lives of depreciable assets are reviewed, and adjusted prospectively.

The carrying amounts of items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of items of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the item, is recognised in profit or loss. Neither the sale proceeds nor any gain on disposal is classified as revenue.

2.2 IMPAIRMENT OF ASSETS, OTHER THAN INVENTORIES AND FINANCIAL ASSETS

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

When there is an indication that an asset may be impaired but it is not possible to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset and a cash-generating unit is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are 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.

If the recoverable amount of an asset or a cash-generating unit is less than the carrying amount, an impairment loss is recognised to reduce the carrying amount to its recoverable amount. An impairment loss for a cash-generating unit is firstly allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then, to the other non-current assets of the unit pro rata on the basis of the carrying amount of each appropriate asset in the cash-generating unit. Impairment loss is recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which case it is treated as a revaluation decrease.

The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell, value in use and zero.

An impairment loss recognised in prior periods for an asset or the appropriate assets of a cash-generating unit is reversed when there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss, unless the asset is carried at revalued amount, in which case it is treated as a revaluation increase.

2.3 FOREIGN CURRENCY

i) Foreign Currency ~ Foreign Currency Transactions

Transactions in foreign currencies are initially recognised in the functional currency by applying to the foreign currency amount the spot exchange rates between the functional currency and the foreign currency at the date of the transactions.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise except when a gain or loss on a non-monetary item is recognised in other comprehensive income. If so, any exchange differences relating to that gain or loss is recognised in other comprehensive income.

2.4 INVENTORIES

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is measured by using the First-in First-out method.

At each reporting date, inventories are assessed for impairment. If an item of inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss. At each subsequent reporting date, the Company makes a new assessment of selling price less costs to complete and sell. If there is any indication that an impairment loss recognised in prior periods may no longer exist or when there is clear evidence of an increase in selling price less costs to complete and sell due to changed economic circumstances, an impairment loss is reversed to the extent that the new carrying amount is the lower of the cost and the revised selling price less costs to complete and sell.

2.5 FINANCIAL ASSETS

Financial assets are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial assets are measured at transaction price, include transaction costs for financial assets not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the counterparty to the arrangement.

After initial recognition, financial assets are classified into one of three categories: financial assets measured at fair value through profit or loss, financial assets that are debt instruments measured at amortised cost, and financial assets that are equity instruments measured at cost less impairment.

i) **Financial Assets At Fair Value Through Profit Or Loss**

Financial assets are classified as at fair value through profit or loss when the financial assets are within the scope of Section 12 of the MPERS or if the financial assets are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

Changes in fair value are recognised in profit or loss.

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

ii) **Financial Assets That Are Debt Instruments Measured At Amortised Cost**

After initial recognition, debt instruments are measured at amortised cost using the effective interest method. Debt instruments that are classified as current assets are measured at the undiscounted amount of the cash or other consideration expected to be received.

Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or, when appropriate, a shorter period, to the carrying amount of the financial assets.

iii) **Financial Assets That Are Equity Instruments Measured At Cost Less Impairment**

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort, and contracts linked to such instruments that, if exercised, will result in delivery of such instruments, are measured at cost less impairment.

iv) **Impairment Of Financial Assets**

At the end of each reporting period, the Company assesses whether there is any objective evidence that financial assets that are measured at cost or amortised cost, are impaired.

Objective evidence could include:

- significant financial difficulty of the issuer; or
- a breach of contract; or
- the lender granting to the borrower a concession that the lender would not otherwise consider; or
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

For certain category of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment.

Impairment losses, in respect of financial assets measured at amortised cost, are measured as the differences between the assets' carrying amounts and the present values of their estimated cash flows discounted at the assets' original effective interest rate.

If there is objective evidence that impairment losses have been incurred on financial assets measured at cost less impairment, the amount of impairment losses are measured as the difference between the asset's carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade receivables which are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, in subsequent period, the amount of an impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

v) **Derecognition Of Financial Assets**

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or are settled, or the Company transfers to another party substantially all of the risks and rewards of ownership of the financial assets.

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses are recognised in profit or loss in the period of the transfer.

2.6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows comprise cash and bank balances, short-term bank deposits and other short-term, highly liquid investments that have a short maturity of three months or less from the date of acquisition, net of bank overdrafts.

2.7 LIABILITIES AND EQUITY

i) **Classification Of Liabilities And Equity**

Financial liabilities and equity instruments are classified in accordance with the substance of the contractual arrangement, not merely its legal form, and in accordance with the definitions of a financial liability and an equity instrument.

ii) **Equity Instruments**

Ordinary shares are classified as equity.

Equity instruments are any contracts that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company, other than those issued as part of a business combination or those accounted for in paragraph 22.15A to 22.15B, are measured at the fair value of the cash or other resources received or receivable, net of transaction costs. If payment is deferred and the time value of money is material, the initial measurement shall be on a present value basis.

The Company accounts for the transaction costs of an equity as a deduction from equity. Income tax relating to the transaction costs is accounted for in accordance with Section 29 of the MPERS.

Distributions to owners are deducted from the equity. Related income tax is accounted for in accordance with Section 29 of the MPERS.

2.8 FINANCIAL LIABILITIES

Financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial liabilities are measured at transaction price, include transaction costs for financial liabilities not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the Company to the arrangement.

After initial recognition, financial liabilities are classified into one of three categories: financial liabilities measured at fair value through profit or loss, financial liabilities measured at amortised cost, or loan commitments measured at cost less impairment.

i) **Financial Liabilities Measured At Fair Value Through Profit Or Loss**

Financial liabilities are classified as at fair value through profit or loss when the financial liabilities are within the scope of Section 12 of the MPERS or if the financial liabilities are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

ii) **Financial Liabilities Measured At Amortised Cost**

After initial recognition, financial liabilities other than financial liabilities at fair value through profit or loss are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities are derecognised or impaired.

Effective interest method is a method of calculating the amortised cost of financial liabilities and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash payments through the expected life of the financial liabilities or, when appropriate, a shorter period, to the carrying amount of the financial liabilities.

iii) **Loan Commitments Measured At Cost Less Impairment**

Commitments to receive loan that meet the conditions of Section 11 of the MPERS are measured at cost less impairment.

iv) **Derecognition Of Financial Liabilities**

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amounts of the financial liabilities derecognised and the consideration paid is recognised in profit or loss.

2.9 PROVISIONS

A provision is recognised when the Company has an obligation at the reporting date as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The risks and uncertainties are taken into account in reaching the best estimate of a provision. When the effect of the time value of money is material, the amount recognised in respect of the provision is the present value of the expenditure expected to be required to settle the obligation.

2.10 REVENUE

i) **Sales Of Goods**

Revenue from sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and taxes applicable to the revenue.

ii) **Rendering Of Services**

Revenue from rendering of services is measured by reference to the stage of completion of the transaction at the reporting date.

2.11 EMPLOYMENT BENEFITS

i) **Short-Term Employment Benefits**

Short-term employment benefits, such as wages, salaries and other benefits, are recognised at the undiscounted amount as a liability and an expense when the employees have rendered services to the Company.

The expected cost of accumulating compensated absences are recognised when the employees render services that increase their entitlement to future compensated absences. The expected cost of non-accumulating compensated absences, such as and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences are measured at the undiscounted additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

The expected cost of profit-sharing and bonus payments are recognised when the Company has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Company has no realistic alternative but to make the payments.

ii) **Defined Contribution Plan**

Contributions payable to the defined contribution plan are recognised as a liability and an expense when the employees have rendered services to the Company.

2.12 INCOME TAX

Tax expense is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised in other comprehensive income.

Tax payable on taxable profit for current and past periods is recognised as a current tax liability to the extent unpaid. If the amount paid in respect of the current and past periods exceeds the amount payable for those periods, the excess is recognised as a current tax asset.

Current tax assets and liabilities are measured at the amounts expected to be paid or recovered, using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

Current tax liabilities and assets are offset if, and only if the Company has a legally enforceable right to set off the amounts and plan either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is provided in full on temporary differences which are the differences between the carrying amounts in the financial statements and the corresponding tax base of an asset or liability at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all deductible temporary differences that are expected to reduce taxable profit in the future and the carryforward of unused tax losses and unused tax credits.

Deferred tax liabilities and assets are not recognised in respect of the temporary differences associated with the initial recognition of an asset or a liability in a transaction that is not a business combination and at the time of the transactions, affects neither accounting profit nor taxable profit. Deferred tax liabilities are also not recognised for temporary difference associated with the initial recognition of goodwill.

Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amounts of their assets and liabilities and are measured at the tax rates and laws that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the reporting date.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

3.1 CRITICAL JUDGEMENTS IN APPLYING THE ACCOUNTING POLICIES

The judgements, apart from those involving estimations described below, that management has made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements, other than those disclosed in the Notes.

3.2 KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation 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 year, other than those disclosed in the Notes.

4 PROPERTY, PLANT AND EQUIPMENT

	As at 1 January 2020 RM	Additions RM	Disposals RM	As at 31 December 2020 RM
Cost				
Computers and equipment	2,216,268	26,827	-	2,243,095
Furnitures & fittings	511,970	82,135	-	594,105
	2,728,238	108,962	-	2,837,200

	As at 1 January 2020 RM	Charges for the year RM	Disposals RM	As at 31 December 2020 RM
Accumulated Depreciation				
Computers and equipment	926,434	360,245	-	1,286,679
Furnitures & fittings	263,083	84,127	-	347,210
	1,189,517	444,372	-	1,633,889

	2020 RM	2019 RM
Carrying Amounts		
Computers and equipment	956,416	1,289,834
Furnitures & fittings	246,895	248,887
	1,203,311	1,538,721

5 INVENTORIES

	2020 RM	2019 RM
At cost:		
Consumables stocks	1,390,887	1,812,572
	1,390,887	1,812,572

The amount of inventories recognised as an expense amounted to RM 1,200,876 (2019: RM 4,525,940) during the year.

6 TRADE RECEIVABLES

	2020 RM	2019 RM
Trade receivables	580,643	2,431,224
Less: Impairment losses	(26,694)	-
	553,949	2,431,224

The normal trade credit terms granted to the customers ranges from 30 to 90 days.

7 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2020 RM	2019 RM
Other receivables - related parties	5,602,139	18,332,750
- non-related parties	2,778	4,347
Advance payments to suppliers	(2,370)	-
Deposits	696,935	697,929
Prepayments	109,938	64,658
Less: Impairment losses	(701,321)	-
	5,708,799	19,099,684

Included in other receivables is RM 5,602,139 (2019: RM 18,332,750) owing by a company in which certain directors of the Company have interests. The outstanding amount is unsecured, interest-free and repayable on demand.

8 CASH AND CASH EQUIVALENTS

	2020 RM	2019 RM
Cash on hand and at bank	402,528	606,911
	402,528	606,911

9 TRADE PAYABLES

	2020 RM	2019 RM
Ringgit Malaysia	458,056	415,862
United States Dollar	335,432	705,064
	793,488	1,120,926

The normal trade credit terms granted to the Company ranges from 30 to 90 days.

10 OTHER PAYABLES AND ACCRUALS

	2020 RM	2019 RM
Other payables - related parties	2,446,597	12,347,870
- non-related parties	-	(1,781)
Accruals	626,969	1,958,091
	3,073,566	14,304,180

Included in other payables is RM 2,446,597 (2019: RM 12,347,870) owing to a company in which certain directors of the Company have interests. The outstanding amount is unsecured, interest-free and repayable on demand.

11 SHARE CAPITAL

	Number of shares			
	2020 Units	2019 Units	2020 RM	2019 RM
Issued and fully paid:				
Ordinary shares at the beginning and year end	1,000,000	1,000,000	1,000,000	1,000,000

Pursuant to the Companies Act 2016 effective from 31 January 2017, the concept of authorised share capital and par value has been abolished.

Ordinary shares of the Company have no par value. The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

12 RETAINED EARNINGS

During the year, the Company is under single-tier tax system, tax on the Company's chargeable income is a final tax and any dividend distributed will be exempted from tax in the hands of shareholders.

13 DEFERRED TAX LIABILITIES

	Property, plant and equipment RM	Total RM
Deferred Tax Liabilities		
At 1 January 2019	117,851	117,851
Charge to profit or loss	116,194	116,194
At 1 January 2020	234,045	234,045
Charge to profit or loss	(231,750)	(231,750)
At 31 December 2020	2,295	2,295

14 REVENUE

	2020 RM	2019 RM
Selling of customised imaging products	9,394,311	38,068,768
	9,394,311	38,068,768

15 (LOSS)/PROFIT BEFORE TAX

15.1 DISCLOSURE ITEMS

	2020 RM	2019 RM
This is stated after charging:		
Allowance for doubtful debts	728,016	-
Audit fee	12,000	27,500
Bad debts written off	-	374,902
Central service fee	3,220,574	2,748,657
Depreciation of property, plant and equipment	444,372	346,333
Loss on disposal of property, plant and equipment	-	16,993
Loss on foreign exchange (realised)	188,214	206,246
Rental of premises	350,047	529,336
And crediting:		
Gain on foreign exchange (unrealised)	(95,110)	(65,821)
Sundry income	(84)	(7,790)

15.2 KEY MANAGEMENT PERSONNEL COMPENSATION

	2020 RM	2019 RM
Directors' remuneration	-	24,000
Total key management personnel compensation	-	24,000

16 INCOME TAX EXPENSE

	2020 RM	2019 RM
Current tax expense		
Current year		
- Malaysia	-	1,008,497
Under / (over) provision in prior years	337,605	(105,889)
	337,605	902,608
Deferred tax expense		
Temporary differences	(231,751)	116,194
	(231,751)	116,194
Total income tax expense	105,854	1,018,802

The income tax expense is reconciled to the accounting profit at the applicable tax rate as follows:

	2020 RM	2019 RM
(Loss)/profit before tax	(3,812,294)	4,537,444
Tax at Malaysian statutory tax rate at 24%	(914,951)	1,088,987
Tax effects of:		
Non-taxable income	(22,827)	15,796
Non-deductible expenses	271,302	54,908
Temporary difference not recognise in prior year	(184,740)	-
Utilisation of tax losses for the year not recognised as deferred tax assets	(20)	-
Deferred tax on tax losses not recognised	619,485	-
Differential tax rate for:		
- small & medium companies in Malaysia	-	(35,000)
Under / (over) provision in prior years	337,605	(105,889)
Total income tax expense	105,854	1,018,802

17 PURCHASES OF PROPERTY, PLANT AND EQUIPMENT

	2020 RM	2019 RM
Purchases of property, plant and equipment	108,961	870,959
Less: Purchases made directly by finance lease	-	-
Purchases of property, plant and equipment by cash	108,961	870,959

18 RELATED PARTY TRANSACTIONS

	2020 RM	2019 RM
Central service fee	3,220,574	2,748,657
Regional overhead allocation	623,280	3,032,221

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

19 FINANCIAL INSTRUMENTS

	2020 RM	2019 RM
Financial assets at amortised cost:		
Trade receivables	553,949	2,431,224
Other receivables and deposits	5,598,161	19,099,654
Cash and cash equivalents	402,528	606,911
	6,554,638	22,137,819
Financial liabilities at amortised cost:		
Trade payables	793,487	1,120,926
Other payables and accruals	3,073,566	14,304,180
	3,867,053	15,425,106

20 EVENT AFTER THE REPORTING PERIOD

During the financial year end, there has been a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and, specifically, the regional economies in which the Company operates.

As a result of this threat the Malaysia government announced the imposition of various Movement Control Order nationwide to curb the spread of the COVID-19 infection in Malaysia pursuant to the Prevention and Control of Infectious diseases act 1988 and the Police Act 1987. This Order was gazetted resulting in travel restrictions, lockdown and businesses other than those in essential services were not allowed to operate. The Company therefore has been required to close its business for the duration of the Order which has seen sales drop while having to maintaining its overheads. However, some of these restrictions were subsequently relaxed towards the end of year 2020 allowing more business to resume operations subject to compliance with the standard operating procedures (SOPs) set by the Government.

On 12th January 2021, the Malaysian King declared a state of emergency for the country until 31st August 2021 to curb the spread the COVID-19 Coronavirus.

Before the current financial statements were approved authorised for issue, the Board of Directors considered the nature of the impact from this outbreak of COVID-19 in Malaysia that may impact the financial position, performance and the cash flow of the Company ended on the reporting date thereon.

The Management concludes that the impact of non-adjusting events from the outbreak of COVID-19 does not significantly affects the fair values of the financial assets and non-financial assets of the Company, including the classification of current and non-current items presented on the reporting date.

As at the date of authorisation of the financial statements, the COVID-19 situation is still evolving and uncertain despite vaccinations being readily available. The Company will continue to monitor and manage its funds and operations to minimise the impact, if any, from the COVID-19 virus situation.

21 AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements of the Company were authorised for issue by the Board of Directors on

Lodged by:

Digiphoto Entertainment Imaging Sdn Bhd
(Co No: (817189-P))
No. 21.02, Level 21, Menara AmFirst,
No. 1, Jalan 19/3, 46300 Petaling Jaya.
Tel No: 03-7960 9436
Fax No: 03-7960 9437

Company No.: (200801015899 (817189-P)

DIGIPHOTO ENTERTAINMENT IMAGING SDN. BHD.
(Incorporated in Malaysia)

DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	RM	RM
Sales	9,394,311	38,068,768
LESS: COST OF SALES		
Opening inventories	1,812,572	1,495,095
Purchases	779,191	4,843,417
Revenue sharing	3,031,663	13,929,259
	5,623,426	20,267,771
Less: Closing inventories	(1,390,887)	(1,812,572)
	4,232,539	18,455,199
GROSS PROFIT	5,161,772	19,613,569
ADD: OTHER OPERATING INCOME		
Sundry income	84	7,790
	5,161,856	19,621,359
LESS: OPERATING EXPENSES	(8,974,150)	(15,083,915)
(LOSS)/PROFIT BEFORE TAX	(3,812,294)	4,537,444

This Statement is prepared for the purpose of the Management's use only and does not form part of the statutory audited financial statements.

DIGIPHOTO ENTERTAINMENT IMAGING SDN. BHD.
(Incorporated in Malaysia)

OPERATING EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 RM	2019 RM
ADMINISTRATIVE EXPENSES		
Allowance for doubtful debts	728,016	-
Auditors remuneration	12,000	27,500
Bad debts written off	-	374,902
Bank charges	43,307	93,892
Central service fee	3,220,574	2,748,657
Consultancy fee	29,917	39,238
Depreciation of property, plant and equipment	444,372	346,333
Directors' remuneration	-	24,000
EPF and SOCSO	254,412	476,335
Insurance	12,882	20,511
Legal and professional fee	85,606	22,229
License fee	4,742	7,973
Loss on disposal of property, plant and equipment	-	16,993
Medical fee	72,354	78,749
Penalty	-	32,252
Postage and courier	3,476	10,458
Printing and stationery	1,667	13,907
Recruitment expenses	44,039	120,863
Regional overhead allocation	623,280	3,032,221
Rental of premises	350,047	529,336
Salaries, wages and allowances	2,509,524	5,633,042
Staff incentive	2,494	431,879
Staff training	128	554
Staff welfare and refreshment	41,191	26,379
Tax computation fee	2,319	5,273
Telephone & fax charges	51,615	53,615
Uniform	37,800	13,924
Upkeep of IT equipment & software	27,425	106,462
Upkeep of office & office equipment	10,183	29,458
Visa charges	39,156	25,624
Water and electricity	19,672	38,843
	8,672,198	14,381,402
DISTRIBUTION AND SELLING EXPENSES		
Accommodation	49,422	193,455
Advertisement & marketing	7,884	81,137
Commission	-	889
Credit card charges	30,184	89,590
Gift and donation	167	12,640
Handphone charges	22,455	29,097

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DIGIPHOTO ENTERTAINMENT IMAGING SDN. BHD.
(Incorporated in Malaysia)

OPERATING EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 RM	2019 RM
Site expenses	66,146	95,969
Transportation	32,590	59,311
	208,848	562,088
OTHER OPERATING EXPENSES		
Loss on foreign currency exchange	93,104	140,425
	8,974,150	15,083,915

Sterling Holiday Resorts Limited
Consolidated Balance sheet as at March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

	Note	As at March 31, 2021	As at March 31, 2020
Assets			
Non-current assets			
Property, plant and equipment	3	97,911.35	90,729.70
Capital work-in-progress	4	331.53	709.33
Goodwill	42	1,287.37	1,358.41
Other intangible assets	5	821.26	1,121.79
Intangible assets under development	6	24.71	60.05
Right of use assets	51	10,312.53	12,594.97
Financial assets			
i. Investments	7(a)	0.64	0.39
ii. Trade receivables	8(a)	292.20	584.88
iii. Other financial assets	10	1,290.93	1,281.63
Deferred tax assets	23	63.71	9.11
Other tax assets	11	1,447.69	1,349.58
Other non-current assets	12	9,454.21	9,235.76
Total non-current assets		**1,23,238.13**	**1,19,035.60**
Current assets			
Inventories	13	80.05	107.01
Financial assets			
i. Investments	7(b)	1,644.43	321.60
ii. Trade receivables	8(b)	3,441.69	9,691.30
iii. Cash and cash equivalents	14	202.09	862.13
iv. Bank balances other than (iii) above	15	567.53	39.26
v. Loans	9	4.37	83.14
vi. Other financial assets	10	148.46	246.30
Other current assets	16	1,023.14	1,479.01
Total current assets		**7,111.76**	**12,829.75**
Total assets		**1,30,349.89**	**1,31,865.35**
Equity and liabilities			
Equity			
Equity share capital	17	2,905.00	2,905.00
Other equity			
Reserves and surplus	18	(23,426.10)	(24,600.52)
Other reserves	19	54,335.17	46,004.41
Total equity attributable to owners		**33,814.07**	**24,308.89**
Non-controlling interest		0.20	0.20
Total equity		**33,814.27**	**24,309.09**
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	20(a)	3,820.85	2,589.01
ii. Other financial liabilities	21(a)	8.85	8.27
iii. Lease liability	51	5,964.41	7,224.38
Provisions			
i. Provision for employee benefit obligations	22	465.97	417.94
Deferred tax liabilities	23	578.96	432.87
Other non-current liabilities	24	70,973.36	78,150.00
Total non-current liabilities		**81,812.40**	**88,822.47**
Current liabilities			
Financial liabilities			
i. Borrowings	20(b)	1,000.00	2,459.36
ii. Trade payables			
Dues of micro enterprises and small enterprises	25	91.45	48.68
Dues to other than micro enterprises and small enterprises	25	2,687.11	3,135.03
iii. Other financial liabilities	21(b)	2,232.24	1,476.35
iv. Lease liability	51	1,262.27	2,445.62
Provisions			
i. Provision for employee benefit obligations	22	314.10	309.86
ii. Provision for tax	27	-	21.61
iii. Other provisions	26	1,074.41	2,213.59
Other current liabilities	28	6,061.64	6,623.69
Total current liabilities		**14,723.22**	**18,733.79**
Total liabilities		**96,535.62**	**1,07,556.26**
Total equity and liabilities		**1,30,349.89**	**1,31,865.35**
Significant accounting policies	1.3		

The accompanying notes are an integral part of these financial statements

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Partner
Membership No.: 217042

Place: Chennai
Date: May 26, 2021

For and on behalf of the Board of Directors of
Sterling Holiday Resorts Limited
(CIN: U63040TN1989PLC114064)

Ramesh Ramanathan
Managing Director
DIN No.: 00174550

R. Anand
Director
DIN No.: 00243485

Krishna Kumar L
Chief Financial Officer
Place: Chennai
Date: May 26, 2021

M Balasubramaniyan
Company Secretary

Sterling Holiday Resorts Limited
Consolidated Statement of Profit and Loss for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
Income			
Revenue from operations	29	17,173.02	26,908.38
Other income	30	2,465.25	776.17
Total income		19,638.27	27,684.55
Expenses			
Cost of materials consumed	31	671.52	1,640.45
Employee benefits expense	32	6,796.13	12,295.49
Finance costs	33	1,416.93	1,466.34
Depreciation and amortisation expense	34	4,644.91	5,015.57
Other expenses	35	6,873.76	11,925.35
Total expenses		20,403.25	32,343.20
Loss before exceptional items and tax		(764.98)	(4,658.65)
Exceptional item			
Impairment of goodwill	42	(71.04)	-
Loss before tax		(836.02)	(4,658.65)
Income tax expense	36		
Current tax		4.62	21.61
Deferred tax		(1,995.80)	230.55
Profit / (Loss) for the year		1,155.16	(4,910.81)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of post employment benefit obligations		19.26	60.73
Revaluation gain relating to property, plant and equipment (Refer Note 50)		10,057.23	-
Income tax effect on revaluation of property, plant & equipment		(2,087.30)	269.11
Other comprehensive income for the year, net of income tax		7,989.19	329.84
Total comprehensive income for the year		9,144.35	(4,580.97)
Earnings per share (Face value of Rs. 10 each)			
Basic and anti-diluted earnings per share (in Rs.)	53	3.98	(16.90)
Significant accounting policies	1.3		

The accompanying notes are an integral part of these financial statements

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Partner
Membership No.: 217042

Place: Chennai
Date: May 26, 2021

For and on behalf of the Board of Directors of
Sterling Holiday Resorts Limited
(CIN: U63040TN1989PLC114064)

Ramesh Ramanathan
Managing Director
DIN No.: 00174550

R. Anand
Director
DIN No.: 00243485

Krishna Kumar L
Chief Financial Officer

M Balasubramaniyan
Company Secretary

Place: Chennai
Date: May 26, 2021

Sterling Holiday Resorts Limited
Statement of changes in equity for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

I) Equity share capital

	Note	Amount
Balance as at April 1, 2019		2,905.00
Changes in equity share capital during the year	17	-
Balance as at March 31, 2020		**2,905.00**
Changes in equity share capital during the year	17	-
Balance as at March 31, 2021		2,905.00

II) Other equity

		Attributable to owners										
		Reserves and surplus					Other reserves					
	Notes	Securities premium	General reserve	Retained earnings	Capital redemption reserve	Total	ESOP reserve	Revaluation reserve	Total	Non-controlling interest	Grand total
Balance as at April 1, 2019		32,057.94	4.70	(51,813.08)	-	(19,750.44)	871.98	44,503.24	45,375.22	0.20	25,624.98
Loss for the year	18	-	-	(4,910.81)	-	(4,910.81)	-	-	-	-	(4,910.81)
Stock compensation expense	49	-	-	-	-	-	360.08	-	360.08	-	360.08
Other comprehensive income	19	-	-	60.73		60.73	-	269.11	269.11	-	329.84
Redemption of preference shares	17	-	-	(10.00)	10.00	-	-	-	-	-	-
Balance as at March 31, 2020		32,057.94	4.70	(56,673.16)	10.00	(24,600.52)	1,232.06	44,772.35	46,004.41	0.20	21,404.09
Profit for the year	18	-	-	1,155.16	-	1,155.16	-	-	-	-	1,155.16
Stock compensation expense	49	-	-	-	-	-	360.83	-	360.83	-	360.83
Other comprehensive income	19	-	-	19.26	-	19.26	-	(2,087.30)	(2,087.30)	-	(2,068.04)
Revaluation gain	19	-	-	-	-	-	-	10,057.23	10,057.23	-	10,057.23
Balance as at March 31, 2021		32,057.94	4.70	(55,498.74)	10.00	(23,426.10)	1,592.89	52,742.28	54,335.17	0.20	30,909.27
Significant accounting policies	1.3										

The accompanying notes are an integral part of these financial statements

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Partner
Membership No : 217042

Place: Chennai
Date: May 26, 2021

For and on behalf of the Board of Directors of
Sterling Holiday Resorts Limited
(CIN: U63040TN1989PLC114064)

Ramesh Ramanathan
Managing Director
DIN No : 00174550

R. Anand
Director
DIN No.: 00243485

Krishna Kumar L
Chief Financial Officer

M Balasubramaniyan
Company Secretary

Place: Chennai
Date: May 26, 2021

Sterling Holiday Resorts Limited
Notes to the consolidated financial statements as at and for the year ended March 31, 2021

1.1. Reporting entity

Sterling Holiday Resorts Limited (the "Company") is engaged in selling Membership including Leisure Hospitality Services (Time Share and Resort business). The Company is a subsidiary of Thomas Cook (India) Limited and the ultimate holding company is Fairfax Financial Holdings Limited, Canada.

The consolidated financial statements relate to Sterling Holiday Resorts Limited (the "Company" or "Holding Company") and its subsidiaries Sterling Holidays (Ooty) Limited and Sterling Holiday Resorts (Kodaikanal) Limited and Nature Trails Resorts Private Limited (together referred as "The Group").

1.2. Basis of preparation

1.2.1. Statement of compliance

The Company has used the exemption under Paragraph 4(a) of Ind AS 110 and has elected not to prepare the consolidated financial statements. These consolidated financial statements have been prepared solely to enable Thomas Cook (India) Limited to prepare its consolidated financial statements and not to report on Sterling Holiday Resorts Limited as a separate entity.

In accordance with the instructions issued by group management of Thomas Cook (India) Limited ("TCIL") to the Company, these financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act, to the extent applicable and excludes cashflow statement.

Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities are measured at fair value (Refer Note 37);
- defined benefit plans — plan assets measured at fair value (Refer Note 22);
- share-based payments (Refer Note 32 and 49); and
- freehold and leasehold land measured at fair value (Refer Note 3 and 50).

The financial statements for the year ended March 31, 2021 reflect that the Group has accumulated losses of Rs. 55,498.74 lakhs (which have significantly eroded the net worth of the Group) as at the balance sheet date. The above accumulated loss includes a one-time impact of Rs. 30,260 lakhs on change in accounting for contracts with customers, pursuant to transition to Ind AS 115 Revenue from Contracts with Customers. The Group has considered various internal and external sources of information, up to the date of approval of the financial statements, in determining the potential impact on the financial position and business operations of the Group including those arising from the COVID-19 pandemic including the second wave in April 2021.

Based on the approved cash flow projections for the next 12 months, availability of assets (land, buildings, trade receivables etc.) for securitization/monetization for additional funds, the Group believes that it would be able to meet its financial requirements and no adjustments would be required in respect of the carrying values of assets/liabilities. Accordingly, these financial statements are prepared on a going concern basis.

1.2.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief operating decision maker. The Chairman-Managing Director (CMD) of the Company has been identified as the chief operating decision maker of the Group who assesses the financial performance and position of the Group and makes strategic decisions. Refer Note 40 for segment information presented.

STERLING HOLIDAY RESORTS LTD. CHENNAI

1.2 Basis of preparation (contd.)

1.2.3. Current / Non-current classification

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Group has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

1.2.4. Foreign currency transaction

a) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (Rs.) which is the Group's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

1.3. Significant accounting policies

1.3.1. Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interest (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

Transactions eliminated on consolidated

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.3.2. Revenue recognition

The Group's business is to sell membership and provide holiday facilities to members for a specified period each year, over a number of years, for which membership fee is collected either in full upfront, or on a deferred payment basis.

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1.3 Significant accounting policies (contd.)

1.3.2 Revenue recognition (contd.)

Under Ind AS 115 an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard establishes a five-step approach to revenue recognition that includes identifying contracts with customers, identifying performance obligations, determining transaction prices, allocating transaction prices to performance obligations and recognizing revenues when or as the performance obligations are satisfied.

a) **Revenue from membership fees**
In respect of sale of membership, the Group determines the transaction price and allocates the same to each performance obligation in the membership contract based on their respective fair value. Revenue from membership fee is recognized over the effective membership period as the performance obligation is fulfilled over the tenure of membership applicable to the respective member. The revenue to be recognized in future periods classified as deferred income under the head 'other non-current'/ 'other current liabilities'. Revenue from offers and other benefits given to the customer is recognized as and when such benefits are provided to customers.

b) **Revenue from annual subscription fees**
Income in respect of annual subscription fee or annual amenity charges dues from members is recognized only when it is reasonably certain that the ultimate collection will be made. Where the length of time between rendering services and collection of consideration from the customers is more than one year, the Group adjusts the consideration for time value of money.

c) **Interest income on membership plans**
Interest is recognised as income based on the terms of the contracts entered into with the members if they are reasonably certain to be recovered from the customers.

d) Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the Company. The estimation of such revenues where there is uncertainty in collection has been made by the Group based on past trends of year-wise cancellation of memberships and considering factors impacting future collections.

e) **Incremental costs of obtaining and fulfilling a contract**

The Group recognises as an asset the incremental costs of obtaining a contract with a customer if the entity expects to recover those costs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.
If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard, the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

(b) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

The above costs to obtain and fulfill a contract are amortised over the effective membership period.

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1.3. Significant accounting policies (contd.)

1.3.2 Revenue recognition (contd.)

f) Revenue from resorts

Income from resorts comprising of sale of food and beverages, room rentals and other services are recognized when these are sold and as services are rendered.

g) Contract balances

(i) Contract assets

A contract asset is the right to consideration in exchange for services rendered to the customer. If the Group renders services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

(ii) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration has received consideration, or for which an amount of consideration is due from the customer. Contract liabilities are recognised as revenue when the Group performs under the contract.

1.3.3. Income taxes

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Income tax for the period comprises of current tax and deferred tax. Income tax is recognised in the statement of profit and loss except to the extent that it relates to items recognised in 'Other comprehensive income or directly in equity, in which case the tax is recognised in 'Other comprehensive income' or directly in equity, respectively.

(a) Current Tax:

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Balance Sheet date, and any adjustments to tax payable in respect of previous years. Interest income/ expenses and penalties, if any related to income tax are included in current tax expense.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The Group offsets the current tax assets as against the liability for provision for tax.

(b) Deferred Tax

Deferred tax is recognised using the balance sheet approach. Deferred tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred taxes on items classified under Other comprehensive income ('OCI') has been recognised in OCI.

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. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

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1.3. Significant accounting policies (contd.)

1.3.4. Leases

The Group has adopted Ind AS 116 Leases with effect from April 1, 2019 and the Group has elected to measure right-of-use asset for all leases at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. At inception of a contract, the Group 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 of consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in Ind AS 116.

As a lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group 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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group 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 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 Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group 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 Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group 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.

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 Group presents right of use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low value assets

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

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1.3. Significant accounting policies (contd.)

1.3.5. Impairment of assets

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units or CGU). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period. Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognized in the statement of profit and loss and is not reversed in the subsequent period.

1.3.6. Inventories

Inventories comprising of provisions, perishables, beverages and operating supplies are stated at lower of cost and net realizable value. Cost is determined using the first-in-first out (FIFO) method. The cost comprises of purchase price, non-refundable taxes and delivery handling cost incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories are written down for slow moving/ non-moving items, wherever necessary.

1.3.7. Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

1.3.8. Property, plant and equipment

Recognition and measurement

The Group adopts the cost measurement approach for property, plant and equipment other than freehold and leasehold land.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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 Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The Group follows revaluation model for measurement of freehold and leasehold land. Freehold and leasehold land will be recognized at fair value based on periodic, at least triennial, valuations done by external independent valuers, less subsequent depreciation of leasehold land. Increase in the carrying amount arising on revaluation of land are recognized, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity.

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1.3. Significant accounting policies (contd.)

1.3.8. Property, plant and equipment (contd.)

Fair value of the land assets is determined using the Market comparable method, i.e., the valuations performed by the valuer are based on active market sale prices, adjusted for difference in the nature, location or condition of the specific property. Refer Note 50.

Depreciation methods, estimated useful lives and residual value:
Based on technical evaluation carried out, depreciation on property, plant and equipment is provided, on a pro-rata basis, on Straight Line Method (SLM) over the estimated useful lives of the assets, which equates to the useful lives prescribed under Schedule II to the Companies Act, 2013, as follows:

Asset class	Useful life (in years)
Building	60
Plant and machinery	15
Furniture and fixtures – general	10
Furniture and fixtures – others	8
Office equipment	5
Computer equipment – Servers & Network	6
Computer equipment – Desktop, laptop and end-user items	3
Electrical installations	10
Vehicles	8

Premium paid for acquiring leasehold land is amortised over the period of lease. Assets constructed on leasehold land/leasehold improvements are amortised over the primary period of lease or its estimated useful life, whichever is lower.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/ (losses).

1.3.9. Intangible assets

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight-line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at the end of each financial year. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Computer software and other intangibles are amortised on a straight-line basis over a period of 5 years.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

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1.3. Significant accounting policies (contd.)

1.3.10. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

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

Interest income from other financial assets is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.
Dividend income from investments is recognized when the shareholder's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

1.3.11. Financial assets

A financial asset is any asset that is:

(a) cash;

(b) an equity instrument of another entity;

(c) a contractual right:
- to receive cash or another financial asset from another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the Group.

(d) a contract that will or may be settled in the Group's own equity instruments and is:
- a non-derivative for which the Group is or may be obliged to receive a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments.

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.
All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

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1.3. Significant accounting policies (contd.)

1.3.11 Financial assets (contd.)

I. Classification of financial assets:

The Group classifies its financial assets in the following measurement categories:

a. Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
b. Those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

II. Measurement of financial asset:

A. Debt instruments:

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

i. Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

ii. Fair value through other comprehensive income (FVOCI):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

iii. Fair value through profit or loss:

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

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1.3. Significant accounting policies (contd.)

1.3.11 Financial assets (contd.)

B. Equity instruments:

The Group subsequently measures all equity investments other than investment in subsidiaries and associates, at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

III. Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit loss associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 37 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI 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.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.
When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group 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 Group's historical experience and informed credit assessment and including forward-looking information.

IV. De-recognition of financial assets:

A financial asset is derecognised only when

i. The Group has transferred the rights to receive cash flows from the financial asset or
ii. retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

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1.3. Significant accounting policies (contd.)

1.3.12. Financial liabilities

A financial liability is any liability that is:

(a) a contractual obligation :

- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
-

(b) a contract that will or may be settled in the Group's own equity instruments and is:

- a non-derivative for which the Group is or may be obliged to deliver a variable number of the Group's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the Group offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. Apart from the aforesaid, the equity conversion option embedded in a convertible bond denominated in foreign currency to acquire a fixed number of the Group's own equity instruments is an equity instrument if the exercise price is fixed in any currency.

I. Measurement of financial liabilities:

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included under 'Finance costs'.

II. Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in statement of profit and loss.

1.3.13. Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.
Other borrowing costs are expensed in the period in which they are incurred.

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1.3. Significant accounting policies (contd.)

1.3.14. Provisions (other than for employee benefits)

Provisions for legal claims, volume discounts and returns are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

1.3.15. Employee benefits

a) Defined contribution plan

Contribution towards provident fund for employees is made to the regulatory authorities, where the Group has no further obligations. Such benefits are classified as Defined Contribution Plan as the Group does not carry any further obligations, apart from the contributions made on a monthly basis.

b) Defined benefit plan

The Group provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Group's liability is actuarially determined (using the Projected Unit Credit method) by an independent actuary at the end of each year. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. The Group Gratuity plan is funded with Life Insurance Corporation of India, for all of the employees, under New Group Gratuity Cash Accumulation Plan.

c) Compensated absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short-term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long-term employee benefits. The Group's liability is actuarially determined (using the Projected Unit Credit method) by an independent actuary at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

d) Share based payments

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

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1.3. Significant accounting policies (contd.)

1.3.15 Employee benefits (contd.)

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

1.3.16. Earnings per share

a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the financial year (refer Note 53).

b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

1.3.17. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off and presented in lakhs with decimals as per the requirement of Schedule III, unless otherwise stated.

2. Critical estimates and judgements:

In preparing these special purpose consolidated financial statements, management has made judgements, 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. Revisions to accounting estimates are recognised prospectively.

The areas involving critical estimate or judgement are:

Note 22 - Provision for employee benefit obligations
Note 29 - Recognition of revenue including provision for cancellation of contracts
Note 41 and 1.2.1 – Going concern and impact of COVID-19
Note 43 and 45 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
Note 50 – Valuation of freehold and leasehold land
Note 51 – Leases

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3 Property, plant and equipment

Reconciliation of carrying amount for the year ended March 31, 2020:

Asset description	Gross carrying amount				Accumulated depreciation				Net carrying amount	
	As at April 1, 2019	Additions / Adjustments	Disposals / Transfer	As at March 31, 2020	As at April 1, 2019	Depreciation for the year	Disposals	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020
Land - freehold	52,244.48	-	-	52,244.48	-	-	-	-	52,244.48	52,244.48
Land - leasehold	2,905.47	-	2,905.47	-	129.13	-	129.13	-	2,776.34	-
Building	35,441.26	211.21	103.92	35,548.55	2,884.51	1,043.58	103.96	3,824.13	32,556.75	31,724.42
Computer equipment	515.92	77.94	17.69	576.17	412.35	52.98	17.37	447.96	103.57	128.21
Plant and machinery	2,659.69	61.18	10.04	2,710.83	699.17	234.83	1.97	932.03	1,960.52	1,778.79
Furniture and fixtures	3,997.90	21.81	12.85	4,006.86	1,653.91	549.90	8.91	2,194.90	2,343.99	1,811.96
Office equipment	175.82	2.62	11.82	166.61	145.97	14.18	11.82	148.33	29.85	18.29
Vehicles	159.02	4.68	13.70	150.00	73.90	23.29	7.50	89.69	85.12	60.31
Electrical installations	5,125.51	48.93	26.03	5,148.41	1,639.57	567.00	21.40	2,185.17	3,485.94	2,963.24
Total	**103,225.07**	**428.36**	**3,101.52**	**100,551.91**	**7,638.51**	**2,485.76**	**302.06**	**9,822.21**	**95,586.56**	**90,729.70**

Reconciliation of carrying amount for the year ended March 31, 2021:

Asset description	Gross carrying amount				Accumulated depreciation				Net carrying amount	
	As at April 1, 2020	Additions / Adjustments	Disposals / Transfer	As at March 31, 2021	As at April 1, 2020	Depreciation for the year	Disposals	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021
Land - freehold	52,244.48	9,415.04	-	61,659.52	-	-	-	-	52,244.48	61,659.52
Building	35,548.55	33.53	103.16	35,478.92	3,824.13	933.00	87.62	4,669.51	31,724.42	30,809.41
Computer equipment	576.17	5.52	35.46	546.23	447.96	51.21	35.31	463.86	128.21	82.37
Plant and machinery	2,710.83	30.98	75.82	2,665.99	932.03	244.53	58.64	1,117.92	1,778.79	1,548.07
Furniture and fixtures	4,006.86	44.29	163.18	3,887.97	2,194.90	529.64	153.63	2,570.91	1,811.96	1,317.06
Office equipment	166.61	0.21	11.66	155.16	148.33	9.20	11.53	146.00	18.29	9.16
Vehicles	150.00	37.91	12.93	174.98	89.69	18.07	12.93	94.83	60.31	80.15
Electrical installations	5,148.41	37.60	99.17	5,086.84	2,185.17	579.57	83.51	2,681.23	2,963.24	2,405.61
Total	**100,551.91**	**9,605.08**	**501.38**	**109,655.61**	**9,822.21**	**2,365.22**	**443.17**	**11,744.26**	**90,729.70**	**97,911.35**

(a) Consequent to the Scheme referred in Note 47 becoming effective, the Company is in the process of transferring the title of land and buildings in the name of Company.

(b) Refer Note 44 for capital commitments.

(c) Refer Note 45 for certain property related matters.

(d) During the previous financial year 2019-20, the Group had transferred leasehold land amounting to Rs. 2,776.34 lakhs from property, plant & equipment to right of use assets persuant to adoption of IND AS 116- Leases.

(e) The Group has written off assets with net carrying amount of Rs. 75.56 lakhs based on physical verification conducted (Previous year: Nil).

(f) During the financial year 2018-19, the Group had changed its accounting policy with respect to measurement of freehold and leasehold land from the cost model to revaluation model with effect from April 1, 2018. Refer Notes 1.3.10 and 50. The Group had conducted valuation of freehold and leasehold lands during the current financial year and the increase in valuation is duly considered as part of adjustments in the above schedule.The carrying amounts as at March 31, 2021 & March 31, 2020 under revaluation and cost models are given below

(g) Due to outbreak of COVID 19 the management has performed assessment of all its property, plant & equipment as at March 31, 2021 and concluded that non-usage for a short term will not have any material impact on useful life of such property, plant & equipment.

Block of asset	Revaluation model		Cost model	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Freehold land	61,659.52	52,244.48	5,500.44	5,500.44
Total	61,659.52	52,244.48	5,500.44	5,500.44

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4 Capital work in progress

Reconciliation of carrying amount for the year ended March 31, 2020:

Asset description	Gross carrying amount			
	As at April 1, 2019	Additions	Disposals/Transfers	As at March 31, 2020
Capital work in progress	569.29	487.61	347.57	709.33
	569.29	487.61	347.57	709.33

Reconciliation of carrying amount for the year ended March 31, 2021:

Asset description	Gross carrying amount			
	As at April 1, 2020	Additions	Disposals/Transfers	As at March 31, 2021
Capital work in progress	709.33	102.29	480.09	331.53
	709.33	102.29	480.09	331.53

Capital work in progress mainly comprises of resort properties under construction/renovation.
During the current year, the Group has written off assets amounting to Rs. 431.42 lakhs as these are not recoverable (Previous year: Nil). Refer note 35.

5 Other intangible assets

Reconciliation of carrying amount for the year ended March 31, 2020:

Asset description	Gross carrying amount				Accumulated amortisation				Net carrying amount	
	As at April 1, 2019	Additions	Disposals	As at March 31, 2020	As at April 1, 2019	Amortisation for the year	Disposals	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020
Computer software	1,886.48	84.59	-	1,971.07	561.27	342.25	-	903.52	1,325.21	1,067.55
Brand	283.57	-	-	283.57	172.62	56.71	-	229.33	110.95	54.24
Total	2,170.05	84.59	-	2,254.64	733.89	398.96	-	1,132.85	1,436.16	1,121.79

Reconciliation of carrying amount for the year ended March 31, 2021:

Asset description	Gross carrying amount				Accumulated amortisation				Net carrying amount	
	As at April 1, 2020	Additions	Disposals	As at March 31, 2021	As at April 1, 2020	Amortisation for the year	Disposals	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021
Computer software	1,971.07	62.28	44.24	1,989.11	903.52	311.65	42.79	1,172.38	1,067.55	816.73
Brand	283.57	-	-	283.57	229.33	49.71	-	279.04	54.24	4.53
Total	2,254.64	62.28	44.24	2,272.68	1,132.85	361.36	42.79	1,451.42	1,121.79	821.26

6 Intangible assets under development

Asset description	Gross carrying amount			
	As at April 1, 2019	Additions	Disposals/Transfers	As at March 31, 2020
Intangible assets under development	37.67	104.10	81.72	60.05
	37.67	104.10	81.72	60.05

Asset description	Gross carrying amount			
	As at April 1, 2020	Additions	Disposals/Transfers	As at March 31, 2021
Intangible assets under development	60.05	29.20	64.54	24.71
	60.05	29.20	64.54	24.71

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(All amounts in Rs. lakhs, unless otherwise stated)

		As at March 31, 2021	As at March 31, 2020
7(a)	**Non-current investments**		
	Investment in equity instruments (fully paid-up)		
	Equity investments at FVTPL		
	Unquoted:		
	Investment in equity shares of Rs. 10 each, fully paid-up:		
	100,000 (March 31, 2020: 100,000) equity shares of Sterling Holiday Finvest Limited	-	-
	100,000 (March 31, 2020: 100,000) equity shares of Sterling Securities & Futures Limited	-	-
	520,000 (March 31, 2020: 520,000) equity shares of Sterling Resorts Home Finance Limited	-	-
	700,000 (March 31, 2020: 700,000) equity shares of Sterling Holiday Financial Services Limited	-	-
	Investment in no. of teak units:		
	28,765 (March 31, 2020: 28,765) equity shares of Sterling Tree-Magnum (India) Limited	-	-
	Quoted:		
	Investment in Equity Shares of Rs. 10 each, fully paid-up:		
	1,100 (March 31, 2020: 1,100) equity shares of Tourism Finance Corporation of India Limited	0.64	0.39
	Total	**0.64**	**0.39**
	Aggregate amount of quoted investments and market value thereof	0.64	0.39
	Aggregate amount of impairment in the value of investments	1,145.00	1,145.00
7(b)	**Current investments**		
	Quoted mutual funds		
	Investment in Mutual Funds at FVTPL - Quoted:		
	10,985 (March 31, 2020: 10,985) units of TATA Floater Fund - Growth	338.00	317.29
	10,985 (March 31, 2020: 10,985) units of TATA Floater Fund - Growth- Segregated portfolio 1*	3.42	4.31
	16,58,099 (March 31, 2020: Nil) units of IDFC Low Duration Fund - Reg - Growth	501.48	-
	1,40,650 (March 31, 2020: Nil) units of ABSL Money Manager Fund - Reg - Growth	400.80	-
	11,559 (March 31, 2020: Nil) units of Kotak Money Market - Reg - Growth	400.73	-
	Total	**1,644.43**	**321.60**
	Aggregate amount of quoted investments and market value thereof	1,644.43	321.60

*Pursuant to the SEBI circular dated December 28, 2018 and subsequent press releases issued by Tata Asset Management Ltd on June 6 & June 7, 2019, segregated portfolio of securities issued by Dewan Housing Finance Corporation Ltd (DHFL) has been created in the scheme on June 15, 2019. The purchase price of units in the segregated portfolio has been considered as nil as the units have been created in the segregated portfolio without any consideration.

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		As at March 31, 2021	As at March 31, 2020
8(a)	**Trade receivables non-current**		
	Considered good	292.20	584.88
	Total	**292.20**	**584.88**
8(b)	**Trade receivables current**		
	Considered good	3,441.69	9,691.30
	Considered doubtful	471.57	1,067.65
		3,913.26	**10,758.95**
	Less: Loss allowance (refer note 38)	(471.57)	(1,067.65)
	Total	**3,441.69**	**9,691.30**
	Current portion	3,441.69	9,691.30
	Non-current portion	292.20	584.88
	Of the above, trade receivables from related parties are as below:		
	Total trade receivables from related parties (Refer Note 39)	17.98	27.91
	Loss allowance	-	-
	Net trade receivables	**17.98**	**27.91**

For receivables secured against borrowings, see Note 48.
The Group has performed an impairment analysis on its trade receivables as a result of the impact of COVID-19. Management believes that the provision recorded is sufficient and adequate and the carrying amount of receivables reflects its recoverable value. The Group's exposure to credit and loss allowances related to trade receivables are disclosed in Note 38.

		As at March 31, 2021		As at March 31, 2020	
		Current	Non current	Current	Non current
9	**Loans**				
	Unsecured, considered good				
	Employee advances	4.37	-	83.14	-
	Total	**4.37**	**-**	**83.14**	**-**
10	**Other financial assets**				
	Security deposits	-	692.76	82.33	683.46
	Receivable on sale of fixed assets [Refer Note 45(b)]	-	597.59	-	597.59
	Interest accrued on fixed deposits	-	-	4.03	-
	Unbilled revenue	51.13	-	11.62	-
	Other receivables	97.33	0.58	148.32	0.58
	Total	**148.46**	**1,290.93**	**246.30**	**1,281.63**

		As at March 31, 2021	As at March 31, 2020
11	**Other tax assets (net)**		
	Advance tax [Net of provision for tax Rs. 213.92 lakhs (March 31, 2020: Rs. 213.92 lakhs)]	1,447.69	1,349.58
		1,447.69	**1,349.58**

STERLING HOLIDAY RESORTS LTD. ★ CHENNAI

(All amounts in Rs. lakhs, unless otherwise stated)

		As at March 31, 2021	As at March 31, 2020
12	**Other non-current assets**		
	Prepaid expenses	102.92	60.21
	Deferred acquisition cost (Refer note (a) below)	8,962.88	8,805.19
	Capital advances		
	- Considered good	388.41	370.36
	- Considered doubtful	63.42	885.18
		451.83	**1,255.54**
	- Less: Provision for doubtful advances	(63.42)	(885.18)
		388.41	**370.36**
	Total	**9,454.21**	**9,235.76**

Note:

(a) Deferred acquisition cost relates to incremental costs of acquisition of the member that are deferred over the period of effective membership. Incremental costs are those that would not have been incurred if the contract was not obtained. Also refer Note 52.

13	**Inventories**		
	Food and beverages	44.25	58.76
	Operating supplies	35.80	48.25
	Total	**80.05**	**107.01**

For inventories secured against borrowings, refer note 48.

Due to outbreak of COVID-19, Management has performed impairment assessment of all inventory as at March 31, 2021 and carrying value of inventories with shorter shelf life have been written off.

14	**Cash and cash equivalents**		
	Balances with banks		
	- in current accounts	174.43	646.24
	Deposits with maturity of less than three months	-	200.00
	Cash on hand	27.66	15.89
	Cash and cash equivalents in the balance sheet	**202.09**	**862.13**
	Bank overdrafts used for cash management purposes [Refer Note 20 (b)]	-	(1,459.36)
	Cash and cash equivalents in the statement of cash flows	**202.09**	**(597.23)**
15	**Other bank balances**		
	Short term bank deposits	567.53	39.26
	(Deposits with maturity of more than 3 months but less than 12 months)		
	Total	**567.53**	**39.26**
16	**Other current assets**		
	Prepaid expenses	164.14	206.25
	Deferred acquisition cost (Refer note 52)	533.29	534.08
	Advances to vendors		
	Considered good	176.75	494.45
	Considered doubtful	10.95	14.61
		187.70	**509.06**
	Less: Provision for doubtful advance	(10.95)	(14.61)
		176.75	**494.45**
	Balances with statutory authorities	148.96	244.23
	Total	**1,023.14**	**1,479.01**

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17 Equity share capital

Authorised equity share capital

Authorised	**March 31, 2021**	**March 31, 2020**
400 lakhs (March 31, 2020: 400 lakhs) equity shares of Rs.10 each	4,000.00	4,000.00
Issued, subscribed and paid-up		
290.50 lakhs (March 31, 2020: 290.50 lakhs) equity shares of Rs.10 each	2,905.00	2,905.00
As at September 30, 2020	**2,905.00**	**2,905.00**

Reconciliation of shares outstanding at the beginning and at the end of the year

	March 31, 2021		**March 31, 2020**	
	Number *in lakhs*	**Amount** *in lakhs*	**Number** *in lakhs*	**Amount** *in lakhs*
Equity shares				
At the commencement of the year	290.50	2,905.00	290.50	2,905.00
Shares issued during the year	-	-	-	-
At the end of the year	**290.50**	**2,905.00**	**290.50**	**2,905.00**

All issued shares are fully paid up.

Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shares are entitled to receive dividend as declared from time to time. The dividend proposed, if any, by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in case of interim dividend. The voting rights of an equity shareholder are in proportion to his/its share of the paid-up equity share capital of the Company. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, in proportion to the number of equity shares held.

Shares held by holding/ultimate holding company (i.e., parent of the Group) and/or their subsidiaries/associates

	March 31, 2021		**March 31, 2020**	
	Number *in lakhs*	**Amount** *in lakhs*	**Number** *in lakhs*	**Amount** *in lakhs*
Equity shares of Rs. 10 each held by the holding company	290.50	2,905.00	290.50	2,905.00

Particulars of shareholders holding more than 5% shares of a class of shares

	March 31, 2021		**March 31, 2020**	
	Number *in lakhs*	**% of total shares in class**	**Number** *in lakhs*	**% of total shares in class**
Equity shares of Rs. 10 each held by				
Thomas Cook (India) Limited and its nominees (holding company)	290.50	100%	290.50	100%

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STERLING HOLIDAY RESORTS LTD. ★ CHENNAI

(All amounts in Rs. lakhs, unless otherwise stated)

	As at March 31, 2021	As at March 31, 2020
18 Reserves and surplus		
Securities premium reserves	32,057.94	32,057.94
General reserve	4.70	4.70
Retained earnings	(55,498.74)	(56,673.16)
Capital redemption reserve	10.00	10.00
Total reserves and surplus	**(23,426.10)**	**(24,600.52)**

Movement in reserves and surplus balances is as follows :

a) Securities premium		
Opening balance	32,057.94	32,057.94
Additions during the year	-	-
Closing balance	**32,057.94**	**32,057.94**
b) General reserve		
Opening balance	4.70	4.70
Additions during the year	-	-
Closing balance	**4.70**	**4.70**
c) Retained earnings		
Opening balance	(56,673.16)	(51,813.08)
Profit / (Loss) for the year	1,155.16	(4,910.81)
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	19.26	60.73
Redemption of preference shares	-	(10.00)
- Income tax relating to this item	-	-
Closing balance	**(55,498.74)**	**(56,673.16)**
d) Capital redemption reserve		
Opening balance	10.00	-
Additions during the year	-	10.00
Closing balance	**10.00**	**10.00**

19 Other reserves

	ESOP reserve	Other comprehensive income: Remeasurement of post-employment benefit obligation	Equity instruments through OCI	Revaluation Reserve	Total
As at April 1, 2019	871.98	-	-	44,503.24	45,375.22
Additions during the year	360.08	60.73	-	-	420.81
Income tax effect on revaluation of property, plant & equipment	-	-	-	269.11	269.11
Transferred to retained earnings	-	(60.73)	-	-	(60.73)
As at March 31, 2020	**1,232.06**	-	-	**44,772.35**	**46,004.41**
Additions during the year	360.83	19.26	-	10,057.23	10,437.32
Income tax effect on revaluation of property, plant & equipment	-	-	-	(2,087.30)	(2,087.30)
Transferred to retained earnings	-	(19.26)	-	-	(19.26)
As at MArch 31, 2021	**1,592.89**	-	-	**52,742.28**	**54,335.17**

ESOP reserve

The ESOP reserve is used for recognising the grant date fair value of the share options issued to the employees under the Employee Share Option Scheme in addition to the fair value of the options issued to the employees of the Company by the holding company (Thomas Cook (India) Limited) as per Ind AS 102.

FVOCI - Equity instruments

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI Equity instruments reserve within equity.

The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Revaluation reserve

The Group had changed its accounting policy on measurement of land from cost model to revaluation model w.e.f. April 1, 2018. Land was recognized at fair value based on valuations by external independent valuers performed on April 01, 2018 and subsequently remeasured on March 31, 2021. Consequently, any increase in the carrying amount arising on revaluation of land are recognized, net of tax, in other comprehensive income and accumulated in other reserves in shareholders' equity. Refer Note 50.

Movement in revaluation reserve	**Amount**
As at March 31, 2019	44,503.24
Revaluation surplus during the year	-
Income tax effect	269.11
As at March 31, 2020	**44,772.35**
Revaluation surplus during the year	10,057.23
Income tax effect	(2,087.30)
As at March 31, 2021	**52,742.28**

STERLING RESORTS LTD. CHENNAI

Sterling Holiday Resorts Limited
Notes forming part of consolidated financial statements as at and for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

		As at March 31, 2021	As at March 31, 2020
20(a)	**Non-current borrowings**		
	Term loan		
	- From banks		
	Secured bank loans (Refer note (i) below)	3,790.55	2,558.71
	Optionally convertible cumulative redeemable preference shares (OCCRPS) (Refer note (ii) below)	30.30	30.30
	Total	**3,820.85**	**2,589.01**
20(b)	**Current borrowings**		
	Loans from banks		
	Current portion of secured bank loans	1,630.31	892.07
	Secured short-term working capital loan (Refer note (iii) below)	1,000.00	1,000.00
	Bank overdraft (Refer note (iv) below)	-	1,459.36
		2,630.31	**3,351.43**
	Less: Amount included under 'Other financial liabilities'	(1,630.31)	(892.07)
	Total current borrowings	**1,000.00**	**2,459.36**

Notes:

(i) Secured bank loans

a Loan amounting to Rs. 4,950.00 lakhs (net of processing fees) from HDFC Bank Limited is secured by way of hypothecation of movable fixed assets acquired through the term loan at resorts namely Mussoorie, Manali, Darjeeling, Ooty Fern Hill and Kodai Valley View and by way of pledge of immovable properties at Mussoorie and Yercaud. The loan is repayable in 24 equal quarterly instalments including a moratorium of 12 months from the date of loan (January 4, 2016) along with interest rate of 11% p.a.. The loan amount outstanding as at year end is Rs. 2,164.61 lakhs (March 31, 2020: Rs. 2,432.61 lakhs). Out of this, Rs. 625.00 lakhs (March 31, 2020: Rs. 654.79 lakhs) is repayable within 1 year and the balance amount of Rs. 1,539.61 lakhs (March 31, 2020: 1,777.82 lakhs) is repayable after 1 year from the balance sheet date.

b Loan amounting to Rs 350 lakhs from HDFC Bank Limited is repayable in 20 quarterly instalments commencing from February 25, 2018 along with an interest rate of 8.95% p.a. linked to 1 year MCLR with annual reset. The loan is secured by way of exclusive charge on the movable fixed assets financed out of the loan and further secured by extension of existing mortgage at Mussoorie and negative lien on property at Yercaud. The loan amount outstanding as at year end is Rs. 164.83 lakhs (March 31, 2020: Rs. 192.50 lakhs). Out of this loan, Rs.70.00 lakhs (March 31, 2020: Rs. 52.50 lakhs) is repayable within 1 year and the balance amount of Rs. 94.83 lakhs (March 31, 2020: Rs. 140.00 lakhs) is repayable after 1 year from the balance sheet date.

c Loan amounting to Rs. 16.77 lakhs from HDFC Bank Limited is secured by way of hypothecation of underlying vehicle is repayable in 36 equated monthly instalments including a moratorium of 3 months commencing from July 1, 2020 along with an interest rate of 10.00% p.a.. The loan amount outstanding as at year end is Rs. 15.54 lakhs (March 31, 2020: Rs. 16.77 lakhs). Out of this loan, Rs.3.04 lakhs (March 31, 2020: Rs. 4.19 lakhs) is repayable within 1 year and the balance amount of Rs.12.50 lakhs (March 31, 2020: Rs. 12.58 lakhs) is repayable after 1 year from the balance sheet date.

d Loan amounting to Rs. 15.00 lakhs from HDFC Bank Limited availed in January 2021 is secured by way of hypothecation of underlying vehicle is repayable in 48 equated monthly instalments commencing from March 5, 2021 along with an interest rate of 9.65% p.a.. The loan amount outstanding as at year end is Rs. 14.73 lakhs (March 31, 2020: Nil). Out of this loan, Rs.3.75 lakhs is repayable within 1 year and the balance amount of Rs.10.98 lakhs is repayable after 1 year from the balance sheet date.

e Loan amounting to Rs. 738 lakhs from HDFC Bank Limited availed in October 2020 is repayable in 48 quarterly instalments including a moratorium of 12 months from the date of loan along with an interest rate of 8.25% p.a.. The loan is secured by way of exclusive charge on the movable fixed assets financed out of the loan and further secured by extension of existing mortgage at Mussorie and negative lien of the perperty at Yercaud. The entire loan amount is outstanding as at year end. Out of this loan, Rs. 41.00 lakhs is repayable within 1 year and the balance amount of Rs. 697.00 lakhs is repayable after 1 year from the balance sheet date.

f Loan amounting to Rs. 155 lakhs from HDFC Bank Limited availed in December 2020 is repayable in 48 quarterly instalments including a moratorium of 12 months from the date of loan along with an interest rate of 8.25% p.a.. The loan is secured by way of exclusive charge on the movable fixed assets financed out of the loan and further secured by extension of existing mortgage at Mussorie and negative lien of the perperty at Yercaud. The entire loan amount is outstanding as at year end and repayable after 1 year from the balance sheet date.

g Loan amounting to Rs. 1,287 lakhs (net of processing fees) from HDFC Limited availed in March 2021 is repayable in 36 quarterly instalments from the date of loan along with an interest rate of 11% p.a.. The loan is secured by way of resort properties situated at Kodai Lake View. The entire loan amount is outstanding as at year end. Out of this loan, Rs.386.85 lakhs is repayable within 1 year and the balance amount of Rs. 900.15 repayable after 1 year from the balance sheet date.

h Loan amounting to Rs. 1,234.20 lakhs (March 31, 2020: Rs. 1,069.20 lakhs net of processing fees) from Yes Bank is secured by way of (a) An exclusive charge on land and building of Durshet and Kundalika owned by the Company (b) An exclusive charge on current assets and movable fixed assets of the Company (c) A letter of Comfort from the Group and (d) A negative lien on the assets of the Company on which the bank is not creating security and is repayable as :- 32 quarterly installments of Rs. 6.83 lakhs, 31 quarterly installments of Rs.0.25 lakhs, 30 quarterly installments of Rs.1.88 lakhs, 22 quarterly installments of Rs.103.60 lakhs is from the date of loan . Interest is payable at monthly rests at the rate of 9.65% per annum. The loan amount outstanding as at year end is Rs. 857.31 lakhs (March 31, 2020: Rs. 805.38). Out of this, Rs. 220.94 lakhs (March 31, 2020: Rs.179.44 lakhs) is repayable within 1 year and the balance amount of Rs.636.37 lakhs (March 31, 2020: Rs. 625.94) is repayable after 1 year from the balance sheet date.

(ii) Optionally convertible cumulative redeemable preference shares (OCCRPS)

The Company issued 303,000 Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of Rs.10 each to its parent company Thomas Cook (India) Limited in April 2018. The OCCRPS carries a fixed Cumulative dividend at a rate of 8.5% payable from the date of allotment. Every 303,000 OCCRPS shall be converted at the option of the Company into 10 equity shares of Rs.10 each. Such conversion shall be at the option of the Company at any time after 1 year from the date of allotment of shares but not later than 7 years from the date of allotment. The redemption shall be made out of the profits of the Company or proceeds of fresh issue of shares made for the purpose of redemption. The conversion will result in allotment of 10,000 equity shares of Rs.10 each. As per the terms of the OCCRPS, there is a contractual obligation to deliver cash to the holder (dividend is non-discretionary). The holder does not have the right to convert the instrument into equity shares any time during the tenure of the preference shares, right to conversion lies with the issuer. Further, the OCCRPS is neither a derivative instrument, nor does it fall within the scope of puttable instruments. Therefore, the OCCRPS has been classified as a financial liability. The corresponding dividend paid or accrued has been disclosed as finance cost.

(iii) Short-term working capital loan

Short-term borrowing of Rs. 1,000 lakhs (March 31, 2020: Rs. 1,000 lakhs) from HDFC Bank with an interest rate of 10.00% p.a. is secured by charge on current and movable fixed assets and further secured by extension of collateral property at Mussoorie and negative lien on property located at Yercaud.

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20 Borrowings (continued)

(iv) Bank overdraft
Bank overdraft from Kotak Mahindra Bank (March 31, 2020: Rs. 1,459.36 lakhs) with an interest rate of 9.75%, was fully repaid during the current year.

(v) The carrying amounts of certain financial and non-financial assets pledged as security for non-current borrowings are disclosed in Note 48.

(vi) During the year, owing to its losses incurred, the Company has defaulted on certain financial covenants with respect to loans availed from HDFC Bank in the previous years and in the current year. However, based on the review of periodic filings made by the Company to the Bank, the Bank has continued with the facilities, has not placed any demand on the loans and has subsequently renewed the facility in April 2021. Accordingly, the Company continues to classify these loans as current and non-current based on the original maturity.

		As at March 31, 2021	As at March 31, 2020
21	**Other financial liabilities**		
21(a)	**Non-current**		
	Creditors for capital expenditure	8.85	8.27
	Total	**8.85**	**8.27**
21(b)	**Current**		
	Current maturities of long-term borrowings	1,630.31	892.07
	Interest accrued but not due on borrowings	33.95	34.80
	Dividend payable on optionally convertible cumulative redeemable preference shares	7.65	5.07
	Creditors for capital expenditure	196.77	380.77
	Security deposits	185.07	101.05
	Other liabilities	147.98	56.01
	Interest payable to micro enterprises and small enterprises (Refer Note 46)	30.51	6.58
	Total	**2,232.24**	**1,476.35**

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Sterling Holiday Resorts Limited
Notes forming part of consolidated financial statements as at and for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

22 Provision for employee benefit obligations

	As at March 31, 2021			As at March 31, 2020		
	Current	Non-current	Total	Current	Non-current	Total
Compensated absences	140.58	115.20	255.78	142.91	110.24	253.15
Gratuity	173.52	350.77	524.29	166.95	307.70	474.65
Total	314.10	465.97	780.07	309.86	417.94	727.80

(i) Compensated absences

	March 31, 2021	March 31, 2020
Current compensated absences expected to be settled within the next 12 months	140.58	142.91

(i) Post employment obligations

a) Gratuity

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised fund. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2020	572.52	97.87	474.65
Current service cost	72.20	-	72.20
Past service cost	-	-	-
Interest expense/(income)	27.48	6.02	21.46
Total amount recognised in profit or loss	99.68	6.02	93.66
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	10.81	-	10.81
Experience (gains)/losses	(30.07)	-	(30.07)
Changes in asset ceiling excluding amounts included in interest expense			-
Total amount recognised in other comprehensive income	(19.26)	-	(19.26)
Employer contributions	(49.01)	9.83	(58.84)
Benefit payments	(14.93)	(49.01)	34.08
March 31, 2021	589.00	64.71	524.29

	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2019	550.19	95.73	454.46
Current service cost	86.73	-	86.73
Past service cost			-
Interest expense/(income)	37.96	6.82	31.14
Total amount recognised in profit or loss	124.69	6.82	117.87
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
(Gain)/loss from change in demographic assumptions	8.33	-	8.33
(Gain)/loss from change in financial assumptions	(25.21)	-	(25.21)
Experience (gains)/losses	(43.85)	-	(43.85)
Changes in asset ceiling excluding amounts included in interest expense	-	-	-
Total amount recognised in other comprehensive income	(60.73)	-	(60.72)
Employer contributions	(20.00)	15.32	(35.32)
Benefit payments	(21.64)	(20.00)	(1.64)
March 31, 2020	572.52	97.87	474.65

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22 Provision for employee benefit obligations (contd.)

The net liability disclosed above relates to funded and unfunded plans are as follows:

	March 31, 2021	March 31, 2020
Present value of funded obligations	456.94	452.23
Fair value of plan assets	52.34	97.87
Deficit of funded plan	**404.60**	**354.36**
Current benefit obligation	173.52	166.95
Non-current benefit obligation	231.08	187.41
Unfunded plans	119.69	120.28
Deficit of gratuity plan	**524.29**	**474.64**

(ii) Defined contribution plans

The Group has also certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by Government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards defined contribution plan is Rs. 316.38 lakhs (March 31, 2020: Rs. 532.48 lakhs).

(iii) Principal actuarial assumptions used in valuation of Gratuity

	March 31, 2021	March 31, 2020
Discount rate	6.39%	6.15%
Expected rate of return on plan assets	6.39%	6.15%
Salary growth rate	5.00%	First year 0%, thereafter 4%
Attrition rate	30.00%	30.00%

Estimates of future salary increases considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market

(iv) Sensitivity Analysis

a) Gratuity

	March 31, 2021	March 31, 2020
Discount rate:		
+ 100 basis points	(11.68)	(11.86)
- 100 basis points	14.49	14.14
Salary escalation rate:		
+ 100 basis points	14.51	14.18
- 100 basis points	(13.29)	(12.39)

b) Compensated absence

	March 31, 2021	March 31, 2020
Discount rate:		
+ 100 basis points	(5.19)	(5.02)
- 100 basis points	6.05	5.67
Salary escalation rate:		
+ 100 basis points	6.61	6.59
- 100 basis points	(5.97)	(5.99)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to the significant actuarial assumptions, the same method (present value of defined benefit obligation calculated using the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability in the balance sheet.

The methods and types of assumption used in preparing the sensitivity analysis did not change compared to the prior period.

(vi) Risk exposure

The Company's gratuity fund is maintained by an approved trust (Life Insurance Corporation of India). A large portion of the investment made by LIC is in government bonds and securities and other approved securities. Hence, the Company is not exposed to the risk of asset volatility as at the balance sheet date.

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(All amounts in Rs. lakhs, unless otherwise stated)

23 Deferred tax liabilities

The balance comprises temporary differences attributable to:

	As at March 31, 2021	As at March 31, 2020
Property, plant and equipment	3,911.15	3,924.48
On account of land revaluation	4,883.10	3,130.74
On account of land valuation- Refer note below	116.73	116.73
On account of brand valuation- Refer note below	67.31	67.31
Total deferred tax liabilities	**8,978.29**	**7,239.26**
Set-off of deferred tax liabilities pursuant to set-off provisions	8,399.33	6,806.39
Deferred tax liability as per the balance sheet	578.96	432.87
Net unrecognised deferred tax liabilities	-	-
Unabsorbed depreciation allowance and business loss carried forward	9,703.24	8,621.44
Provision for employee benefits	271.01	341.41
Provision for doubtful debts	459.47	365.24
Property, plant & equipment	48.71	31.60
Total deferred tax assets	**10,482.43**	**9,359.69**
Set-off of deferred tax liabilities pursuant to set-off provisions	8,399.33	6,806.39
Deferred tax asset as per the balance sheet	63.71	9.11
Net unrecognised deferred tax assets	**2,019.39**	**2,544.19**

Movement in deferred tax liabilities

	Property, plant and equipment	On account of land revaluation	Others	Total
At April 1, 2019	4,668.05	3,399.85	184.04	8,251.94
(Charged)/credited:				
- to profit or loss	(743.57)	-	-	(743.57)
- to other comprehensive income	-	(269.11)	-	(269.11)
At March 31, 2020	**3,924.48**	**3,130.74**	**184.04**	**7,239.26**
(Charged)/credited:				
- to profit or loss	(13.33)	(334.94)	-	(348.27)
- to other comprehensive income	-	2,087.30	-	2,087.30
At March 31, 2021	**3,911.15**	**4,883.10**	**184.04**	**8,978.29**

Movement in deferred tax assets

	Unabsorbed depreciation allowance and business loss carried forward	Provision for employee benefits	Provision for doubtful debts	Others	Total
At April 1, 2019	8,744.62	365.84	189.76	-	9,300.22
Movement in deferred tax asset	(123.18)	(24.43)	175.48	31.60	59.47
At March 31, 2020	**8,621.44**	**341.41**	**365.24**	**31.60**	**9,359.69**
Movement in deferred tax asset	1,081.80	(70.40)	94.23	17.11	1,122.74
At March 31, 2021	**9,703.24**	**271.01**	**459.47**	**48.71**	**10,482.43**

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		As at March 31, 2021	As at March 31, 2020
24	**Other non-current liabilities**		
	Contract liability - Deferred income (Refer note 52)	70,657.59	77,989.95
	Contract liability - Advance received from customers (Refer note 52)	315.77	160.05
	Total	70,973.36	78,150.00
25	**Trade payables**		
	Dues to micro enterprises and small enterprises (Refer Note 46)	91.45	48.68
	Dues to creditors other than micro enterprises and small enterprises	2,687.11	3,135.03
	Total	2,778.56	3,183.71
	Of the above, trade payables to related parties is (Refer note 39(e))	166.44	226.07
	The Company's exposure to liquidity risks related to trade payables is disclosed in Note 38.		
26	**Other provisions**		
	Provision for fringe benefit tax	74.41	74.40
	Provision for stamp duty (Refer note below)	1,000.00	2,139.19
	Total	1,074.41	2,213.59

Note:
Pursuant to the Composite scheme of arrangement and amalgamation referred in note 47, the immovable properties of the demerged undertaking (Timeshare & Resorts business) are transferred to the Group. The Group has immovable properties in various states. As per the laws prevalent in the respective states, stamp duty is applicable on such transfer of properties. During the current year, the Group has re-assessed such provision based on independent legal advice and reversed certain provision no longer required amounting to Rs. 1,139.19 lakhs.

		As at March 31, 2021	As at March 31, 2020
27	**Current tax liabilities**		
	Provision for income tax	-	21.61
	Total	-	21.61
28	**Other current liabilities**		
	Salaries, wages, bonus and employee payables	791.48	1,131.93
	Statutory liabilities	184.82	2.55
	Contract liability - Deferred income (Refer note 52)	3,599.95	4,052.20
	Contract liability - Advance received from customers (Refer note 52)	1,485.39	1,437.01
	Total	6,061.64	6,623.69

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STERLING HOLIDAY RESORTS LTD. ★ CHENNAI

		For the year ended March 31, 2021	For the year ended March 31, 2020
29	**Revenue from operations**		
	Disaggregation of revenue:		
	On the basis of nature of goods or services:		
	Sale of services		
	Income from sale of membership:		
	- Membership fee/Admission fees (net of provision for cancellation) (refer notes below)	6,437.35	4,935.59
	- Annual subscription fees/ Annual amenity charges	3,584.48	5,039.33
	- Interest income on trade receivables (instalment plan)	148.62	226.97
	Sale of products (Resort operations)		
	Food and beverages	1,771.92	4,855.47
	Sale of services (Resort operations)		
	- Room rentals	4,626.22	9,510.27
	- Adventure activities	36.74	507.77
	- Others	403.66	1,378.15
	- Management contract income	64.15	167.51
	Other operating revenues		
	Service charges	99.88	287.32
	Total	**17,173.02**	**26,908.38**
	On the basis of timing of transfer of goods or services		
	At a point in time	6,008.56	11,787.24
	Over a period of time	11,164.46	15,121.14
		17,173.02	**26,908.38**

Notes:

a. The Company uses the historical trends/yield precentage to determine the provision for cancellation of contracts (i.e, the expected number of contracts which will be eventually cancelled) and accounts this as a reduction in revenue since it is attributable to uncertainty in collection. Based on this estimate, the Company has made a provision of Rs. 418.19 lakhs (March 31, 2020: charge of Rs. 271.92 lakhs) for the sales relating this year.

b. During the year, the Company has cancelled certain membership contracts of members who have defaulted in payment of certain EMIs and / or Annual amenity charges (AAC) for past periods. The Company has assessed the contractual terms and on the basis of legal advice has established their bona fide to cancel these membership contracts. Consequentially, there has been a write-back of deferred income (Rs. 2,509.02 lakhs) and write-off of the related unamortised cost (Rs. 998.72 lakhs). (also refer note 52).

		For the year ended March 31, 2021	For the year ended March 31, 2020
30	**Other income**		
	Interest income on:		
	- Bank deposits	12.28	4.18
	- Others	54.92	69.68
	Gain on sale of current investments (net)	-	1.66
	Net gain on financial assets mandatorily measured at fair value through profit or loss	23.10	8.40
	Rental income	-	24.27
	Income from skill development training	-	199.77
	Scrap sales	7.46	7.27
	Provision/Liabilities no longer required written back (Refer note 26)	1,355.65	149.22
	Insurance claim received	-	195.09
	Lease waiver	933.94	76.40
	Income from termination of lease contracts	59.04	26.55
	Miscellaneous income	18.86	13.68
	Total	**2,465.25**	**776.17**
31	**Cost of materials consumed**		
	Inventory of materials at the beginning of the year	51.91	88.16
	Add: Purchases	663.86	1,659.30
	Less: Inventory of materials at the end of the year	44.25	107.01
	Cost of materials consumed	**671.52**	**1,640.45**
32	**Employee benefits expense**		
	Salaries, wages and bonus	5,696.49	10,298.94
	Contribution to provident and other funds	383.17	651.41
	Employee share-based payment expense	221.49	310.21
	Gratuity	93.66	117.88
	Compensated absences	44.23	32.31
	Staff welfare expenses	357.09	884.74
	Total	**6,796.13**	**12,295.49**

STERLING HOLIDAY RESORTS CHENNAI

(All amounts in Rs. lakhs, unless otherwise stated)

		For the year ended March 31, 2021	For the year ended March 31, 2020
33	**Finance cost**		
	Interest and finance charges on financial liabilities measured at amortized cost	647.80	590.85
	Interest on lease liability	766.55	872.91
	Dividend on OCCRPS	2.58	2.58
	Total	**1,416.93**	**1,466.34**
34	**Depreciation and amortisation expense**		
	Depreciation of property, plant and equipment	2,365.22	2,485.76
	Depreciation of right of use assets	1,918.33	2,130.85
	Amortisation of intangible assets	361.36	398.96
	Total	**4,644.91**	**5,015.57**
35	**Other expenses**		
	Consumption of stores and spares	170.05	372.24
	Power and fuel	989.61	1,837.85
	Rent	115.66	518.69
	Repairs and maintenance:		
	-Building	116.98	221.16
	-Plant and machinery	225.15	416.14
	-Others	353.05	250.59
	Insurance	134.94	58.12
	Rates and taxes	290.43	330.51
	Guest supplies	113.38	351.42
	Laundry expenses	107.35	277.76
	Communication	146.45	203.95
	Recruitment and training	12.82	81.83
	Travel and tours	109.95	565.96
	Legal and professional	596.90	746.96
	Directors' sitting fees	16.54	14.04
	Payment to statutory auditors:		
	As Auditor:		
	- Statutory audit	39.00	37.00
	- Group audit	2.40	4.50
	- Other services	8.16	26.13
	Reimbursement of expenses	3.67	6.76
	Travel and conveyance	125.06	674.01
	Security charges	251.09	393.39
	Water charges	78.96	205.98
	Sales commission	1,576.58	1,164.97
	Sales promotion	136.59	1,979.05
	Exchange loss	1.97	0.70
	Bank charges	211.26	335.37
	Capital work in progress written off	431.42	-
	Provision for doubtful advances	52.21	5.34
	Provision for doubtful debts	33.11	22.70
	Loss on sale of assets (net)	49.61	10.64
	Printing and stationery	22.73	74.76
	Miscellaneous expenses	350.68	736.83
	Total	**6,873.76**	**11,925.35**

STERLING HOLIDAY RESORTS LTD * CHENNAI

(All amounts in Rs. lakhs, unless otherwise stated)

	For the year ended March 31, 2021	For the year ended March 31, 2020
36 Income tax expense		
a) Amount recognised in profit or loss		
Current tax		
Current tax for the year	4.62	21.61
Total	4.62	21.61
Deferred tax expense		
(Increase)/Decrease in deferred tax assets	(1,660.86)	1.07
Increase/(Decrease) in deferred tax liabilities	(334.94)	229.48
Total	**(1,995.80)**	**230.55**
Total tax (expense)/benefit	**(1,991.18)**	**252.16**
b) Reconciliation of tax expense and the accounting profit multiplied by India's Tax Rate:		
Loss before income tax expense	(836.02)	(4,658.65)
Tax expense / (income) computed at Indian Tax rate of 26% (Previous year: 31.2%)	(217.36)	(1,211.25)
Net Tax effects of amount which are deductible/disallowed in calculating taxable income - other than temporary differences	44.28	(2.51)
	(173.09)	(1,213.76)
Unrecognised deferred tax assets for the year	-	-
Tax income	(173.09)	(1,213.76)
Tax effect of recognized tax losses for the year	(54.64)	1.07
Tax effect of recognized tax losses for the previous year losses	(1,941.16)	229.48
Total Deferred Tax Asset recognized	**(1,995.80)**	**230.55**
Tax effect of unrecognized tax losses for the year	(123.06)	(1,236.44)
Tax (income) / expense recognised in the year (Note 38.1)	(1,991.18)	252.16
Tax Losses		
Unused tax losses for which no deferred tax assets have been recognised	8,502.38	9,305.43
Potential tax benefit at applicable rate	1,944.66	2,456.53

Tax losses on account of unrecognised deferred tax assets

Date of expiry to carry forward	**As at March 31, 2021**	**As at March 31, 2020**
31-Mar-29	5,145.31	-
31-Mar-28	1,798.90	2,412.86
31-Mar-27	293.70	4,649.45
31-Mar-26	116.71	116.71
31-Mar-25	269.00	269.00
31-Mar-24	14.84	916.97
31-Mar-23	103.53	724.40
31-Mar-22	-	83.39
31-Mar-21	-	103.53
Indefinite period	760.39	29.12
Total	**8,502.38**	**9,305.43**

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STERLING HOLIDAY RESORTS LTD. CHENNAI

(All amounts in Rs. lakhs, unless otherwise stated)

37 Fair value measurements

Financial instruments by category

	As at March 31, 2021			As at March 31, 2020		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments	0.64	-	-	0.39	-	-
- Mutual funds	1,644.43	-	-	321.60	-	-
Trade receivables	-	-	3,733.89	-	-	10,276.18
Unbilled revenue	-	-	51.13	-	-	11.62
Loans	-	-	4.37	-	-	83.14
Cash and cash equivalents	-	-	202.09	-	-	862.13
Bank balances other than above	-	-	567.53	-	-	39.26
Security deposits	-	-	692.76	-	-	765.79
Interest accrued on fixed deposits	-	-	-	-	-	4.03
Other receivables	-	-	695.77	-	-	746.49
Total financial assets	**1,645.07**	-	**5,947.54**	**321.99**	-	**12,788.64**
Financial liabilities						
Borrowings	-	-	6,492.76	-	-	5,980.31
Trade payables	-	-	2,778.56	-	-	3,183.71
Capital creditors	-	-	205.62	-	-	389.04
Security deposits	-	-	185.07	-	-	101.05
Other liabilities	-	-	178.49	-	-	56.01
Interest payable to micro enterprises and small enterprises	-	-	30.51	-	-	6.58
Total financial liabilities	-	-	**9,871.01**	-	-	**9,716.70**

This summary includes all financial instruments valued based on the principles of Ind AS 109 - Financial Instruments.

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2021	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial investments at FVTPL:					
Equity instruments	7(a)	0.64	-	-	0.64
Mutual funds	7(b)	1,644.43	-	-	1,644.43
Total financial assets		**1,645.07**	-	-	**1,645.07**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at March 31, 2021	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Security deposits	10	-	-	692.76	692.76
Total financial assets		-	-	**692.76**	**692.76**
Financial liabilities					
Borrowings	20(a)	-	-	6,492.76	6,492.76
Total financial liabilities		-	-	**6,492.76**	**6,492.76**

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial investments at FVTPL:					
Equity instruments	7(a)	0.39	-	-	0.39
Mutual funds	7(b)	321.60	-	-	321.60
Total financial assets		**321.99**	-	-	**321.99**

(All amounts in Rs. lakhs, unless otherwise stated)

37 Fair value measurements (contd.)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at March 31, 2020	**Notes**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Loans to subsidiaries	9	-	-	-	-
Interest accrued on loans and advances to related parties	9	-	-	-	-
Employee advances	9	-	-	-	-
Security deposits	10	-	-	765.79	765.79
Total financial assets		-	-	765.79	765.79
Financial Liabilities					
Borrowings	20(a)	-	-	5,980.31	5,980.31
Total financial liabilities		-	-	5,980.31	5,980.31

There are no transfers between levels 1 and 2 during the year.

(ii) Valuation technique used to determine fair value:
Specific valuation technique used to value financial instruments include the use of market prices based on recently concluded transaction by the Company for the instruments. The resulting fair value estimate is included in level 2.

(iii) Fair value of financial assets and liabilities measured at amortised cost

	As at March 31, 2021		**As at March 31, 2020**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Loans				
Security deposits	692.76	692.76	765.79	765.79
Total financial assets	692.76	692.76	765.79	765.79
Financial liabilities				
Borrowings	6,492.76	6,492.76	5,980.31	5,980.31
Total financial liabilities	6,492.76	6,492.76	5,980.31	5,980.31

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial liabilities approximate their fair values, due to their short-term nature.

The fair values for security deposits were calculated based on cash flows discounted using market interest rates. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

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Sterling Holiday Resorts Limited
Notes forming part of consolidated financial statements as at and for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

38 Financial risk management

The Group's activities expose it to market risk, liquidity risk and credit risk.
This note explains the sources of risk which the entity is exposed to and how the entity manages the risk in the financial statements

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, investments, financial assets measured at amortised cost.	Ageing analysis and credit rating	Diversification of portfolio, credit limits
Liquidity risk	Borrowings, trade payables and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Analysis of market rates on a real time basis, pre-closure of loans

The Board's risk management is carried out by a central treasury department under policies approved by the board of directors. The board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, non-derivative financial instruments and investment of excess liquidity.

(A) Credit risk

Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures towards outstanding receivables.

(i) Credit risk management

Credit risk is managed on a Group basis. For banks and financial institutions, only high rated banks/institutions are accepted.

For other financial assets, the Group assesses and manages credit risk based on internal credit rating system. The finance function consists of a separate team that assesses and maintain an internal credit rating system. Internal credit rating is performed on a group basis for each class of financial instruments with different characteristics. The Group assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

C1 : High-quality assets, negligible credit risk
C2 : Doubtful assets, credit-impaired

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information including the following indicators:

- Internal credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increase in credit risk on other financial instruments of the same borrower
- Significant changes in the expected performance and behaviour of the borrower and customer, including changes in the payment status of borrowers in the Group, expected acceptances of the instruments and changes in the operating results of the borrower.

A default on a financial asset is when the counterparty fails to make contractual payments on the due date. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors. The Mangement makes necessary course corrections and evaluation of credit loss based on the assessment of a default on a continuing basis.

(ii) Provision for expected credit losses

The Group provides for expected credit loss based on the following:

Internal credit rating	Category	Description of category	Basis for recognition of expected credit loss provision		
			Investments	Loans and deposits	Trade receivables
C1	High quality assets, negligible credit risk	Assets where the counterparty has strong capacity to meet the obligations and where the risk of default is	12 month expected credit losses	12 month expected credit losses	Lifetime expected credit loss
C2	Doubtful assets, credit impaired	Assets are provided for when there is no reasonable expectation of recovery. The Group categorises a loan or receivable for provisioning when the debtor fails to make the contractual payments for over 12 months. When the loans or receivables have been provided for, the Group continues to engage in enforcement activity to attempt to recover the receivable/cancel contracts as appropriate. When recoveries are made these are recognised in profit or	Asset is provided for fully		

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(All amounts in Rs. lakhs, unless otherwise stated)

38 Financial risk management (contd.)

For the year ended March 31, 2021:

(a) Expected credit loss for loans, security deposits and investments

The estimated gross carrying amount at default is Nil (March 31, 2020: Rs. Nil) for Investments. Accordingly provision had been provided in books for this financial asset.

(b) Expected credit loss for trade receivables under simplified approach (including provision for cancellation of contracts)

A significant portion of the Group's sales of Sterling Memberships are by way of deferred payment schemes where the customer is obligated to pay the membership fee in Equated Monthly Instalments (EMIs) and the ensuing credit risk is managed by the Group in the following manner:

(a) preliminary assessment of customer credit worthiness, ensuring realisation of minimum down payment and adherence to internal KYC norms;

(b) collecting post dated instruments such as cheques, Automated Clearing House (ACH) mandates, standing credit card instructions from the customers at inception to ensure security cover.

From an accounting perspective, revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the Group. The Group also assesses lifetime expected credit loss by using appropriate models, as prescribed by Ind AS 109, using past trends of collections and historical credit loss experience. The categorisation of the receivables into its ageing buckets for the purposes of estimating the expected loss allowance has been profiled based on the payments received from the customers, for example, if a member has not paid any amount or has paid less than Rs. 5,000 in last 12 months, the entire receivable of the member is aggregated into that ageing bucket and the credit loss allowance is determined after taking into account the credits against the member under "Contract liability - Deferred income" (refer note 24 and note 27).

The allowances for credit loss and for revenue deferred at inception referred to above, carried at the end of every reporting period, are tested for adequacy and appropriately dealt with.

The credit loss allowance carried by the Group is as under:

	March 31, 2021	March 31, 2020
Carrying value of receivables (refer note 8)	4,205.46	11,343.83
Credit loss allowance	471.57	1,067.65
Loss allowance %	11%	9%

The Group defers revenue at inception and provides for cancellation allowance based on historical trend. The amounts so deferred and the credit loss allowance are adjusted from the carrying value of receivables (refer note 8 and 28) in the same proportion, except in cases where the allowance is directly attributable to a particular contract.

(iii) (a) Reconciliation of carrying value of receivables

	Amount
Receivables as on April 1, 2019	10,917.08
Sale made during the year	11,586.56
Collections during the year	(10,115.94)
Write off on account of contracts cancelled during the year	(1,043.87)
Receivables as on March 31, 2020	**11,343.83**
Sale made during the year	4,547.33
Cancellation during the period	(2,824.06)
Collections during the year	(6,186.87)
Write off on account of contracts cancelled during the year	(2,674.77)
Receivables as on March 31, 2021	**4,205.46**

(iii) (b) Reconciliation of loss allowance provision – Trade receivables

	Amount
Loss allowance on April 1, 2019	771.61
Allowance for credit loss recognised during the year	296.04
Amounts written off during the year	-
Loss allowance on March 31, 2020	**1,067.65**
Allowance for credit loss recognised during the year	450.75
Amounts written off during the year	(1,046.83)
Loss allowance on March 31, 2021	**471.57**

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(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows and also reviews timing of liquidation of marketable securities.

(i) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	As at March 31, 2021	As at March 31, 2020
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	-	47.44
- Expiring beyond one year (bank loans)	-	-
Marketable securities *(including investments held for sale)**	1,644.43	321.60

* Does not include investments offerred as security for loan taken by a subsidiary

The marketable securities can be disposed by the Group at any point of time based on the objects and working capital requirement of the Group.
The bank overdraft facilities may be drawn at any time. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn any time.

(ii) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities. There are no derivative financial instruments.
The amounts disclosed in the table are the contractual undiscounted cash flows, including interest. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities:

March 31, 2021	Carrying amount	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Above 2 years	Total
Non-derivatives							
Borrowings	6,492.76	1,476.94	531.51	1,082.85	2,145.58	2,018.78	7,255.67
Trade payables	2,778.56	2,778.56	-	-	-	-	2,778.56
Other financial liabilities	569.18	560.33	-	-	8.85	-	569.18
Total non-derivative liabilities	**9,840.50**	**4,815.83**	**531.51**	**1,082.85**	**2,154.43**	**2,018.78**	**10,603.41**

March 31, 2020	Carrying amount	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Above 2 years	Total
Non-derivatives							
Borrowings	5,980.31	1,648.85	371.27	1,671.75	1,285.13	1,723.79	6,700.79
Trade payables	3,183.71	3,183.71	-	-	-	-	3,183.71
Other financial liabilities	552.68	544.41	-	-	8.27	-	552.68
Total non-derivative liabilities	**9,716.70**	**5,376.97**	**371.27**	**1,671.75**	**1,293.40**	**1,723.79**	**10,437.18**

C) Market risk - Interest rate risk

The Group's main interest rate risk arises from long term borrowings with variable interest rates, which exposes the Group to cash flow interest rate risk. The Group analyses the market rates on a real time basis and pre- closes/exchanges the variable interest rate instruments for fixed interest instruments in times of high interest rates and vice-versa to mitigate the risk. The exposure of the Group's borrowings to interest rates are as below:

	March 31, 2021	March 31, 2020
Variable rate borrowings	1,000.00	2,459.36
Fixed rate borrowings	5,420.86	3,481.08
	6,420.86	**5,940.44**

	March 31, 2021			March 31, 2020		
	Weighted average interest rate	alance loan amount	% of total loans	Weighted average interest rate	Balance loan amount	% of total loans
Borrowings from banks and others	9.42%	1,000.00	15.57%	10.00%	2,459.36	41.40%

Sensitivity analysis

Profit/loss is sensitive to higher/lower interest expense from borrowings as a result of change in the interest rates. If the weighted average rate of the variable interest rate borrowings increase/decrease by 1% the interest expense will increase/decrease by Rs. 9.42 lakhs (March 31, 2020: Rs. Rs. 24.59 lakhs)

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(All amounts in Rs. lakhs, unless otherwise stated)

39 Related party transactions

(a) Parent entities

Name of entity	Type	Ownership interest held by the Group March 31, 2021	March 31, 2020
Fairfax Financial Holdings Limited, Canada	Ultimate Holding Company	-	-
Thomas Cook (India) Limited	Holding Company	100%	100%

(b) Fellow subsidiaries with whom transactions have been entered

Travel Corporation (India) Limited (merged with Thomas Cook (India) Limited w.e.f April 1, 2019)
TC Tours Private Limited

SOTC Travel Services Private Limited (merged with TC Tours Private Limited)

Quess Corp Limited
CentreQ Business Services Ltd (merged with Quess Corp Limited)
Coachieve Solutions Pvt Ltd (merged with Quess Corp Limited)
Allsec Technologies Limited

(c) Key management personnel compensation

	March 31, 2021	March 31, 2020
Mr. Ramesh Ramanathan (Chairman-Managing Director)		
Short-term employee benefits	160.02	206.61
Post-employment benefits	11.43	15.58
Total	**171.45**	**222.19**
Mr. Manish Jain (Chief Financial Officer)*		
Short-term employee benefits	-	38.84
Post-employment benefits	-	3.33
Total	-	**42.17**

*Mr. Manish Jain ceased to be the Chief Financial Officer with effect from October 23, 2019

	March 31, 2021	March 31, 2020
Mr. Gaurav Kant (Chief Financial Officer)*		
Short-term employee benefits	10.70	-
Post-employment benefits	2.89	-
Total	**13.59**	-

Mr. Gaurav Kant has been appointed as the Chief Financial Officer with effect from April 22, 2020 and ceased with effect from September 04, 2020

	March 31, 2021	March 31, 2020
Mr. Krishna Kumar (Chief Financial Officer)*		
Short-term employee benefits	41.32	-
Post-employment benefits	1.31	-
Total	**42.63**	-

*Mr. Krishna Kumar has been appointed as the Chief Financial Officer with effect from August 03, 2020

	March 31, 2021	March 31, 2020
Mr. M. Balasubramaniyan (Company Secretary)		
Short-term employee benefits	13.06	15.88

(d) Transactions with related parties

Transactions with related parties are as follows:

	March 31, 2021	March 31, 2020
Sale of services		
Thomas Cook (India) Limited	0.34	-
TC Tours Private Limited	12.21	27.20
SOTC Travel Services Private Limited	-	0.42
Divekar Wallstable Schnieder Precision Seals Private Limited	-	0.35
Travel Corporation (India) Limited (merged with Thomas Cook (India) Limited)	-	47.97
Total	**12.55**	**75.94**
Net recovery on account of holiday activities		
Thomas Cook (India) Limited	-	7.02
Rent expense		
Thomas Cook (India) Limited	0.13	1.71
Rental income		
Thomas Cook (India) Limited	-	24.00
Travel booking & other support services		
Thomas Cook (India) Limited	13.03	122.33
Services availed		
Quess Corp Limited	1,235.19	569.29
Coachieve Solutions Pvt Ltd	-	26.64
Allsec Technologies Limited	22.72	11.45
Terrier Security Services (India) Pvt Ltd	47.70	-
Go Digit General Insurance Limited	9.78	-
Total	**1,315.39**	**607.38**
Dividend on OCCPRS		
Thomas Cook (India) Limited	2.58	2.58
Employee stock option expense (ESOP)		
Thomas Cook (India) Limited	360.83	360.06

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39 Related party transactions (contd.)

(e) Outstanding balances as at the year end

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	March 31, 2021	March 31, 2020
Trade payables		
Thomas Cook (India) Limited	160.24	165.27
Quess Corp Limited	-	0.08
Go Digit General Insurance Limited	1.91	1.70
Coachieve solutions Pvt Ltd	-	0.98
Allsec Technologies Ltd	2.93	10.48
Terrier Security Services (India) Pvt Ltd	1.36	47.57
Total	**166.44**	**226.07**
Dividend payable on OCCRPS		
Thomas Cook (India) Limited	7.65	5.07
Advances to suppliers		
Quess Corp Limited	17.67	113.95
Advances from customers		
SOTC Travel Services Private Limited	-	1.00
Trade Receivable		
Travel Corporation (India) Limited (merged with Thomas Cook (India) Limited w.e.f April 1, 2019)	7.17	17.08
TC Tours Private Limited	10.81	9.01
Divekar Wallstable Schnieder Precision Seals Private Limited	-	0.50
Pugmarks Eco Tours Private Limited	-	1.33
Total	**17.98**	**27.91**

40 Segment information

Description of segments and principal activities

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief operating decision maker.
The Chairman-Managing Director (CMD) of the Company has been identified as the chief operating decision maker of Sterling Holiday Resorts Limited who assesses the financial performance and position of the Company, and makes strategic decisions. The Company has only one reportable segment as described below:

- Sterling membership and resort operations: This segment deals with timeshare business on account of membership and the resort business.

41 During the current year, the Group had adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption (including temporary closure of its resorts). The Group had reopened resorts in a phased manner since August 2020. However, considering the significant increase in infection due to the second wave in India, certain States have adopted measures to control the spread of the pandemic. The Group has again temporarily closed many resorts in April 2021.

The Management strongly believes, the lockdown would be lifted, and operations would restart in a phased manner by June 2021. However, the impact of COVID-19 on the economy continues to be uncertain and the extent to which the ongoing COVID-19 pandemic will impact the Group's financial performance including the Group's estimates of impairment of assets and future cashflows, is dependent on such future developments, the severity and duration of the pandemic, which cannot be predicted with certainty. The Group has considered the context of the pandemic in applying the assumptions used to determine the future cashflows. The impact assessment of COVID-19 is a continuing process. The Group will continue to monitor any material changes to the future economic conditions. Also refer note 1.2.1.

42 Particulars of goodwill arising on consolidation

Entity	**March 31, 2021**	**March 31, 2020**
Sterling Holidays Ooty Limited	576.47	576.47
Sterling Holidays Resorts Kodaikanal Limited	710.90	710.90
Nature Trails Resorts Private Limited	71.04	71.04
	1,358.41	**1,358.41**
Less : Impairment loss recognised during the year	(71.04)	-
Total	**1,287.37**	**1,358.41**

During the year, the Group has recognised impairment loss on goodwill arising on consolidation of Nature Trails Resorts Private Limited amounting to Rs. 71.04 lakhs.

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(All amounts in Rs. lakhs, unless otherwise stated)

	As at March 31, 2021	As at March 31, 2020
43 Contingent liabilities and contingent assets		
Contingent liabilities		
Claims against the Company not acknowledged as debt:		
(a) In respect of income tax matters:		
Advance Subscription towards Customer Facilities (ASCF)/Entitlement fee being 55%/40% of sale value is treated as deferred income and recognised as income over the period of entitlement. In respect of Assessment Years 1997-98 to 2001-02, the Income Tax Appellate Tribunal, Chennai (ITAT) has passed orders against the said accounting treatment followed by the Company and to treat them as income in the respective year of receipt. The Company has appealed against these Orders before Hon'ble High Court of Madras and the case is pending.	-	-
The ITAT, Chennai has decided in favour of Company's accounting treatment of ASCF for Assessment years 2002-03, 2006-07, 2007-08, 2008-09 and 2009-10 against which department has gone on appeal. There is no tax liability on account of such order owing to carry forward losses and unabsorbed depreciation available under Income Tax Act.. In respect of Assessment Years 2010-11 to 2013-14, ITAT, Mumbai has decided in favour of Company's accounting treatment of ASCF/Entitlement fee and in respect of Assessment Years, for which the department is likely to go on appeals. There is no tax liability on account of such orders owing to carry forward losses and unabsorbed depreciation available under Income Tax Act.	-	-
In respect of AY 1999-2000, The Assessing officer (AO) has added notional interest with the returned income of Manchanda Resorts Private Limited (Since merged with the company w.e.f., April 1, 2012). The Commissioner of Income Tax Appeals has confirmed the addition of the AO. The company has filed appeals with Income Tax Tribunal for this matter and the case is pending as of date. There is no tax liability on account of such order owing to carry forward losses and unabsorbed depreciation available under Income Tax Act.	-	-
In respect of Assessment Year 2010-11, the income tax department has re-opened the assessment and the assessing officer has disallowed the brought forward depreciation loss of the demerged entity Sterling Holiday Resorts India Limited from the AY 1996-97 to AY 2001-02. The Company has obtained the favourable orders from ITAT Mumbai. There is no tax liability on account of such order owing to carry forward losses and unabsorbed depreciation available under Income Tax Act.	-	-
In respect of Assessment Year 2015-16, the Assessing Officer (AO) had issued an order with respect to treatment of ASCF/Entitlement fee and disallowance of brought forward loss of the demerged entity Sterling Holiday Resorts India Limited and for other disallowances. The Company had filed an appeal before Commissioner of Income Tax (Appeals), Mumbai and the case is pending as of date. Since the entire brought forward loss was disallowed, this has resulted in a tax demand.	2,362.58	2,362.58
The Assessing Officer (AO) has issued an income tax demand order for the AY 2017-18. Additions of Rs 13,805.84 lakhs have been made for the items tabulated below. Consequently, a demand of Rs. 6,451.04 lakhs was determined as payable Based on the management's assessment and the advice of external consultant, the Company believes the demand is not tenable. The Company is in the process of filing their response for the same.	6,451.04	6,451.04
The Assessing Officer (AO) has issued an income tax demand order for the AY 2001-02 & AY 2006-07. Penalty orders has been issued by the officer for the above years. Based on the management's assessment and the advice of external consultant, the Company believes the demand is not tenable. The Company is in the process of filing their response for the same.	694.35	694.35
During the year, the Assessing officer vide this order has disallowed the usual issue of ESOP expenses and added back the Deferred income. Further he has disallowed the long term capital loss claimed by the company for Rs.4.08 crores on sale of land at Kodai and arrived at a long term capital gain of Rs.7.49 crores. We are taking the steps to file the appeals with CIT(A) Mumbai.	201.84	-
(b) In respect of service tax matters:		
'Demand towards service tax matters in respect of which stay order obtained (excludes show cause notices aggregating Rs 8,642.62 lakhs which have been responded by the Company/ stay order obtained and against which no demands have been raised as of date)	557.04	557 04
(c) Others:		
Luxury tax related demands under appeal	2,516.33	2,007.84
VAT related matters	56.36	37.60
GST related matters	113.28	179.37
Customer, vendor, employee and property related disputes under appeal	960.31	2,611.16

The Company has filed an appeal against the above matters which is pending disposal. Future cash flows in respect of above, if any, is determinable only on receipt of judgement/ decision pending with relevant authorities.

(d) Supreme Court vide their judgement dated February 28, 2018 clarified that Provident fund deduction is to be made on basic salary and on other salary components which are universally made available to all employees The Company, based on external advice, believes that there are interpretative challenges on the application of the judgement retrospectively. Pursuant to the ruling, the Company recorded a provision of Rs. 45 33 lakhs in 2018-19, with respect to demands received for Manali (for the period of April 2007 to December 2015) and Munnar (for periods prior to 2013). Based on the advice and in the absence of the reliable measurement of the provision for earlier periods, the Company has not recorded a provision with respect to any period other than as mentioned above. The Company would update the provision in future based on clarification received from the relevant authorities

44 Commitments	**As at March 31, 2021**	**As at March 31, 2020**
(a) Capital commitments		
Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:		
Property, plant and equipment	96.56	181.73

45 Property related matters

a During the financial year 2011-12, pursuant to One Time Settlement (OTS) scheme, the Company had fully settled the dues of a Financial Institution (FI) and also obtained a 'No Due' certificate. However, the FI has not released the title deeds of the properties given as security for the reason that a Third Party has filed a writ petition against the FI challenging the cancellation of sale of the said property to them. The Company is also a party to the said writ petition. The said writ petition was disposed off by Hon'ble High Court of Madras, against the Company. The Company has preferred Special Leave Petition (SLP) before the Hon'ble Supreme Court of India and the Court has ordered 'Status quo' in all respects concerning the said properties. The net book value of land and building as at March 31, 2020 in respect of the said property aggregates to Rs. 8,065.60 lakhs (March 31, 2020: Rs. 8,217.06 lakhs). In view of the management and based on the independent legal opinion obtained, the Company has a fair chance to succeed in the appeal pending before Hon'ble Supreme Court of India.

b The Company had in the past transferred a property at Goa and part of the sale consideration amounting to Rs. 527.10 lakhs (March 31, 2020: Rs. 527.10 lakhs) (included under "Other financial assets") was retained by the buyer pending compliance of certain conditions. The Company is confident of recovering this amount as it has taken effective steps for discharge of its obligations. The Company is also legally advised that it has the right of vendor's lien against the immovable property sold to the extent of amount due. The Company has filed a suit against the buyer for recovery of the amount. In view of the aforesaid, the above amount is considered good and recoverable by Management. Application for rejection of the plaint by the defendant has been dismissed. The Defendant filed a revision before the High Court at Goa and High Court dismissed the same. The Company expects the trial to start soon.

c The Company had in the past transferred a property of 7.3 acres out of 10.3 acres land parcel at Chail for consideration and with a condition that the buyer would construct 10 cottages in the 3 acres land retained by the Company and handover the same. However, the buyer had taken the possession of the entire parcel of land and had not fulfilled the condition. The book value of the land is Rs. 723.60 lakhs (March 31, 2020: Rs. 550.00 lakhs). The title deeds for 3 acres of land are not available with the Company. There is an arbitration award in favour of the Company which the Company is enforcing in the court of law. The Company is of the view that it has a fair chance to succeed in its plea. The High Court has ordered 'Status Quo' on the property. The Company has filed an application for appointment of the receiver.

d During July 2019, the Company terminated its lease contract for the Daman resort due to non-renewal of the statutory licenses by the owner after repeated reminders. The contract had a lock-in period of 9 years till January 2024. The resort owner issued a legal notice on November 25, 2019 demanding a sum of Rs.1,091 lakhs towards the outstanding lock-in obligation, outstanding operations and maintenance fee, GST not paid by SHRL and other costs incurred by the owner. The land lord has invoked the Arbitration clause and appointed an Arbitrator to adjudicate the dispute. The Company has submitted a reply on December 17, 2019 denying all the allegations and has nominated an Arbitrator to represent SHRL. As the Company has not received any further update from the resort owner regarding the same and the matter has not been taken up for hearing by any adjudicating authority, such amount has been removed as contingent liability for the current year.

e **Other property related matters**

Property	**Net carrying amount as on March 31, 2021**	**Net carrying amount as on March 31, 2020**	**Remarks**
Kodai Valley View (Revalued - Refer Note 50)	8,331.00	6,510.00	The Company has submitted the original title documents with the District Magistrate as part of the plaint filed in response to litigation for title in 1993. The trial has been stayed by the High Court. Stay has been vacated The case will be heard before the District Court Kodaikanal.
Hubli	5 16	5.16	Sale deed was not registered in the name of the Company. The Company had paid the entire consideration and taken over possession of the property. Seller company was liquidated in the past, accordingly the Company needs to take necessary legal steps to register the title in its name. The Company has approached the official liquidators office and is yet to receive next steps from them.
Peermedu (Revalued - Refer Note 50)	1,768.10	1,483.15	The Company is in possession of a land at Peermedu which was initially under lease. Subsequently, an agreement for sale was also entered into with lessors and sale consideration was paid as one time deposit. The Company had filed a legal case against the lessors invoking specific performance of the sale agreement The Court has pased an order in favour of the Company. The Company needs to file and E.P For execution of the Decree.

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46 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2019-20, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act

		As at March 31, 2021	As at March 31, 2020
i	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	91.45	48.68
ii	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	30.51	6.58
iii	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed date during the year	254.27	288.68
iv	Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
v	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
vi	Interest due and payable towards suppliers registered under MSMED Act, for payments already made	16.61	2.11
vii	Further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	8.87	4.47

47 The composite Scheme of Arrangement and Amalgamation ("the Scheme") between Thomas Cook Insurance Services (India) Limited (now known as Sterling Holiday Resorts Limited) ("the Company"), Thomas Cook (India) Limited ("TCIL") and erstwhile Sterling Holiday Resorts (India) Limited ("SHRIL") and their respective shareholders and creditors has been sanctioned by the High Court of Judicature at Mumbai and the High Court of Judicature at Madras on July 2, 2015 and April 13, 2015, respectively, and made effective on August 18, 2015. In terms of the said Scheme, the Timeshare and Resort business of erstwhile SHRIL ("Demerged Undertaking") has been demerged and transferred to and vested with the Company as a going concern and the residual SHRIL has been amalgamated with TCIL. The appointed date of the Scheme is April 1, 2014.

In accordance with the said Scheme :

a) the assets and liabilities of the Demerged Undertaking as on April 1, 2014 have been taken over by the Company and have been recorded at their respective book values, ignoring revaluations.

b) the Equity Shares (including equity shares acquired after appointed date) held by the Company in erstwhile SHRIL were cancelled.

c) the difference of Rs. 22,984.06 lakhs between the book values of net assets of the Demerged Undertaking recorded in the books of the Company as above and the value of investments in erstwhile SHRIL in the books of the Company, has been adjusted against Securities Premium Account.

d) an amount of Rs. 274 lakhs relating to current tax provision was reversed and an amount of Rs. 4.2 lakhs relating to deferred tax asset was reversed into retained earnings consequent to the scheme

e) in consideration for transfer of Demerged Undertaking into the Company, 116 equity shares of TCIL of Re. 1 each has been issued to the shareholders of erstwhile SHRIL for every 100 shares of Rs. 10 each held in erstwhile SHRIL.

	As at March 31, 2021	As at March 31, 2020
48 Assets pledged as security		
Current		
Receivables	52.59	72.25
Inventories	15.96	5.68
Cash and cash equivalents	7.25	18.36
Other current assets	24.47	26.07
Other financial assets	12.66	12.66
Non-current		
Freehold land (Revalued - Refer Note 50)	10,354.34	7,308.00
Buildings	6,589.21	8,615.61
Moveable assets	2,784.77	3,465.12

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Sterling Holiday Resorts Limited
Notes forming part of consolidated financial statements as at and for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

49 Share based payments

(a) Employee option plan

The options outstanding as at March 31, 2021, represent the unvested, vested and exercisable options granted by Thomas Cook India Limited, the holding company, to the employees of the company. This disclosure is based on the information relating to the scheme shared by the holding company.

Sterling Holiday Resorts Limited Employee Stock Options Scheme 2012 - ("SHRL ESOS 2012")
As per clause 15.3.2 of the Composite Scheme of Arrangement and Amalgamation between Sterling Holiday Resorts (India) Ltd. (SHRIL) and Thomas Cook Insurance Services (India) Ltd (TCISIL), and Thomas Cook (India) Ltd. (TCIL) the SHRIL ESOS 2012 became a part of the holding company's schemes and Stock Options which had been granted but not exercised as of the Record Date, by such SHRIL employees shall lapse and in lieu of the Lapsed Options of SHRIL, TCIL shall grant 120 options for every 100 options of SHRIL. The revised Exercise Price for Grant I was INR 80.00 and for Grant II was INR 108.46. Subject to the terms of the Scheme and SEBI ESOP Guidelines, the option holder will have a period of 5 years from the date of which the Options have vested, within which the vested options can be exercise

Thomas Cook Employees Stock Scheme 2015
Under Employee Share Option Scheme 2015 (ESOP 2015) granted by Thomas Cook India Limited, the holding Company, 33%, 33% and 34% of the options granted vest in a period of 12 months, 24 months and 36 months respectively from the grant date. Once vested the options remain exercisable for a period of 10 years from the date of grant.

Thomas Cook Employees Stock Scheme 2018 - Management (ESOP 2018 – Management)
The Company has established an Employee Stock Option Scheme called -"Thomas Cook Employees Stock Scheme 2018 - Management (ESOP 2018 – Management)".
Grant date of the scheme if 01-Sep-2018 and the Exercise price of the Vested Option shall be 50% of the Market price as defined under the SEBI Regulations.
The purpose of this Scheme is to reward and retain the employees of the Subsidiary Companies of Thomas Cook under its control for high levels of individual performance and for exceptional efforts to improve the financial performance of the respective subsidiary companies, which will ultimately contribute to the success of Thomas Cook. This purpose is sought to be achieved through the grant of Options, for and on behalf of, and at the behest of the subsidiary companies to their employees.

Thomas Cook Employees Stock Scheme 2018 - Execom
The Exercise Price shall be equal to face value of shares i.e Re. 1 per option.
The objective of the ESOP 2018 - Execom is to reward the Execom Employees of the Company for their performance and to motivate them to contribute to the growth and profitability of the Company. The Company also intends to use this Scheme to retain talent in the organization. The Company views Employee Stock Options as instruments that would enable the Employees to share the value they create for the Company and align individual objectives of employees with objectives of the Company in the years to come.
The Scheme shall be applicable to the Execom and Employees of TCIL, its Subsidiary companies in India and abroad, as determined by the Committee on its own discretion from time to time.
Options granted under ESOP 2018 - Execom would Vest only at the end of 5 years from the date of grant of such options. Vesting of options would be subject to continued employment with the Company and certain performance parameters. The specific performance parameters will be decided by the Committee from time to time and will be communicated to the employees. The attainment of such performance parameters would be determined by the Committee from time to time which shall be a mandatory condition for vesting of options.

i) Summary of options granted under plan :

TCIL ESOP 2018 Execom	**March 31, 2021**		**March 31, 2020**	
	Avg exercise price per share option	**Number of options**	**Avg exercise price per share option**	**Number of options**
Opening balance	1.00	675,633	1.00	730,919
Granted during the year	1.00	46,196	1.00	-
Exercised during the year	-	-	-	-
Forfeited during the year	1.00	168,183	1.00	55,286
	1.00	**553,646**	**1.00**	**675,633**

TCIL ESOP 2018 Management	**March 31, 2021**		**March 31, 2020**	
	Avg exercise price per share option	**Number of options**	**Avg exercise price per share option**	**Number of options**
Opening balance	125.10	182,573	125.10	221,008
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	125.10	86,390	125.10	38,435
	125.10	**96,183**	**125.10**	**182,573**

ESOS 2012 (Grant II)	**March 31, 2021**		**March 31, 2020**	
	Avg exercise price per share option	**Number of options**	**Avg exercise price per share option**	**Number of options**
Opening balance	108.46	23,850	108.46	66,900
Granted during the year	-	-	-	-
Exercised during the year	-	-	108.46	3,300
Forfeited during the year	108.46	16,800	108.46	39,750
	108.46	**7,050**	**108.46**	**23,850**

ESOP 2015	**March 31, 2021**		**March 31, 2020**	
	Avg exercise price per share option	**Number of options**	**Avg exercise price per share option**	**Number of options**
Opening balance	165.92	112,541	165.92	128,978
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	13,037
Forfeited during the year	165.92	47,008	165.92	3,400
	165.92	**65,533**	**165.92**	**112,541**

49 Share based payments (contd.)

ii) Share options outstanding at the end of year have following expiry date and exercise prices

	Grant date	Expiry date	Exercise price	Share options March 31, 2021	Share options March 31, 2020
ESOP 2018 - Execom	October 5, 2018	September 29, 2043	1.00	553,646	675,633
ESOP 2018 - Management	September 1, 2018	August 29, 2031	125.10	96,183	182,573
ESOS 2012 (Grant II)	July 30, 2014	July 27, 2024	108.46	7,050	23,850
ESOP 2015	August 25, 2015	August 24, 2025	165.92	65,533	112,541

iii) Modification of share based payment:

On implementation of Composite Scheme of arrangement and Demerger of Human Resource Business

The Holding company (TCIL) in a composite scheme of arrangement demerged its Human Resources Services Business and transferred it to Quess Corp Limited (Quess). The scheme was approved by the National Company Law Tribunal (NCLT) with the appointed date as April 1, 2019. The effective date of the scheme was November 25, 2019 when both TCIL and Quess filed the certified copies of the order with their respective jurisdictional Registrar of Companies.

As a part of the composite scheme, Group Employees whose ESOPs were outstanding on the effective date will be entitled to the additional shares of Quess on account of the demerger of Human Resource Business. Instead of altering the exercise price, TCIL provided additional award in form of Quess shares.

The group employees are now entitled to shares of Quess along with those of TCIL in the same share entitlement ratio prescribed in the scheme for the other shareholders of TCIL (1889:10,000)

In case of vested ESOPs, the employees will be granted shares of TCIL and Quess only on payment of the exercise price. In case of unvested ESOPs, the employees will be granted shares of TCIL and Quess on completion of the remaining vesting period and payment of the exercise price.

The options, to the extent, which are settled by shares of Quess do not meet the definition of a share-based payment arrangement because the value of shares of Quess is not based on the price or value of TCIL's equity instruments or any of its group entity's equity instruments. The options to the extent which are settled by shares of Quess will be considered as an employee benefit within the scope of Ind AS 19. The options settled by shares of TCIL continue to be considered as share based payments and are accounted as per IND AS 102.

(b) Expense arising from share based payment transaction

Particulars	March 31, 2021	March 31, 2020
Employee option plan expenses	221.49	311.60
Employee Stock expenses	139.34	48.48
Total	**360.83**	**360.08**

50 Revaluation of land

During the financial year 2018-19, the Group has changed its accounting policy with respect to measurement of freehold and leasehold land from the cost model to revaluation model with effect from April 1, 2018. Freehold and leasehold land will be recognized at fair value based on periodic valuation done by external independent valuers, less subsequent amortization of leasehold land.

A revaluation surplus will be recorded in OCI and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit and loss. A revaluation deficit is recognized in the statement of profit and loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

Fair value of the land assets was determined by an external independent valuer using the market comparable method, i.e., the valuations performed by the valuer are based on active market sale prices, adjusted for difference in the nature, location or condition of the specific property

During the current year, the Group has recorded revaluation gain of Rs. 10,057.23 lakhs in OCI based on the fair value of freehold and leasehold land as at March 31, 2021 as determined by an external independent valuer. The carrying amounts as at March 31, 2020 and March 31, 2021 under cost and revaluation models are given below:

Block of asset	**Revaluation model**		**Cost model**	
	As at March 31, 2021	**As at March 31, 2020**	**As at March 31, 2021**	**As at March 31, 2020**
Freehold land	61,659.52	52,244.48	5,500.44	5,500.44
Right of use asset land (Refer note 51)	3,350.90	2,742.58	1,548.50	1,566.14
Total	**65,010.42**	**54,987.06**	**7,048.94**	**7,066.58**

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Sterling Holiday Resorts Limited
Notes forming part of consolidated financial statements as at and for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

51 Movement in right of use assets and lease liabilities as per Ind AS 116 Leases

As a lessee, the company leases many assets including land and building, vehicles

Right of use assets	Land	Building	Vehicles	Total
Balance at April 1, 2019	-	-	-	-
Transition adjustment on adopting IND AS 116	-	9,468.08	67.82	9,535.90
Transfer from Property Plant & Equipment	2,776.33	-	-	2,776.33
Transfer from prepaid expense	250.24	405.97	-	656.21
Addition to right of use assets	-	2,441.48	2.73	2,444.21
Depreciation charge for the year	(74.05)	(2,030.96)	(25.84)	(2,130.85)
Derecognition of right of uses assets	-	(686.82)	-	(686.82)
Balance at March 31, 2020	**2,952.52**	**9,597.75**	**44.71**	**12,594.98**
Addition to right of use assets	642.19	-	-	642.19
Depreciation charge for the year	(73.96)	(1,821.39)	(22.98)	(1,918.33)
ROUA Deletions-cost	-	(1,784.99)	(17.30)	(1,802.29)
Acc depreciation- ROUA disposals	-	786.30	9.68	795.98
Balance at March 31, 2021	**3,520.75**	**6,777.67**	**14.11**	**10,312.53**

Lease Liabilities	Amount
Balance at April 1, 2019	-
Transition adjustment	9,535.90
Additions	2,337.88
Deletions	(698.75)
Finance cost accrued during the period	872.91
Discharge of lease liabilities	(2,377.94)
Balance at March 31, 2020	**9,670.00**
Additions	(1,027.32)
Deletions	766.55
Finance cost accrued during the period	(1,248.61)
Discharge of lease liabilities	(933.94)
Balance at March 31, 2021	**7,226.68**
Current	1,262.27
Non-current	5,964.41

52 Movement in deferred acquisition costs and contract liabilities as per Ind AS 115 - Revenue from contracts with customers

(a) Deferred acquisition costs	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening balance	9,339.27	7,753.36
Additions during the year	2,050.30	2,184.31
Writen off due to cancellation of contracts	(998.72)	-
Amortized during the year	(894.67)	(598.40)
Closing balance	**9,496.17**	**9,339.27**

(b) Contract liabilities	Membership fee	Annual subscription fee	Other resort revenue	Total
Opening balance as at April 1, 2020	82,042.15	662.51	934.55	83,639.21
Additions during the year (net)	3,437.35	784.99	716.90	4,939.24
Contracts cancelled during the year	(4,255.80)	-	-	(4,255.80)
Income recognized during the year	(4,291.38)	(451.61)	(846.17)	(5,589.17)
Adjustment on account of provision for cancellation	(2,674.78)	-	-	(2,674.78)
Closing balance as at March 31, 2021	**74,257.54**	**995.88**	**805.28**	**76,058.70**

Contract liabilities	Membership fee	Annual subscription fee	Other resort revenue	Total
Opening balance as at April 1, 2019	76,739.97	609.79	1,062.57	78,412.33
Additions during the year (net)	11,438.85	417.94	826.81	12,683.60
Contracts cancelled during the year	-	-	-	-
Income recognized during the year	(5,005.02)	(365.22)	(954.83)	(6,325.07)
Adjustment on account of provision for cancellation	(1,131.66)	-	-	(1,131.66)
Closing balance as at March 31, 2020	**82,042.15**	**662.51**	**934.55**	**83,639.21**

For contract liabilities pertaining to membership fee, services will be provided over the effective membership period and revenue is recognised over that period. Other contract liabilities pertain to consideration received in advance and are recognized as revenue in the respective period when the service is rendered.

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53 Earnings per share

	March 31, 2021	March 31, 2020
Profit / (Loss) for the year attributable to the equity holders of the Company	1,155.16	(4,910.81)
Weighted average number of equity shares outstanding (in lakhs)	290.50	290.50
Basic and diluted earnings per share	**3.98**	**(16.90)**

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Partner
Membership No.: 217042

Place: Chennai
Date: May 26, 2021

For and on behalf of the Board of Directors of
Sterling Holiday Resorts Limited
(CIN: U63040TN1989PLC114064)

Ramesh Ramanathan
Managing Director
DIN No.: 00174550

R. Anand
Director
DIN No.: 00243485

Krishna Kumar L
Chief Financial Officer

M Balasubramaniyan
Company Secretary

Place: Chennai
Date: May 26, 2021

B S R & Co. LLP

Chartered Accountants

KRM Tower, 1st & 2nd Floors,
No.1, Harrington Road, Chetpet,
Chennai – 600 031, India

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INDEPENDENT AUDITOR'S REPORT

To the Members of Sterling Holiday Resorts (Kodaikanal) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sterling Holiday Resorts (Kodaikanal) Limited ("the Company"), which comprise the balance sheet as at March 31, 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs 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 Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As more fully described in Note 36 to the financial statements, the extent to which the ongoing COVID-19 pandemic will have impact on the Company's financial performance including the Company's estimates of impairment of assets and future cashflows, are dependent on future developments, the severity and duration of the pandemic, which cannot be predicted with certainty. The Company has considered the context of the pandemic in applying the assumptions used to determine the future cashflows. The impact assessment of COVID-19 is a continuing process. The Company will continue to monitor any material changes to the future economic conditions.

Our opinion is not modified in respect of this matter.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Board's report but does not include the financial statements and our auditor's report thereon. The Board's report is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available 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. When we read the Board's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as required under applicable laws and regulations.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs 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 SAs, 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- 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 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

   (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company did not have any pending litigations as at March 31, 2021 on its financial position in its financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable loss.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made in these financial statements since they do not pertain to the financial year ended March 31, 2021.

(C) With respect to the matter to be included in the Auditor's Report under section 197(16):

In our opinion and according to the information and explanations given to us, the Company has not paid/ provided for any managerial remuneration during the year. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Partner
Membership No: 217042
ICAI UDIN: 21217042AAAABA9432
Place: Chennai
Date: May 19, 2021

Annexure A to the Independent Auditor's Report to the Members of Sterling Holiday Resorts (Kodaikanal) Limited for the year ended March 31, 2021

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified on a yearly basis. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noted on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no immovable properties held in the name of the Company.

(ii) The inventory has been physically verified by the management during the year. The procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. In our opinion, the frequency of verification is reasonable. The discrepancies noted on verification between physical stock and book records were not material and have been properly dealt with in the books of accounts.

(iii) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the said Order is not applicable.

(iv) The Company has not granted any loan or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3 (iv) of the said Order is not applicable.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the rules framed thereunder to the extent notified. Accordingly, paragraph 3(v) of the Order is not applicable.

(vi) The Central Government of India has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the activities of the Company and accordingly paragraph 3(vi) of the Order is not applicable.

(vii) (a) According to the information and explanations given to us and on the basis of an examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, cess and other material statutory dues have not generally been regularly deposited by the Company with the appropriate authorities. There have been delays in deposit with respect to provident fund ranging from 1 to 75 days, employees' state insurance ranging from 1 to 97 days, income tax ranging from 27 to 88 days and goods and services tax ranging from 1 to 34 days. As informed, the delays in deposit have been primarily due to the pandemic and the dues have been since paid. As explained to us, the Company did not have any dues on account of sales tax, service tax, value added tax, duty of customs and duty of excise.

The extent of the arrears of statutory dues outstanding as at March 31, 2021 for a period of more than six months from the date they became payable is as follows:

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment
The Income Tax Act, 1961	Fringe benefit tax	1.11	Assessment Years 2008-09 and 2009-10	March 31, 2008 and March 31, 2009 respectively	Yet to be paid

(b) According to the information and explanations given to us, there were no dues of duty of customs, duty of excise, service tax, value added tax, income tax and luxury tax which have not been deposited with the appropriate authorities on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company did not have any outstanding loans or borrowings to any financial institution, bank, government or debenture holders during the year.

(ix) The Company did not raise any money by initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) The Company has not paid/ provided for any managerial remuneration during the year. Accordingly, paragraph 3 (ix) of the said Order is not applicable.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has entered into transactions with related parties in compliance with the provisions of section 188 of the Act where applicable. The details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards. The provisions of section 177 of the Act are not applicable to the Company.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Partner
Membership No: 217042
ICAI UDIN: 21217042AAAABA9432
Place: Chennai
Date: May 19, 2021

Annexure B to the Independent Auditor's Report to the Members of Sterling Holiday Resorts (Kodaikanal) Limited for the year ended March 31, 2021

(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

Opinion

We have audited the internal financial controls with reference to financial statements of Sterling Holiday Resorts (Kodaikanal) Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Annexure B to the Independent Auditor's Report to the Members of Sterling Holiday Resorts (Kodaikanal) Limited for the year ended March 31, 2021

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to the financial statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to the financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Partner
Membership No: 217042
ICAI UDIN: 21217042AAAABA9432
Place: Chennai
Date: May 19, 2021

Sterling Holiday Resorts (Kodaikanal) Limited
Balance Sheet as at March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

	Note	As at March 31, 2021	As at March 31, 2020
Assets			
Non-current assets			
Property, plant and equipment	3	39.83	44.31
Right of use assets	37	-	15.00
Financial assets			
Other financial assets	4	14.09	16.95
Other tax assets	5	7.88	9.89
Other non-current assets	9	14.47	12.23
Total non-current assets		76.27	98.38
Current assets			
Inventories	6	5.42	7.77
Financial assets			
i. Trade receivables	7	6.91	31.66
ii. Cash and cash equivalents	8	1.72	8.75
iii. Other financial assets	4	3.58	-
Other current assets	9	27.42	24.13
Total current assets		45.05	72.31
Total assets		121.32	170.69
Equity and liabilities			
Equity			
Equity share capital	10	5.00	5.00
Other equity			
Reserves and surplus	11	(1,417.64)	(1,208.95)
Other reserves	12	111.78	111.78
Total equity		**(1,300.86)**	**(1,092.17)**
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Lease liability	37	-	6.80
Provisions			
i. Provision for employee benefit obligations	15	15.34	17.36
Total non-current liabilities		15.34	24.16
Current liabilities			
Financial liabilities			
i. Borrowings	13	1,227.27	947.94
ii. Trade payables			
Dues to micro and small enterprises	16	6.03	3.76
Dues to creditors other than micro and small enterprises	16	37.69	155.36
iii. Other financial liabilities	17	69.50	63.11
iv. Lease liability	37	-	8.92
Provisions			
i. Provision for employee benefit obligations	15	9.17	10.69
ii. Other provisions	18	1.11	1.11
Other current liabilities	19	56.07	47.81
Total current liabilities		1,406.84	1,238.70
Total liabilities		1,422.18	1,262.86
Total equity and liabilities		121.32	170.69

Significant accounting policies 1.3

The accompanying notes are an integral part of these financial statements

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Partner
Membership No.: 217042

Place: Chennai
Date: May 19, 2021

For and on behalf of the Board of Directors of
Sterling Holiday Resorts (Kodaikanal) Limited
(CIN U92490TN1987PLC014215)

Ramesh Shanmugam
Director
DIN No.: 06646158

M Balasubramaniyan
Director
DIN No.: 03088801

Place: Chennai
Date: May 19, 2021

Sterling Holiday Resorts (Kodaikanal) Limited
Statement of Profit and Loss for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
Income			
Revenue from operations	20	569.40	1,164.14
Other income	21	33.19	52.59
Total income		602.59	1,216.73
Expenses			
Cost of materials consumed	22	48.46	80.96
Employee benefits expense	23	158.81	319.31
Finance costs	24	127.65	99.66
Depreciation and amortisation expense	25	6.96	12.85
Other expenses	26	475.36	895.08
Total expenses		817.24	1,407.86
Loss before tax		(214.65)	(191.13)
Income tax expense	27		
Current tax		-	-
Deferred tax		-	-
Loss for the year		(214.65)	(191.13)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of post employment benefit obligations		5.96	2.44
Income tax relating to this item		-	-
Other comprehensive income for the year, net of income tax		5.96	2.44
Total comprehensive income for the year		(208.69)	(188.69)
Earnings per share (Face value of Rs. 10 each)			
Basic and anti-diluted earnings per share (in Rs.)	38	(429.30)	(382.26)
Significant accounting policies	1.3		

The accompanying notes are an integral part of these financial statements

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Partner
Membership No.: 217042

Place: Chennai
Date: May 19, 2021

For and on behalf of the Board of Directors of
Sterling Holiday Resorts (Kodaikanal) Limited
(CIN U92490TN1987PLC014215)

Ramesh Shanmugam
Director
DIN No.: 06646158

M Balasubramaniyan
Director
DIN No.: 03088801

Place: Chennai
Date: May 19, 2021

Sterling Holiday Resorts (Kodaikanal) Limited
Statement of changes in equity for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

I) Equity share capital

	Note	Amount
Balance as at April 1, 2019		5.00
Changes in equity share capital during the year	10	-
Balance as at March 31, 2020		5.00
Changes in equity share capital during the year	10	-
Balance as at March 31, 2021		5.00

II) Other equity

	Notes	Reserves and surplus	Other reserves	
		Retained earnings	Contribution from holding company	Total
Balance as at April 1, 2019		(1,020.26)	111.78	(908.48)
Loss for the year	11 & 12	(191.13)	-	(191.13)
Other comprehensive income	11 & 12	2.44	-	2.44
Balance as at March 31, 2020		(1,208.95)	111.78	(1,097.17)
Loss for the year	11 & 12	(214.65)	-	(214.65)
Other comprehensive income	11 & 12	5.96	-	5.96
Balance as at March 31, 2021		(1,417.64)	111.78	(1,305.86)

Significant accounting policies 1.3

The accompanying notes are an integral part of these financial statements

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Partner
Membership No.: 217042

Place: Chennai
Date: May 19, 2021

For and on behalf of the Board of Directors of
Sterling Holiday Resorts (Kodaikanal) Limited
(CIN U92490TN1987PLC014215)

Ramesh Shanmugam
Director
DIN No.: 06646158

M Balasubramaniyan
Director
DIN No.: 03088801

Place: Chennai
Date: May 19, 2021

Sterling Holiday Resorts (Kodaikanal) Limited
Statement of cash flows for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash flow from operating activities			
Loss before income tax		(214.65)	(191.13)
Adjustments for:			
Depreciation	25	6.96	12.85
Finance cost	24	127.65	99.66
Loss on termination of lease contracts		(0.76)	-
Operating cash flow before working capital changes		(80.80)	(78.62)
Change in operating assets and liabilities			
(Increase)/decrease in trade receivables	7	24.75	(22.74)
(Increase)/decrease in inventories	6	2.35	(2.76)
(Increase) in other financial assets	4	(0.72)	11.18
Increase in other non current assets	9	(2.24)	(7.98)
Increase in other current assets	9	(3.29)	(7.87)
Increase/(decrease) in trade payables	16	(115.40)	116.29
Increase/(decrease) in other financial liabilities	17	0.48	(2.13)
Increase in employee benefit obligations	15	2.42	3.21
Increase in other current liabilities	19	8.26	20.07
Cash generated (used in) / from operations		(164.19)	28.65
Income tax paid		2.01	(1.04)
Net cash generated (used in) / from operating activities		(162.18)	27.61
Cash flows from investing activities			
Purchase of property, plant and equipment		(1.18)	(6.83)
Net cash used in investing activities		(1.18)	(6.83)
Cash flows from financing activities			
Proceeds from loan taken from holding Company		1,139.94	1,396.39
Repayment of loan from holding company		(860.61)	(1,247.58)
Interest paid		(121.50)	(160.45)
Payment of lease liability		(1.49)	(8.92)
Net cash generated from / (used in) financing activities		156.34	(20.56)
Net (decrease) / increase in cash and cash equivalents		(7.02)	0.22
Cash and cash equivalents at the beginning of the financial year	8	8.75	8.53
Cash and cash equivalents at end of the year		1.72	8.75
Reconciliation of cash and cash equivalents as per the cash flow statement:			
Cash and cash equivalents comprise of the following :			
Cash and cash equivalents	8	1.72	8.75
Balance as per statement of cash flows		1.72	8.75
Significant accounting policies	1.3		

The accompanying notes are an integral part of these financial statements

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Membership No.: 217042

Place: Chennai
Date: May 19, 2021

For and on behalf of the Board of Directors
Sterling Holiday Resorts (Kodaikanal) Limited
(CIN U92490TN1987PLC014215)

Ramesh Shanmugam
DIN No.: 06646158

M Balasubramaniyan
DIN No.: 03088801

Place: Chennai
Date: May 19, 2021

Sterling Holiday Resorts (Kodaikanal) Limited
Notes to the financial statements as at and for the year ended March 31, 2021

1.1. Reporting entity

Sterling Holiday Resorts (Kodaikanal) Limited (the "Company") is engaged in providing resort operations and maintenance services (being leisure hospitality services). Sterling Holiday Resorts Limited ('Parent company') holds 98% of the share capital. The ultimate holding company is Fairfax Financial Holdings Limited, Canada.

1.2. Basis of preparation

1.2.1. Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements were authorised for issue by the Company's Board of Directors on May 19, 2021

Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities are measured at fair value (Refer Note 28).
- defined benefit plans — plan assets measured at fair value (Refer Note 15).

As at year ended March 31, 2021 the Company has incurred losses of Rs. 214.71 lakhs and has accumulated losses of Rs. 1,417.70 lakhs (which have fully eroded the net worth of the Company) as at the balance sheet date. The Company has considered various internal and external sources of information, up to the date of approval of the financial statements, in determining the potential impact on the financial position and business operations of the Company including those arising from of the COVID-19 pandemic. Based on the future business plans, approved cash flow projections for the next 12 months and letter of financial support provided by the parent company, the Company believes that it would be able to meet its financial requirements and no adjustments would be required in respect of the carrying values of assets/liabilities. Accordingly, these financial statements are prepared on a going concern basis.

1.2.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief operating decision maker.

The Chairman-Managing Director (CMD) of the Parent company has been identified as the chief operating decision maker of the Company who assesses the financial performance and position of the Company and makes strategic decisions. Refer Note 34 for segment information presented.

1.2.3. Current/ Non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

1.2. Basis of preparation (contd.)

1.2.4. Foreign currency transaction

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (Rs.) which is the Company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

1.3. Significant accounting policies

1.3.1. Revenue recognition

The Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Ind AS 115 establishes a five-step approach to revenue recognition that includes identifying contracts with customers, identifying performance obligations, determining transaction prices, allocating transaction prices to performance obligations and recognising revenues when or as the performance obligations are satisfied.

Income from resort operations and maintenance services (being leisure hospitality services) comprising of sale of food and beverages, room rentals and other services are recognised when these are sold and when services are rendered.

Contract balances

(i) Contract assets
A contract asset is the right to consideration in exchange for services rendered to the customer. If the Company renders services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

(ii) Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration has received consideration, or for which an amount of consideration is due from the customer. Contract liabilities are recognised as revenue when the Company performs under the contract

1.3.2. Income taxes

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Income tax for the period comprises of current tax and deferred tax. Income tax is recognised in the statement of profit and loss except to the extent that it relates to items recognised in 'Other comprehensive income or directly in equity, in which case the tax is recognised in 'Other comprehensive income' or directly in equity, respectively.

STERLING HOLIDAY RESORTS (KODAIKANAL) LTD

1.3. Significant accounting policies (contd.)

1.3.2. Income taxes (contd.)

(a) Current Tax:
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Balance Sheet date, and any adjustments to tax payable in respect of previous years. Interest income/ expenses and penalties, if any related to income tax are included in current tax expense.
Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The company offsets the current tax assets as against the liability for provision for tax.

(b) Deferred Tax
Deferred tax is recognised using the balance sheet approach. Deferred tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred taxes on items classified under Other comprehensive income ('OCI') has been recognised in OCI.

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. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

1.3.3. Leases

The Company has adopted Ind AS 116 Leases with effect from April 1, 2019 and the Company has elected to measure right-of-use asset for all leases at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. 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 of 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 Ind AS 116.

As a lessee
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.

STERLING HOLIDAY RESORTS (KODAIKANAL) LTD

1.3. Significant accounting policies (contd.)

1.3.3. Leases (contd.)

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 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.

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 'loans and borrowings' 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.

STERLING HOLIDAY RESORTS (KODAIKANAL) LTD CHENNAI

1.3. Significant accounting policies (contd.)

1.3.4. Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.3.5. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, 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.

1.3.6. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment / cancellation.

1.3.7. Inventories

Inventories comprising of provisions, perishables, beverages and operating supplies are stated at lower of cost and net realisable value. Cost is determined using the first-in-first out (FIFO) method. The cost comprises of purchase price, non-refundable taxes and delivery handling cost incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories are written down for slow moving / non-moving items, wherever necessary.

1.3.8. Investments and other financial assets

a) Classification:

The Company classifies its financial assets in the following measurement categories:

a. those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

b. those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Sterling Holiday Resorts (Kodaikanal) Limited
Notes to the financial statements as at and for the year ended March 31, 2021

1.3. Significant accounting policies (contd.)

1.3.8. Investments and other financial assets (contd.)

b) Measurement:

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. 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.

Debt instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

i. **Amortised cost:**
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

ii. **Fair value through other comprehensive income (FVOCI):**
Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

iii. **Fair value through profit or loss:**
Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

STERLING HOLIDAY RESORTS (KODAIKANAL) LTD

1.3. Significant accounting policies (contd.)

1.3.8. Investments and other financial assets (contd.)

Equity instruments:

The Company subsequently measures all equity investments other than investment in subsidiaries and associates, at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

c) Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 29 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI 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.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, 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.

d) De-recognition of financial assets:

A financial asset is derecognised only when
a. the Company has transferred the rights to receive cash flows from the financial asset or
b. retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

STERLING HOLIDAY RESORTS (KODAIKANAL) LTD

1.3. Significant accounting policies (contd.)

1.3.9. Property, plant and equipment

Recognition and measurement

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value:

Based on technical evaluation carried out, depreciation on property, plant and equipment is provided, on a pro-rata basis, on Straight Line Method (SLM) over the estimated useful lives of the assets, which equates to the useful lives prescribed under Schedule II to the Companies Act, 2013, as follows:

Asset class	Useful life (in years)
Building	60
Plant and machinery	15
Furniture and fixtures – general	10
Furniture and fixtures – others	8
Office equipment	5
Computer equipment – Servers & network	6
Computer equipment – Desktop, laptop and end-user items	3
Electrical installations	10
Vehicles	8

Assets constructed on leasehold land/leasehold improvements are amortised over the primary period of lease or its estimated useful life, whichever is lower.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/ (losses).

1.3.10. Trade and other payables

These amounts represent unsecured liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.3.11. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

STERLING HOLIDAY RESORTS (KODAIKANAL) LTD

1.3. Significant accounting policies (contd.)

1.3.11. Borrowings (contd.)

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

1.3.12. Provisions (other than for employee benefits)

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. Provisions are not recognised for future operating losses. A provision is recognized if the likelihood of an outflow with respect to any one item included in the same class of obligations is more probable than not. Provisions are measured at the present value of management's best estimate of the expenditure require to settle the present obligation at the end of the reporting period.

1.3.13. Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

1.3.14 Employee benefits

a) Defined contribution plan

Contribution towards provident fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined contribution plan as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

b) Defined benefit plan

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) by an independent actuary at the end of each year. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

c) Compensated absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short-term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long-term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) by an independent actuary at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

1.3. Significant accounting policies (contd.)

1.3.15. Earnings per share

a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares (Note 38).

b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

1.3.16. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off and presented in lakhs with decimals as per the requirement of Schedule III, unless otherwise stated.

2. Critical estimates and judgements:

In preparing these financial statements, management has made judgements, 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. Revisions to accounting estimates are recognised prospectively.

The areas involving critical estimate or judgement are:

Note 15 - The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Note 36 and 1.2.1 – Going concern

Note 37 - Leases

STERLING HOLIDAY RESORTS (KODAIKANAL) LTD.

(All amounts in Rs. lakhs, unless otherwise stated)

3 Property, plant and equipment

Reconciliation of carrying amount for the year ended March 31, 2020:

Asset description	Gross carrying amount				Accumulated depreciation				Net carrying amount	
	As at April 1, 2019	Additions	Disposals	As at March 31, 2020	As at April 1, 2019	Depreciation for the year	Disposals	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020
Building	1.31	-	-	1.31	0.09	0.02	-	0.11	1.22	1.20
Computer equipment	0.49	0.10	-	0.59	0.21	0.18	-	0.39	0.28	0.20
Plant and machinery	32.00	3.32	-	35.32	7.17	2.70	-	9.87	24.83	25.45
Office equipment	0.22	-	-	0.22	0.01	0.01	-	0.02	0.21	0.20
Electrical installations	6.77	3.13	-	9.90	0.76	1.20	-	1.96	6.01	7.94
Vehicles	7.87	-	-	7.87	0.76	0.61	-	1.37	7.11	6.50
Furniture and fixtures	3.05	0.29	-	3.34	0.15	0.37	-	0.52	2.90	2.82
Total	**51.71**	**6.84**	**-**	**58.55**	**9.15**	**5.09**	**-**	**14.24**	**42.56**	**44.31**

Reconciliation of carrying amount for the year ended March 31, 2021:

Asset description	Gross carrying amount				Accumulated Depreciation				Net carrying amount	
	As at April 1, 2020	Additions / Adjustments	Disposals / Transfer	As at March 31, 2021	As at April 1, 2020	Depreciation for the year	Disposals / Adjustments	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021
Building	1.31	-	-	1.31	0.11	0.03	-	0.14	1.20	1.17
Computer equipment	0.59	0.25	-	0.84	0.39	0.15	-	0.54	0.20	0.30
Plant and machinery	35.32	-	-	35.32	9.87	2.92	-	12.79	25.45	22.53
Office equipment	0.22	-	-	0.22	0.02	0.00	-	0.02	0.20	0.20
Electrical installations	9.90	0.94	-	10.84	1.96	1.50	-	3.46	7.94	7.38
Vehicles	7.87	-	-	7.87	1.37	0.66	-	2.03	6.50	5.84
Furniture and fixtures	3.34	-	-	3.34	0.52	0.41	-	0.93	2.82	2.41
Total	**58.55**	**1.19**	**-**	**59.74**	**14.24**	**5.67**	**-**	**19.91**	**44.31**	**39.83**

Due to the outbreak of COVID-19, Management has performed impairment assessment of all its property, plant & equipment as at March 31, 2021 and concluded that non-usage for a short-term will not have any material impact on useful life or recoverable amount of such property, plant & equipment.

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STERLING HOLIDAY RESORTS (KODAIKANAL) LTD CHENNAI

Sterling Holiday Resorts (Kodaikanal) Limited
Notes forming part of financial statements as at and for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

		As at March 31, 2021		As at March 31, 2020	
		Current	Non current	Current	Non current
4	**Other financial assets**				
	Security deposits	-	14.09	-	16.95
	Unbilled revenue	3.58	-	-	-
	Total	**3.58**	**14.09**	**-**	**16.95**

		As at March 31, 2021	As at March 31, 2020
5	**Other tax assets**		
	Taxes receivable	7.88	9.89
	Total	**7.88**	**9.89**
6	**Inventories**		
	Food and beverages	2.05	2.61
	Operating supplies	3.37	5.16
	Total	**5.42**	**7.77**

Due to outbreak of COVID-19, Management has performed impairment assessment of all inventories and ascertained that there are no items as at March 31, 2021 with shorter shelf-life which need to be written off.

7	**Trade receivables**		
	Unsecured, considered good	6.91	31.66
	Total	**6.91**	**31.66**
	Of the above, trade receivables from related parties are as below:		
	Total trade receivables from related parties (Refer Note 31)	0.13	-
	Loss allowance	-	-
	Net trade receivables	**0.13**	**-**

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 29.

8	**Cash and cash equivalents**		
	Balances with banks		
	- in current accounts	0.17	7.26
	Cash on hand	1.55	1.49
	Total	**1.72**	**8.75**

9 **Other assets**

	As at March 31, 2021		As at March 31, 2020	
	Current	Non Current	Current	Non Current
Prepaid expenses	-	14.47	-	12.23
Employee advances	-	-	1.00	-
Advances to suppliers	0.78	-	4.37	-
Balances with statutory authorities	26.64	-	18.76	-
Total	**27.42**	**14.47**	**24.13**	**12.23**

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STERLING HOLIDAY RESORTS (KODAIKANAL) LTD CHENNAI

Sterling Holiday Resorts (Kodaikanal) Limited
Notes forming part of financial statements as at and for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

10 Equity share capital

Authorised equity share capital

Authorised	**March 31, 2021**	**March 31, 2020**
0.5 lakhs (March 31, 2020: 0.5 lakhs) equity shares of Rs.10 each	5.00	5.00
Issued, subscribed and paid-up		
0.5 lakhs (March 31, 2020: 0.5 lakhs) equity shares of Rs.10 each	5.00	5.00
As at March 31, 2021	**5.00**	**5.00**

Reconciliation of shares outstanding at the beginning and at the end of the year

	March 31, 2021		**March 31, 2020**	
	Number *in lakhs*	**Amount** *in lakhs*	**Number** *in lakhs*	**Amount** *in lakhs*
Equity shares				
At the commencement of the year	0.50	5.00	0.50	5.00
Shares issued during the year	-	-	-	-
At the end of the year	**0.50**	**5.00**	**0.50**	**5.00**

All issued shares are fully paid up.

Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets on winding up. The equity shares are entitled to receive dividend as declared from time to time. The dividend proposed, if any, by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in case of interim dividend. The voting rights of an equity shareholder are in proportion to his/its share of the paid-up equity share capital of the Company. On winding up of the company, the holders of equity shares will be entitled to receive the residual assets of the Company, in proportion to the number of equity shares held.

Shares held by holding/ultimate holding company (i.e., parent of the Group) and/or their subsidiaries/associates

	March 31, 2021		**March 31, 2020**	
	Number *in lakhs*	**Amount** *in lakhs*	**Number** *in lakhs*	**Amount** *in lakhs*
Equity shares of Rs. 10 each held by the Holding Company	0.49	4.90	0.49	4.90

Particulars of shareholders holding more than 5% shares of a class of shares

	March 31, 2021		**March 31, 2020**	
	Number *in lakhs*	**% of total shares in class**	**Number** *in lakhs*	**% of total shares in class**
Equity shares of Rs. 10 each held by				
Sterling Holiday Resorts Limited (Holding Company)	0.49	98%	0.49	98%

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STERLING HOLIDAY RESORTS (KODAIKANAL) LTD * CHENNAI

		As at March 31, 2021	As at March 31, 2020
11	**Reserves and surplus**		
	Retained earnings	(1,417.64)	(1,208.95)
	Total	**(1,417.64)**	**(1,208.95)**

Movement in reserves and surplus balances is as follows :

a) Retained earnings

Opening balance	(1,208.95)	(1,020.26)
Loss for the year	(214.65)	(191.13)
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation	5.96	2.44
- Income tax relating to this item	-	-
Closing balance	**(1,417.64)**	**(1,208.95)**

12 Other reserves

	Contribution from holding company	
	March 31, 2021	**March 31, 2020**
Opening balance	111.78	111.78
Additions during the year	-	-
Closing balance	**111.78**	**111.78**

The loan received from holding company has been measured at fair value by discounting the expected future cashflows at a discount rate based on the risk and other factors applicable to the Company's cashflows. The difference between the carrying value and the fair value has been considered as capital contribution by the holding company considering the substance of the transaction.

		As at March 31, 2021	As at March 31, 2020
13	**Current borrowings**		
	Unsecured loan from holding company	1,227.27	947.94
	Total	**1,227.27**	**947.94**

Unsecured loan from holding company

Unsecured loan amounting to Rs. 1,227.27 lakhs outstanding as on March 31, 2021 (March 31, 2020: Rs. 947.94 lakhs) from Sterling Holiday Resorts Limited (holding company) carries an interest rate of 10% p.a. and is repayable on demand.

Reconciliation of movement of liabilities to cash flows arising from financing activities

Particulars	**March 31, 2021**	**March 31, 2020**
Current borrowings	1,227.27	947.94
Net debt	1,227.27	947.94

Particulars	**Amount**
Balance as at April 1, 2019	799.13
Proceeds from loans and borrowings	1,396.39
Repayment of borrowings	(1,247.58)
Balance as at March 31, 2020	**947.94**
Proceeds from loans and borrowings	1,139.94
Repayment of borrowings	(860.61)
Balance as at March 31, 2021	**1,227.27**

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STERLING HOLIDAY RESORTS (KODAIKANAL) LTD CHENNAI

(All amounts in Rs. lakhs, unless otherwise stated)

14 Deferred tax assets and liabilities

The balance comprises temporary differences attributable to:

	As at March 31, 2021	As at March 31, 2020
Deferred tax liabilities		
Depreciation	-	0.82
Total deferred tax liabilities	**-**	**0.82**
Deferred tax assets		
Unabsorbed depreciation allowance and business loss carried forward	178.47	175.37
Provision for employee benefits	9.89	11.46
Depreciation	0.41	-
Set-off of deferred tax assets to the extent of deferred tax liabilities	-	(0.82)
Net deferred tax asset/ liability as per the balance sheet	-	-
Unrecognised deferred tax assets	**188.77**	**186.01**

Movement in deferred tax liabilities

	Depreciation
At April 1, 2019	**1.41**
Charged/(credited):	
- to profit or loss	(0.59)
- to other comprehensive income	-
At March 31, 2020	**0.82**
Charged/(credited):	
- to profit or loss	(0.82)
- to other comprehensive income	-
At March 31, 2021	**-**

Movement in deferred tax assets

	Depreciation	Unabsorbed depreciation allowance and business loss	Provision for employee benefits	Total
At April 1, 2019	-	150.27	9.19	159.46
Movement during the year	-	25.10	1.45	26.55
At March 31, 2020	-	**175.37**	**10.64**	**186.01**
Movement during the year	0.41	3.10	(0.75)	2.76
At March 31, 2021	**0.41**	**178.47**	**9.89**	**188.77**

In the absence of reasonable certainty that the Company will be able to used the deferred tax asset in the future, the deferred tax assets have not been recognised.

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15 Provision for employee benefit obligations

	As at March 31, 2021			As at March 31, 2020		
	Current	Non-current	Total	Current	Non-current	Total
Compensated absences	1.43	2.41	3.84	1.48	3.41	4.89
Gratuity	7.74	12.93	20.67	9.21	13.95	23.16
Total	**9.17**	**15.34**	**24.51**	**10.69**	**17.36**	**28.05**

(i) Compensated absences

	March 31, 2021	March 31, 2020
Current compensated absences expected to be settled within the next 12 months	1.43	1.48

(i) Post employment obligations

a) Gratuity

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

	March 31, 2021	March 31, 2020
Opening present value of obligation	**23.16**	**22.61**
Current service cost	2.56	3.03
Past service cost	-	-
Interest expense	1.22	1.49
Total amount recognised in profit or loss	**3.78**	**4.52**
Remeasurements		
(Gain)/loss from change in demographic assumptions	-	(0.06)
(Gain)/loss from change in financial assumptions	0.45	(0.33)
Experience (gains)/losses	(6.41)	(2.05)
Changes in asset ceiling excluding amounts included in interest expense	-	-
Total amount recognised in other comprehensive income	**(5.96)**	**(2.44)**
Benefit payments	(0.31)	(1.53)
Closing present value of obligation	**20.67**	**23.16**
The net liability disclosed above relates to funded and unfunded plans are as follows:		
Unfunded plans	20.67	23.16

(iii) Principal actuarial assumptions used in valuation of gratuity

Discount rate	6.39%	6.15%
Salary growth rate	5%	First year- 0% thereafter-4%
Attrition rate	30%	30%

Estimates of future salary increases considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

(iv) Sensitivity analysis

The below table summarises the impact of movement in key assumptions on the present value obligation as at the balance sheet date:

	March 31, 2021	March 31, 2020
a) Gratuity		
Discount rate:		
+ 100 basis points	(0.46)	(0.47)
- 100 basis points	0.54	0.58
Salary escalation rate:		
+ 100 basis points	0.58	0.60
- 100 basis points	(0.52)	(0.55)
b) Compensated absence		
Discount rate:		
+ 100 basis points	(0.10)	(0.12)
- 100 basis points	0.10	0.13
Salary escalation rate:		
+ 100 basis points	0.12	0.15
- 100 basis points	(0.11)	(0.15)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumption may be correlated. When calculating the sensitivity of the defined benefit obligation to the significant actuarial assumptions the same method (present value of defined benefit obligation calculated using the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability in the balance sheet.

The methods and types of assumption used in preparing the sensitivity analysis did not change compared to the prior period.

(v) Defined contribution plans

The Company has also certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of gross salary as per regulations. The contributions are made to registered provident fund administered by Government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is Rs.10.44 lakhs (March 31, 2020: Rs.17.46 lakhs)

Sterling Holiday Resorts (Kodaikanal) Limited
Notes forming part of financial statements as at and for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

		As at March 31, 2021	As at March 31, 2020
16	**Trade payables**		
	Dues to micro and small enterprises (Refer Note 35)	6.03	3.76
	Dues to creditors other than micro and small enterprises	37.69	155.36
	Total	43.72	159.12

The Company's exposure to liquidity risks related to trade payables is disclosed in Note 29.

17	**Other financial liabilities**		
	Current		
	Interest accrued but not due on borrowings	33.01	27.10
	Security deposits	35.38	35.91
	Others	1.11	0.10
	Total	69.50	63.11
18	**Other provisions**		
	Provision for fringe benefit tax	1.11	1.11
	Total	1.11	1.11
19	**Other current liabilities**		
	Salaries, wages, bonus and other employee payables	13.10	21.91
	Contract liability - Advance received from customer	34.09	20.47
	Statutory dues payable	8.88	5.43
	Total	56.07	47.81

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STERLING HOLIDAY RESORTS (KODAIKANAL) LIMITED CHENNAI

(All amounts in Rs. lakhs, unless otherwise stated)

		For the year ended March 31, 2021	For the year ended March 31, 2020
20	**Revenue from operations**		
(a)	**Disaggregation of revenue:**		
	On the basis of nature of goods or services:		
	Sale of products		
	Food and beverages	138.80	270.49
	Sale of services		
	- Room rentals	394.19	752.93
	- Others	28.42	121.79
	Other operating revenues		
	Service charges	7.99	18.93
	Total	**569.40**	**1,164.14**
	On the basis of timing of transfer of goods or services		
	At a point in time	175.21	411.21
	Over a period of time	394.19	752.93
		569.40	**1,164.14**

		For the year ended March 31, 2021	For the year ended March 31, 2020
(b)	**Movement in contract liabilities as per Ind AS 115 - Revenue from contracts with customers**		
	Opening balance	20.47	6.19
	Additions during the year (net)	34.09	20.47
	Income recognized during the year	(20.47)	(6.19)
	Closing balance	**34.09**	**20.47**

Contract liabilities pertain to advances received from customers which will be recognized as revenue when the service is rendered.

21	**Other income**		
	Management services income	31.91	51.91
	Scrap sales	0.20	0.68
	Interest Income	0.32	-
	Lease income termination	0.76	-
	Total	**33.19**	**52.59**
22	**Cost of materials consumed**		
	Inventory of materials at the beginning of the year	2.61	1.01
	Add: Purchases	47.90	82.56
	Less: Inventory of materials at the end of the year	2.05	2.61
	Cost of materials consumed	**48.46**	**80.96**
23	**Employee benefits expense**		
	Salaries, wages and bonus	129.91	254.88
	Contribution to provident and other funds	12.96	22.16
	Gratuity and compensated absences	2.93	5.32
	Staff welfare expenses	13.01	36.95
	Total	**158.81**	**319.31**
24	**Finance cost**		
	Interest on financial liabilities not measured at fair value through profit and loss	127.41	97.80
	Interest on lease liability	0.24	1.86
	Total	**127.65**	**99.66**
25	**Depreciation**		
	Depreciation of property, plant and equipment	5.67	5.08
	Depreciation of right of use assets	1.29	7.77
	Total	**6.96**	**12.85**

STERLING HOLIDAY RESORTS (KODAIKANAL) LTD ★ CHENNAI

Sterling Holiday Resorts (Kodaikanal) Limited
Notes forming part of financial statements as at and for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

		For the year ended March 31, 2021	For the year ended March 31, 2020
26	**Other expenses**		
	Consumption of stores and spares	8.99	29.49
	Power and fuel	64.92	97.22
	Rent	48.66	89.96
	Repairs and maintenance:		
	- Building	5.88	15.40
	- Plant and machinery	10.89	25.87
	- Others	1.63	8.90
	Insurance	6.18	0.93
	Rates and taxes	11.58	26.55
	Guest supplies	3.71	21.21
	Laundry expenses	12.04	20.78
	Communication	1.00	1.39
	Recruitment and training	0.04	1.53
	Travel and tours	5.72	32.82
	Legal and professional	6.48	6.89
	Management fees	234.59	390.43
	Payment to statutory auditors:		
	As Auditor:		
	- Statutory audit	3.15	3.50
	Travel and conveyance	3.50	12.05
	Security charges	11.00	19.11
	Sales commission	20.81	67.54
	Sales promotion	1.17	0.99
	Bank charges	2.78	4.90
	Printing and stationery	1.06	3.05
	Miscellaneous expenses	9.58	14.57
	Total	**475.36**	**895.08**

		For the year ended March 31, 2021	For the year ended March 31, 2020
27	**Income tax expense**		
	a) Amount recognised in profit or loss		
	Current tax for the year	-	-
	Deferred tax expense for the year	-	-
	Income tax expense	-	-
	b) Reconciliation of tax expense and the accounting profit multiplied by India's Tax Rate:		
	Loss before income tax expense	(214.65)	(191.13)
	Tax at the Indian tax rate of 22.88% (Previous year: 22.88%)	(49.11)	(43.73)
	Net tax effects of temporary differences which are (deductible)/disallowed in calculating taxable income	(1.89)	5.93
	Tax impact of unrecognised tax losses	51.02	37.80
	Income tax expense	0.01	-
	c) Tax losses		
	Amount of deductible temporary differences on which no deferred tax assets has been recognised	45.00	38.26
	Unused tax losses for which no deferred tax assets have been recognised	780.03	630.37
	Potential tax benefit at 22.88%	**188.77**	**152.98**

Tax losses on account of unrecognised deferred tax assets

Date of expiry to carry forward	**March 31, 2021**	**March 31, 2020**
31-Mar-30	216.31	-
31-Mar-29	169.71	178.42
31-Mar-28	135.64	135.64
31-Mar-27	9.56	9.56
31-Mar-26	94.00	94.00
31-Mar-24	14.84	14.84
31-Mar-23	103.53	103.53
31-Mar-22	-	65.27
Indefinite period to carry forward	36.44	29.12
Total	**780.03**	**630.37**

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STERLING HOLIDAY RESORTS (KODAIKANAL) LTD CHENNAI

(All amounts in Rs. lakhs, unless otherwise stated)

28 Fair value measurements

Financial instruments by category

	As at March 31, 2021			As at March 31, 2020		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Trade receivables	-	-	6.91	-	-	31.66
Cash and cash equivalents	-	-	1.72	-	-	8.75
Loans	-	-	-	-	-	1.00
Other financial assets	-	-	17.67	-	-	16.95
Total financial assets	-	-	**26.30**	-	-	**58.36**
Financial liabilities						
Borrowings	-	-	1,227.27	-	-	947.94
Trade payables	-	-	43.72	-	-	159.12
Other financial liabilities	-	-	69.50	-	-	63.11
Lease liability	-	-	-	-	-	15.72
Total financial assets	-	-	**1,340.49**	-	-	**1,185.89**

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements. There are no financial instruments that are measured at fair value through OCI or PL. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at March 31, 2021	Notes	Level 1	Level 2	Level 3	Total
Financial Liabilities					
Borrowings	13	-	-	1,227.27	1,227.27
Interest accrued and not due on borrowings	17	-	-	33.01	33.01
Lease liability	37	-	-	-	-
Total financial liabilities		-	-	**1,260.28**	**1,260.28**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At March 31, 2020	Notes	Level 1	Level 2	Level 3	Total
Financial Liabilities					
Borrowings	13	-	-	947.94	947.94
Interest accrued and not due on borrowings	17	-	-	27.10	27.10
Lease liability	37	-	-	15.72	15.72
Total financial liabilities		-	-	**990.76**	**990.76**

There are no transfers between levels 1 and 2 during the year.

(ii) Valuation technique used to determine fair value:
Fair value of the financial instruments is determined using discounted cash flow method. All of the resulting fair value estimates are included under level 3.

(iii) Fair value of financial assets and liabilities measured at amortised cost

	As at March 31, 2021		As at March 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial Liabilities				
Borrowings	1,227.27	1,227.27	947.94	947.94
Interest accrued and not due on borrowings	33.01	33.01	27.10	27.10
Lease liability	-	-	15.72	15.72
Total financial liabilities	**1,260.28**	**1,260.28**	**990.76**	**990.76**

The carrying amounts of trade receivables, trade payables, cash and cash equivalents, borrowings, interest accrued other financial assets and other financial liabilities approximate their fair values, due to their short-term nature. Hence the carrying amount is considered as the fair value.

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STERLING HOLIDAY RESORTS (KODAIKANAL) LTD * CHENNAI

29 Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk.
This note explains the sources of risk which the entity is exposed to and how the entity manages the risk in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Ageing analysis and credit assessment	Diversification of portfolio and Assessment of customer credit worthiness at inception and through the credit period
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines. The borrowings are from the holding company and there are no fixed repayment schedule

The Company's risk management is carried out by a central treasury department under policies approved by the board of directors. The board provides principles for overall risk management, as well as policies covering specific areas such as credit risk and liquidity risk.

(A) Credit risk

Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to wholesale customers including outstanding receivables.

(i) Credit risk management

Credit risk is managed on a Company basis. For banks and financial institutions, only high rated banks/institutions are accepted.

For other financial assets, the company assesses and manages credit risk based on internal credit rating system. The finance function consists of a separate team who assess and maintain an internal credit rating system. Internal credit rating is performed on a group basis for each class of financial instruments with different characteristics. The company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

C1 : High-quality assets, negligible credit risk
C2 : Doubtful assets, credit-impaired

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information and the company majorly manages the credit risk through internal credit rating system.

A default on a financial asset is when the counterparty fails to make contractual payments as and when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

(ii) Provision for expected credit losses

The Company provides for expected credit loss based on the following:

Internal rating	Category	Description of category	Basis for recognition of expected credit loss provision	
			Trade receivables	Others
C1	High quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.	Life-time expected credit losses	12-month expected credit losses
C2	Doubtful assets, credit-impaired	Assets are provided for when there is no reasonable expectation of recovery. The company categorises a receivable or provisioning when the debtor fails to make the contractual payment within 180 days from the date they become due. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.	Asset is provided for fully	Asset is provided for fully

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(All amounts in Rs. lakhs, unless otherwise stated)

29 Financial risk management (contd.)
For the year ended March 31, 2021 and March 31, 2020:

(a) Expected credit loss for deposits
The estimated gross carrying amount at default is Nil (March 2020: Nil) for deposits. Consequently there are no expected credit loss recognised for these financial assets.

(b) Expected credit loss for trade receivables under simplified approach

As at March 31, 2021

Ageing	Upto 180 days past due	More than 180 days past due	Total
Gross carrying amount	6.91	-	6.91
Expected loss rate	0%	0%	0%
Expected credit losses (Loss allowance provision)	-	-	-

As at March 31, 2020

Ageing	Upto 180 days past due	More than 180 days past due	Total
Gross carrying amount	31.66	-	31.66
Expected loss rate	0%	0%	0%
Expected credit losses (Loss allowance provision)	-	-	-

(c) Reconciliation of loss allowance provision- Trade receivables

Loss allowance on April 1, 2019	**0.25**
Changes in loss allowances due to	
Provision made in the year	-
Recoveries	(0.25)
Loss allowance on March 31, 2020	-
Changes in loss allowances due to	
Provision made in the year	-
Recoveries	-
Loss allowance on March 31, 2021	-

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Sterling Holiday Resorts (Kodaikanal) Limited
Notes forming part of financial statements as at and for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

29 Financial risk management (contd.)
(B) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows. Company also manages its financing requirements through borrowings from the Holding Company which does not have any fixed repayment schedule.

Maturities of financial liabilities
The tables below analyse the company's financial liabilities into relevant maturity groupings based on their contractual maturities for:
a) all non-derivative financial liabilities, and
b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.
The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities:	Carrying amount	Less than 3 months	Within one year	Between 1 and 2 years	Between 2 and 5 years	Total
As at March 31, 2021						
Non-derivatives						
Borrowings	1,227.27	1,227.27	-	-	-	1,227.27
Trade payables	43.72	43.72	-	-	-	43.72
Other financial liabilities	69.50	69.50	-	-	-	69.50
Total non-derivative liabilities	1,340.49	1,340.49	-	-	-	1,340.49
As at March 31, 2020						
Non-derivatives						
Borrowings	947.94	947.94	-	-	-	947.94
Trade payables	159.12	159.12	-	-	-	159.12
Other financial liabilities	63.11	63.11	-	-	-	63.11
Total non-derivative liabilities	1,170.17	1,170.17	-	-	-	1,170.17

30 Capital management
Risk management
The Company's objectives when managing capital are to:
• safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
• maintain an optimal capital structure to reduce the cost of capital.

The Company borrows from the holding company at 10% per annum in order to meet its capital requirements. As at March 31, 2021, the net-worth of the Company has been fully eroded. The Company has shown improvement in operating results due to increase in occupancy rate and tariffs. The Company expects higher growth and profitability in future due to increase in occupancy rates and tariffs from property which was recently refurbished. It is also fully supported by the holding company for funding.

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STERLING HOLIDAY RESORTS (KODAIKANAL) LIMITED

Sterling Holiday Resorts (Kodaikanal) Limited
Notes forming part of financial statements as at and for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

31 Related party transactions

(a) Parent entities

The Company is controlled by following entity:

Name of entity	Type	Ownership interest held by the Group	
		March 31, 2021	March 31, 2020
Fairfax Financial Holdings Limited, Canada	Ultimate holding company	-	-
Thomas Cook (India) Limited	Intermediate holding company	-	-
Sterling Holiday Resorts Limited	Parent company	98%	98%

(b) Transactions with related parties

Transactions with related parties are as follows:

	For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of services		
Thomas Cook (India) Limited	0.13	-
Lease rent expenses		
Sterling Holiday Resorts Limited	46.57	89.12
Brand expenses		
Sterling Holiday Resorts Limited	16.79	34.94
Miscellaneous income		
Sterling Holiday Resorts Limited	31.91	51.91
Management fees		
Sterling Holiday Resorts Limited	217.80	355.49
Interest on borrowings		
Sterling Holiday Resorts Limited	127.41	97.80
Loans availed		
Sterling Holiday Resorts Limited	1,139.94	1,396.39
Loans repaid		
Sterling Holiday Resorts Limited	860.61	1,247.58

(c) Outstanding balances as at year end

	As at March 31, 2021	As at March 31, 2020
The following balances are outstanding at the end of the reporting period:		
Trade receivables		
Thomas Cook (India) Limited	0.13	-
Borrowings		
Sterling Holiday Resorts Limited	1,227.27	947.94
Interest accrued but not due		
Sterling Holiday Resorts Limited	33.01	27.10

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STERLING HOLIDAY RESORTS (KODAIKANAL) LTD * CHENNAI

	As at March 31, 2021	As at March 31, 2020
32 Contingent liabilities and contingent assets		
Contingent liabilities	-	-
Claims against the Company not acknowledged as debt:		

Supreme Court vide their judgement dated February 28, 2019 clarified that Provident fund deduction is to be made on basic salary and on other salary components which are universally made available to all employees. The Company, based on external advice, believes that there are interpretative challenges on the application of the judgement retrospectively. Based on the advice and in the absence of the reliable measurement of the provision for earlier periods, the Company has not recorded a provision with respect to any period. The Company would update the provision in future based on clarification received from the relevant authorities.

33 Sterling Holiday Resorts Limited (SHRL) holds 98% equity shares in the Company and the Company is responsible for maintaining the property Kodai By the Lake, pursuant to the property timeshare agreement with the property timeshare members. However, certain property timeshare weeks are unsold and retained by SHRL. Pursuant to the necessary approvals obtained by the Company as required under The Companies Act, 2013, the Company is permitted to rent out weeks sold to property timeshare members and unsold weeks retained by SHRL which are vacant and earn revenue from it. The property timeshare members and SHRL shall have no claim on the revenue generated by the Company. Further, pursuant to the exchange clause under property timeshare agreement, property timeshare members of the said property are also eligible to utilize facilities at SHRL's other resorts.

34 The Company has identified only one reportable segment. The entire Company's business is from resort operations and maintenance services (being leisure hospitality services) and there are no other reportable segments. Thus, the segment revenue, segment results, total carrying value of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation during the year are all as reflected in the financial statements as at and for the year ended March 31, 2021.

35 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2020-21, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act

		As at March 31, 2021	As at March 31, 2020
i	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	6.03	3.76
ii	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	0.05
iii	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed date during the year	13.83	0.47
iv	Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
v	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
vi	Interest due and payable towards suppliers registered under MSMED Act, for payments already made	1.11	0.01
vii	Further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	-	0.04

36 During the current year, the Company had adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption (including temporary closure of its resort). The Company had reopened resort from August 2020. However, considering the significant increase in infection due to the second wave in India, the Company has adopted measures to control the spread of the pandemic. The Company has again temporarily closed the resort in April 2021.

The financial statements for the year ended March 31, 2021 reflect that the Company has incurred losses of Rs. 214.71 lakhs during the year and has accumulated losses of Rs. 1,417.70 lakhs (which have fully eroded the net worth of the Company) as at the balance sheet date.

The Management strongly believes, the lockdown would be lifted, and operations would restart by June 2021. However, the impact of COVID-19 on the economy continues to be uncertain and the extent to which the ongoing COVID-19 pandemic will impact the Company's financial performance including the Company's estimates of impairment of assets and future cashflows, is dependent on such future developments, the severity and duration of the pandemic, which cannot be predicted with certainty. The Company has considered the context of the pandemic in applying the assumptions used to determine the future cashflows. The impact assessment of COVID-19 is a continuing process. The Company will continue to monitor any material changes to the future economic conditions. Also refer note 1.2.1.

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(All amounts in Rs. lakhs, unless otherwise stated)

37 Movement in right of use assets and lease liabilities as per Ind AS 116 Leases

As a lessee, the company leases assets mainly comprising of staff accomodation.

Right of use assets	**Building**	**Total**
Balance at April 1, 2019	-	-
Transition adjustment on adopting Ind AS 116	22.77	22.77
Addition to right of use assets	-	-
Depreciation charge for the year	(7.77)	(7.77)
Derecognition of right of uses assets	-	-
Balance at March 31, 2020	**15.00**	**15.00**
Addition to right of use assets	-	-
Depreciation charge for the year	(1.29)	(1.29)
Derecognition of right of uses assets	(13.71)	(13.71)
Balance at March 31, 2021	-	-

Lease liabilities	**Amount**
Balance at April 1, 2019	-
Transition adjustment	22.78
Additions	-
Deletions	-
Finance cost accrued during the period	1.86
Discharge of lease liabilities	(8.92)
Balance at March 31, 2020	**15.72**
Additions	-
Deletions	(14.48)
Finance cost accrued during the period	0.24
Discharge of lease liabilities	(1.48)
Balance at March 31, 2021	-
Current	-
Non-current	-

38 Earnings per share

	March 31, 2021	**March 31, 2020**
Loss for the year attributable to the equity holders of the Company	(214.65)	(191.13)
Weighted average number of equity shares outstanding	50,000	50,000
Basic and diluted earnings per share	**(429.30)**	**(382.26)**

As per our report of even date

for B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Partner
Membership No.: 217042

Place: Chennai
Date: May 19, 2021

For and on behalf of the Board of Directors of
Sterling Holiday Resorts (Kodaikanal) Limited
(CIN U92490TN1987PLC014215)

Ramesh Shanmugam
Director
DIN No.: 06646158

M Balasubramaniyan
Director
DIN No.: 03088801

Place: Chennai
Date: May 19, 2021

B S R & Co. LLP
Chartered Accountants

KRM Tower, 1st & 2nd Floors,
No.1, Harrington Road, Chetpet,
Chennai – 600 031, India

Telephone: + 91 44 4608 3100
Fax: + 91 44 4608 3199

INDEPENDENT AUDITOR'S REPORT

To the Members of Sterling Holidays (Ooty) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sterling Holidays (Ooty) Limited ("the Company"), which comprise the balance sheet as at March 31, 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs 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 Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As more fully described in Note 36 to the financial statements, the extent to which the ongoing COVID-19 pandemic will have impact on the Company's financial performance including the Company's estimates of impairment of assets and future cashflows, are dependent on future developments, the severity and duration of the pandemic, which cannot be predicted with certainty. The Company has considered the context of the pandemic in applying the assumptions used to determine the future cashflows. The impact assessment of COVID-19 is a continuing process. The Company will continue to monitor any material changes to the future economic conditions.

Our opinion is not modified in respect of this matter.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Board's report, but does not include the financial statements and our auditor's report thereon. The Board's report is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available 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. When we read the Board's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as required under applicable laws and regulations.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs 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 SAs, 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- 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 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

   (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at March 31, 2021 on its financial position in its financial statements - Refer Note 33 to the financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable loss.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made in these financial statements since they do not pertain to the financial year ended March 31, 2021.

(C) With respect to the matter to be included in the Auditor's Report under section 197(16):

In our opinion and according to the information and explanations given to us, the Company has not paid/ provided for any managerial remuneration during the year. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Partner
Membership No: 217042
ICAI UDIN: 21217042AAAABB5800
Place: Chennai
Date: May 19, 2021

Annexure A to the Independent Auditor's Report to the Members of Sterling Holidays (Ooty) Limited for the year ended March 31, 2021

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Sterling Holidays (Ooty) Limited of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified on a yearly basis. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noted on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no immovable properties held in the name of the Company.

(ii) The inventory has been physically verified by the management during the year. The procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. In our opinion, the frequency of verification is reasonable. The discrepancies noted on verification between physical stock and book records were not material and have been properly dealt with in the books of accounts.

(iii) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the said Order is not applicable.

(iv) The Company has not granted any loan or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3 (iv) of the said Order is not applicable.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the rules framed thereunder to the extent notified. Accordingly, paragraph 3(v) of the Order is not applicable.

(vi) The Central Government of India has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the activities of the Company and accordingly, paragraph 3(vi) of the Order is not applicable.

(iv) (a) According to the information and explanations given to us and on the basis of an examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, cess and other material statutory dues have not generally been regularly deposited by the Company with the appropriate authorities. There have been delays in deposit with respect to provident fund ranging from 1 to 75 days, employees' state insurance ranging from 1 to 97 days, income tax ranging from 27 to 60 days and goods and services tax ranging from 1 to 34 days. As informed, the delays in deposit have been primarily due to the pandemic and the dues have been since paid. As explained to us, the Company did not have any dues on account of sales tax, service tax, value added tax, duty of customs and duty of excise.

The extent of the arrears of statutory dues outstanding as at March 31, 2021 for a period of more than six months from the date they became payable is as follows:

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment
The Income Tax Act, 1961	Fringe benefit tax	0.36	Assessment Years 2008-09 and 2009-10	March 31, 2008 and March 31, 2009 respectively	Yet to be paid

(b) According to the information and explanations given to us, there were no dues of income tax, sales tax, service tax, duty of customs, goods and services tax and luxury tax which have not been deposited with the appropriate authorities on account of a dispute, except for items as set out below

Name of the Statute	Nature of dues	Amount in Rs. Lakhs	Period to which the amount relates	Forum where the dispute is pending
Tamil Nadu Luxury Tax Act	Luxury tax	196.38	Assessment Year 1998-99 to 2005-06	Madras High Court
The Income-tax Act, 1961	Income tax	10.83	Assessment year 2018-19	The Commissioner of Income Tax (Appeals)

(viii) In our opinion and according to the information and explanations given to us, the Company did not have any outstanding loans or borrowings to any financial institution, bank, government or debenture holders during the year.

(ix) The Company did not raise any money by initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/ provided for any managerial remuneration during the year. Accordingly, paragraph 3 (ix) of the said Order is not applicable.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has entered into transactions with related parties in compliance with the provisions of section 188 of the Act where applicable. The details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards. The provisions of section 177 of the Act are not applicable to the Company.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Partner
Membership No: 217042
ICAI UDIN: 21217042AAAABB5800
Place: Chennai
Date: May 19, 2021

Annexure B to the Independent Auditor's Report to the Members of Sterling Holidays (Ooty) Limited for the year ended March 31, 2021

(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

Opinion

We have audited the internal financial controls with reference to financial statements of **Sterling Holidays (Ooty) Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Partner
Membership No: 217042
ICAI UDIN: 21217042AAAABB5800
Place: Chennai
Date: May 19, 2021

Sterling Holidays (Ooty) Limited
Balance Sheet as at March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

	Note	As at March 31, 2021	As at March 31, 2020
Assets			
Non-current assets			
Property, plant and equipment	4	23.10	15.65
Right of use assets	38	-	5.06
Financial assets			
Other financial assets	5	18.05	24.13
Other tax assets	5A	9.79	7.68
Deferred tax assets	14	63.71	9.11
Total non-current assets		114.65	61.63
Current assets			
Inventories	6	8.26	7.32
Financial assets			
i. Trade receivables	7	5.44	33.86
ii. Cash and cash equivalents	8	0.95	2.02
iii. Other financial assets	5	15.67	11.74
Other current assets	9	58.59	28.81
Total current assets		88.91	83.75
Total assets		203.56	145.38
Equity and liabilities			
Equity			
Equity share capital	10	5.00	5.00
Other equity			
Reserves and surplus	11	(580.53)	(399.35)
Other reserves	12	68.58	68.58
Total equity		(506.95)	(325.77)
Liabilities			
Non-current liabilities			
Provisions			
i. Provision for employee benefit obligations	15	12.75	14.86
Total non-current liabilities		12.75	14.86
Current liabilities			
Financial liabilities			
i. Borrowings	13	486.14	122.63
ii. Trade payables			
Dues to micro and small enterprises	16	4.62	0.88
Dues to creditors other than micro and small enterprises	16	81.91	227.53
iii. Other financial liabilities	17	30.67	22.80
iv. Lease liability	38	-	5.31
Provisions			
i. Provision for employee benefit obligations	15	5.91	5.77
ii. Other provisions	18	0.36	0.36
Current tax liabilities	19	-	21.61
Other current liabilities	20	88.15	49.40
Total current liabilities		697.76	456.29
Total liabilities		710.51	471.15
Total equity and liabilities		203.56	145.38
Significant accounting policies	1.3		

The accompanying notes are an integral part of these financial statements

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Partner
Membership No.: 217042

Place: Chennai
Date: May 19, 2021

For and on behalf of the Board of Directors of
Sterling Holidays (Ooty) Limited
(CIN U55102TN1989PLC018344)

Ramesh Shanmugam
Director
DIN No.: 06646158

M Balasubramaniyan
Director
DIN No.: 03088801

Place: Chennai
Date: May 19, 2021

Sterling Holidays (Ooty) Limited
Statement of Profit and Loss for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
Income			
Revenue from operations	21	467.05	1,660.09
Other income	22	69.87	90.84
Total income		536.92	1,750.93
Expenses			
Cost of materials consumed	23	37.96	109.01
Employee benefits expense	24	167.20	325.56
Finance costs	25	47.03	15.74
Depreciation and amortisation expense	26	2.89	7.23
Other expenses	27	518.07	1,200.42
Total expenses		773.15	1,657.96
Profit / (Loss) before tax		(236.23)	92.97
Income tax expense	28		
Current tax		4.62	21.61
Deferred tax		(54.60)	1.07
Profit / (Loss) for the year		(186.25)	70.29
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of post employment benefit obligations		5.07	1.56
Income tax relating to this item		-	-
Other comprehensive income for the year, net of income tax		5.07	1.56
Total comprehensive income for the year		(181.18)	71.85
Earnings per share (Face value of Rs. 10 each)			
Basic and anti-diluted earnings per share (in Rs.)		(372.50)	140.58
Significant accounting policies	1.3		

The accompanying notes are an integral part of these financial statements

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Partner
Membership No.: 217042

Place: Chennai
Date: May 19, 2021

For and on behalf of the Board of Directors of
Sterling Holidays (Ooty) Limited
(CIN U55102TN1989PLC018344)

Ramesh Shanmugam
Director
DIN No.: 06646158

M Balasubramaniyan
Director
DIN No.: 03088801

Place: Chennai
Date: May 19, 2021

Sterling Holidays (Ooty) Limited
Statement of changes in equity for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

I) Equity share capital

	Note	Amount
Balance as at April 1, 2019		5.00
Changes in equity share capital during the year	10	-
Balance as at March 31, 2020		5.00
Changes in equity share capital during the year	10	-
Balance as at March 31, 2021		5.00

II) Other equity

	Notes	Reserves and surplus	Other reserves	
		Retained earnings	Contribution from holding company	Total
Balance as at April 1, 2019		(471.20)	68.58	(402.62)
Profit for the year	11 & 12	70.29	-	70.29
Other comprehensive income	11 & 12	1.56	-	1.56
Balance as at March 31, 2020		(399.35)	68.58	(330.77)
Loss for the year	11 & 12	(186.25)	-	(186.25)
Other comprehensive income	11 & 12	5.07	-	5.07
Balance as at March 31, 2021		(580.53)	68.58	(511.95)

Significant accounting policies 1.3

The accompanying notes are an integral part of these financial statements
As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Partner
Membership No.: 217042

Place: Chennai
Date: May 19, 2021

For and on behalf of the Board of Directors of
Sterling Holidays (Ooty) Limited
(CIN U55102TN1989PLC018344)

Ramesh Shanmugam
Director
DIN No.: 06646158

M Balasubramaniyan
Director
DIN No.: 03088801

Place: Chennai
Date: May 19, 2021

Sterling Holidays (Ooty) Limited
Statement of cash flows for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

	Notes	As at March 31, 2021	As at March 31, 2020
Cash flow from operating activities			
Profit before income tax		**(236.23)**	**92.97**
Adjustments for			
Depreciation	26	2.89	7.23
Income from lease termination	22	(1.26)	-
Finance costs	25	47.03	15.74
Operating cash flow before working capital changes		**(187.57)**	**115.94**
Change in operating assets and liabilities			
(Increase)/decrease in trade receivables	7	28.42	(16.05)
(Increase)/decrease in inventories	6	(0.94)	(2.25)
(Increase)/decrease in other financial assets	5	2.15	(4.90)
(Increase)/decrease in other current assets	9	(29.78)	(13.21)
Increase/(decrease) in trade payables	16	(141.88)	116.71
Increase/(decrease) in other financial liabilities	17	(0.38)	(3.40)
Increase/(decrease) in employee benefit obligations	15	(1.97)	2.93
Increase/(decrease) in other current liabilities	20	38.75	(21.65)
Cash generated from operations		**(293.20)**	**174.12**
Income tax paid		(24.12)	(7.02)
Net cash (used in) / generated from operating activities		**(317.32)**	**167.10**
Cash flows from investing activities			
Purchase of property, plant and equipment		(7.55)	(6.50)
Net cash used in investing activities		**(7.55)**	**(6.50)**
Cash flows from financing activities			
Proceeds from loan taken from holding company		1,216.28	2,010.36
Repayment of loan from holding company		(852.77)	(2,066.93)
Interest paid		(38.70)	(99.11)
Payment of lease liability		(1.01)	(6.07)
Net cash generated from / (used in) financing activities		**323.80**	**(161.75)**
Net decrease in cash and cash equivalents		**(1.07)**	**(1.15)**
Cash and cash equivalents at the beginning of the financial year	8	2.02	3.17
Cash and cash equivalents at end of the year		**0.95**	**2.02**
Reconciliation of cash and cash equivalents as per the cash flow statement:			
Cash and cash equivalents comprise of the following			
Cash and cash equivalents	8	0.95	2.02
Balance as per statement of cash flows		0.95	2.02
Significant accounting policies	1.3		

The accompanying notes are an integral part of these financial statements

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Partner
Membership No.: 217042

Place: Chennai
Date: May 19, 2021

For and on behalf of the Board of Directors
Sterling Holidays (Ooty) Limited
(CIN U55102TN1989PLC018344)

Ramesh Shanmugam
Director
DIN No.: 06646158

M Balasubramaniyan
Director
DIN No.: 03088801

Place: Chennai
Date: May 19, 2021

Sterling Holiday (Ooty) Limited
Notes to the financial statements as at and for the year ended March 31, 2021

1.1. Reporting entity

Sterling Holiday (Ooty) Limited (the "Company") is engaged in providing resort operations and maintenance services [being leisure hospitality services]. Sterling Holiday Resorts Limited ('Parent company') holds 98% of the share capital. The ultimate holding company is Fairfax Financial Holdings Limited, Canada.

1.2. Basis of preparation

1.2.1. Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements were authorised for issue by the Company's Board of Directors on May 19, 2021

Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities are measured at fair value (Refer Note 29).
- defined benefit plans — plan assets measured at fair value (Refer Note 15).

As at year ended March 31, 2021 the Company has incurred losses of Rs. 186.25 lakhs and has accumulated losses of Rs. 580.53 lakhs (which have fully eroded the net worth of the Company) as at the balance sheet date. The Company has considered various internal and external sources of information, up to the date of approval of the financial statements, in determining the potential impact on the financial position and business operations of the Company including those arising from of the COVID-19 pandemic. Based on the future business plans, approved cash flow projections for the next 12 months and letter of financial support provided by the parent company, the Company believes that it would be able to meet its financial requirements and no adjustments would be required in respect of the carrying values of assets/liabilities. Accordingly, these financial statements are prepared on a going concern basis.

1.2.2. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Chairman-Managing Director (CMD) of the Parent company has been identified as the chief operating decision maker of the Company who assesses the financial performance and position of the Company and makes strategic decisions. Refer Note 35 for segment information presented.

1.2.3. Current/ Non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

STERLING HOLIDAYS (OOTY) LTD. CHENNAI

1.2.4. Foreign currency transaction

a) **Functional and presentation currency**
Items included in the financial statements of the Company are measured using the currency of primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (Rs.) which is the Company's functional and presentation currency.

b) **Transactions and balances**
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

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Sterling Holiday (Ooty) Limited
Notes to the financial statements as at and for the year ended March 31, 2021

1.3. Significant accounting policies

1.3.1. Revenue recognition

The Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Ind AS 115 establishes a five-step approach to revenue recognition that includes identifying contracts with customers, identifying performance obligations, determining transaction prices, allocating transaction prices to performance obligations and recognising revenues when or as the performance obligations are satisfied.

Income from resort operations and maintenance services (being leisure hospitality services) comprising of sale of food and beverages, room rentals and other services are recognised when these are sold and when services are rendered.

Contract balances

(i) Contract assets
A contract asset is the right to consideration in exchange for services rendered to the customer. If the Company renders services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

(ii) Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration has received consideration, or for which an amount of consideration is due from the customer. Contract liabilities are recognised as revenue when the Company performs under the contract.

1.3.2. Income taxes

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Income tax for the period comprises of current tax and deferred tax. Income tax is recognised in the statement of profit and loss except to the extent that it relates to items recognised in 'Other comprehensive income or directly in equity, in which case the tax is recognised in 'Other comprehensive income' or directly in equity, respectively.

(a) Current Tax:

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Balance Sheet date, and any adjustments to tax payable in respect of previous years. Interest income/ expenses and penalties, if any related to income tax are included in current tax expense.
Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The company offsets the current tax assets as against the liability for provision for tax.

(b) Deferred Tax

Deferred tax is recognised using the balance sheet approach. Deferred tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

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STERLING HOLIDAYS (OOTY) LTD. CHENNAI

1.3. Significant accounting policies (contd.)

1.3.2. Income taxes (contd.)

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred taxes on items classified under Other comprehensive income ('OCI') has been recognised in OCI.

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. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

1.3.3. Leases

The Company has adopted Ind AS 116 Leases with effect from April 1, 2019 and the Company has elected to measure right-of-use asset for all leases at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. 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 of 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 Ind AS 116.

As a lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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 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.

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STERLING HOLIDAYS (OOTY) LTD. CHENNAI

1.3. Significant accounting policies (contd.)

1.3.3 Leases (contd.)

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.

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 'loans and borrowings' 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.

1.3.4. Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.3.5. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, 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.

1.3.6. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.3.7. Inventories

Inventories comprising of provisions, perishables, beverages and operating supplies are stated at lower of cost and net realisable value. Cost is determined using the first-in-first out (FIFO) method. The cost comprises of purchase price, non-refundable taxes and delivery handling cost incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories are written down for slow moving/ non-moving items, wherever necessary.

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1.3. Significant accounting policies (contd.)

1.3.8. Investments and other financial assets

a) Classification:

The Company classifies its financial assets in the following measurement categories:

a. those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
b. those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement:

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. 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.

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1.3. Significant accounting policies (contd.)

1.3.8 Investments and other financial assets (contd.)

Debt instruments:
Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

i. **Amortised cost:**
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

ii. **Fair value through other comprehensive income (FVOCI):**
Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

iii. **Fair value through profit or loss:**
Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

c) **Impairment of financial assets**
The Company assesses on a forward-looking basis the expected credit loss associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 30 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.
At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI 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.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, 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.

1.3. Significant accounting policies (contd.)

1.3.8 Investments and other financial assets (contd.)

d) De-recognition of financial assets:

A financial asset is derecognised only when

i. the Company has transferred the rights to receive cash flows from the financial asset or
ii. retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

1.3.9. Property, plant and equipment

Recognition and measurement

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value:

Based on technical evaluation carried out, depreciation on property, plant and equipment is provided, on a pro-rata basis, on Straight Line Method (SLM) over the estimated useful lives of the assets, which equates to the useful lives prescribed under Schedule II to the Companies Act, 2013, as follows:

Asset class	Useful life (in years)
Plant and machinery	15
Furniture and fixtures – general	10
Furniture and fixtures – others	8
Office equipment	5
Computer equipment – Servers & Network	6
Computer equipment – Desktop, laptop and end-user items	3
Electrical installations	10

Assets constructed on leasehold land/leasehold improvements are amortised over the primary period of lease or its estimated useful life, whichever is lower.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/ (losses).

1.3.10. Trade and other payables

These amounts represent unsecured liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.3. Significant accounting policies (contd.)

1.3.11. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

1.3.12. Provisions (other than for employee benefits)

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. Provisions are not recognised for future operating losses. A provision is recognized if the likelihood of an outflow with respect to any one item included in the same class of obligations is more probable than not. Provisions are measured at the present value of management's best estimate of the expenditure require to settle the present obligation at the end of the reporting period.

1.3.13. Employee benefits

a) Defined contribution plan

Contribution towards provident fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined contribution plan as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

b) Defined benefit plan

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) by an independent actuary at the end of each year. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

1.3. Significant accounting policies (contd.)

1.3.13. Employee benefits (contd.)

c) Compensated absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short-term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.
Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long-term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) by an independent actuary at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

1.3.14. Earnings per share

a) Basic earnings per share
Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Company
- By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares (Note 39).

b) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off and presented in lakhs with decimals as per the requirement of Schedule III, unless otherwise stated.

3. Critical estimates and judgements:

In preparing these financial statements, management has made judgements, 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. Revisions to accounting estimates are recognised prospectively.

The areas involving critical estimate or judgement are:

Note 15 - The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.
Note 14 - Recognition of deferred tax assets
Note 36 and 1.2.1 – Going concern and impact of COVID-19
Note 38 - Leases

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(All amounts in Rs. lakhs, unless otherwise stated)

4 Property, plant and equipment

Reconciliation of carrying amount for the year ended March 31, 2020:

Asset description	Gross carrying amount				Accumulated depreciation				Net carrying amount	
	As at April 1, 2019	Additions	Disposals	As at March 31, 2020	As at April 1, 2019	Depreciation for the year	Disposals	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020
Plant and machinery	6.59	2.93	-	9.52	1.50	0.64	-	2.14	5.09	7.38
Furniture and fixtures	4.07	0.09	-	4.16	0.39	0.52	-	0.91	3.68	3.25
Office equipment	0.79	-	-	0.79	0.73	0.00	-	0.73	0.06	0.06
Electrical installations	2.20	3.30	-	5.50	0.33	0.39	-	0.72	1.87	4.78
Computer equipment	0.24	0.16	-	0.40	0.08	0.14	-	0.22	0.16	0.18
Total	**13.89**	**6.48**	-	**20.37**	**3.03**	**1.69**	-	**4.72**	**10.85**	**15.65**

Reconciliation of carrying amount for the year ended March 31, 2021:

Asset description	Gross carrying amount				Accumulated Depreciation				Net carrying amount	
	As at April 1, 2020	Additions / Adjustments	Disposals / Transfer	As at March 31, 2021	As at April 1, 2020	Depreciation for the year	Disposals / Adjustments	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021
Plant and machinery	9.52	0.26	-	9.78	2.14	0.73	-	2.87	7.38	6.91
Furniture and fixtures	4.16	-	-	4.16	0.91	0.53	-	1.44	3.25	2.72
Office equipment	0.79	-	-	0.79	0.73	-	-	0.73	0.06	0.06
Electrical installations	5.50	10.06	1.60	13.96	0.72	0.60	0.26	1.06	4.78	12.90
Computer equipment	0.40	0.44	-	0.84	0.22	0.11	-	0.33	0.18	0.51
Total	**20.37**	**10.76**	**1.60**	**29.53**	**4.72**	**1.97**	**0.26**	**6.43**	**15.65**	**23.10**

Due to the outbreak of COVID-19, Management has performed impairment assessment of all its property, plant & equipment as at March 31, 2021 and concluded that non-usage for a short term will not have any material impact on useful life or recoverable amount of such property, plant & equipment.

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Notes forming part of financial statements as at and for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

		As at March 31, 2021		As at March 31, 2020	
		Current	Non current	Current	Non current
5	**Other financial assets**				
	Security deposits	-	18.05	-	24.13
	Unbilled revenue	3.04	-	-	-
	Other receivables	12.63	-	11.74	-
	Total	**15.67**	**18.05**	**11.74**	**24.13**

		As at March 31, 2021	As at March 31, 2020
5A	**Other tax assets**		
	Taxes receivable	9.79	7.68
	Total	**9.79**	**7.68**
6	**Inventories**		
	Food and beverages	2.40	3.25
	Operating supplies	5.86	4.07
	Total	**8.26**	**7.32**

Due to outbreak of COVID-19, Management has performed impairment assessment of all inventories and ascertained that there are no items as at March 31, 2021 with shorter shelf-life which need to be written off.

7	**Trade receivables**		
	Current - Unsecured		
	Considered good	5.44	33.86
	Considered doubtful	4.55	4.55
		9.99	**38.41**
	Less: Loss allowance	(4.55)	(4.55)
	Total	**5.44**	**33.86**
	Of the above, trade receivables from related parties are as below:		
	Total trade receivables from related parties (Refer Note 32)	0.38	3.64
	Loss allowance	-	-
	Net trade receivables	**0.38**	**3.64**

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 30.

8	**Cash and cash equivalents**		
	Balances with banks		
	- in current accounts	0.66	1.94
	Cash on hand	0.29	0.08
	Total	**0.95**	**2.02**
9	**Other current assets**		
	Prepaid expenses	12.11	11.20
	Balances with statutory authorities	46.48	17.61
	Total	**58.59**	**28.81**

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STERLING HOLIDAYS (OOTY) LTD. CHENNAI

10 Equity share capital

Authorised equity share capital

Authorised	**March 31, 2021**	**March 31, 2020**
0.5 lakhs (March 31, 2020: 0.5 lakhs) equity shares of Rs.10 each	5.00	5.00
Issued, subscribed and paid-up		
0.5 lakhs (March 31, 2020: 0.5 lakhs) equity shares of Rs.10 each	5.00	5.00
As at March 31, 2021	**5.00**	**5.00**

Reconciliation of shares outstanding at the beginning and at the end of the year

	March 31, 2021		**March 31, 2020**	
	Number *in lakhs*	**Amount** *in lakhs*	**Number** *in lakhs*	**Amount** *in lakhs*
Equity shares				
At the commencement of the year	0.50	5.00	0.50	5.00
Shares issued during the year	-	-	-	-
At the end of the year	**0.50**	**5.00**	**0.50**	**5.00**

All issued shares are fully paid up.

Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shares are entitled to receive dividend as declared from time to time. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. The voting rights of an equity shareholder are in proportion to his/its share of the paid-up equity share capital of the Company. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, in proportion to the number of equity shares held.

Shares held by holding/ultimate holding company (i.e., parent of the Group) and/or their subsidiaries/associates

	March 31, 2021		**March 31, 2020**	
	Number *in lakhs*	**Amount** *in lakhs*	**Number** *in lakhs*	**Amount** *in lakhs*
Equity shares of Rs. 10 each held by the Holding Company	0.49	4.90	0.49	4.90

Particulars of shareholders holding more than 5% shares of a class of shares

	March 31, 2021		**March 31, 2020**	
	Number *in lakhs*	**% of total shares in class**	**Number** *in lakhs*	**% of total shares in class**
Equity shares of Rs. 10 each held by				
Sterling Holiday Resorts Limited (Holding Company)	0.49	98%	0.49	98%

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STERLING HOLIDAYS (OOTY) LTD. CHENNAI

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	As at March 31, 2021	As at March 31, 2020
11 Reserves and surplus		
Retained earnings	(580.53)	(399.35)
Total	(580.53)	(399.35)

Movement in reserves and surplus balances is as follows :

a) Retained earnings

Opening balance	(399.35)	(471.20)
(Loss) / Profit for the year	(186.25)	70.29
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation	5.07	1.56
Closing balance	(580.53)	(399.35)

12 Other reserves

	Contribution from holding company	
	March 31, 2021	March 31, 2020
Opening balance	68.58	68.58
Additions during the year	-	-
Closing balance	68.58	68.58

The loan received from holding company has been measured at fair value by discounting the expected future cashflows at a discount rate based on the risk and other factors applicable to the Company's cashflows. The difference between the carrying value and the fair value has been considered as capital contribution by the holding company considering the substance of the transaction.

	As at March 31, 2021	As at March 31, 2020
13 Current borrowings		
Unsecured loan from holding company	486.14	122.63
Total	486.14	122.63

Unsecured loan from holding company

Unsecured loan amounting to Rs. 486.14 lakhs outstanding as on March 31, 2021 (March 31, 2020: Rs. 122.63 lakhs) from Sterling Holiday Resorts Limited (holding company) carries an interest rate of 10% and is repayable on demand.

Reconciliation of movement of liabilities to cash flows arising from financing activities

Particulars	March 31, 2021	March 31, 2020
Current borrowings	486.14	122.63
Net debt	486.14	122.63

Particulars	**Total**
Balance as at April 1, 2019	179.20
Proceeds from loans and borrowings	2,010.36
Repayment of borrowings	(2,066.93)
Balance as at March 31, 2020	122.63
Proceeds from loans and borrowings	1,216.28
Repayment of borrowings	(852.77)
Balance as at March 31, 2021	486.14

14 Deferred tax assets

The balance comprises temporary differences attributable to:

	As at March 31, 2021	As at March 31, 2020
Deferred tax assets		
Property, plant and equipment	0.42	0.46
Unabsorbed depreciation allowance and business loss carried forward	56.67	-
Provision for employee benefits	6.62	8.65
Net deferred tax asset as per the balance sheet	(63.71)	(9.11)
Unrecognised deferred tax assets	-	-

Movement in deferred tax assets

	Property, plant and equipment	Provision for employee benefits	Unabsorbed depreciation allowance and business loss carried forward	Total
At April 1, 2019	0.50	9.68	-	10.18
Movement during the year	(0.04)	(1.03)	-	(1.07)
At March 31, 2020	0.46	8.65	-	9.11
Movement during the year	(0.04)	(2.03)	56.67	54.60
At March 31, 2021	0.42	6.62	56.67	63.71

Sterling Holidays (Ooty) Limited
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15 Provision for employee benefit obligations

	As at March 31, 2021			As at March 31, 2020		
	Current	Non-current	Total	Current	Non-current	Total
Compensated absences	1.91	3.49	5.40	2.10	4.18	6.28
Gratuity	4.00	9.26	13.26	3.67	10.68	14.35
Total	**5.91**	**12.75**	**18.66**	**5.77**	**14.86**	**20.63**

(i) Compensated absences

	March 31, 2021	March 31, 2020
Current compensated absences expected to be settled within the next 12 months	1.91	2.10

(i) Post employment obligations
a) Gratuity
The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

	March 31, 2021	March 31, 2020
Opening present value of obligation	**14.35**	**13.56**
Current service cost	3.12	2.69
Interest expense	0.86	0.92
Total amount recognised in profit or loss	**3.98**	**3.61**
Remeasurements		
(Gain)/loss from change in demographic assumptions	-	(0.10)
(Gain)/loss from change in financial assumptions	0.33	(0.15)
Experience (gains)/losses	(5.40)	(1.31)
Total amount recognised in other comprehensive income	**(5.07)**	**(1.56)**
Benefit payments	-	(1.26)
Closing present value of obligation	**13.26**	**14.35**

The net liability disclosed above relates to funded and unfunded plans are as follows:

Unfunded plans	13.26	14.35

(iii) Principal actuarial assumptions used in valuation of gratuity

Discount rate	6.39%	6.15%
Salary growth rate	5%	First year- 0% thereafter-4%
Attrition rate	30%	30%

Estimates of future salary increases considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

(iv) Sensitivity analysis
The below table summarises the impact of movement in key assumptions on the present value obligation as at the balance sheet date:

	March 31, 2021	March 31, 2020
a) Gratuity		
Discount rate:		
+ 100 basis points	(0.34)	(0.38)
- 100 basis points	0.39	0.44
Salary escalation rate:		
+ 100 basis points	0.43	0.49
- 100 basis points	(0.40)	(0.44)
b) Compensated absence		
Discount rate:		
+ 100 basis points	(0.13)	(0.15)
- 100 basis points	0.14	0.15
Salary escalation rate:		
+ 100 basis points	0.17	0.19
- 100 basis points	(0.15)	(0.18)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumption may be correlated. When calculating the sensitivity of the defined benefit obligation to the significant actuarial assumptions the same method (present value of defined benefit obligation calculated using the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability in the balance sheet.

The methods and types of assumption used in preparing the sensitivity analysis did not change compared to the prior period.

(v) Defined contribution plans
The Company has also certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of gross salary as per regulations. The contributions are made to registered provident fund administered by Government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards defined contribution plan is Rs. 11.24 lakhs (March 31, 2020: Rs.16.63 lakhs).

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		As at March 31, 2021	As at March 31, 2020
16	**Trade payables**		
	Dues to micro and small enterprises (Refer Note 37)	4.62	0.88
	Dues to creditors other than micro and small enterprises	81.91	227.53
	Total	86.53	228.41

The Company's exposure to liquidity risks related to trade payables is disclosed in Note 30.

		As at March 31, 2021	As at March 31, 2020
17	**Other financial liabilities**		
	Current		
	Interest accrued but not due on borrowings	11.57	3.32
	Security deposits	19.10	19.16
	Others	-	0.32
		30.67	22.80
18	**Other provisions**		
	Provision for fringe benefit tax	0.36	0.36
	Total	0.36	0.36
19	**Current tax liabilities**		
	Provision for income tax	-	21.61
	Total	-	21.61
20	**Other current liabilities**		
	Salaries, wages, bonus and other employee payables	16.83	28.00
	Contract liability - Advance received from customer	63.78	18.47
	Statutory dues payable	7.54	2.93
	Total	88.15	49.40

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	For the year ended March 31, 2021	For the year ended March 31, 2020
21 Revenue from operations		
(a) Disaggregation of revenue:		
On the basis of nature of goods or services:		
Sale of products		
Food and beverages	111.45	347.68
Sale of services		
- Room rentals	336.20	1,168.28
- Others	11.89	119.90
Other operating revenues		
Service charges	7.51	24.23
Total	467.05	1,660.09
On the basis of timing of transfer of goods or services		
At a point in time	130.85	491.81
Over a period of time	336.20	1,168.28
	467.05	1,660.09

(b) Movement in contract liabilities as per Ind AS 115 - Revenue from contracts with customers	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening balance	18.47	-
Additions during the year (net)	63.78	18.47
Income recognized during the year	(18.47)	-
Closing balance	63.78	18.47

Contract liabilities pertain to advances received from customers which will be recognized as revenue when the service is rendered.

22 Other income		
Income from skill development training	-	53.42
Management services income	68.17	35.65
Scrap sales	0.11	0.73
Interest income	0.33	1.04
Lease income termination	1.26	-
Total	69.87	90.84
23 Cost of materials consumed		
Inventory of materials at the beginning of the year	3.25	2.11
Add: Purchases	37.11	110.15
Less: Inventory of materials at the end of the year	2.40	3.25
Cost of materials consumed	37.96	109.01
24 Employee benefits expense		
Salaries, wages and bonus	135.41	254.78
Contribution to provident and other funds	13.89	20.58
Gratuity and compensated absences	3.34	4.72
Staff welfare expenses	14.56	45.48
Total	167.20	325.56
25 Finance cost		
Interest and finance charges on financial liabilities measured at amortized cost	46.95	14.96
Interest on lease liability	0.08	0.78
Total	47.03	15.74
26 Depreciation		
Depreciation of property, plant and equipment	1.97	1.69
Depreciation of right of use assets	0.92	5.54
Total	2.89	7.23

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(All amounts in Rs. lakhs, unless otherwise stated)

	For the year ended March 31, 2021	For the year ended March 31, 2020
27 Other expenses		
Consumption of stores and spares	9.57	19.08
Power and fuel	62.36	118.96
Rent	45.31	160.00
Repairs and maintenance:		
- Building	3.88	8.01
- Plant and machinery	15.80	24.10
- Others	1.35	3.23
Insurance	12.58	0.24
Rates and taxes	37.09	24.27
Guest supplies	4.59	20.51
Laundry expenses	8.23	23.78
Communication	0.84	1.41
Printing & Stationery	1.10	3.62
Recruitment and training	1.12	1.31
Travel and tours	6.57	44.83
Legal and professional	5.50	1.64
Management and brand fees	236.56	539.25
Payment to statutory auditors:		
As Auditor:		
- Statutory audit	3.15	3.50
- Other services	-	1.00
Travel and conveyance	1.84	7.49
Security charges	8.88	20.48
Water charges	9.45	26.16
Sales commission	28.45	125.89
Sales promotion	0.59	0.27
Corporate social responsibility	-	1.68
Bank charges	2.14	4.95
Miscellaneous expenses	11.12	14.76
Total	**518.07**	**1,200.42**

	For the year ended March 31, 2021	For the year ended March 31, 2020
28 Income tax expense		
a) Amount recognised in profit or loss		
Current tax		
Current tax for the year	4.62	21.61
Total	**4.62**	**21.61**
Deferred tax expense		
(Increase)/Decrease in deferred tax assets	(54.60)	1.07
Total	**(54.60)**	**1.07**
Income tax (credit) / expense	**(49.98)**	**22.68**
b) Reconciliation of tax expense and the accounting profit multiplied by India's Tax Rate:		
(Loss) / Profit before income tax expense	(236.23)	92.97
Tax expense / (income) computed at Indian Tax rate of 22.88% (Previous year: 22.88%)	(54.05)	21.27
Net Tax effects of amount which are deductible/disallowed in calculating taxable income - other than temporary differences	(0.56)	1.41
Tax relating to prior years	4.62	-
Income tax expense	**(49.99)**	**22.68**

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(All amounts in Rs. lakhs, unless otherwise stated)

29 Fair value measurements

Financial instruments by category

	As at March 31, 2021			As at March 31, 2020		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Trade receivables	-	-	5.44	-	-	33.86
Cash and cash equivalents	-	-	0.95	-	-	2.02
Other financial assets	-	-	33.72	-	-	35.87
Total financial assets	-	-	**40.11**	-	-	**71.75**
Financial liabilities						
Borrowings	-	-	486.14	-	-	122.63
Interest accrued and not due on borrowings	-	-	11.57	-	-	3.32
Trade payables	-	-	86.53	-	-	228.41
Other financial liabilities	-	-	19.10	-	-	19.48
Lease liability	-	-	-	-	-	5.31
Total financial assets	-	-	**603.34**	-	-	**379.15**

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements. There are no financial instruments that are measured at fair value through OCI or PL. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at March 31, 2021	Notes	Level 1	Level 2	Level 3	Total
Financial Liabilities					
Borrowings	13	-	-	486.14	486.14
Interest accrued and not due on borrowings	17	-	-	11.57	11.57
Lease liability	38	-	-	-	-
Total financial liabilities		-	-	**497.71**	**497.71**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at March 31, 2020	Notes	Level 1	Level 2	Level 3	Total
Financial Liabilities					
Borrowings	13	-	-	122.63	122.63
Interest accrued and not due on borrowings	17	-	-	3.32	3.32
Lease liability	38	-	-	5.31	5.31
Total financial liabilities		-	-	**131.26**	**131.26**

There are no transfers between levels 1 and 2 during the year.

(ii) Valuation technique used to determine fair value:
Fair value of the financial instruments is determined using discounted cash flow method. All of the resulting fair value estimates are included under level 3.

(iii) Fair value of financial assets and liabilities measured at amortised cost

	As at March 31, 2021		As at March 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Borrowings	486.14	486.14	122.63	122.63
Interest accrued and not due on borrowings	11.57	11.57	3.32	3.32
Lease liability	-	-	5.31	5.31
Total financial liabilities	**497.71**	**497.71**	**131.26**	**131.26**

The carrying amounts of trade receivables, trade payables, cash and cash equivalents, borrowings, interest accrued other financial assets and other financial liabilities approximate their fair values, due to their short-term nature. Hence the carrying amount is considered as the fair value.

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30 Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Ageing analysis and credit assessment	Diversification of portfolio and Assessment of customer credit worthiness at inception and through the credit period
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines. The borrowings are from the holding company and there are no fixed repayment schedule

The Company's risk management is carried out by a central treasury department under policies approved by the board of directors. The board provides principles for overall risk management, as well as policies covering specific areas such as credit risk and liquidity risk.

(A) Credit risk

Credit risk arises from cash and cash equivalents carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

(i) Credit risk management

Credit risk is managed on a Company basis. For banks and financial institutions, only high rated banks/institutions are accepted.

For other financial assets, the Company assesses and manages credit risk based on internal credit rating system. The finance function consists of a separate team that assess and maintain an internal credit rating system. Internal credit rating is performed on a Company basis for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

C1 : High-quality assets, negligible credit risk
C2 : Doubtful assets, credit-impaired

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information and the Company majorly manages the credit risk through internal credit rating system.

A default on a financial asset is when the counterparty fails to make contractual payments as and when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

(ii) Provision for expected credit losses

The Company provides for expected credit loss based on the following:

Internal rating	Category	Description of category	Basis for recognition of expected credit loss provision	
			Trade receivables	Others
C1	High quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.	Life-time expected credit losses	12-month expected credit losses
C2	Doubtful assets, credit-impaired	Assets are provided for when there is no reasonable expectation of recovery. The company categorises a receivable or provisioning when the debtor fails to make the contractual payment within 180 days from the date they become due. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.	Asset is provided for fully	Asset is provided for fully

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(All amounts in Rs. lakhs, unless otherwise stated)

30 Financial risk management (contd.)

For the year ended March 31, 2021 and March 31, 2020:

(a) Expected credit loss for deposits

The estimated gross carrying amount at default is Nil (March 2020: Nil) for deposits. Consequently there are no expected credit loss recognised for these financial assets.

(b) Expected credit loss for trade receivables under simplified approach

As at March 31, 2021

Ageing	Upto 180 days past due	More than 180 days past due	Total
Gross carrying amount	5.44	4.55	9.99
Expected loss rate	0%	100%	46%
Expected credit losses (Loss allowance provision)	-	4.55	4.55

As at March 31, 2020

Ageing	Upto 180 days past due	More than 180 days past due	Total
Gross carrying amount	33.86	4.55	38.41
Expected loss rate	0%	100%	12%
Expected credit losses (Loss allowance provision)	-	4.55	4.55

(c) Reconciliation of loss allowance provision- Trade receivables

Loss allowance on April 1, 2019	**4.55**
Changes in loss allowances due to	
Provision made in the year	-
Recoveries	-
Loss allowance on March 31, 2020	**4.55**
Changes in loss allowances due to	
Provision made in the year	-
Recoveries	-
Loss allowance on March 31, 2021	**4.55**

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(All amounts in Rs. lakhs, unless otherwise stated)

30 Financial risk management (contd.)

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. Company also manages its financing requirements through borrowings from the holding company which does not have any fixed repayment schedule.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.
The amounts disclosed in the table are the contractual undiscounted cash flows, including interest. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities:	Carrying amount	Less than 3 months	Within one year	Between 1 and 2 years	Between 2 and 5 years	Total
As at March 31, 2021						
Non-derivatives						
Borrowings	486.14	486.14	-	-	-	486.14
Trade payables	86.53	86.53	-	-	-	86.53
Other financial liabilities	30.67	30.67	-	-	-	30.67
Total non-derivative liabilities	603.34	603.34	-	-	-	603.34
As at March 31, 2020						
Non-derivatives						
Borrowings	122.63	122.63	-	-	-	122.63
Trade payables	228.41	228.41	-	-	-	228.41
Other financial liabilities	22.80	22.80	-	-	-	22.80
Total non-derivative liabilities	373.84	373.84	-	-	-	373.84

31 Capital management

Risk management

The Company's objectives when managing capital are to:
• safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
• maintain an optimal capital structure to reduce the cost of capital

The Company borrows from the holding company at 10% per annum in order to meet its capital requirements. As at March 31, 2021 the net-worth of the Company has been fully eroded. The Company has shown improvement in operating results due to increase in occupancy rate and tariffs. The Company expects higher growth and profitability in future due to increase in occupancy rates and tariffs from the property which was recently refurbished. It is also fully supported by the holding company for funding.

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STERLING HOLIDAYS (OOTY) LTD. CHENNAI

Sterling Holidays (Ooty) Limited
Notes forming part of financial statements as at and for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

32 Related party transactions

(a) Parent entities

The Company is controlled by following entity:

Name of entity	Type	Ownership interest held by the Group	
		March 31, 2021	March 31, 2020
Fairfax Financial Holdings Limited, Canada	Ultimate holding company	-	-
Thomas Cook (India) Limited	Intermediate holding company	-	-
Sterling Holiday Resorts Limited	Holding company	98%	98%

(b) Transactions with related parties

Transactions with related parties are as follows:

	For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of services		
Thomas Cook (India) Limited	0.22	-
Lease rent expenses		
Sterling Holiday Resorts Limited	43.14	156.30
Brand expenses		
Sterling Holiday Resorts Limited	14.34	51.46
Miscellaneous income		
Sterling Holiday Resorts Limited	68.17	35.65
Management fees		
Sterling Holiday Resorts Limited	222.22	487.79
Interest on borrowings		
Sterling Holiday Resorts Limited	43.33	14.82
Loans availed		
Sterling Holiday Resorts Limited	1,216.28	2,010.36
Loans repaid		
Sterling Holiday Resorts Limited	(852.77)	2,066.93

(c) Outstanding balances as at year end

The following balances are outstanding at the end of the reporting period:

	As at March 31, 2021	As at March 31, 2020
Trade receivables		
Thomas Cook (India) Limited	0.37	3.64
Travel Corporation (India) Limited	0.01	-
Borrowings		
Sterling Holiday Resorts Limited	486.14	122.63
Interest accrued but not due		
Sterling Holiday Resorts Limited	11.57	3.32

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B S R & Co. LLP Chartered Accountants

STERLING HOLIDAYS (OOTY) LTD. CHENNAI

		As at March 31, 2021	As at March 31, 2020
33	**Contingent liabilities and contingent assets**		
	Contingent liabilities		
	Claims against the Company not acknowledged as debt:		
	(a) Luxury tax related demands	196.38	196.38
	(b) Income tax related matter	10.83	-

(c) Supreme Court vide their judgement dated ·February 28, 2019 clarified that Provident fund deduction is to be made on basic salary and on other salary components which are universally made available to all employees. The Company, based on external advice, believes that there are interpretative challenges on the application of the judgement retrospectively. Based on the advice and in the absence of the reliable measurement of the provision for earlier periods. the Company has not recorded a provision with respect to any period. The Company would update the provision in future based on clarification received from the relevant authorities.

34 Sterling Holiday Resorts Limited (SHRL) holds 98% equity shares in the Company and the Company is responsible for maintaining the property Ooty Elkhill, pursuant to the property timeshare agreement with the property timeshare members. However, certain property timeshare weeks are unsold and retained by SHRL. Pursuant to the necessary approvals obtained by the Company as required under the Companies Act, 2013, the Company is permitted to rent out weeks sold to property timeshare members and unsold weeks retained by SHRL which are vacant and earn revenue from it. The property timeshare members and SHRL shall have no claim on the revenue generated by the Company. Further, pursuant to the exchange clause under property timeshare agreement, property timeshare members of the said property are also eligible to utilize facilities at SHRL's other resorts.

35 The Company has identified only one reportable segment. The entire Company's business is from resort operations and maintenance services (being leisure hospitality services) and there are no other reportable segments. Thus, the segment revenue, segment results, total carrying value of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation during the year are all as reflected in the financial statements as at and for the year ended March 31, 2021.

36 During the current year, the Company had adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption (including temporary closure of its resort). The Company had reopened resort since August 2020. However, considering the significant increase in infection due to the second wave in India, the Company has adopted measures to control the spread of the pandemic. The Company has again temporarily closed the resort in April 2021.

The financial statements for the year ended March 31, 2021 reflect that the Company has incurred losses of Rs. 186.25 lakhs during the year and has accumulated losses of Rs. 580.53 lakhs (which have fully eroded the net worth of the Company) as at the balance sheet date.

The Management strongly believes, the lockdown would be lifted, and operations would restart by June 2021. However, the impact of COVID-19 on the economy continues to be uncertain and the extent to which the ongoing COVID-19 pandemic will impact the Company's financial performance including the Company's estimates of impairment of assets and future cashflows, is dependent on such future developments, the severity and duration of the pandemic, which cannot be predicted with certainty. The Company has considered the context of the pandemic in applying the assumptions used to determine the future cashflows. The impact assessment of COVID-19 is a continuing process. The Company will continue to monitor any material changes to the future economic conditions. Also refer note 1.2.1.

37 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2019-20, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act

		As at March 31, 2021	As at March 31, 2020
i	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	4.62	0.88
ii	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	1.11	0.07
iii	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed date during the year	16.66	8.82
iv	Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
v	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
vi	Interest due and payable towards suppliers registered under MSMED Act, for payments already made	0.34	0.04
vii	Further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	0.77	0.03

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STERLING HOLIDAYS (OOTY) LTD. CHENNAI

B S R & Co. LLP Chartered Accountants

(All amounts in Rs. lakhs, unless otherwise stated)

38 Movement in right of use assets and lease liabilities as per Ind AS 116 Leases

As a lessee, the company leases many assets mainly comprising of staff accomodation.

Right of use assets	**Building**	**Total**
Balance at April 1, 2019	-	-
Transition adjustment on adopting IND AS 116	10.60	10.60
Addition to right of use assets	-	-
Depreciation charge for the year	(5.54)	(5.54)
Derecognition of right of uses assets	-	-
Balance at March 31, 2020	**5.06**	**5.06**
Addition to right of use assets	-	-
Depreciation charge for the year	(0.92)	(0.92)
Derecognition of right of uses assets	(4.14)	(4.14)
Balance at March 31, 2021	-	-

Lease liabilities	**Amount**
Balance at April 1, 2019	-
Transition adjustment	10.60
Additions	-
Deletions	-
Finance cost accrued during the period	0.78
Discharge of lease liabilities	(6.07)
Balance at March 31, 2020	**5.31**
Additions	-
Deletions	(4.38)
Finance cost accrued during the period	0.08
Discharge of lease liabilities	(1.01)
Balance at March 31, 2021	-

39 Earnings per share	**March 31, 2021**	**March 31, 2020**
Loss for the year attributable to the equity holders of the Company	(186.25)	70.29
Weighted average number of equity shares outstanding	50,000	50,000
Basic and diluted earnings per share	**(372.50)**	**140.58**

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Partner
Membership No.: 217042

Place: Chennai
Date: May 19, 2021

For and on behalf of the Board of Directors of
Sterling Holidays (Ooty) Limited
(CIN U55102TN1989PLC018344)

Ramesh Shanmugam
Director
DIN No.: 06646158

Place: Chennai
Date: May 19, 2021

M Balasubramaniyan
Director
DIN No.: 03088801

Place: Chennai

B S R & Co. LLP
Chartered Accountants

KRM Tower, 1st & 2nd Floors,
No.1, Harrington Road, Chetpet,
Chennai – 600 031, India

Telephone: + 91 44 4608 3100
Fax: + 91 44 4608 3199

INDEPENDENT AUDITOR'S REPORT

To the Members of Sterling Holiday Resorts Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sterling Holiday Resorts Limited ("the Company"), which comprise the balance sheet as at March 31, 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs 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 Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As more fully described in Note 41 to the financial statements, the extent to which the ongoing COVID-19 pandemic will have impact on the Company's financial performance including the Company's estimates of future cashflows and impairment of assets etc., are dependent on future developments, the severity and duration of the pandemic, which cannot be predicted with certainty. The Company has considered the context of the pandemic in determining judgements and estimates in applying assumptions including those used to determine the future cashflows. The impact assessment of COVID-19 is a continuing process. The Company will continue to monitor any material changes to the future economic conditions.

Our opinion is not modified in respect of this matter.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Board's report but does not include the financial statements and our auditor's report thereon. The Board's report is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available 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. When we read the Board's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as required under applicable laws and regulations.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs 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 SAs, 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- 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 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

   (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at March 31, 2021 on its financial position in its financial statements - Refer Notes 43 and 45 to the financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts - Refer Notes 8 and 28 to the financial statements. The Company does not have derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made in these financial statements since they do not pertain to the financial year ended March 31, 2021.

(C) With respect to the matter to be included in the Auditor's Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Partner
Membership No: 217042
ICAI UDIN: 21217042AAAABC5987
Place: Chennai
Date: May 19, 2021

Annexure A to the Independent Auditor's Report to the members of Sterling Holiday Resorts Limited For the year ended March 31, 2021

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Sterling Holiday Resorts Limited of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to this programme, certain fixed assets were verified during the year and discrepancies noticed were properly dealt with in the books of accounts.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties, as disclosed in Note 3 are held in the name of the Company, except for the assets mentioned in Note 45 to the financial statements.

(ii) The inventory has been physically verified by the management during the year. The procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. In our opinion, the frequency of verification is reasonable. The discrepancies noted on verification between physical stock and book records were not material and have been properly dealt with in the books of accounts.

(iii) According to the information and explanation given to us, the Company has granted loans to three companies listed in the register maintained under Section 189 of the Act.

a) In our opinion, the rate of interest and other terms and conditions on which the loans were granted were not, prima facie, prejudicial to the interest of the Company.
b) There was no schedule of repayment of principal and payment of interest stipulated. We do not comment on the regularity of repayment of principal and payment of interest in such cases where there were no stipulated terms.
c) We do not comment on the amount overdue as there are no stipulated terms of repayment of principal and payment of interest.

(iv) In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of sections 185 and 186 of the Act in respect of the loans and investments made, guarantees and security provided.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the rules framed thereunder to the extent notified. Accordingly, paragraph 3(v) of the Order is not applicable.

(vi) The Central Government of India has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the activities of the Company and accordingly paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of an examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, cess and other material statutory dues have not generally been regularly deposited by the Company with the appropriate authorities. There have been delays in deposit with respect to provident fund ranging from 1 to 75 days, employees' state insurance ranging from 1 to 97 days, income tax ranging from 1 to 113 days and goods and services tax ranging from 1 to 101days. As informed, the delays in deposit have been primarily due to the pandemic and the dues have been since paid. As explained to us, the Company did not have any dues on account of sales tax, service tax, value added tax, duty of customs and duty of excise.

The extent of the arrears of statutory dues outstanding as at March 31, 2021 for a period of more than six months from the date they became payable is as follows:

Name of the Statute	Nature of the Dues	Amount (Rs. In lakhs)	Period to which the amount relates	Due Date	Date of Payment
The Income Tax Act, 1961	Fringe benefit tax	72.94	Assessment Years 2006-07 and 2009-10	March 31, 2006 and March 31, 2009 respectively	Yet to be paid

(b) According to the information and explanations given to us, there were no dues of duty of customs and duty of excise which have not been deposited with the appropriate authorities on account of any dispute. The particulars of dues of service tax, value added tax, income tax and luxury tax as at March 31, 2021 which have not been deposited on account of dispute are as follows:

Name of the Statute	Nature of dues	Amount (Rs. In lakhs)	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service tax	527.03*	Assessment Year 2005-06 to 2006-07	Central Excise and Service tax Appellate Tribunal
Tamil Nadu VAT Act, 2006	Value Added Tax	37.60*	Assessment Year 2013-14	Madurai Bench of Madras High Court
The Uttarakhand Value Added Tax Act, 2005	Value Added Tax	18.75	Assessment year 2016-17	Deputy Commissioner
The Income Tax Act, 1961	Income tax	2,333.26*	Assessment Year 2015-16	The Commissioner of Income Tax (Appeals), Mumbai
The Income Tax Act, 1961	Income tax	6,346.04*	Assessment Year 2017-18	The Commissioner of Income Tax (Appeals), Mumbai
The Income Tax Act, 1961	Income tax	694.34	Assessment Years 2001-02 and 2006-07	The Commissioner of Income Tax (Appeals), Mumbai
The Income Tax Act, 1961	Income tax	201.84	Assessment Year 2018-19	Assessing Officer
Tamil Nadu Luxury Tax Act	Luxury tax	685.62	Assessment Years 1998-1999 to 2005-06	Madras High Court
Himachal Pradesh Luxury Tax Act	Luxury tax	77.64*	Assessment Years 1999-00 to 2004-05	The Commissioner, Shimla
Kerala Luxury Tax Act	Luxury tax	867.33*	Assessment Years 2012-13 to 2015-16	Kerala High Court

Name of the Statute	Nature of dues	Amount (Rs. In lakhs)	Period to which the amount relates	Forum where the dispute is pending
Kerala Luxury Tax Act	Luxury tax	462.69	Assessment Years 2012-13 to 2015-16	Kerala High Court
Kerala Luxury Tax Act	Luxury tax	4.49*	Assessment Years 2012-13 & 2013-14	Deputy Commissioner
Kerala Luxury Tax Act	Luxury tax	6.20	Assessment Year 2016-17 & 2017-18	Deputy Commissioner
Kerala Luxury Tax Act	Luxury tax	36.27	Assessment Years 2016-17	State tax officer
Tamil Nadu Luxury tax Act	Luxury tax	137.33	Assessment Years 2010-11 to 2014-15	Deputy Commissioner
Kerala Luxury Tax Act	Luxury tax	9.54	Assessment Years 2017-18	State tax officer
Himachal Pradesh GST Act	Goods and Services Tax	113.28	Assessment Years 2017-18 & 2018-19	The Asst Commissioner, State Taxes & Excise

*Net of amounts deposited under protest.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks or financial institutions. The Company did not have any loan or borrowing outstanding to the government or debenture holders during the year.

(ix) The Company did not raise any money by initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has entered into transactions with related parties in compliance with the provisions of sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

Annexure A to the Independent Auditor's Report to the members of Sterling Holiday Resorts Limited For the year ended March 31, 2021

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Partner
Membership No: 217042
ICAI UDIN: 21217042AAAABC5987
Place: Chennai
Date: May 19, 2021

Annexure B to the Independent Auditor's report to the members of Sterling Holiday Resorts Limited For the year ended March 31, 2021

(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

Opinion

We have audited the internal financial controls with reference to financial statements of Sterling Holiday Resorts Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Partner
Membership No: 217042
ICAI UDIN: 21217042AAAABC5987
Place: Chennai
Date: May 19, 2021

Sterling Holiday Resorts Limited
Balance Sheet as at March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

	Note	As at March 31, 2021	As at March 31, 2020
Assets			
Non-current assets			
Property, plant and equipment	3	93,132.90	86,588.18
Capital work-in-progress	4	283.83	703.21
Other intangible assets	5	816.73	1,067.11
Intangible assets under development	6	24.71	60.05
Right of use assets	52	10,133.97	12,327.21
Financial assets			
i. Investments	7(a)	2,256.88	2,256.63
ii. Trade receivables	8(a)	292.20	584.88
iii. Other financial assets	10	1,246.13	1,227.31
Other tax assets	11	1,407.81	1,310.31
Other non-current assets	12	9,191.03	8,952.17
Total non-current assets		118,786.19	115,077.06
Current assets			
Inventories	13	66.14	90.93
Financial assets			
i. Investments	7(b)	1,644.43	321.60
ii. Trade receivables	8(b)	3,427.07	9,572.41
iii. Cash and cash equivalents	14	190.58	833.00
iv. Bank balances other than (iii) above	15	567.53	39.26
v. Loans	9	4,009.66	2,929.22
vi. Other financial assets	10	129.48	479.98
Other current assets	16	1,072.37	1,466.10
Total current assets		11,107.26	15,732.50
Total assets		129,893.45	130,809.56
Equity and liabilities			
Equity			
Equity share capital	17	2,905.00	2,905.00
Other equity			
Reserves and surplus	18	(20,538.46)	(22,974.09)
Other reserves	19	52,996.77	45,331.40
Total equity		35,363.31	25,262.31
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	20(a)	3,144.91	1,960.69
ii. Other financial liabilities	21(a)	8.85	8.27
iii. Lease liability	52	5,969.57	7,187.17
Provisions			
i. Provision for employee benefit obligations	22	366.13	315.46
Deferred tax liabilities	23	-	-
Other non-current liabilities	24	70,973.36	78,150.00
Total non-current liabilities		80,462.82	87,621.59
Current liabilities			
Financial liabilities			
i. Borrowings	20(b)	1,000.00	2,459.36
ii. Trade payables			
Dues to micro enterprises and small enterprises	25	80.80	44.04
Dues to creditors other than micro enterprises and small enterprises	25	2,415.08	2,817.84
iii. Other financial liabilities	21(b)	1,933.84	1,218.68
iv. Lease liability	52	1,246.34	2,421.31
Provisions			
i. Provision for employee benefit obligations	22	285.01	279.71
ii. Other provisions	26	1,072.94	2,212.13
Other current liabilities	27	6,033.31	6,472.59
Total current liabilities		14,067.32	17,925.66
Total liabilities		94,530.14	105,547.25
Total equity and liabilities		129,893.45	130,809.56
Significant accounting policies	1.3		

The accompanying notes are an integral part of these financial statements

As per our report of even date

for B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Partner
Membership No.: 217042

Place: Chennai
Date: May 19, 2021

For and on behalf of the Board of Directors of
Sterling Holiday Resorts Limited
(CIN: U63040TN1989PLC114064)

Ramesh Ramanathan
Managing Director
DIN No.: 00174550

R. Anand
Director
DIN No.: 00243485

Krishna Kumar L
Chief Financial Officer

M Balasubramaniyan
Company Secretary

Place: Chennai
Date: May 19, 2021

Sterling Holiday Resorts Limited
Statement of Profit and Loss for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
Income			
Revenue from operations	28	15,951.61	23,206.11
Other income	29	3,352.18	2,158.72
Total Income		19,303.79	25,364.83
Expenses			
Cost of materials consumed	30	545.71	1,295.00
Employee benefits expense	31	6,284.85	11,225.68
Finance costs	32	1,320.98	1,374.65
Depreciation and amortisation expense	33	4,326.64	4,668.59
Other expenses	34	6,310.79	10,704.78
Total expenses		18,788.97	29,268.70
Profit / (Loss) before tax		514.82	(3,903.87)
Income tax expense	35		
Current tax		-	-
Deferred tax		1,912.58	(261.71)
Profit / (Loss) for the year		2,427.40	(4,165.58)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of post employment benefit obligations		8.23	32.60
Revaluation gain relating to property, plant and equipment (Refer Note 51)		9,217.12	-
Income tax effect on revaluation of property, plant & equipment		(1,912.58)	261.71
Other comprehensive income for the year, net of income tax		7,312.77	294.31
Total comprehensive income for the year		9,740.17	(3,871.27)
Earnings per share (Face value of Rs. 10 each)			
Basic and anti-diluted earnings per share (in Rs.)	54	8.36	(14.34)
Significant accounting policies	1.3		

The accompanying notes are an integral part of these financial statements

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Partner
Membership No.: 217042

Place: Chennai
Date: May 19, 2021

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Sterling Holiday Resorts Limited
(CIN: U63040TN1989PLC114064)

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DIN No.: 00243485

Krishna Kumar L
Chief Financial Officer

M Balasubramaniyan
Company Secretary

Place: Chennai
Date: May 19, 2021

Sterling Holiday Resorts Limited
Statement of changes in equity for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

I) Equity share capital

	Note	Amount
Balance as at April 1, 2019		2,905.00
Changes in equity share capital during the year	17	-
Balance as at March 31, 2020		**2,905.00**
Changes in equity share capital during the year	17	-
Balance as at March 31, 2021		2,905.00

II) Other equity

	Notes	Reserves and surplus				Other reserves			Grand total
		Securities premium	General reserve	Retained earnings	Total	ESOP reserve	Revaluation reserve	Total	
Balance as at April 1, 2019		32,057.94	4.70	(50,903.75)	(18,841.11)	871.98	43,837.63	44,709.61	25,868.50
Loss for the year	18	-	-	(4,165.58)	(4,165.58)	-	-	-	(4,165.58)
Stock compensation expense	50	-	-	-	-	360.08	-	360.08	360.08
Other comprehensive income	19	-	-	32.60	32.60	-	261.71	261.71	294.31
Balance as at March 31, 2020		32,057.94	4.70	(55,036.73)	(22,974.09)	1,232.06	44,099.34	45,331.40	22,357.31
Profit for the year	18	-	-	2,427.40	2,427.40	-	-	-	2,427.40
Stock compensation expense	50	-	-	-	-	360.83	-	360.83	360.83
Other comprehensive income	19	-	-	8.23	8.23	-	(1,912.58)	(1,912.58)	(1,904.35)
Revaluation gain for the year	19	-	-	-	-	-	9,217.12	9,217.12	9,217.12
Balance as at March 31, 2021		32,057.94	4.70	(52,601.10)	(20,538.46)	1,592.89	51,403.88	52,996.77	32,458.31
Significant accounting policies	1.3								

The accompanying notes are an integral part of these financial statements

As per our report of even date

for **B S R & Co. LLP**
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Chief Financial Officer

M Balasubramaniyan
Company Secretary

Place: Chennai
Date: May 19, 2021

Sterling Holiday Resorts Limited
Cash flow statement for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash flow from operating activities			
Profit / (Loss) before tax		514.82	(3,903.87)
Adjustments for:			
Depreciation and amortisation	33	4,326.64	4,668.59
Finance costs	32	1,320.98	1,374.65
Income from termination of memberships		(2,509.02)	-
Interest income	29	(412.44)	(336.89)
Loss on sale of assets	34	49.61	-
Employee share based payments	50	360.83	360.08
Gain on sale of investments (net)	29	-	(1.66)
Change in fair value of financials assets at fair value through profit or loss	29	(23.10)	(8.40)
Capital work in progress written off	34	431.42	-
Liabilities no longer required written back	29	(1,355.65)	(149.22)
Provision for doubtful advances	34	52.21	5.34
Provision for bad and doubtful debts	34	-	21.57
Income from termination of lease contracts	29	25.12	-
Working capital adjustments:			
(Increase)/Decrease in trade receivables		4,660.39	(109.15)
(Increase)/Decrease in inventories		24.79	(15.32)
(Increase)/Decrease in other financial assets		279.47	(249.23)
(Increase)/Decrease in other assets		172.92	(1,775.18)
Increase/(Decrease) in trade payables		989.65	140.74
Increase/(Decrease) in other liabilities		(3,329.27)	4,799.61
Increase in employee benefit obligations		64.20	66.77
(Decrease) in other financial liabilities		(962.10)	(84.01)
Cash generated from operations		**4,681.47**	**4,804.42**
Income tax paid		(97.50)	(150.73)
Net cash generated from operating activities		**4,583.97**	**4,653.69**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(431.82)	(970.08)
Loans to subsidiaries (net)	9	(980.33)	(449.93)
Investment in fixed deposits		(528.27)	32.14
Proceeds from sale of assets		7.27	12.48
Proceeds from sale of investments		-	711.66
Investment in mutual funds		(1,300.00)	(710.00)
Interest received		238.79	347.40
Net cash used in investing activities		**(2,994.36)**	**(1,026.33)**
Cash flows from financing activities			
Interest paid		(496.75)	(453.94)
Repayment of borrowings		(563.65)	(925.59)
Payment on lease liability		(2,173.75)	(2,353.25)
Proceeds from loan obtained during the year		2,461.48	16.77
Net cash used in financing activities		**(772.67)**	**(3,716.01)**
Net increase (decrease) in cash and cash equivalents		816.94	(88.65)
Cash and cash equivalents at the beginning of the year		(626.36)	(537.71)
Cash and cash equivalents at end of the year	14	**190.58**	**(626.36)**
Reconciliation of cash and cash equivalents as per cash flow statement			
Cash and cash equivalents as per the above comprises of the following:			
Cash and cash equivalents		190.58	833.00
Bank overdrafts		-	(1,459.36)
Balances as per statement of cash flows	14	**190.58**	**(626.36)**
Significant accounting policies	1.3		

The accompanying notes are an integral part of these financial statements

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Partner
Membership No.: 217042

Place: Chennai
Date: May 19, 2021

For and on behalf of the Board of Directors of
Sterling Holiday Resorts Limited
(CIN: U63040TN1989PLC114064)

Ramesh Ramanathan
Managing Director
DIN No.: 00174550

R. Anand
Director
DIN No.: 00243485

Krishna Kumar L
Chief Financial Officer

M Balasubramaniyan
Company Secretary

Place: Chennai
Date: May 19, 2021

Sterling Holiday Resorts Limited
Notes to the financial statements as at and for the year ended March 31, 2021

1.1. Reporting entity

Sterling Holiday Resorts Limited (the "Company") is engaged in selling Membership including Leisure Hospitality Services (Time Share and Resort business). The Company is a subsidiary of Thomas Cook (India) Limited and the ultimate holding company is Fairfax Financial Holdings Limited, Canada.

1.2. Basis of preparation

1.2.1. Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements were authorised for issue by the Company's Board of Directors on May 19, 2021

Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities are measured at fair value (Refer Note 36);
- defined benefit plans — plan assets measured at fair value (Refer Note 22);
- share-based payments (Refer Note 31 and 50); and
- free-hold and leasehold land measured at fair value (Refer Note 3 and 51).

The financial statements for the year ended 31 March 2021 reflect that the Company has accumulated losses of Rs. 52,601.10 lakhs (which have significantly eroded the net worth of the Company) as at the balance sheet date. The above accumulated loss includes a one-time impact of Rs. 30,260 lakhs on change in accounting for contracts with customers, pursuant to transition to Ind AS 115 Revenue from Contracts with Customers. The Company has considered various internal and external sources of information, up to the date of approval of the financial statements, in determining the potential impact on the financial position and business operations of the Company including those arising from the COVID-19 pandemic including the second wave in April 2021.

Based on the approved cash flow projections for the next 12 months, availability of assets (land, buildings, trade receivables etc.) for securitization/monetization for additional funds, the Company believes that it would be able to meet its financial requirements and no adjustments would be required in respect of the carrying values of assets/liabilities. Accordingly, these financial statements are prepared on a going concern basis.

1.2.2. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief operating decision maker.

The Chairman-Managing Director (CMD) of the Company has been identified as the chief operating decision maker of Sterling Holiday Resorts Limited who assesses the financial performance and position of the Company and makes strategic decisions. Refer Note 40 for segment information presented.

STERLING HOLIDAY RESORTS LTD. ★ CHENNAI

1.2. Basis of preparation (contd.)

1.2.3. Current / Non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

1.2.4. Foreign currency transaction

a) **Functional and presentation currency**
Items included in the financial statements of the Company are measured using the currency of primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (Rs.) which is the Company's functional and presentation currency.

b) **Transactions and balances**
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

1.3. Significant accounting policies

1.3.1. Revenue recognition

The Company's business is to sell membership and provide holiday facilities to members for a specified period each year, over a number of years, for which membership fee is collected either in full upfront, or on a deferred payment basis.

Under Ind AS 115, an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard establishes a five-step approach to revenue recognition that includes identifying contracts with customers, identifying performance obligations, determining transaction prices, allocating transaction prices to performance obligations and recognising revenues when or as the performance obligations are satisfied.

a) **Revenue from membership fees**
In respect of sale of membership, the Company determines the transaction price and allocates the same to each performance obligation in the membership contract based on their respective fair values. Revenue from membership fee is recognised over the effective membership period as the performance obligation is fulfilled over the tenure of membership applicable to the respective member. The revenue to be recognised in future periods is classified as deferred income under the head 'other non-current'/ 'other current liabilities'. Revenue from offers and other benefits given to the customer is recognised as and when such benefits are provided to customers.

STERLING HOLIDAY RESORTS LTD. ★ CHENNAI

1.3. Significant accounting policies (contd.)

1.3.1. Revenue recognition (contd.)

b) **Revenue from annual subscription fees**
Income in respect of annual subscription fee or annual amenity charges dues from members is recognised only when it is reasonably certain that the ultimate collection will be made. Where the length of time between rendering services and collection of consideration from the customers is more than one year, the Company adjusts the consideration for time value of money.

c) **Interest income on membership plans**
Interest is recognised as income based on the terms of the contracts entered into with the members if they are reasonably certain to be recovered from the customers.

d) Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the Company. The estimation of such revenues where there is uncertainty in collection has been made by the Company based on past trends of year-wise cancellation of memberships and considering factors impacting future collections.

e) **Incremental costs of obtaining and fulfilling a contract**
The Company recognises as an asset the incremental costs of obtaining a contract with a customer if the entity expects to recover those costs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.
If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard, the Company recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:
(i) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
(ii) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
(iii) The costs are expected to be recovered.
The above costs to obtain and fulfill a contract are amortised over the effective membership period.

f) **Revenue from resorts**
Income from resorts comprising of sale of food and beverages, room rentals and other services are recognised when these are sold and as services are rendered.

g) **Contract balances**
(i) Contract assets
A contract asset is the right to consideration in exchange for services rendered to the customer. If the Company renders services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.
(ii) Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration has received consideration, or for which an amount of consideration is due from the customer. Contract liabilities are recognised as revenue when the Company performs under the contract.

STERLING HOLIDAY RESORTS LTD. CHENNAI

1.3. Significant accounting policies (contd.)

1.3.2. Income taxes

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Income tax for the period comprises of current tax and deferred tax. Income tax is recognised in the statement of profit and loss except to the extent that it relates to items recognised in 'Other comprehensive income or directly in equity, in which case the tax is recognised in 'Other comprehensive income' or directly in equity, respectively.

(a) Current Tax:

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Balance Sheet date, and any adjustments to tax payable in respect of previous years. Interest income/ expenses and penalties, if any related to income tax are included in current tax expense.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The company offsets the current tax assets as against the liability for provision for tax.

(b) Deferred Tax

Deferred tax is recognised using the balance sheet approach. Deferred tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred taxes on items classified under Other comprehensive income ('OCI') has been recognised in OCI.

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. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

1.3.3. Leases

The Company has adopted Ind AS 116 Leases with effect from April 1, 2019 and the Company has elected to measure right-of-use asset for all leases at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. 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 of 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 Ind AS 116.

STERLING HOLIDAY RESORTS LTD. CHENNAI

1.3. Significant accounting policies (contd.)

1.3.3. Leases (contd.)

As a lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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 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.

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 'loans and borrowings' 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.

STERLING HOLIDAY RESORTS LTD. CHENNAI

1.3. Significant accounting policies (contd.)

1.3.4. Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.3.5. Inventories

Inventories comprising of provisions, perishables, beverages and operating supplies are stated at lower of cost and net realisable value. Cost is determined using the first-in-first out (FIFO) method. The cost comprises of purchase price, non-refundable taxes and delivery handling cost incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories are written down for slow moving/ non-moving items, wherever necessary.

1.3.6. Financial instruments

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

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

Interest income from other financial assets is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.
Dividend income from investments is recognized when the shareholder's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Effective interest method
The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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1.3. Significant accounting policies (contd.)

1.3.7. Financial assets

A financial asset is any asset that is:

(a) cash;

(b) an equity instrument of another entity;

(c) a contractual right:
- to receive cash or another financial asset from another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the Company.

(d) a contract that will or may be settled in the Company's own equity instruments and is:
- a non-derivative for which the Company is or may be obliged to receive a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments.

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.
All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

I. Classification of financial assets:

The Company classifies its financial assets in the following measurement categories:

(a) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

(b) Those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.
The Company reclassifies debt investments when and only when its business model for managing those assets changes.

II. Measurement of financial asset:

A. Debt instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

i. Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

1.3. Significant accounting policies (contd.)

1.3.7 Financial assets (contd.)

ii. Fair value through other comprehensive income (FVOCI):
Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

iii. Fair value through profit or loss:
Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

B. Equity instruments:
The Company subsequently measures all equity investments other than investment in subsidiaries and associates, at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

III. Impairment of financial assets
The Company assesses on a forward-looking basis the expected credit loss associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 37 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI 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.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

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1.3. Significant accounting policies (contd.)

1.3.7. Financial assets (contd.)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, 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.

IV. De-recognition of financial assets:

A financial asset is derecognised only when

i. The Company has transferred the rights to receive cash flows from the financial asset or
ii. retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

1.3.8. Financial liabilities

A financial liability is any liability that is:

(a) a contractual obligation :

- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
-

(b) a contract that will or may be settled in the Company's own equity instruments and is:

- a non-derivative for which the Company is or may be obliged to deliver a variable number of the Company's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the Company offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. Apart from the aforesaid, the equity conversion option embedded in a convertible bond denominated in foreign currency to acquire a fixed number of the Company's own equity instruments is an equity instrument if the exercise price is fixed in any currency.

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1.3. Significant accounting policies (contd.)

1.3.8 Financial liabilities (contd.)

I. Measurement of financial liabilities:
Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included under 'Finance costs'.

II. Derecognition of financial liabilities
The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in statement of profit and loss.

1.3.9. Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

1.3.10. Property, plant and equipment

Recognition and measurement

The Company adopts the cost measurement approach for property, plant and equipment other than freehold and leasehold land.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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 of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The Company follows revaluation model for measurement of freehold and leasehold land. Freehold and leasehold land will be recognised at fair value based on periodic, at least triennial, valuations done by external independent valuers, less subsequent depreciation of leasehold land. Increase in the carrying amount arising on revaluation of land are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity.

Fair value of land is determined using the market comparable method, i.e., the valuations performed by the valuer are based on active market sale prices, adjusted for difference in the nature, location or condition of the specific property. Refer Note 51.

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1.3. Significant accounting policies (contd.)

1.3.10 Property, plant and equipment (contd.)

Depreciation methods, estimated useful lives and residual value:
Based on technical evaluation carried out, depreciation on property, plant and equipment is provided, on a pro-rata basis, on Straight Line Method (SLM) over the estimated useful lives of the assets, which equates to the useful lives prescribed under Schedule II to the Companies Act, 2013, as follows:

Asset class	Useful life (in years)
Building	60
Plant and machinery	15
Furniture and fixtures – general	10
Furniture and fixtures – others	8
Office equipment	5
Computer equipment – Servers & Network	6
Computer equipment – Desktop, laptop and end-user items	3
Electrical installations	10
Vehicles	8

Premium paid for acquiring leasehold land is amortised over the period of lease. Assets constructed on leasehold land/leasehold improvements are amortised over the primary period of lease or its estimated useful life, whichever is lower.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/ (losses).

1.3.11. Intangible assets

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight-line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at the end of each financial year. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Computer software and other intangibles are amortised on a straight-line basis over a period of 5 years.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

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1.3. Significant accounting policies (contd.)

1.3.12. Provisions (other than for employee benefits)

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. Provisions are not recognised for future operating losses. A provision is recognized if the likelihood of an outflow with respect to any one item included in the same class of obligations is more probable than not. Provisions are measured at the present value of management's best estimate of the expenditure require to settle the present obligation at the end of the reporting period.

1.3.13. Employee benefits

a) Defined contribution plan

Contribution towards provident fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Plan as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

b) Defined benefit plan

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) by an independent actuary at the end of each year. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. The Group Gratuity plan is funded with Life Insurance Corporation of India, for all of the employees, under New Group Gratuity Cash Accumulation Plan.

c) Compensated absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short-term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long-term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) by an independent actuary at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

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1.3. Significant accounting policies (contd.)

1.3.13. Employee benefits (contd.)

d) Share based payments

Employee options

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

1.3.14. Earnings per share

a) Basic earnings per share
Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares (Refer Note 54).

b) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

1.3. Significant accounting policies (contd.)

1.3.15. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off and presented in lakhs with decimals as per the requirement of Schedule III, unless otherwise stated.

2. Critical estimates and judgements:

In preparing these financial statements, management has made judgements, 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. Revisions to accounting estimates are recognised prospectively.

The areas involving critical estimate or judgement are:

Note 22 - Provision for employee benefit obligations

Note 29 - Recognition of revenue including provision for cancellation of contracts

Note 41 and 1.2.1 – Going concern and impact of COVID-19

Note 43 and 45 - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

Note 51 – Valuation of freehold and leasehold land

Note 52 - Leases

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Sterling Holiday Resorts Limited
Notes forming part of financial statements as at and for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

3 Property, plant and equipment

Reconciliation of carrying amount for the year ended March 31, 2020:

Asset description	Gross carrying amount				Accumulated depreciation				Net carrying amount	
	As at April 1, 2019	Additions / Adjustments	Disposals / Transfer	As at March 31, 2020	As at April 1, 2019	Depreciation for the year	Disposals / Adjustments	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020
Land - freehold	49,324.48	-	-	49,324.48	-	-	-	-	49,324.48	49,324.48
Land - leasehold	2,905.47	-	2,905.47	-	129.13	-	129.13	-	2,776.34	-
Building	34,176.68	183.38	103.92	34,256.14	2,682.75	923.57	103.96	3,502.36	31,493.93	30,753.78
Computer equipment	508.71	77.68	17.69	568.70	406.74	50.11	17.37	439.48	101.97	129.22
Plant and machinery	2,411.42	46.79	10.04	2,448.17	642.43	184.39	1.97	824.85	1,768.99	1,623.32
Furniture and fixtures	3,891.80	14.87	12.85	3,893.82	1,608.21	521.57	8.91	2,120.87	2,283.59	1,772.95
Office equipment	170.72	2.60	11.82	161.50	142.97	13.33	11.82	144.48	27.75	17.02
Vehicles	141.02	4.68	13.70	132.00	64.99	20.45	7.50	77.94	76.03	54.06
Electrical installations	5,036.65	42.19	26.03	5,052.81	1,615.89	544.97	21.40	2,139.46	3,420.76	2,913.35
Total	98,566.95	372.19	3,101.52	95,837.62	7,293.11	2,258.39	302.06	9,249.44	91,273.84	86,588.18

Reconciliation of carrying amount for the year ended March 31, 2021:

Asset description	Gross carrying amount				Accumulated Depreciation				Net carrying amount	
	As at April 1, 2020	Additions / Adjustments	Disposals / Transfer	As at March 31, 2021	As at April 1, 2020	Depreciation for the year	Disposals / Adjustments	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021
Land - freehold	49,324.48	8,575.04	-	57,899.52	-	-	-	-	49,324.48	57,899.52
Building	34,256.14	28.12	103.16	34,181.10	3,502.36	814.45	87.62	4,229.19	30,753.78	29,951.91
Computer equipment	568.70	4.82	35.46	538.06	439.48	50.94	35.31	455.11	129.22	82.95
Plant and machinery	2,448.17	29.73	75.82	2,402.08	824.85	194.99	58.64	961.20	1,623.32	1,440.88
Furniture and fixtures	3,893.82	44.29	163.18	3,774.93	2,120.87	501.77	153.63	2,469.01	1,772.95	1,305.92
Office equipment	161.50	0.07	11.66	149.91	144.48	8.34	11.52	141.30	17.02	8.61
Vehicles	132.00	37.91	12.93	156.98	77.94	17.41	12.93	82.42	54.06	74.56
Electrical installations	5,052.81	26.60	97.57	4,981.84	2,139.46	557.08	83.25	2,613.29	2,913.35	2,368.55
Total	95,837.62	8,746.59	499.78	104,084.42	9,249.44	2,144.99	442.90	10,951.52	86,588.18	93,132.90

(a) Consequent to the Scheme referred in Note 48 becoming effective, the Company is in the process of transferring the title of land and buildings in the name of Company.

(b) Refer Note 44 for capital commitments.

(c) Refer Note 45 for certain property related matters.

(d) During the financial year 2019-20, the Company had transferred leasehold land amounting to Rs. 2,776.34 lakhs from property, plant & equipment to right of use assets pursuant to adoption of IND AS 116- Leases.

(e) The Company has written off assets with net carrying amount of Rs. 75.56 lakhs based on physical verification conducted (Previous year: Nil).

(f) During the financial year 2018-19, the Company has changed its accounting policy with respect to measurement of freehold and leasehold land from the cost model to revaluation model with effect from April 1, 2018. Refer Notes 1.3.10 and 51. The Company has conducted valuation of freehold and leasehold lands during the current financial year and the increase in valuation is duly considered as part of adjustments in the above schedule. The carrying amounts as at March 31, 2021 & March 31, 2020 under revaluation and cost models are given below

(g) Due to outbreak of COVID-19 the management has performed impairment assessment of all its property, plant & equipment as at March 31, 2021 and concluded that non-usage for a short term will not have any material impact on useful life of such property, plant & equipment.

Block of asset	Revaluation model		Cost model	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Freehold land	57,899.52	49,324.48	3,623.04	3,623.04
Total	57,899.52	49,324.48	3,623.04	3,623.04

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4 Capital work-in-progress

Reconciliation of carrying amount for the year ended March 31, 2020:

Asset description	Gross carrying amount			
	As at April 1, 2019	Additions	Disposals / Transfers	As at March 31, 2020
Capital work-in-progress	569.19	453.76	319.74	703.21

Reconciliation of carrying amount for the year ended March 31, 2021:

Asset description	Gross carrying amount			
	As at April 1, 2020	Additions	Disposals / Transfers	As at March 31, 2021
Capital work-in-progress	703.21	60.71	480.09	283.83

Capital work-in-progress mainly comprises of resort properties under construction/ renovation.
During the current year, the Company has written off assets amounting to Rs. 431.42 lakhs as these are not recoverable (Previous year: Nil). Refer note 34.

5 Other intangible assets

Reconciliation of carrying amount for the year ended March 31, 2020:

Asset description	Gross carrying amount				Accumulated amortisation				Net carrying amount	
	As at April 1, 2019	Additions	Disposals/ Adjustments	As at March 31, 2020	As at April 1, 2019	Amortisation charge during the year	Disposals/ Adjustments	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020
Computer software	1,882.78	84.60	-	1,967.38	558.97	341.30	-	900.27	1,323.81	1,067.11

Reconciliation of carrying amount for the year ended March 31, 2021:

Asset description	Gross carrying amount				Accumulated amortisation				Net carrying amount	
	As at April 1, 2020	Additions	Disposals/ Adjustments	As at March 31, 2021	As at April 1, 2020	Amortisation charge during the year	Disposals/ Adjustments	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021
Computer software	1,967.38	62.28	44.24	1,985.42	900.27	311.21	42.79	1,168.69	1,067.11	816.73

6 Intangible assets under development

Asset description	Gross carrying amount			
	As at April 1, 2019	Additions	Disposals/Transfers	As at March 31, 2020
Intangible assets under development	37.67	104.10	81.72	60.05

Asset description	Gross carrying amount			
	As at April 1, 2020	Additions	Disposals/Transfers	As at March 31, 2021
Intangible assets under development	60.05	29.20	64.54	24.71

Intangible assets under development comprise the Company's software and website which is under development.

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(All amounts in Rs. lakhs, unless otherwise stated)

	As at March 31, 2021	As at March 31, 2020
7(a) Non-current investments		
Investment in equity instruments (fully paid-up)		
Equity investments at cost		
Investment in subsidiaries - Unquoted:		
49,000 (March 31, 2020: 49,000) equity shares of Sterling Holidays (Ooty) Limited	73.48	73.48
49,000 (March 31, 2020: 49,000) equity shares of Sterling Holiday Resorts (Kodaikanal) Limited	116.68	116.68
147,578 (March 31, 2020: 147,578) equity shares of Nature Trails Resorts Private Limited	2,066.09	2,066.09
Equity investments at FVTPL		
Unquoted:		
Investment in equity shares of Rs. 10 each, fully paid-up:		
100,000 (March 31, 2020: 100,000) equity shares of Sterling Holiday Finvest Limited	-	-
100,000 (March 31, 2020: 100,000) equity shares of Sterling Securities & Futures Limited	-	-
520,000 (March 31, 2020: 520,000) equity shares of Sterling Resorts Home Finance Limited	-	-
700,000 (March 31, 2020: 700,000) equity shares of Sterling Holiday Financial Services Limited	-	-
Investment in no. of teak units:		
28,765 (March 31, 2020: 28,765) equity shares of Sterling Tree-Magnum (India) Limited	-	-
Quoted:		
Investment in Equity Shares of Rs. 10 each, fully paid-up:		
1,100 (March 31, 2020: 1,100) equity shares of Tourism Finance Corporation of India Limited	0.63	0.38
Total	2,256.88	2,256.63
Aggregate amount of quoted investments and market value thereof	0.63	0.38
Aggregate value of unquoted investments	2,256.25	2,256.25
Aggregate amount of impairment in the value of investments	1,145.00	1,145.00

As a result of the impact due to COVID-19, the Company performed an impairment analysis on its non-current investments as at March 31, 2021. Basis the approved business plan, projected cashflows from operations of the subsidiaries and the continued support of the Company, there is no impairment to the investment value

	As at March 31, 2021	As at March 31, 2020
7(b) Current Investments		
Quoted mutual funds		
Investment in Mutual Funds at FVTPL - Quoted:		
10,985 (March 31, 2020: 10,985) units of TATA Floater Fund - Growth	338.00	317.29
10,985 (March 31, 2020: 10,985) units of TATA Floater Fund - Growth- Segregated portfolio 1*	3.42	4.31
16,58,099 (March 31, 2020: Nil) units of IDFC Low Duration Fund - Reg - Growth	501.48	-
1,40,650 (March 31, 2020: Nil) units of ABSL Money Manager Fund - Reg - Growth	400.80	-
11,559 (March 31, 2020: Nil) units of Kotak Money Market - Reg - Growth	400.73	-
Total	1,644.43	321.60
Aggregate amount of quoted investments and market value thereof	1,644.43	321.60

*Pursuant to the SEBI circular dated December 28, 2018 and subsequent press releases issued by Tata Asset Management Ltd on June 6 & June 7, 2019, segregated portfolio of securities issued by Dewan Housing Finance Corporation Ltd (DHFL) has been created in the scheme on June 15, 2019. The purchase price of units in the segregated portfolio has been considered as Nil as the units have been created in the segregated portfolio without any consideration.

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		As at March 31, 2021	As at March 31, 2020
8(a)	**Trade receivables non-current**		
	Considered good	292.20	584.88
	Total	292.20	584.88
8(b)	**Trade receivables current**		
	Considered good	3,427.07	9,572.41
	Considered doubtful	433.33	1,061.97
		3,860.40	10,634.38
	Less: Loss allowance (refer note 37)	(433.33)	(1,061.97)
	Total	3,427.07	9,572.41
	Current portion	3,427.07	9,572.41
	Non-current portion	292.20	584.88
	Of the above, trade receivables from related parties are as below:		
	Total trade receivables from related parties (Refer note 42)	17.46	24.30
	Loss allowance	-	-
	Net trade receivables	17.46	24.30

For receivables secured against borrowings, see Note 49.

The Company has performed an impairment analysis on its trade receivables as a result of the impact of COVID-19. Management believes that the provision recorded is sufficient and adequate and the carrying amount of receivables reflects its recoverable value. The Company's exposure to credit and loss allowances related to trade receivables are disclosed in Note 37.

		As at March 31, 2021		As at March 31, 2020	
		Current	**Non current**	**Current**	**Non current**
9	**Loans**				
	Unsecured, considered good				
	Loans and advances to related parties - Subsidiaries (Refer note 42)	3,416.39	-	2,436.06	-
	Interest accrued on loans and advances to related parties (Refer note 42)	589.31	-	411.63	-
	Employee advances	3.96	-	81.53	-
	Total	4,009.66	-	2,929.22	-
10	**Other financial assets**				
	Security deposits	-	648.54	82.33	629.72
	Receivable on sale of fixed assets (Refer note 45(b))	-	597.59	-	597.59
	Interest accrued on fixed deposits	-	-	4.03	-
	Unbilled revenue	44.51	-	11.62	-
	Other receivables	84.97	-	382.00	-
	Total	129.48	1,246.13	479.98	1,227.31

		As at March 31, 2021	As at March 31, 2020
11	**Other tax assets (net)**		
	Advance tax [Net of provision for tax Rs. 213.92 lakhs (March 31, 2020: Rs. 213.92 lakhs)]	1,407.81	1,310.31
		1,407.81	1,310.31

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Sterling Holiday Resorts Limited
Notes forming part of financial statements as at and for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

		As at March 31, 2021	As at March 31, 2020
12	**Other non-current assets**		
	Prepaid expenses	96.67	33.55
	Deferred acquisition cost (Refer note (a) below)	8,962.89	8,805.20
	Capital advances		
	- Considered good	131.47	113.42
	- Considered doubtful	63.42	885.18
		194.89	998.60
	- Less: Provision for doubtful advances	(63.42)	(885.18)
		131.47	113.42
	Total	9,191.03	8,952.17

Note:

(a) Deferred acquisition cost relates to incremental costs of acquisition of the member that are deferred over the period of effective membership. Incremental costs are those that would not have been incurred if the contract was not obtained. Also Refer note 53.

13	**Inventories**		
	Food and beverages	39.57	51.91
	Operating supplies	26.57	39.02
	Total	66.14	90.93

For inventories secured against borrowings, Refer note 49.

Due to ongoing COVID-19 pandemic, Management has performed impairment assessment of all inventory as at March 31, 2021 and carrying value of inventories with shorter shelf life have been written off.

14	**Cash and cash equivalents**		
	Balances with banks		
	- in current accounts	168.89	622.01
	Deposits with maturity of less than three months	-	200.00
	Cash on hand	21.69	10.99
	Cash and cash equivalents in the balance sheet	190.58	833.00
	Bank overdrafts used for cash management purposes (Refer note 20 (b))	-	(1,459.36)
	Cash and cash equivalents in the statement of cash flows	190.58	(626.36)
15	**Other bank balances**		
	Short term bank deposits	567.53	39.26
	(Deposits with maturity of more than 3 months but less than 12 months)		
	Total	567.53	39.26
16	**Other current assets**		
	Prepaid expenses	138.90	206.25
	Deferred acquisition cost (Refer note 53)	533.31	534.10
	Advances to vendors		
	Considered good	167.36	481.55
	Considered doubtful	10.95	14.61
		178.31	496.16
	Less: Provision for doubtful advance	(10.95)	(14.61)
		167.36	481.55
	Balances with statutory authorities	232.80	244.20
	Total	1,072.37	1,466.10

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17 Equity share capital

Authorised equity share capital

Authorised	March 31, 2021	March 31, 2020
400 lakhs (March 31, 2020: 400 lakhs) equity shares of Rs.10 each	4,000.00	4,000.00
Issued, subscribed and paid-up		
290.50 lakhs (March 31, 2020: 290.50 lakhs) equity shares of Rs.10 each	2,905.00	2,905.00
As at March 31, 2021	**2,905.00**	**2,905.00**

Reconciliation of shares outstanding at the beginning and at the end of the year

	March 31, 2021		March 31, 2020	
	Number *in lakhs*	Amount *in lakhs*	Number *in lakhs*	Amount *in lakhs*
Equity shares				
At the commencement of the year	290.50	2,905.00	290.50	2,905.00
Shares issued during the year	-	-	-	-
At the end of the year	**290.50**	**2,905.00**	**290.50**	**2,905.00**

All issued shares are fully paid up.

Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shares are entitled to receive dividend as declared from time to time. The dividend proposed, if any, by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in case of interim dividend. The voting rights of an equity shareholder are in proportion to his/its share of the paid-up equity share capital of the Company. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, in proportion to the number of equity shares held.

Shares held by holding/ultimate holding company (i.e., parent of the Group) and/or their subsidiaries/associates

	March 31, 2021		March 31, 2020	
	Number *in lakhs*	Amount *in lakhs*	Number *in lakhs*	Amount *in lakhs*
Equity shares of Rs. 10 each held by the holding company	290.50	2,905.00	290.50	2,905.00

Particulars of shareholders holding more than 5% shares of a class of shares

	March 31, 2021		March 31, 2020	
	Number *in lakhs*	% of total shares in class	Number *in lakhs*	% of total shares in class
Equity shares of Rs. 10 each held by				
Thomas Cook (India) Limited and its nominees (holding company)	290.50	100%	290.50	100%

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(All amounts in Rs. lakhs, unless otherwise stated)

		As at March 31, 2021	As at March 31, 2020
18	**Reserves and surplus**		
	Securities premium reserves	32,057.94	32,057.94
	General reserve	4.70	4.70
	Retained earnings	(52,601.10)	(55,036.73)
	Total	**(20,538.46)**	**(22,974.09)**

Movement in reserves and surplus balances is as follows :

a) Securities premium		
Opening balance	32,057.94	32,057.94
Additions during the year	-	-
Closing balance	**32,057.94**	**32,057.94**
b) General reserve		
Opening balance	4.70	4.70
Additions during the year	-	-
Closing balance	**4.70**	**4.70**
c) Retained earnings		
Opening balance	(55,036.73)	(50,903.75)
Profit / (Loss) for the year	2,427.40	(4,165.58)
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	8.23	32.60
Closing balance	**(52,601.10)**	**(55,036.73)**

19 Other reserves

		Other comprehensive income			
	ESOP reserve	**Remeasurement of post-employment benefit obligation**	**Equity instruments through OCI**	**Revaluation Reserve**	**Total**
As at April 1, 2019	871.98	-	-	43,837.63	44,709.61
Additions during the year	360.08	32.60	-	-	392.68
Income tax effect on revaluation of property, plant & equipment	-	-	-	261.71	261.71
Transferred to retained earnings	-	(32.60)	-	-	(32.60)
As at March 31, 2020	**1,232.06**	**-**	**-**	**44,099.34**	**45,331.40**
Additions during the year	360.83	8.23	-	9,217.12	9,586.18
Income tax effect on revaluation of property, plant & equipment	-	-	-	(1,912.58)	(1,912.58)
Transferred to retained earnings	-	(8.23)	-	-	(8.23)
As at March 31, 2021	**1,592.89**	**-**	**-**	**51,403.88**	**52,996.77**

ESOP reserve

The ESOP reserve is used for recognising the grant date fair value of the share options issued to the employees under the Employee Share Option Scheme in addition to the fair value of the options issued to the employees of the Company by the holding company (Thomas Cook (India) Limited) as per Ind AS 102.

FVOCI - Equity Instruments

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI Equity instruments reserve within equity.

The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised

Revaluation reserve

The Company had changed its accounting policy on measurement of land from cost model to revaluation model w.e.f. April 1, 2018. Land was recognized at fair value based on valuations by external independent valuers performed on April 01, 2018 and subsequently remeasured on March 31, 2021. Consequently, any increase in the carrying amount arising on revaluation of land are recognized, net of tax, in other comprehensive income and accumulated in other reserves in shareholders' equity. Refer Note 51.

Movement in revaluation reserve	**Amount**
As at March 31, 2019	**43,837.63**
Revaluation surplus during the year	-
Income tax effect	261.71
As at March 31, 2020	**44,099.34**
Revaluation surplus during the year	9,217.12
Income tax effect	(1,912.58)
As at March 31, 2021	**51,403.88**

Sterling Holiday Resorts Limited
Notes forming part of financial statements as at and for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

	As at March 31, 2021	As at March 31, 2020
20(a) Non-current borrowings		
Term loan		
- From banks		
Secured bank loans (Refer note (i) below)	3,114.61	1,930.39
Optionally convertible cumulative redeemable preference shares (OCCRPS) (Refer note (ii) below)	30.30	30.30
Total	**3,144.91**	**1,960.69**
20(b) Current borrowings		
Loans from banks		
Current portion of secured bank loans	1,425.10	711.49
Secured short-term working capital loan (Refer note (iii) below)	1,000.00	1,000.00
Bank overdraft (Refer note (iv) below)	-	1,459.36
	2,425.10	3,170.85
Less: Amount included under 'Other financial liabilities'	(1,425.10)	(711.49)
Total current borrowings	**1,000.00**	**2,459.36**

Notes:

(i) Secured bank loans

a Loan amounting to Rs. 4,950.00 lakhs (net of processing fees) from HDFC Bank Limited is secured by way of hypothecation of movable fixed assets acquired through the term loan at resorts namely Mussoorie, Manali, Darjeeling, Ooty Fern Hill and Kodai Valley View and by way of pledge of immovable properties at Mussoorie and Yercaud. The loan is repayable in 24 equal quarterly instalments including a moratorium of 12 months from the date of loan (January 4, 2016) along with interest rate of 11% p.a.. The loan amount outstanding as at year end is Rs. 2,164.61 lakhs (March 31, 2020: Rs. 2,432.61 lakhs). Out of this, Rs. 625.00 lakhs (March 31, 2020: Rs. 654.79 lakhs) is repayable within 1 year and the balance amount of Rs. 1,539.61 lakhs (March 31, 2020: 1,777.82 lakhs) is repayable after 1 year from the balance sheet date.

b Loan amounting to Rs 350 lakhs from HDFC Bank Limited is repayable in 20 quarterly instalments commencing from February 25, 2018 along with an interest rate of 8.95% p.a. linked to 1 year MCLR with annual reset. The loan is secured by way of exclusive charge on the movable fixed assets financed out of the loan and further secured by extension of existing mortgage at Mussoorie and negative lien on property at Yercaud. The loan amount outstanding as at year end is Rs. 164.83 lakhs (March 31, 2020: Rs. 192.50 lakhs). Out of this loan, Rs.70.00 lakhs (March 31, 2020: Rs. 52.50 lakhs) is repayable within 1 year and the balance amount of Rs. 94.83 lakhs (March 31, 2020: Rs. 140.00 lakhs) is repayable after 1 year from the balance sheet date.

c Loan amounting to Rs 16.77 lakhs from HDFC Bank Limited is secured by way of hypothecation of underlying vehicle is repayable in 36 equated monthly instalments including a moratorium of 3 months commencing from July 1, 2020 along with an interest rate of 10.00% p.a. The loan amount outstanding as at year end is Rs. 15.54 lakhs (March 31, 2020: Rs. 16.77 lakhs). Out of this loan, Rs.3.04 lakhs (March 31, 2020: Rs. 4.19 lakhs) is repayable within 1 year and the balance amount of Rs.12.50 lakhs (March 31, 2020: Rs 12.58 lakhs) is repayable after 1 year from the balance sheet date.

d Loan amounting to Rs. 15.00 lakhs from HDFC Bank Limited availed in January 2021 is secured by way of hypothecation of underlying vehicle is repayable in 48 equated monthly instalments commencing from March 5, 2021 along with an interest rate of 9.65% p.a.. The loan amount outstanding as at year end is Rs. 14.73 lakhs (March 31, 2020: Nil). Out of this loan, Rs.3.75 lakhs is repayable within 1 year and the balance amount of Rs.10.98 lakhs is repayable after 1 year from the balance sheet date.

e Loan amounting to Rs. 738 lakhs from HDFC Bank Limited availed in October 2020 is repayable in 48 quarterly instalments including a moratorium of 12 months from the date of loan along with an interest rate of 8.25% p.a.. The loan is secured by way of exclusive charge on the movable fixed assets financed out of the loan and further secured by extension of existing mortgage at Mussorie and negative lien of the perperty at Yercaud. The entire loan amount is outstanding as at year end Out of this loan, Rs 41.00 lakhs is repayable within 1 year and the balance amount of Rs 697.00 lakhs is repayable after 1 year from the balance sheet date.

f Loan amounting to Rs. 155 lakhs from HDFC Bank Limited availed in December 2020 is repayable in 48 quarterly instalments including a moratorium of 12 months from the date of loan along with an interest rate of 8.25% p.a.. The loan is secured by way of exclusive charge on the movable fixed assets financed out of the loan and further secured by extension of existing mortgage at Mussorie and negative lien of the perperty at Yercaud. The entire loan amount is outstanding as at year end and repayable after 1 year from the balance sheet date.

g Loan amounting to Rs. 1,287 lakhs (net of processing fees) from HDFC Limited availed in March 2021 is repayable in 36 quarterly instalments from the date of loan along with an interest rate of 11% p.a.. The loan is secured by way of resort properties situated at Kodai Lake View. The entire loan amount is outstanding as at year end. Out of this loan, Rs.386.85 lakhs is repayable within 1 year and the balance amount of Rs. 900.15 repayable after 1 year from the balance sheet date.

(ii) Optionally convertible cumulative redeemable preference shares (OCCRPS) (Refer note (ii) below)
The Company issued 303,000 Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of Rs.10 each to its parent company Thomas Cook (India) Limited in April 2018. The OCCRPS carries a fixed Cumulative dividend at a rate of 8.5% payable from the date of allotment. Every 303,000 OCCRPS shall be converted at the option of the Company into 10 equity shares of Rs.10 each. Such conversion shall be at the option of the Company at any time after 1 year from the date of allotment of shares but not later than 7 years from the date of allotment. The redemption shall be made out of the profits of the Company or proceeds of fresh issue of shares made for the purpose of redemption. The conversion will result in allotment of 10,000 equity shares of Rs 10 each. As per the terms of the OCCRPS, there is a contractual obligation to deliver cash to the holder (dividend is non-discretionary). The holder does not have the right to convert the instrument into equity shares any time during the tenure of the preference shares, right to conversion lies with the issuer. Further, the OCCRPS is neither a derivative instrument, nor does it fall within the scope of puttable instruments. Therefore, the OCCRPS has been classified as a financial liability. The corresponding dividend paid or accrued has been disclosed as finance cost.

The carrying amounts of financial and non-financial assets pledged as security for non-current borrowings are disclosed in Note 49.

(iii) Short-term working capital loan
Short-term borrowing of Rs. 1,000 lakhs (March 31, 2020: Rs. 1,000 lakhs) from HDFC Bank with an interest rate of 10.00% p.a is secured by charge on current and movable fixed assets and further secured by extension of collateral property at Mussoorie and negative lien on property located at Yercaud

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20 Borrowings (continued)

(iv) Bank overdraft
Bank overdraft from Kotak Mahindra Bank (March 31, 2020: Rs. 1,459.36 lakhs) with an interest rate of 9.75%, was fully repaid during the current year.

(v) The carrying amounts of certain financial and non-financial assets pledged as security for non-current borrowings are disclosed in Note 49.

(vi) During the year, owing to its losses incurred, the Company has defaulted on certain financial covenants with respect to loans availed from IDFC Bank in the previous years and in the current year. However, based on the review of periodic filings made by the Company to the Bank, the Bank has continued with the facilities, has not placed any demand on the loans and has subsequently renewed the facility in April 2021. Accordingly, the Company continues to classify these loans as current and non-current based on the original maturity.

20(c) Reconciliation of movement of liabilities to cash flows arising from financing activities

Particulars	March 31, 2021	March 31, 2020
Non-current borrowings	4,570.01	2,672.18
Current borrowings	1,000.00	1,000.00
Cash and cash equivalents (Bank overdrafts used for cash management purposes)	-	1,459.36
Total	5,570.01	5,131.54

Particulars	Cash and cash equivalents	Current borrowings	Non-current borrowings	Total
Balance as at April 1, 2019	770.53	1,000.00	3,531.72	5,302.25
Proceeds from loans and borrowings	-	-	16.77	16.77
Repayment of borrowings	-	-	(925.59)	(925.59)
Change in bank overdraft and working capital loan	688.83	-	-	688.83
Non-cash changes				
- Impact of effective interest amortisation	-	-	49.28	49.28
Balance as at March 31, 2020	1,459.36	1,000.00	2,672.18	5,131.54
Proceeds from loans and borrowings	-	-	2,424.65	2,424.65
Repayment of borrowings	-	-	(563.65)	(563.65)
Change in bank overdraft and working capital loan	(1,459.36)	-	-	(1,459.36)
Non-cash changes				
- Impact of effective interest amortisation	-	-	36.83	36.83
Balance as at March 31, 2021	-	1,000.00	4,570.01	5,570.01

	As at March 31, 2021	As at March 31, 2020
21 Other financial liabilities		
21(a) Non-current		
Creditors for capital expenditure	8.85	8.27
Total	8.85	8.27
21(b) Current		
Current maturities of long-term borrowings	1,425.10	711.49
Interest accrued but not due on borrowings	31.77	27.99
Dividend payable on optionally convertible cumulative redeemable preference shares	7.65	5.07
Creditors for capital expenditure	166.83	366.09
Security deposits	130.69	45.83
Other liabilities	147.98	55.75
Interest payable to micro enterprises and small enterprises (Refer note 47)	23.82	6.46
Total	1,933.84	1,218.68

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Sterling Holiday Resorts Limited
Notes forming part of financial statements as at and for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

22 Provision for employee benefit obligations

	As at March 31, 2021			As at March 31, 2020		
	Current	Non-current	Total	Current	Non-current	Total
Compensated absences	137.24	109.30	246.54	139.17	101.63	240.80
Gratuity	147.77	256.83	404.60	140.54	213.83	354.37
Total	285.01	366.13	651.14	279.71	315.46	595.17

(i) Compensated absences

	March 31, 2021	March 31, 2020
Current compensated absences expected to be settled within the next 12 months	137.24	139.17

(i) Post employment obligations

a) Gratuity

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised fund. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2020	452.18	97.81	354.37
Current service cost	62.03	-	62.03
Past service cost	-	-	-
Interest expense/(income)	25.39	6.02	19.37
Total amount recognised in profit or loss	87.42	6.02	81.40
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	(10.64)	10.64
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	10.03	-	10.03
Experience (gains)/losses	(28.90)	-	(28.90)
Changes in asset ceiling excluding amounts included in interest expense	-	-	-
Total amount recognised in other comprehensive income	(18.87)	(10.64)	(8.23)
Employer contributions	(49.01)	8.16	(57.17)
Benefit payments	(14.78)	(49.01)	34.23
March 31, 2021	456.94	52.34	404.60

	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2019	419.03	95.66	323.37
Current service cost	73.79	-	73.79
Past service cost	-	-	-
Interest expense/(income)	28.22	6.82	21.40
Total amount recognised in profit or loss	102.01	6.82	95.18
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
(Gain)/loss from change in demographic assumptions	(2.14)	-	(2.14)
(Gain)/loss from change in financial assumptions	(5.26)	-	(5.26)
Experience (gains)/losses	(25.20)	-	(25.20)
Changes in asset ceiling excluding amounts included in interest expense	-	-	-
Total amount recognised in other comprehensive income	(32.60)	-	(32.60)
Employer contributions	(20.00)	15.32	(35.32)
Benefit payments	(16.26)	(20.00)	3.74
March 31, 2020	452.18	97.81	354.37

STERLING HOLIDAY RESORTS LTD. CHENNAI

22 **Provision for employee benefit obligations**

The net liability disclosed above relates to funded and unfunded plans are as follows:

	March 31, 2021	March 31, 2020
Present value of funded obligations	456.94	452.18
Fair value of plan assets	52.34	97.81
Deficit of funded plan	404.60	354.37
Current benefit obligation	147.77	140.54
Non-current benefit obligation	256.83	213.83
Unfunded plans	-	-
Deficit of gratuity plan	404.60	354.37

(ii) Defined contribution plans

The Company has also certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by Government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards defined contribution plan is Rs. 276.83 lakhs (March 31, 2020: Rs. 477.08 lakhs)

(iii) Principal actuarial assumptions used in valuation of Gratuity

	March 31, 2021	March 31, 2020
Discount rate	6.39%	6.15%
Expected rate of return on plan assets	6.39%	6.15%
Salary growth rate	5.00%	First year 0%, thereafter 4%
Attrition rate	30.00%	30.00%

Estimates of future salary increases considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market

(iv) Sensitivity Analysis

a) Gratuity

	March 31, 2021	March 31, 2020
Discount rate:		
+ 100 basis points	(10.50)	(11.01)
- 100 basis points	13.13	13.12
Salary escalation rate:		
+ 100 basis points	13.02	13.09
- 100 basis points	(11.93)	(11.40)

b) Compensated absence

	March 31, 2021	March 31, 2020
Discount rate:		
+ 100 basis points	(4.97)	(4.76)
- 100 basis points	5.80	5.39
Salary escalation rate:		
+ 100 basis points	6.33	6.25
- 100 basis points	(5.71)	(5.66)

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The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to the significant actuarial assumptions, the same method (present value of defined benefit obligation calculated using the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability in the balance sheet.

The methods and types of assumption used in preparing the sensitivity analysis did not change compared to the prior period.

(vi) Risk exposure

The Company's gratuity fund is maintained by an approved trust (Life Insurance Corporation of India). A large portion of the investment made by LIC is in government bonds and securities and other approved securities. Hence, the Company is not exposed to the risk of asset volatility as at the balance sheet date.

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23 Deferred tax liabilities

The balance comprises temporary differences attributable to:

	As at March 31, 2021	As at March 31, 2020
Property, plant and equipment	3,911.14	3,923.20
On account of land revaluation	4,338.79	2,761.15
On account of fair valuation of investments	-	-
Total deferred tax liabilities	8,249.93	6,684.35
Set-off of deferred tax liabilities pursuant to set-off provisions	8,249.93	6,684.35
Deferred tax liability as per the balance sheet	-	-
Net unrecognised deferred tax liabilities	-	-
Unabsorbed depreciation allowance and business loss carried forward	8,935.24	8,096.03
Provision for employee benefits	219.62	277.44
Provision for doubtful debts	459.47	365.24
Total deferred tax assets	9,614.33	8,738.71
Set-off of deferred tax liabilities pursuant to set-off provisions	8,249.93	6,684.35
Deferred tax asset as per the balance sheet	-	-
Net unrecognised deferred tax assets	1,364.40	2,054.36

Movement in deferred tax liabilities:

	Property, plant and equipment	On account of land revaluation	Total
At April 1, 2019	4,665.76	3,022.86	7,688.62
Charged/(Credited):			
- to profit or loss	(742.56)	-	(742.56)
- to other comprehensive income	-	(261.71)	(261.71)
At March 31, 2020	3,923.20	2,761.15	6,684.35
Charged/(Credited):			
- to profit or loss	(12.06)	(334.94)	(347.00)
- to other comprehensive income	-	1,912.58	1,912.58
At March 31, 2021	3,911.14	4,338.79	8,249.93

Movement in deferred tax assets:

	Unabsorbed depreciation allowance and business	Provision for employee benefits	Provision for doubtful debts	Total
At April 1, 2019	8,600.23	297.92	189.76	9,087.91
Movement in deferred tax asset	(504.20)	(20.48)	175.48	(349.20)
At March 31, 2020	8,096.03	277.44	365.24	8,738.71
Movement in deferred tax asset	839.21	(57.82)	94.23	875.62
At March 31, 2021	8,935.24	219.62	459.47	9,614.33

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		As at March 31, 2021	As at March 31, 2020
24	**Other non-current liabilities**		
	Contract liability - Deferred income (Refer note 53)	70,657.59	77,989.95
	Contract liability - Advance received from customers (Refer note 53)	315.77	160.05
	Total	70,973.36	78,150.00
25	**Trade payables**		
	Dues to micro enterprises and small enterprises (Refer note 47)	80.80	44.04
	Dues to creditors other than micro enterprises and small enterprises	2,415.08	2,817.84
	Total	2,495.88	2,861.88
	Of the above, trade payables to related parties is (Refer note 42(f))	166.44	226.07
	The Company's exposure to liquidity risks related to trade payables is disclosed in note 37		
26	**Other provisions**		
	Provision for fringe benefit tax	72.94	72.94
	Provision for stamp duty (Refer note below)	1,000.00	2,139.19
	Total	1,072.94	2,212.13

Note:
Pursuant to the Composite scheme of arrangement and amalgamation referred in note 48, the immovable properties of the demerged undertaking (Timeshare & Resorts business) are transferred to the Company. The Company has immovable properties in various states. As per the laws prevalent in the respective states, stamp duty is applicable on such transfer of properties. During the current year, the Company has re-assessed such provision based on independent legal advice and reversed certain provision no longer required amounting to Rs. 1,139.19 lakhs.

		As at March 31, 2021	As at March 31, 2020
27	**Other current liabilities**		
	Salaries, wages, bonus and employee payables	739.25	1,014.34
	Statutory liabilities	330.39	28.39
	Contract liability - Deferred income (Refer note 53)	3,599.95	4,052.20
	Contract liability - Advance received from customers (Refer note 53)	1,363.72	1,377.66
	Total	6,033.31	6,472.59

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		For the year ended March 31, 2021	For the year ended March 31, 2020
28	**Revenue from operations**		
	Disaggregation of revenue:		
	On the basis of nature of goods or services:		
	Sale of services		
	Income from sale of membership:		
	- Membership fee/Admission fees (net of provision for cancellation) (refer notes below)	6,437.35	4,935.59
	- Annual subscription fees/ Annual amenity charges	3,457.06	4,757.57
	- Interest income on trade receivables (instalment plan)	148.62	226.97
	Sale of products (Resort operations)		
	Food and beverages	1,469.20	4,057.99
	Sale of services (Resort operations)		
	- Room rentals	3,927.50	7,679.86
	- Others	363.35	1,136.46
	- Management contract income	64.15	167.51
	Other operating revenues		
	Service charges	84.38	244.16
	Total	15,951.61	23,206.11
	On the basis of timing of transfer of goods or services		
	At a point in time	5,522.61	10,423.15
	Over a period of time	10,429.00	12,782.96
		15,951.61	23,206.11

Notes:

a The Company uses the historical trends/yield precentage to determine the provision for cancellation of contracts (i.e, the expected number of contracts which will be eventually cancelled) and accounts this as a reduction in revenue since it is attributable to uncertainty in collection. Based on this estimate, the Company has made a provision of Rs. 418.19 lakhs (March 31, 2020: charge of Rs. 271.92 lakhs) for the sales relating this year.

b During the year, the Company has cancelled certain membership contracts of members who have defaulted in payment of certain EMIs and / or Annual amenity charges (AAC) for past periods. The Company has assessed the contractual terms and on the basis of legal advice has established their bona fide to cancel these membership contracts. Consequentially, there has been a write-back of deferred income (Rs. 2,509.02 lakhs) and write-off of the related unamortised cost (Rs. 998.72 lakhs). (also refer note 53).

		For the year ended March 31, 2021	For the year ended March 31, 2020
29	**Other income**		
	Interest income on:		
	- Loans and advances to related parties	345.89	264.07
	- Bank deposits	12.28	4.18
	- Others	54.27	68.64
	Gain on sale of current investments (net)	-	1.66
	Net gain on financial assets mandatorily measured at fair value through profit or loss	23.10	8.40
	Rental income	89.70	269.42
	Management fees	471.16	929.68
	Income from skill development training	-	146.35
	Scrap sales	7.15	5.86
	Provision/Liabilities no longer required written back (Refer note 26)	1,355.65	149.22
	Insurance claim received	-	195.09
	Gain on variable lease payments	933.94	76.40
	Income from termination of lease contracts	59.04	26.55
	Miscellaneous income	-	13.20
	Total	3,352.18	2,158.72
30	**Cost of materials consumed**		
	Inventory of materials at the beginning of the year	51.91	43.42
	Add: Purchases	533.37	1,303.49
	Less: Inventory of materials at the end of the year	39.57	51.91
	Cost of materials consumed	545.71	1,295.00
31	**Employee benefits expense**		
	Salaries, wages and bonus	5,272.75	9,411.72
	Contribution to provident and other funds	334.35	581.78
	Employee share-based payment expense	221.49	310.21
	Gratuity	81.40	95.20
	Compensated absences	45.72	29.22
	Staff welfare expenses	329.14	797.55
	Total	6,284.85	11,225.68

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		For the year ended March 31, 2021	For the year ended March 31, 2020
32	**Finance cost**		
	Interest and finance charges on financial liabilities measured at amortized cost	554.72	505.87
	Interest on lease liability	763.68	866.20
	Dividend on OCCRPS	2.58	2.58
	Total	1,320.98	1,374.65
33	**Depreciation and amortisation expense**		
	Depreciation of property, plant and equipment	2,144.99	2,258.38
	Amortisation of intangible assets	311.21	341.31
	Depreciation of right of use assets	1,870.44	2,068.90
	Total	4,326.64	4,668.59
34	**Other expenses**		
	Consumption of stores and spares	151.49	323.67
	Power and fuel	831.22	1,519.63
	Rent	210.90	601.71
	Repairs and maintenance:		
	-Building	92.92	170.52
	-Plant and machinery	198.46	366.17
	-Others	243.82	323.38
	Insurance	105.85	47.45
	Rates and taxes	197.61	275.66
	Guest supplies	88.99	250.45
	Laundry expenses	86.83	233.20
	Communication	135.40	190.93
	Recruitment and training	45.78	121.73
	Travel and tours	97.66	488.40
	Legal and professional	535.47	682.13
	Directors' sitting fees	16.54	14.04
	Payment to statutory auditors:		
	As Auditor:		
	- Statutory audit	12.00	12.00
	- Limited review	16.50	16.50
	For other audit services:		
	- Other services	1.28	24.67
	Reimbursement of expenses	3.67	6.00
	Travel and conveyance	117.06	590.03
	Security charges	210.80	334.00
	Water charges	67.70	179.00
	Sales commission	1,514.57	951.47
	Sales promotion	132.25	1,961.73
	Exchange loss	1.97	0.70
	Bank charges	202.27	306.62
	Provision for doubtful advances	52.21	5.34
	Provision for doubtful debts	-	21.57
	Loss on sale of assets (net)	49.61	10.64
	Capital work in progress written off	431.42	-
	Printing and stationery	19.73	66.03
	Miscellaneous expenses	438.81	609.41
	Total	6,310.79	10,704.78

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(All amounts in Rs. lakhs, unless otherwise stated)

	For the year ended March 31, 2021	For the year ended March 31, 2020
35 Income tax expense		
a) Amount recognised in profit or loss		
Current tax		
Current tax for the year	-	-
Total	-	-
Deferred tax expense		
(Increase)/Decrease in deferred tax assets	(1,577.64)	261.71
Increase/(Decrease) in deferred tax liabilities	(334.94)	-
Total	(1,912.58)	261.71
Total tax expense/(benefit)	(1,912.58)	261.71
b) Reconciliation of tax expense and the accounting profit multiplied by India's Tax Rate:		
Profit / (Loss) before income tax expense	514.82	(3,903.87)
Tax expense / (income) computed at Indian Tax rate of 26% (Previous year: 26%)	133.85	(1,015.01)
Net Tax effects of amount which are deductible/disallowed in calculating taxable income - other than temporary differences	(133.85)	-
	-	(1,015.01)
Unrecognised deferred tax assets for the year	-	1,015.01
Deferred tax asset recognised / (derecognised) on brought forward losses	(1,577.64)	261.71
Decrease in deferred tax liability on account of indexation of land	(334.94)	-
Tax income	(1,912.58)	261.71
Tax losses		
Unused tax losses for which no deferred tax assets have been recognised	5,260.56	7,850.88
Potential tax benefit at 26% (Previous year: 26%)	1,367.75	2,041.23

Tax losses on account of unrecognised deferred tax assets		
Date of expiry to carry forward	**As at March 31, 2021**	**As at March 31, 2020**
31-Mar-29	4,054.86	-
31-Mar-28	1,205.70	1,785.21
31-Mar-27	-	4,355.75
31-Mar-24	-	916.97
31-Mar-22	-	709.56
31-Mar-21	-	83.39
Indefinite period	-	-
Total	5,260.56	7,850.88

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36 Fair value measurements

Financial instruments by category

	As at March 31, 2021			As at March 31, 2020		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments	0.63	-	-	0.38	-	-
- Mutual funds	1,644.43	-	-	321.60	-	-
Trade receivables	-	-	3,719.27	-	-	10,157.29
Unbilled revenue	-	-	44.51	-	-	11.62
Loans	-	-	3,416.39	-	-	2,436.06
Interest accrued on loans and advances to related parties	-	-	589.31	-	-	411.63
Employee advances	-	-	3.96	-	-	81.53
Cash and cash equivalents	-	-	190.58	-	-	833.00
Bank balances other than above	-	-	567.53	-	-	39.26
Security deposits	-	-	648.54	-	-	712.05
Interest accrued on fixed deposits	-	-	-	-	-	4.03
Other receivables	-	-	682.56	-	-	979.59
Total financial assets	1,645.06	-	9,862.65	321.98	-	15,666.06
Financial liabilities						
Borrowings	-	-	5,609.43	-	-	5,164.60
Trade payables	-	-	2,495.88	-	-	2,861.88
Capital creditors	-	-	175.68	-	-	374.36
Security deposits	-	-	130.69	-	-	45.83
Other liabilities	-	-	171.80	-	-	62.21
Total financial liabilities	-	-	8,583.48	-	-	8,508.88

The summary of financial instruments above does not include investments held by the Company in its subsidiaries/associates amounting to Rs. 2,256.25 lakhs as on March 31, 2021 (March 31, 2020: Rs. 2,256.25 lakhs) which has been measured by applying the principles of Ind AS 27 - Separate Financial Statements.

This summary includes all financial instruments valued based on the principles of Ind AS 109 - Financial Instruments.

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2021	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial investments at FVTPL:					
Equity instruments	7(a)	0.63	-	-	0.63
Mutual funds	7(b)	1,644.43	-	-	1,644.43
Total financial assets		1,645.06	-	-	1,645.06

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at March 31, 2021	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Loans to subsidiaries	9	-	-	3,416.39	3,416.39
Interest accrued on loans and advances to related parties	9	-	-	589.31	589.31
Employee advances	9	-	-	3.96	3.96
Security deposits	10	-	-	648.54	648.54
Total financial assets		-	-	4,658.20	4,658.20
Financial liabilities					
Borrowings	20(a)	-	-	5,609.43	5,609.43
Total financial liabilities		-	-	5,609.43	5,609.43

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial investments at FVTPL:					
Equity instruments	7(a)	0.38	-	-	0.38
Mutual funds	7(b)	321.60	-	-	321.60
Total financial assets		321.98	-	-	321.98

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(All amounts in Rs. lakhs, unless otherwise stated)

36 Fair value measurements (contd.)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at March 31, 2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Loans to subsidiaries	9	-	-	2,436.06	2,436.06
Interest accrued on loans and advances to related parties	9	-	-	411.63	411.63
Employee advances	9	-	-	81.53	81.53
Security deposits	10	-	-	712.05	712.05
Total financial assets		-	-	3,641.27	3,641.27
Financial Liabilities					
Borrowings	20(a)	-	-	5,164.60	5,164.60
Total financial liabilities		-	-	5,164.60	5,164.60

There are no transfers between levels 1 and 2 during the year.

(ii) Valuation technique used to determine fair value:
Level 1 : Fair value is determined using NAV for mutual funds and market value listed equity shares
Level 3 : Fair value is determined using discounted cash flow method

(iii) Fair value of financial assets and liabilities measured at amortised cost

	As at March 31, 2021		As at March 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans				
Loans to subsidiaries	3,416.39	3,416.39	2,436.06	2,436.06
Interest accrued on loans and advances to related parties	589.31	589.31	411.63	411.63
Employee advances	3.96	3.96	81.53	81.53
Security deposits	648.54	648.54	712.05	712.05
Total financial assets	4,658.20	4,658.20	3,641.27	3,641.27
Financial liabilities				
Borrowings	5,609.43	5,609.43	5,164.60	5,164.60
Total financial liabilities	5,609.43	5,609.43	5,164.60	5,164.60

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial liabilities approximate their fair values, due to their short-term nature.

The fair values for security deposits were calculated based on cash flows discounted using market interest rates. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

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STERLING HOLIDAY RESORTS LTD. ★ CHENNAI

(All amounts in Rs. lakhs, unless otherwise stated)

37 Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk.
This note explains the sources of risk which the entity is exposed to and how the entity manages the risk in the financial statements

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, investments, financial assets measured at amortised cost.	Ageing analysis and credit assessment	Diversification of portfolio and Assessment of customer credit worthiness at inception and through the credit period
Liquidity risk	Borrowings, trade payables and other liabilities	Cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Analysis of market rates on a real time basis, pre-closure of loans

The Company's risk management is carried out by a central treasury department under policies approved by the board of directors. The board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, non-derivative financial instruments and investment of excess liquidity.

(A) Credit risk

Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures towards outstanding receivables.

(i) Credit risk management

Credit risk is managed on a Company basis. For banks and financial institutions, only high rated banks/institutions are accepted.

For other financial assets, the Company assesses and manages credit risk based on internal credit rating system. The finance function consists of a separate team that assesses and maintains an internal credit rating system. Internal credit rating is performed on a group basis for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

C1 : High-quality assets, negligible credit risk
C2 : Doubtful assets, credit-impaired

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information including the following indicators:
- Internal credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increase in credit risk on other financial instruments of the same borrower
- Significant changes in the expected performance and behaviour of the borrower and customer, including changes in the payment status of borrowers in the Company, expected acceptances of the instruments and changes in the operating results of the borrower.

A default on a financial asset is when the counterparty fails to make contractual payments on the due date. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors. The Management makes necessary course corrections and evaluation of credit loss based on the assessment of a default on a continuing basis.

(ii) Provision for expected credit losses

The Company provides for expected credit loss based on the following:

Internal credit rating	Category	Description of category	Basis for recognition of expected credit loss provision		
			Investments	Loans and deposits	Trade receivables
C1	High quality assets, negligible credit risk	Assets where the counterparty has strong capacity to meet the obligations and where the risk of default is negligible or	12 month expected credit losses	12 month expected credit losses	Lifetime expected credit loss
C2	Doubtful assets, credit impaired	Assets are provided for when there is no reasonable expectation of recovery. The Company categorises a loan or receivable for provisioning when the debtor fails to make the contractual payments for over 12 months. When the loans or receivables have been provided for, the Company continues to engage in enforcement activity to attempt to recover the receivable/cancel contracts as appropriate. When recoveries are made these are recognised in profit or loss.	Asset is provided for fully		

For the year ended March 31, 2021:

(a) Expected credit loss for loans, security deposits and investments

The estimated gross carrying amount at default is Nil (March 31, 2020: Nil) for investments and loans and deposits. Consequently there are no expected credit loss recognised for these financial assets.

(b) Expected credit loss for trade receivables under simplified approach (including provision for cancellation of contracts)

A significant portion of the Company's sales of Sterling Memberships are by way of deferred payment schemes where the customer is obligated to pay the membership fee in Equated Monthly Instalments (EMIs) and the ensuing credit risk is managed by the Company in the following manner:
(a) preliminary assessment of customer credit worthiness, ensuring realisation of minimum down payment and adherence to internal KYC norms;
(b) collecting post dated instruments such as cheques, Automated Clearing House (ACH) mandates, standing credit card instructions from the customers at inception to ensure security cover.

From an accounting perspective, revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the Company. The Company also assesses lifetime expected credit loss by using appropriate models, as prescribed by Ind AS 109, using past trends of collections and historical credit loss experience. The categorisation of the receivables into its ageing buckets for the purposes of estimating the expected loss allowance has been profiled based on the payments received from the customers, for example, if a member has not paid any amount or has paid less than Rs. 5,000 in last 12 months, the entire receivable of the member is aggregated into that ageing bucket and the credit loss allowance is determined after taking into account the credits against the member under "Contract liability - Deferred income" (refer note 24 and note 27).

The allowances for credit loss and for revenue deferred at inception referred to above, carried at the end of every reporting period, are tested for adequacy and appropriately dealt with

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37 Financial risk management (contd.)

The credit loss allowance carried by the Company is as under:

	March 31, 2021	March 31, 2020
Carrying value of receivables (refer note 8)	4,152.60	11,219.26
Credit loss allowance	433.33	1,061.97
Loss allowance %	10%	9%

The Company defers revenue at inception and provides for cancellation allowance based on historical trend. The amounts so deferred and the credit loss allowance are adjusted from the carrying value of receivables (refer note 8 and 28) in the same proportion, except in cases where the allowance is directly attributable to a particular contract.

(iii) (a) Reconciliation of carrying value of receivables	Amount
Receivables as on April 1, 2019	10,836.77
Sale made during the year	11,461.99
Collections during the year	(10,035.63)
Write off on account of contracts cancelled during the year	-
Adjustment on account of provision for cancellation	(1,043.87)
Receivables as on March 31, 2020	11,219.26
Sale made during the year	4,494.47
Collections during the year	(6,062.30)
Write off on account of contracts cancelled during the year	(2,824.06)
Adjustment on account of provision for cancellation	(2,674.77)
Receivables as on March 31, 2021	4,152.60

(iii) (b) Reconciliation of loss allowance provision	Amount
Loss allowance on April 1, 2019	767.06
Allowance for credit loss recognised during the year	294.91
Amounts written off during the year	-
Loss allowance on March 31, 2020	1,061.97
Allowance for credit loss recognised during the year	418.19
Amounts written off during the year	(1,046.83)
Loss allowance on March 31, 2021	433.33

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows and also reviews timing of liquidation of marketable securities.

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2021	March 31, 2020
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	-	47.44
Marketable securities *(including investments held for sale)*	1,644.43	321.60

The marketable securities can be disposed by the Company at any point of time based on the objects and working capital requirements of the Company.
The bank overdraft facilities may be drawn at any time. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time.

(ii) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. There are no derivative financial instruments
The amounts disclosed in the table are the contractual undiscounted cash flows, including interest. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities:

March 31, 2021	Carrying amount	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Above 2 years	Total
Non-derivatives							
Borrowings	5,609.43	1,405.99	413.03	964.37	1,830.58	1,544.33	6,158.31
Trade payables	2,495.88	2,495.88	-	-	-	-	2,495.88
Other financial liabilities	478.17	469.32	-	-	8.85	-	478.17
Total non-derivative liabilities	8,583.48	4,371.19	413.03	964.37	1,839.43	1,544.33	9,132.36

March 31, 2020	Carrying amount	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Above 2 years	Total
Non-derivatives							
Borrowings	5,164.60	2,116.54	300.59	584.17	1,107.13	1,993.43	6,101.86
Trade payables	2,861.88	2,861.88	-	-	-	-	2,861.88
Other financial liabilities	482.40	463.53	-	-	18.87	-	482.40
Total non-derivative liabilities	8,508.88	5,441.95	300.59	584.17	1,126.00	1,993.43	9,446.14

C) Market risk - Interest rate risk

The Company's main interest rate risk arises from long term borrowings with variable interest rates, which exposes the Company to cash flow interest rate risk.
The Company analyses the market rates on a real time basis and pre- closes/exchanges the variable interest rate instruments for fixed interest instruments in times of high interest rates and vice-versa to mitigate the risk. The exposure of the Company's borrowings to interest rates are as below:

	March 31, 2021	March 31, 2020
Variable rate borrowings	1,000.00	2,459.36
Fixed rate borrowings	4,609.43	2,672.18
	5,609.43	5,131.54

	March 31, 2021			March 31, 2020		
	Weighted average interest rate	Balance loan amount	% of total loans	Weighted average interest rate	Balance loan amount	% of total loans
Borrowings from banks and others	9.42%	1,000.00	17.83%	10.00%	2,459.36	47.9[illegible]%

Sensitivity analysis

Profit/loss is sensitive to higher/lower interest expense from borrowings as a result of change in the interest rates. If the weighted average rate of the variable interest rate borrowings increase/decrease by 1% the interest expense will increase/decrease by Rs. 9.42 lakhs (March 31, 2020: Rs. Rs. 24.59 lakhs)

STERLING HOLIDAY RESORTS LTD. CHENNAI

(All amounts in Rs. lakhs, unless otherwise stated)

38 Capital management

Risk management

The Company's objectives when managing capital are to:

• safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

• maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:
Net debt (total borrowings net of cash and cash equivalents) divided by total 'equity' (as shown in the balance sheet)

The Company's strategy is to maintain a net debt to equity ratio within 0.5. The ratio is as follows:

	As at March 31, 2021	As at March 31, 2020
Total debt	5,601.78	5,159.53
Less: Cash and cash equivalents and other bank balances	(758.11)	(872.26)
Adjusted net debt	**4,843.67**	**4,287.27**
Total equity	35,363.31	25,262.31
Adjusted net debt to equity ratio	**0.14**	**0.17**

39 Exemption from preparing consolidated financial statements

These financial statements are the standalone financial statements of the Company. The Company has used the exemption under Paragraph 4(a) of Ind AS 110 and has elected not to prepare the consolidated financial statements. The consolidated financial statements are prepared by the holding company, Thomas Cook India Limited, Mumbai. Refer below for the details of subsidiaries/associates of the Company:

Name of the Investee	% of shares held	
	March 31, 2021	March 31, 2020
Sterling Holidays (Ooty) Limited	98%	98%
Sterling Holiday Resorts (Kodaikanal) Limited	98%	98%
Nature Trails Resorts Private Limited	100%	100%

40 Segment information

Description of segments and principal activities

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief operating decision maker.
The Chairman-Managing Director (CMD) of the Company has been identified as the chief operating decision maker of Sterling Holiday Resorts Limited who assesses the financial performance and position of the Company, and makes strategic decisions. The Company has only one reportable segment as described below:

- Sterling membership and resort operations: This segment deals with timeshare business on account of membership and the resort business.

41 During the current year, the Company had adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption (including temporary closure of its resorts). The Company had reopened resorts in a phased manner since August 2020. However, considering the significant increase in infection due to the second wave in India, certain States have adopted measures to control the spread of the pandemic. The Company has again temporarily closed many resorts in April 2021.

The Management strongly believes, the lockdown would be lifted, and operations would restart in a phased manner by June 2021. However, the impact of COVID-19 on the economy continues to be uncertain and the extent to which the ongoing COVID-19 pandemic will impact the Company's financial performance including the Company's estimates of future cash flows and impairment of assets etc., is dependent on such future developments, the severity and duration of the pandemic, which cannot be predicted with certainty. The Company has considered the context of the pandemic in determining judgements and estimates in applying the assumptions including those used to determine the future cashflows. The impact assessment of COVID-19 is a continuing process. The Company will continue to monitor any material changes to the future economic conditions. Also refer note 1.2.1.

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Sterling Holiday Resorts Limited
Notes forming part of financial statements as at and for the year ended March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

42 Related party transactions

(a) Parent entities
The Company is controlled by following entity:

Name of entity	Type	Ownership interest held by the Group March 31, 2021	March 31, 2020
Fairfax Financial Holdings Limited, Canada	Ultimate Holding Company	-	-
Thomas Cook (India) Limited	Holding Company	100%	100%

(b) Subsidiaries

Name of entity	Principal Activities	Ownership interest held by the Group March 31, 2021	March 31, 2020
Sterling Holidays (Ooty) Limited ('Ooty')	Timeshare & resorts business	98%	98%
Sterling Holiday Resorts (Kodaikanal) Limited ('Kodai')	Timeshare & resorts business	98%	98%
Nature Trails Resorts (Private) Limited ('NT')	Adventure holiday activities business	100%	100%

(c) Fellow subsidiaries with whom transactions have been entered
Travel Corporation (India) Limited (merged with Thomas Cook (India) Limited)
TC Tours Private Limited
SOTC Travel Services Private Limited (merged with TC Tours Private Limited)
Quess Corp Limited
CentreQ Business Services Ltd (merged with Quess Corp Limited)
Coachieve Solutions Pvt Ltd (merged with Quess Corp Limited)
Allsec Technologies Limited

(d) Key management personnel compensation	March 31, 2021	March 31, 2020
Mr. Ramesh Ramanathan (Chairman-Managing Director)		
Short-term employee benefits	160.02	206.61
Post-employment benefits	11.43	15.58
Total	171.45	222.19
Mr. Manish Jain (Chief Financial Officer)*		
Short-term employee benefits	-	38.84
Post-employment benefits	-	3.33
Total	-	42.17

*Mr. Manish Jain ceased to be the Chief Financial Officer with effect from October 23, 2019

Mr. Gaurav Kant (Chief Financial Officer)*		
Short-term employee benefits	10.70	-
Post-employment benefits	2.89	-
Total	13.59	-

*Mr. Gaurav Kant has been appointed as the Chief Financial Officer with effect from April 22, 2020 and ceased with effect from September 04, 2020

Mr. Krishna Kumar (Chief Financial Officer)*		
Short-term employee benefits	41.32	-
Post-employment benefits	1.31	-
Total	42.63	-

*Mr. Krishna Kumar has been appointed as the Chief Financial Officer with effect from August 03, 2020

Mr. M. Balasubramaniyan (Company Secretary)		
Short-term employee benefits	13.06	15.88

(e) Transactions with related parties
Transactions with related parties are as follows:

	March 31, 2021	March 31, 2020
Sale of services		
Thomas Cook (India) Limited	-	46.49
TC Tours Private Limited	12.21	24.06
SOTC Travel Services Private Limited	-	0.42
Total	12.21	70.97
Interest income		
Sterling Holidays (Ooty) Limited	43.33	14.82
Sterling Holiday Resorts (Kodaikanal) Limited	125.90	97.80
Nature Trails Resorts Private Limited	176.65	151.44
Total	345.88	264.06
Net recovery on account of holiday activities		
Thomas Cook (India) Limited	-	7.02
Miscellaneous income		
Sterling Holidays (Ooty) Limited	43.13	156.30
Sterling Holiday Resorts (Kodaikanal) Limited	46.57	89.12
Total	89.70	245.42
Income from use of brand		
Sterling Holidays (Ooty) Limited	14.34	51.46
Sterling Holiday Resorts (Kodaikanal) Limited	16.79	34.94
Total	31.13	86.40

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Sterling Holiday Resorts Limited
Notes forming part of financial statements as at and for the year ended March 31, 2021
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	March 31, 2021	March 31, 2020
Rent expense		
Thomas Cook (India) Limited	0.13	1.71
Rental income		
Thomas Cook (India) Limited	-	24.00
Management fees received		
Sterling Holidays (Ooty) Limited	222.22	487.79
Sterling Holiday Resorts (Kodaikanal) Limited	217.80	355.49
Total	440.02	843.28
Maintenance expenditure paid		
Sterling Holidays (Ooty) Limited	68.17	35.65
Sterling Holiday Resorts (Kodaikanal) Limited	31.91	51.91
Total	100.08	87.56
Travel booking & other support services		
Thomas Cook (India) Limited	13.03	122.33
Services availed		
Quess Corp Limited	1,235.19	569.29
Coachieve Solutions Pvt Ltd	-	26.64
Allsec Technologies Limited	22.72	11.45
Terrier Security Services (India) Pvt Ltd	47.70	1.13
Go Digit General Insurance Limited	9.78	-
Total	1,315.39	608.50
Dividend on OCCPRS		
Thomas Cook (India) Limited	2.58	2.58
Employee stock option expense (ESOP)		
Thomas Cook (India) Limited	360.83	360.06
Loans and advances granted		
Sterling Holidays (Ooty) Limited	1,216.28	2,010.36
Sterling Holiday Resorts (Kodaikanal) Limited	1,139.94	1,396.39
Nature Trails Resorts Private Limited	500.21	365.49
Total	2,856.43	3,772.25
Loans and Advances repaid		
Sterling Holidays (Ooty) Limited	852.77	2,066.93
Sterling Holiday Resorts (Kodaikanal) Limited	860.61	1,247.58
Nature Trails Resorts Private Limited	-	8.00
Total	1,713.38	3,322.52
(f) Outstanding balances as at the year end		
Trade payables		
Thomas Cook (India) Limited	160.24	165.27
Quess Corp Limited	-	0.08
Go Digit General Insurance Limited	1.91	1.70
Coachieve solutions Pvt Ltd	-	0.98
Allsec Technologies Ltd	2.93	10.48
Terrier Security Services (India) Pvt Ltd	1.36	47.57
Total	166.44	226.07
Dividend payable on OCCRPS		
Thomas Cook (India) Limited	7.65	5.07
Advances to suppliers		
Quess Corp Limited	17.67	113.95
Advances from customers		
SOTC Travel Services Private Limited	-	1.00
Trade Receivable		
Thomas Cook (India) Limited	6.65	16.70
TC Tours Private Limited	10.81	7.60
Total	17.46	24.30
(g) Loans to related parties		
Loans to subsidiaries		
Sterling Holidays (Ooty) Limited	486.14	122.63
Sterling Holiday Resorts (Kodaikanal) Limited	1,227.27	947.94
Nature Trails Resorts Private Limited	1,702.98	1,365.49
Total	3,416.39	2,436.06
Interest accrued on loans given		
Sterling Holidays (Ooty) Limited	12.38	3.32
Sterling Holiday Resorts (Kodaikanal) Limited	33.00	27.10
Nature Trails Resorts Private Limited	543.93	381.21
Total	589.31	411.63

STERLING HOLIDAY RESORTS LTD. ★ CHENNAI

(h) Terms and conditions
The loans to Ooty, Kodai are given at an interest rate of 10% p.a. and to NT at 13% p.a. and are repayable on demand. The total loans receivable from the subsidiaries (including interest receivable) aggregates to Rs. 4,005.70 lakhs (Previous year Rs. 2,847.69 lakhs). During the year, the Company has paid amounts on behalf of the subsidiaries aggregating to Rs. 5,907.91 lakhs (Previous year Rs. 3,772.25 lakhs) and have recovered amounts aggregating to Rs. 4,749.90 lakhs (Previous year Rs. 3,322.52 lakhs) The accumulated losses as at March 31, 2021 of Ooty, Kodai and NT are Rs 580.48 lakhs, Rs 1,417.70 lakhs and Rs.2,344.09 lakhs respectively (Previous year Rs. 397.18 lakhs, Rs. 1,208.95 lakhs and Rs. 704.30 lakhs respectively) The future financial projections of the subsidiary companies reflect positive cash flows from operations due to higher occupancy/tariffs from refurbished properties. Accordingly, the Management is of the view that these loans are good and recoverable.

	As at March 31, 2021	As at March 31, 2020
43 Contingent liabilities and contingent assets		
Contingent liabilities		
Claims against the Company not acknowledged as debt:		
(a) In respect of income tax matters: Advance Subscription towards Customer Facilities (ASCF)/Entitlement fee being 55%/40% of sale value is treated as deferred income and recognised as income over the period of entitlement. In respect of Assessment Years 1997-98 to 2001-02, the Income Tax Appellate Tribunal, Chennai (ITAT) has passed orders against the said accounting treatment followed by the Company and to treat them as income in the respective year of receipt. The Company has appealed against these Orders before Hon'ble High Court of Madras and the case is pending.	-	-
The ITAT, Chennai has decided in favour of Company's accounting treatment of ASCF for Assessment years 2002-03, 2006-07, 2007-08, 2008-09 and 2009-10 against which department has gone on appeal. There is no tax liability on account of such order owing to carry forward losses and unabsorbed depreciation available under Income Tax Act.. In respect of Assessment Years 2010-11 to 2013-14, ITAT, Mumbai has decided in favour of Company's accounting treatment of ASCF/Entitlement fee and in respect of Assessment Years, for which the department is likely to go on appeals. There is no tax liability on account of such orders owing to carry forward losses and unabsorbed depreciation available under Income Tax Act.	-	-
In respect of AY 1999-2000, The Assessing officer (AO) has added notional interest with the returned income of Manchanda Resorts Private Limited (Since merged with the company w.e.f., April 1, 2012). The Commissioner of Income Tax Appeals has confirmed the addition of the AO. The company has filed appeals with Income Tax Tribunal for this matter and the case is pending as of date. There is no tax liability on account of such order owing to carry forward losses and unabsorbed depreciation available under Income Tax Act.	-	-
In respect of Assessment Year 2010-11, the income tax department has re-opened the assessment and the assessing officer has disallowed the brought forward depreciation loss of the demerged entity Sterling Holiday Resorts India Limited from the AY 1996-97 to AY 2001-02. The Company has obtained the favourable orders from ITAT Mumbai. There is no tax liability on account of such order owing to carry forward losses and unabsorbed depreciation available under Income Tax Act.	-	-
In respect of Assessment Year 2015-16, the Assessing Officer (AO) had issued an order with respect to treatment of ASCF/Entitlement fee and disallowance of brought forward loss of the demerged entity Sterling Holiday Resorts India Limited and for other disallowances. The Company had filed an appeal before Commissioner of Income Tax (Appeals), Mumbai and the case is pending as of date. Since the entire brought forward loss was disallowed, this has resulted in a tax demand.	2,362.58	2,362.58
The Assessing Officer (AO) has issued an income tax demand order for the AY 2017-18. Additions of Rs. 13,805.84 lakhs have been made for the items tabulated below. Consequently, a demand of Rs. 6,451.04 lakhs was determined as payable. Based on the management's assessment and the advice of external consultant, the Company believes the demand is not tenable. The Company is in the process of filing their response for the same.	6,451.04	6,451.04
The Assessing Officer (AO) has issued an income tax demand order for the AY 2001-02 & AY 2006-07. Penalty orders has been issued by the officer for the above years. Based on the management's assessment and the advice of external consultant, the Company believes the demand is not tenable. The Company is in the process of filing their response for the same.	694.35	694.35
During the year, the Assessing officer vide this order has disallowed the usual issue of ESOP expenses and added back the Deferred income. Further he has disallowed the long term capital loss claimed by the company for Rs. 408 lakhs on sale of land at Kodai and arrived at a long term capital gain of Rs 749 lakhs. We are taking the steps to file the appeals with CIT(A) Mumbai.	201.84	-
(b) In respect of service tax matters: Demand towards service tax matters in respect of which stay order obtained (excludes show cause notices aggregating Rs. 8,642.62 lakhs which have been responded by the Company/ stay order obtained and against which no demands have been raised as of date)	557.04	557.04
(c) Others:		
Luxury tax related demands under appeal	2,319.96	1,811.46
VAT related matters	56.36	37.60
GST related matters	113.28	179.37
Customer, vendor, employee and property related disputes under appeal	960.31	2,611.16

The Company has filed an appeal against the above matters which is pending disposal. Future cash flows in respect of above, if any, is determinable only on receipt of judgement/ decision pending with relevant authorities.

(d) Supreme Court vide their judgement dated February 28, 2018 clarified that Provident fund deduction is to be made on basic salary and on other salary components which are universally made available to all employees. The Company, based on external advice, believes that there are interpretative challenges on the application of the judgement retrospectively. Pursuant to the ruling, the Company recorded a provision of Rs 45.33 lakhs in 2018-19, with respect to demands received for Manali (for the period of April 2007 to December 2015) and Munnar (for periods prior to 2013). Based on the advice and in the absence of the reliable measurement of the provision for earlier periods, the Company has not recorded a provision with respect to any period other than as mentioned above. The Company would update the provision in future based on clarification received from the relevant authorities.

STERLING HOLIDAY RESORTS CHENNAI

		As at March 31, 2021	As at March 31, 2020
44	**Commitments**		
	(a) Capital commitments		
	Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:		
	Property, plant and equipment	96.56	181.73

45 Property related matters

a During the financial year 2011-12, pursuant to One Time Settlement (OTS) scheme, the Company had fully settled the dues of a Financial Institution (FI) and also obtained a 'No Due' certificate. However, the FI has not released the title deeds of the properties given as security for the reason that a Third Party has filed a writ petition against the FI challenging the cancellation of sale of the said property to them. The Company is also a party to the said writ petition. The said writ petition was disposed off by Hon'ble High Court of Madras, against the Company. The Company has preferred Special Leave Petition (SLP) before the Hon'ble Supreme Court of India and the Court has ordered 'Status quo' in all respects concerning the said properties. The net book value of land and building as at March 31, 2021 in respect of the said property aggregates to Rs. 8,065.60 lakhs (March 31, 2020: Rs. 8,217.06 lakhs). In view of the management and based on the independent legal opinion obtained, the Company has a fair chance to succeed in the appeal pending before Hon'ble Supreme Court of India.

b The Company had in the past transferred a property at Goa and part of the sale consideration amounting to Rs. 527.10 lakhs (March 31, 2020: Rs. 527.10 lakhs) (included under "Other financial assets") was retained by the buyer pending compliance of certain conditions. The Company is confident of recovering this amount as it has taken effective steps for discharge of its obligations. The Company is also legally advised that it has the right of vendor's lien against the immovable property sold to the extent of amount due. The Company has filed a suit against the buyer for recovery of the amount. In view of the aforesaid, the above amount is considered good and recoverable by Management. Application for rejection of the plaint by the defendant has been dismissed. The Defendant filed a revision before the High Court at Goa and High Court dismissed the same. The Company expects the trial to start soon.

c The Company had in the past transferred a property of 7.3 acres out of 10.3 acres land parcel at Chail for consideration and with a condition that the buyer would construct 10 cottages in the 3 acres land retained by the Company and handover the same. However, the buyer had taken the possession of the entire parcel of land and had not fulfilled the condition. The book value of the land is Rs. 723.60 lakhs (March 31, 2020: Rs. 550.00 lakhs). The title deeds for 3 acres of land are not available with the Company. There is an arbitration award in favour of the Company which the Company is enforcing in the court of law. The Company is of the view that it has a fair chance to succeed in its plea. The High Court has ordered 'Status Quo' on the property. The Company has filed an application for appointment of the receiver.

d During July 2019, the Company terminated its lease contract for the Daman resort due to non-renewal of the statutory licenses by the owner after repeated reminders. The contract had a lock-in period of 9 years till January 2024. The resort owner issued a legal notice on November 25, 2019 demanding a sum of Rs.1,091 lakhs towards the outstanding lock-in obligation, outstanding operations and maintenance fee, GST not paid by SHRL and other costs incurred by the owner. The land lord has invoked the Arbitration clause and appointed an Arbitrator to adjudicate the dispute. The Company has submitted a reply on December 17, 2019 denying all the allegations and has nominated an Arbitrator to represent SHRL. As the Company has not received any further update from the resort owner regarding the same and the matter has not been taken up for hearing by any adjudicating authority, such amount has been removed as contingent liability for the current year.

e **Other property related matters**

Property	Net carrying amount as on March 31, 2021	Net carrying amount as on March 31, 2020	Remarks
Kodai Valley View (Revalued - Refer Note 52)	8,331.00	6,510.00	The Company has submitted the original title documents with the District Magistrate as part of the plaint filed in response to litigation for title in 1993. The trial has been stayed by the High Court. Stay has been vacated. The case will be heard before the District Court Kodaikanal.
Hubli	5.16	5.16	Sale deed was not registered in the name of the Company. The Company had paid the entire consideration and taken over possession of the property. Seller company was liquidated in the past, accordingly the Company needs to take necessary legal steps to register the title in its name. The Company has approached the official liquidators office and is yet to receive next steps from them.
Peermedu (Revalued - Refer Note 52)	1,768.10	1,483.15	The Company is in possession of a land at Peermedu which was initially under lease. Subsequently, an agreement for sale was also entered into with lessors and sale consideration was paid as one time deposit. The Company had filed a legal case against the lessors invoking specific performance of the sale agreement. The Court has pased an order in favour of the Company. The Company needs to file and E.P For execution of the Decree.

46 The Company holds 98% equity shares in Sterling Holidays (Ooty) Limited and Sterling Holiday Resorts (Kodaikanal) Limited and each subsidiary company is responsible for maintaining the property pursuant to the property timeshare agreement with the property time share members. However, certain property time share weeks of these two properties are unsold and retained by the Company. Pursuant to the necessary approvals obtained by the Company and subsidiary companies as required under the Companies Act, 2013, the subsidiary companies can rent out weeks sold to property timeshare members and unsold weeks retained by the Company which are vacant and earn revenue from it. The property time share members and the Company shall have no claim on the revenue generated from it. Further, pursuant to the exchange clause under property timeshare agreement, property time share members of the said property are also eligible to utilize facilities at Company's other resorts.

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47 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2020-21, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act

		As at March 31, 2021	As at March 31, 2020
i	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	80.80	44.04
ii	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	23.82	6.46
iii	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed date during the year	223.78	163.86
iv	Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
v	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
vi	Interest due and payable towards suppliers registered under MSMED Act, for payments already made	15.15	3.57
vii	Further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	8.10	0.72

48 The composite Scheme of Arrangement and Amalgamation ("the Scheme") between Thomas Cook Insurance Services (India) Limited (now known as Sterling Holiday Resorts Limited) ("the Company"), Thomas Cook (India) Limited ("TCIL") and erstwhile Sterling Holiday Resorts (India) Limited ("SHRIL") and their respective shareholders and creditors has been sanctioned by the High Court of Judicature at Mumbai and the High Court of Judicature at Madras on July 2, 2015 and April 13, 2015, respectively, and made effective on August 18, 2015. In terms of the said Scheme, the Timeshare and Resort business of erstwhile SHRIL ("Demerged Undertaking") has been demerged and transferred to and vested with the Company as a going concern and the residual SHRIL has been amalgamated with TCIL. The appointed date of the Scheme is April 1, 2014.

In accordance with the said Scheme:

a) the assets and liabilities of the Demerged Undertaking as on April 1, 2014 have been taken over by the Company and have been recorded at their respective book values, ignoring revaluations.

b) the Equity Shares (including equity shares acquired after appointed date) held by the Company in erstwhile SHRIL were cancelled.

c) the difference of Rs. 22,984.06 lakhs between the book values of net assets of the Demerged Undertaking recorded in the books of the Company as above and the value of investments in erstwhile SHRIL in the books of the Company, has been adjusted against Securities Premium Account.

d) an amount of Rs. 274 lakhs relating to current tax provision was reversed and an amount of Rs. 4.2 lakhs relating to deferred tax asset was reversed into retained earnings consequent to the scheme

e) in consideration for transfer of Demerged Undertaking into the Company, 116 equity shares of TCIL of Re. 1 each has been issued to the shareholders of erstwhile SHRIL for every 100 shares of Rs. 10 each held in erstwhile SHRIL.

		As at March 31, 2021	As at March 31, 2020
49	**Assets pledged as security**		
	Current		
	Receivables	51.30	16.71
	Inventories	14.26	4.68
	Non-current		
	Freehold land (Revalued - Refer Note 51)	6,594.34	5,408.00
	Buildings	5,732.88	7,554.00
	Moveable assets	2,685.53	3,273.00

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(All amounts in Rs. lakhs, unless otherwise stated)

50 Share based payments

(a) Employee option plan

The options outstanding as at March 31, 2021, represent the unvested, vested and exercisable options granted by Thomas Cook India Limited, the holding company, to the employees of the company. This disclosure is based on the information relating to the scheme shared by the holding company.

Sterling Holiday Resorts Limited Employee Stock Options Scheme 2012 - ("SHRL ESOS 2012")

As per clause 15.3.2 of the Composite Scheme of Arrangement and Amalgamation between Sterling Holiday Resorts (India) Ltd. (SHRIL) and Thomas Cook Insurance Services (India) Ltd (TCISIL), and Thomas Cook (India) Ltd. (TCIL) the SHRIL ESOS 2012 became a part of the holding company's schemes and Stock Options which had been granted but not exercised as of the Record Date, by such SHRIL employees shall lapse and in lieu of the Lapsed Options of SHRIL, TCIL shall grant 120 options for every 100 options of SHRIL. The revised Exercise Price for Grant I was INR 80.00 and for Grant II was INR 108.46. Subject to the terms of the Scheme and SEBI ESOP Guidelines, the option holder will have a period of 5 years from the date of which the Options have vested, within which the vested options can be exercise

Thomas Cook Employees Stock Scheme 2015

Under Employee Share Option Scheme 2015 (ESOP 2015) granted by Thomas Cook India Limited, the holding Company, 33%, 33% and 34% of the options granted vest in a period of 12 months, 24 months and 36 months respectively from the grant date. Once vested the options remain exercisable for a period of 10 years from the date of grant.

Thomas Cook Employees Stock Scheme 2018 - Management (ESOP 2018 – Management)

The Company has established an Employee Stock Option Scheme called -"Thomas Cook Employees Stock Scheme 2018 - Management (ESOP 2018 – Management)".
Grant date of the scheme if 01-Sep-2018 and the Exercise price of the Vested Option shall be 50% of the Market price as defined under the SEBI Regulations.
The purpose of this Scheme is to reward and retain the employees of the Subsidiary Companies of Thomas Cook under its control for high levels of individual performance and for exceptional efforts to improve the financial performance of the respective subsidiary companies, which will ultimately contribute to the success of Thomas Cook. This purpose is sought to be achieved through the grant of Options, for and on behalf of, and at the behest of the subsidiary companies to their employees.

Thomas Cook Employees Stock Scheme 2018 - Execom

The Exercise Price shall be equal to face value of shares i.e Re. 1 per option.
The objective of the ESOP 2018 - Execom is to reward the Execom Employees of the Company for their performance and to motivate them to contribute to the growth and profitability of the Company. The Company also intends to use this Scheme to retain talent in the organization. The Company views Employee Stock Options as instruments that would enable the Employees to share the value they create for the Company and align individual objectives of employees with objectives of the Company in the years to come.
The Scheme shall be applicable to the Execom and Employees of TCIL, its Subsidiary companies in India and abroad, as determined by the Committee on its own discretion from time to time.
Options granted under ESOP 2018 - Execom would Vest only at the end of 5 years from the date of grant of such options. Vesting of options would be subject to continued employment with the Company and certain performance parameters. The specific performance parameters will be decided by the Committee from time to time and will be communicated to the employees. The attainment of such performance parameters would be determined by the Committee from time to time which shall be a mandatory condition for vesting of options.

i) Summary of options granted under plan :

TCIL ESOP 2018 Execom	March 31, 2021		March 31, 2020	
	Avg exercise price per share option	Number of options	Avg exercise price per share option	Number of options
Opening balance	1.00	675,633	1.00	730,919
Granted during the year	1.00	46,196	1.00	-
Exercised during the year	-	-	-	-
Forfeited during the year	1.00	168,183	1.00	55,286
	1.00	**553,646**	**1.00**	**675,633**

TCIL ESOP 2018 Management	March 31, 2021		March 31, 2020	
	Avg exercise price per share option	Number of options	Avg exercise price per share option	Number of options
Opening balance	125.10	182,573	125.10	221,008
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	125.10	86,390	125.10	38,435
	125.10	**96,183**	**125.10**	**182,573**

ESOS 2012 (Grant II)	March 31, 2021		March 31, 2020	
	Avg exercise price per share option	Number of options	Avg exercise price per share option	Number of options
Opening balance	108.46	23,850	108.46	66,900
Granted during the year	-	-	-	-
Exercised during the year	-	-	108.46	3,300
Forfeited during the year	108.46	16,800	108.46	39,750
	108.46	**7,050**	**108.46**	**23,850**

ESOP 2015	March 31, 2021		March 31, 2020	
	Avg exercise price per share option	Number of options	Avg exercise price per share option	Number of options
Opening balance	165.92	112,541	165.92	128,978
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	13,037
Forfeited during the year	165.92	47,008	165.92	3,400
	165.92	**65,533**	**165.92**	**112,541**

50 Share based payments (contd.)

ii) Share options outstanding at the end of year have following expiry date and exercise prices

	Grant date	Expiry date	Exercise price	Share options March 31, 2021	Share options March 31, 2020
ESOP 2018 - Execom	October 5, 2018	September 29, 2043	1.00	553,646	675,633
ESOP 2018 - Management	September 1, 2018	August 29, 2031	125.10	96,183	182,573
ESOS 2012 (Grant II)	July 30, 2014	July 27, 2024	108.46	7,050	23,850
ESOP 2015	August 25, 2015	August 24, 2025	165.92	65,533	112,541

iii) Modification of share based payment:

On Implementation of Composite Scheme of arrangement and Demerger of Human Resource Business

The Holding company (TCIL) in a composite scheme of arrangement demerged its Human Resources Services Business and transferred it to Quess Corp Limited (Quess). The scheme was approved by the National Company Law Tribunal (NCLT) with the appointed date as April 1, 2019. The effective date of the scheme was November 25, 2019 when both TCIL and Quess filed the certified copies of the order with their respective jurisdictional Registrar of Companies.

As a part of the composite scheme, Group Employees whose ESOPs were outstanding on the effective date will be entitled to the additional shares of Quess on account of the demerger of Human Resource Business Instead of altering the exercise price, TCIL provided additional award in form of Quess shares.

The group employees are now entitled to shares of Quess along with those of TCIL in the same share entitlement ratio prescribed in the scheme for the other shareholders of TCIL (1889:10,000)

In case of vested ESOPs, the employees will be granted shares of TCIL and Quess only on payment of the exercise price. In case of unvested ESOPs, the employees will be granted shares of TCIL and Quess on completion of the remaining vesting period and payment of the exercise price.

The options, to the extent, which are settled by shares of Quess do not meet the definition of a share-based payment arrangement because the value of shares of Quess is not based on the price or value of TCIL's equity instruments or any of its group entity's equity instruments. The options to the extent which are settled by shares of Quess will be considered as an employee benefit within the scope of Ind AS 19. The options settled by shares of TCIL continue to be considered as share based payments and are accounted as per IND AS 102.

(b) Expense arising from share based payment transaction

Particulars	March 31, 2021	March 31, 2020
Employee option plan expenses	221.49	311.60
Employee stock expenses	139.34	48.48
Total	360.83	360.08

51 Revaluation of land

During the financial year 2018-19, the Company has changed its accounting policy with respect to measurement of freehold and leasehold land from the cost model to revaluation model with effect from April 1, 2018. Freehold and leasehold land will be recognized at fair value based on periodic valuation done by external independent valuers, less subsequent amortization of leasehold land.

A revaluation surplus will be recorded in OCI and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit and loss. A revaluation deficit is recognized in the statement of profit and loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

Fair value of the land assets was determined by an external independent valuer using the market comparable method, i.e., the valuations performed by the valuer are based on active market sale prices, adjusted for difference in the nature, location or condition of the specific property.

During the current year, the Company has recorded revaluation gain of Rs. 9,217.12 lakhs in OCI based on the fair value of freehold and leasehold land as at March 31, 2021 as determined by an external independent valuer. The carrying amounts as at March 31, 2020 and March 31, 2021 under cost and revaluation models are given below:

Block of asset	Revaluation model		Cost model	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Freehold land	57,899.52	49,324.48	3,623.04	3,623.04
Right of use asset land (Refer note 52)	3,351.09	2,742.57	1,548.50	1,566.14
Total	61,250.61	52,067.05	5,171.54	5,189.18

(All amounts in Rs. lakhs, unless otherwise stated)

52 Movement in right of use assets and lease liabilities as per Ind AS 116 Leases

As a lessee, the company leases many assets including land and building, vehicles

Right of use assets	Land	Building	Vehicles	Total
Balance at April 1, 2019	-	-	-	-
Transition adjustment on adopting IND AS 116	-	9,399.95	67.82	9,467.77
Transfer from Property Plant & Equipment	2,776.33	-	-	2,776.33
Transfer from prepaid expense	-	405.97	-	405.97
Addition to right of use assets	-	2,430.13	2.73	2,432.86
Depreciation charge for the year	(33.76)	(2,009.30)	(25.84)	(2,068.90)
Derecognition of right of uses assets	-	(686.82)	-	(686.82)
Balance at March 31, 2020	2,742.57	9,539.93	44.71	12,327.21
Addition to right of use assets	642.19	-	-	642.19
Depreciation charge for the year	(33.67)	(1,813.79)	(22.98)	(1,870.44)
Derecognition of right of uses assets	-	(957.37)	(7.62)	(964.99)
Balance at March 31, 2021	3,351.09	6,768.77	14.11	10,133.97

Lease Liabilities	Amount
Balance at April 1, 2019	-
Transition adjustment	9,467.77
Additions	2,326.51
Deletions	(698.75)
Finance cost accrued during the period	866.20
Discharge of lease liabilities	(2,353.25)
Balance at March 31, 2020	9,608.48
Additions	-
Deletions	(982.50)
Finance cost accrued during the period	763.68
Discharge of lease liabilities	(2,173.75)
Balance at March 31, 2021	7,215.91
Current	1,246.34
Non-current	5,969.57

53 Movement in deferred acquisition costs and contract liabilities as per Ind AS 115 - Revenue from contracts with customers

(a) Deferred acquisition costs	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening balance	9,339.30	7,753.36
Additions during the year	2,050.35	2,184.34
Writen off due to cancellation of contracts	(998.72)	-
Amortized during the year	(894.73)	(598.40)
Closing balance	9,496.20	9,339.30

(b) Contract liabilities	Membership fee	Annual subscription fee	Other resort revenue	Total
Opening balance as at April 1, 2020	82,042.15	662.51	875.20	83,579.86
Additions during the year (net)	3,437.35	784.98	654.58	4,876.91
Contracts cancelled during the year	(4,255.80)	-	-	(4,255.80)
Income recognized during the year	(4,291.38)	(451.61)	(846.17)	(5,589.16)
Adjustment on account of provision for cancellation	(2,674.78)	-	-	(2,674.78)
Closing balance as at March 31, 2021	74,257.54	995.88	683.61	75,937.03

Contract liabilities	Membership fee	Annual subscription fee	Other resort revenue	Total
Opening balance as at April 1, 2019	76,739.97	609.79	1,036.14	78,385.90
Additions during the year (net)	11,438.85	417.94	767.46	12,624.25
Contracts cancelled during the year	-	-	-	-
Income recognized during the year	(5,005.01)	(365.22)	(928.40)	(6,298.63)
Adjustment on account of provision for cancellation	(1,131.66)	-	-	(1,131.66)
Closing balance as at March 31, 2020	82,042.15	662.51	875.20	83,579.86

For contract liabilities pertaining to membership fee, services will be provided over the effective membership period and revenue is recognised over that period
Other contract liabilities pertain to consideration received in advance and are recognized as revenue in the respective period when the service is rendered

STERLING HOLIDAY RESORTS LTD. CHENNAI

54 Earnings per share

	March 31, 2021	March 31, 2020
Profit / (Loss) for the year attributable to the equity holders of the Company	2,427.40	(4,165.58)
Weighted average number of equity shares outstanding (in lakhs)	290.50	290.50
Basic and diluted earnings per share	8.36	(14.34)

As per our report of even date

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Satish Vaidyanathan
Partner
Membership No.: 217042

Place: Chennai
Date: May 19, 2021

For and on behalf of the Board of Directors of
Sterling Holiday Resorts Limited
(CIN: U63040TN1989PLC114064)

Ramesh Ramanathan
Managing Director
DIN No.: 00174550

R. Anand
Director
DIN No.: 00243485

Krishna Kumar L
Chief Financial Officer

M. Balasubramaniyan

M Balasubramaniyan
Company Secretary

Place: Chennai
Date: May 19, 2021

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Contents

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Corporate data

			Date appointed	Date resigned
Directors	:	Mr Ramakrishna Sithanen	16 July 2015	-
		Mr Matthew Lamport	16 July 2015	15 February 2021
		Mr Mahesh Chandran Iyer	07 December 2012	-
		Mr Shakeel Mohinder Dyall	04 September 2013	-
		Mr Debasis Nandy	20 August 2018	-
		Mr Madhavan Menon	08 March 2019	-
		Mrs Lovania Pertab	01 April 2019	-

Registered office : Anglo Mauritius House
4 Intendance Street
Port Louis
Republic of Mauritius

Secretary : Executive Services Limited
2nd Floor, Les Jamalacs Building
Vieux Conseil Street
Port Louis
Republic of Mauritius

Auditors : Grant Thornton
Ebene Tower
52 Cybercity
Ebene 72201
Republic of Mauritius

Bankers : The Mauritius Commercial Bank Ltd
SBI (Mauritius) Ltd
SBM Bank (Mauritius) Ltd
Absa Bank (Mauritius) Limited

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Annual report

The directors have pleasure in submitting their annual report together with the audited financial statements of Thomas Cook (Mauritius) Holidays Ltd, the "Company", for the year ended 31 March 2021.

Principal activity

The principal activity of the Company is that of a tour operator and travel agent.

Results and dividends

The results for the year are as shown on page 11.

The directors did not recommend any dividend during the year under review (2020: Rs Nil).

Directors

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

Directors' responsibilities in respect of the financial statements

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting 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 confirm 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. 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.

Directors' interests

The directors do not hold any interests in the ordinary shares of the Company.

Significant contracts

No contracts of significance exist between the Company and its directors.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Annual report (Contd)

Directors' remuneration

During the year ended 31 March 2021, the directors received an aggregate amount of **Rs 135,000** (2020: Rs 105,000) as directors' fees. No other remuneration was received.

Donations

The Company made no donations during the year ended 31 March 2021 (2020: Rs Nil).

Auditors

The fees charged by the auditors (exclusive of VAT), **Grant Thornton**, for audit and other services were:

	2021	**2020**
	Rs	**Rs**
Audit fees	**105,000**	105,000
Tax fees	**25,000**	25,000
	130,000	130,000

The auditors, **Grant Thornton**, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual Meeting.

Director

Director

Date: 06 AUG 2021

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Certificate from the Secretary to the member of Thomas Cook (Mauritius) Holidays 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 **Thomas Cook (Mauritius) Holidays Ltd** under the Mauritius Companies Act 2001, in terms of Section 166 (d), during the financial year ended 31 March 2021.

for **Executive Services Limited**
Secretary

EXECUTIVE SERVICES LTD

Registered address:
2nd Floor, Les Jamalacs Building
Vieux Conseil Street
Port Louis
Republic of Mauritius

Date: 06 AUG 2021

Grant Thornton

Independent auditors' report
To the member of Thomas Cook (Mauritius) Holidays Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Thomas Cook (Mauritius) Holidays Ltd**, the "Company", which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 10 to 42 give a true and fair view of the financial position of the Company as at 31 March 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, 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.

Emphasis of matter

We draw attention to Note 22 to the financial statements which describes the basis of preparation of these financial statements. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises mainly of information included under the Corporate Data and the Annual Report sections, but does not include the financial statements and our auditors' 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.

Independent auditors' report (Contd)
To the member of Thomas Cook (Mauritius) Holidays Ltd

Report on the Audit of the Financial Statements (Contd)

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information") (Contd)

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 of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001, and for such internal control as management determines is necessary to enable the preparation of the 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 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.

Independent auditors' report (Contd)
To the member of Thomas Cook (Mauritius) Holidays Ltd

Report on the Audit of the Financial Statements (Contd)

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

- 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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;

- we have obtained all the information and explanations we have required; and

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

Grant Thornton

Independent auditors' report (Contd)
To the member of Thomas Cook (Mauritius) Holidays Ltd

Other Matter

Our report is made solely to the member of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton

Grant Thornton
Chartered Accountants

Y NUBEE, FCCA
Licensed by FRC

Date: 06 AUG 2021

Ebene 72201, Republic of Mauritius

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Statement of financial position as at 31 March

	Notes	2021 Rs	2020 Rs
Assets			
Non-current			
Plant and equipment	7	**1,458,031**	3,649,124
Intangible assets	8	**203,053**	406,653
Non-current assets		**1,661,084**	4,055,777
Current			
Trade and other receivables	9	**1,862,331**	7,152,184
Cash and cash equivalents	10	**3,157,603**	3,976,489
Current assets		**5,019,934**	11,128,673
Total assets		**6,681,018**	15,184,450
Equity and liabilities			
Equity			
Stated capital	11	**18,326,000**	18,326,000
Accumulated losses		**(34,864,372)**	(27,098,227)
Gratuity benefit deficits		**(35,000)**	(5,000)
Total equity		**(16,573,372)**	(8,777,227)
Liabilities			
Non-current			
Borrowings	14	**291,293**	2,566,986
Gratuity obligations	12	**278,000**	165,000
Non-current liabilities		**569,293**	2,731,986
Current			
Trade and other payables	13	**14,814,319**	13,496,730
Borrowings	14	**7,870,778**	7,732,961
Current liabilities		**22,685,097**	21,229,691
Total liabilities		**23,254,390**	23,961,677
Total equity and liabilities		**6,681,018**	15,184,450

Approved by the Board of Directors on 06 AUG 2021 and signed on its behalf by:

Director

Director

The notes on pages 14 to 42 form an integral part of these financial statements.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Statement of comprehensive income for the year ended 31 March

	Notes	2021 Rs	2020 Rs
Net commission income	15	**(514,079)**	3,847,442
Other direct costs written off	9	**(1,062,763)**	(2,542,993)
Other income		**163,291**	34,427
Administrative expenses		**(6,216,782)**	(10,813,472)
Operating loss	17	**(7,630,333)**	(9,474,596)
Net finance (costs)/income	18	**(135,812)**	213,974
Loss before tax		**(7,766,145)**	(9,260,622)
Tax expense	16	**-**	-
Loss for the year		**(7,766,145)**	(9,260,622)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Actuarial (loss)/gain on gratuity benefit obligations	12	**(30,000)**	5,000
Items that will be reclassified subsequently to profit or loss		**-**	-
Other comprehensive income for the year, net of tax		**(30,000)**	5,000
Total comprehensive income for the year		**(7,796,145)**	(9,255,622)

The notes on pages 14 to 42 form an integral part of these financial statements.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Statement of changes in equity for the year ended 31 March

	Stated capital Rs	Accumulated losses Rs	Gratuity benefit deficits Rs	Total Rs
At 01 April 2020	**18,326,000**	**(27,098,227)**	**(5,000)**	**(8,777,227)**
Loss for the year	**-**	**(7,766,145)**	**-**	**(7,766,145)**
Other comprehensive income	**-**	**-**	**(30,000)**	**(30,000)**
Total comprehensive income for the year		**(7,766,145)**	**(30,000)**	**(7,796,145)**
At 31 March 2021	**18,326,000**	**(34,864,372)**	**(35,000)**	**(16,573,372)**
At 01 April 2019	18,326,000	(17,837,605)	(10,000)	478,395
Loss for the year	-	(9,260,622)	-	(9,260,622)
Other comprehensive income	-	-	5,000	5,000
Total comprehensive income for the year	-	(9,260,622)	5,000	(9,255,622)
At 31 March 2020	18,326,000	(27,098,227)	(5,000)	(8,777,227)

The notes on pages 14 to 42 form an integral part of these financial statements.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Statement of cash flows for the year ended 31 March

	2021 Rs	2020 Rs
Operating activities		
Loss before tax	**(7,766,145)**	(9,260,622)
Adjustments for:		
Interest income	**(22,373)**	(70,201)
Interest expense	**309,101**	250,810
Depreciation	**1,143,571**	1,279,979
Amortisation	**203,600**	203,600
Gratuity benefit obligations	**83,000**	34,000
Total adjustments	**1,716,899**	1,698,188
Net changes in working capital:		
Change in trade and other receivables	**5,289,853**	4,779,499
Change in trade and other payables	**1,317,589**	(7,789,604)
Total changes in working capital	**6,607,442**	(3,010,105)
Interest paid	**(253,064)**	(110,958)
Interest received	**22,373**	70,201
Net cash from operating activities	**327,505**	(10,613,296)
Financing activities		
Repayment of right-of-use liabilities	**(1,221,268)**	(1,166,185)
Net cash used in financing activities	**(1,221,268)**	(1,166,185)
Net change in cash and cash equivalents	**(893,763)**	(11,779,481)
Cash and cash equivalents, beginning of the year	**(2,688,072)**	9,091,409
Cash and cash equivalents, end of the year	**(3,581,835)**	(2,688,072)
Cash and cash equivalents made up of:		
Cash in hand and at bank (Note 10)	**3,157,603**	3,976,489
Bank overdraft(Note 14)	**(6,739,438)**	(6,664,561)
	(3,581,835)	(2,688,072)
Non-cash transactions		
Application of IFRS 16	**1,047,522**	4,661,719
Right-of-use liabilities recognised under IFRS 16	**1,047,522**	4,661,719

For reconciliation of liabilities arising from financing activities, refer to **Note 21**.

The notes on pages 14 to 42 form an integral part of these financial statements.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Notes to the financial statements

For the year ended 31 March 2021

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

Thomas Cook (Mauritius) Holidays Ltd, the "Company", was incorporated in the Republic of Mauritius under the Mauritius Companies Act 2001 on 14 June 2004 as a private company with liability limited by shares. The Company's registered office is Anglo Mauritius House, 4 Intendance Street, Port Louis, Republic of Mauritius.

The principal activity of the Company is that of a tour operator and travel agent.

The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

2. Application of new and revised IFRS

2.1 New and revised standards that are effective for annual periods beginning on 01 April 2020

In the current year, the following revised standards issued by IASB became mandatory for the first time for the financial year beginning on 01 April 2020:

IFRS 3	Definition of a Business (Amendments to IFRS 3)
IAS 1 and IAS 8	Definition of Material (Amendments to IAS 1 and IAS 8)
IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Management have assessed the impact of these revised standards and concluded that none of these have an impact on the disclosures of these financial statements.

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

At the date of authorisation of these financial statements, certain new standards and amendments to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements, as applicable to the Company's activity, will be adopted in the Company's accounting policies for the first year beginning after the effective date of the pronouncements. Information on new standards and amendments to existing standards is provided below:

IFRS 16	COVID-19-Related Rent Concessions (Amendment to IFRS 16)
Various	Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
IFRS 3	References to the Conceptual Framework (Amendments to IFRS 3)
IAS 16	Proceeds before Intended Use (Amendments to IAS 16)
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)

Notes to the financial statements

For the year ended 31 March 2021

2. Application of new and revised IFRS (Contd)

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

IFRS 17	Insurance Contracts
IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)
IAS 1	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

Management have yet to assess the impact of the above standards and amendments to existing standards on the Company's financial statements.

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 Foreign currency

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in "Mauritian Rupees" ("MUR" or "Rs").

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. All foreign exchange gains and losses are presented in profit or loss within 'net finance income'.

Non-monetary items are not retranslated at period-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.

3.3 Plant and equipment

Plant and equipment are stated at historical cost, less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 of the item can be measured reliably. 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.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Notes to the financial statements

For the year ended 31 March 2021

3. Summary of accounting policies (Contd)

3.3 Plant and equipment (Contd)

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Office equipment	4.75%
Computer equipment	25%
Furniture and fittings	6.33%
Motor vehicles	15%
Right-of-use	33.33%

Depreciation is provided in full in the month of addition and in respect of assets written off and disposed, up to the month of write off and disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. 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. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' in the statement of comprehensive income.

Assets of value up to Rs 10,000 are written off completely in the month of acquisition.

3.4 Intangible assets

Computer software and licences

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

Acquired computer software and licences have been assessed as having a finite useful life of 4 years.

3.5 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 any impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Notes to the financial statements

For the year ended 31 March 2021

3. Summary of accounting policies (Contd)

3.6 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 assets expire, or when the financial assets and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, 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 trade 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 cash and cash equivalents and trade and most other receivables fall into this category of financial instruments.

Notes to the financial statements

For the year ended 31 March 2021

3. Summary of accounting policies (Contd)

3.6 Financial instruments (Contd)

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'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements include mainly trade receivables.

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 trade receivables 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 assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and they have been grouped based on the days past due.

The Company writes off a financial asset when there is information indicating that the debtor is 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 includes trade and other payables and bank overdraft.

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.

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.

3.7 Trade and other receivables

Trade receivables are amounts due from customers for provision of services in the ordinary course of business and are classified as current assets if settlement is expected within one year.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using effective rate of interest less impairment. Discounting is omitted where the effect of discounting is immaterial.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the financial statements

For the year ended 31 March 2021

3. Summary of accounting policies (Contd)

3.9 Equity and reserves

Stated capital is determined using the values of the shares that have been issued.

Accumulated losses include all current and prior years' results.

Gratuity benefit deficits comprise of the actuarial losses from changes in demographic and financial assumptions and the return on plan assets.

3.10 Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers and are classified as current liabilities if payment is due within one year.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective rate of interest. Discounting is omitted where the effect of discounting is immaterial.

3.11 Income tax

Income tax expense represents the sum of the tax currently payable, deferred tax and Corporate Social Responsibility not recognised in other comprehensive income or directly in equity.

(i) Current tax

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years but it further excludes items that are neither taxable nor deductible.

The Company's liability for current tax is on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It established provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred taxation

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary differences will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full.

(iii) Government Wage Assistance Scheme (GWAS)

In March 2020, the Government of the Republic of Mauritius announced the Government Wage Assistance Scheme (GWAS) to ensure that all employees in the private sector are duly paid their salary during the lockdown period. Employers who have benefited from GWAS will be liable to a COVID-19 Levy.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Notes to the financial statements

For the year ended 31 March 2021

3. Summary of accounting policies (Contd)

3.11 Income tax (Contd)

(iii) Government Wage Assistance Scheme (GWAS) (Contd)

Employers should effect payment of the monthly salary as usual and in case their business has been adversely affected by Covid-19 and the lockdown in Mauritius, they may after payment of the salary, apply to MRA for financial support under GWAS. Under GWAS, a business entity in the private sector is entitled to receive in respect to its wage bill for the month of March 2020, and to any other month as decided by the Government, an amount equivalent to 15 days' basic wage bill for all of its employees drawing a monthly basic wage of up to Rs 50,000 subject to a cap of Rs 12,500 of assistance per employee. A company which benefited from GWAS will be liable to a COVID-19 levy (Levy). The levy payable is capped at the lower of the financial support obtained under the GWAS or 15% of the chargeable income of the company. The company will not be subject to the levy if it is not liable to tax.

(iii) Corporate Social Responsibility ("CSR")

The Company is subject to CSR and the contribution is at a rate of 2% on chargeable income of the preceding financial year.

However, effective as from 01 January 2017, further to change in the income tax legislation, the Company is required to contribute at least 50% of its CSR money to the National CSR Foundation through the Mauritius Revenue Authority. The remaining 50% of the CSR can be used by the Company in accordance with its own CSR Fund. Effective 01 January 2019, the contribution to the Mauritius Revenue Authority must be at least 75% or reduced up to 50% if prior written approval of the National CSR Foundation is obtained.

3.12 Employee benefits

Gratuity obligations

The liability recognised in the statement of financial position in respect of gratuity obligations is the present value of the gratuity obligations at the end of the reporting period. The gratuity obligations are calculated annually by independent actuaries. The present value of the gratuity obligations is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the profit or loss.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

Benefits falling due more than 12 months after the reporting period are discounted to their present value.

Termination benefits include wages, salaries, social security contributions, travelling and insurance. These costs are charged to the profit or loss when incurred.

3. Summary of accounting policies (Contd)

3.12 Employee benefits (Contd)

Employee leave entitlement

Employee entitlement to annual leave and other benefits are supposed to be recognised when they accrue to the employees. However, the Company encourages all employees to take all their annual leave and other benefits during the year and hence there is no provision required.

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 from the Company 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.

3.14 Commission receivable

3.14.1 Revenue recognition

Revenue arises mainly on commission in relation to sales of air tickets, tour packages, Euro rail tickets and travel insurance.

To determine whether to recognise revenue, the Company ensures that the following 5 conditions are satisfied:

1. Identifying the contract with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, that is when (or as) the Company satisfies performance obligations by transferring the promised services to its customers as described below.

Sale of air tickets and tour packages

Fees and commission on air tickets and travel packages sold by the Company are recognised when the service has been provided. Commissions earned as the general sales agent of airline operators are recognised on the basis of the revenue derived by the airline operator from all ticket sales made in Mauritius.

Sale of Euro rail tickets

Fees and commission on Euro rail tickets sold by the Company are recognised when the service has been provided.

"L'express" sales

Fees and commission earned on "l'express" (a daily newspaper) advertisements are recognised when the service has been provided.

Notes to the financial statements

For the year ended 31 March 2021

3. Summary of accounting policies (Contd)

3.14 Commission receivable (Contd)

3.14.1 Revenue recognition (Contd)

Sale of travel insurance

Fees and commission earned on travel insurance sold by the Company are recognised when the service has been provided.

Sale of visa services

Fees are earned on the sale of visa form-filing services.

Interest income

Interest income is recognised on an accrual basis using the effective interest rate method.

3.14.2 Direct costs

Direct costs incurred in generating income are recognised on an accrual basis.

3.15 Leased assets

The Company as a lessee

A lease is defined as 'a contract or part of a contract', that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a right-of-use liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the right-of-use liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Notes to the financial statements

For the year ended 31 March 2021

3. Summary of accounting policies (Contd)

3.15 Leased assets (Contd)

Measurement and recognition of leases as a lessee (Contd)

The Company depreciates the right-of-use assets on a straight-line basis from the lease 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 Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the right-of-use liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate. Lease payments included in the measurement of the right-of-use liability are made up of fixed payments.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the right-of-use liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and right-of-use liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in plant and equipment and right-of-use liabilities have been disclosed in borrowings.

The right-of-use assets are tested for impairment at each reporting date.

Operating leases

Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

3.16 Expense recognition

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

3.17 Related parties

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

3.18 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in the presentation in the current year.

Notes to the financial statements

For the year ended 31 March 2021

3. Summary of accounting policies (Contd)

3.19 Significant management judgements in applying accounting policies and estimation uncertainty

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.

Significant management judgement

Significant management judgement in applying the accounting policies of the Company that has the most significant effect on the financial statements is set out below.

Recognition of deferred tax assets

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

Impact of Covid-19 and going concern

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

The directors have considered the potential adverse impact of COVID-19 on the Company's activity and have exercised significant judgement in assessing that the preparation of these financial statements on a going concern basis is appropriate. In making this assessment, the directors have considered the Company's current and future performance, financial support from related parties, the global economic conditions and other risks that could affect the Company.

Detailed analysis of the impact of Covid-19 on the Company's activity is provided in Note 4.4 to these financial statements.

Estimation uncertainty

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.

Gratuity benefit obligations

The cost of gratuity benefit obligations is determined using actuarial valuations. The actuarial valuation is based on a number of critical underlying assumptions such as discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Variation in these assumptions may significantly impact the gratuity benefit obligations amount and the annual defined benefit expenses.

These assumptions were developed by an independent actuarial appraiser. The benefit obligations at the reporting date were estimated at **Rs 278,000** (2020: Rs 165,000).

Notes to the financial statements

For the year ended 31 March 2021

3. Summary of accounting policies (Contd)

3.19 Significant management judgements in applying accounting policies and estimation uncertainty (Contd)

Estimation uncertainty (Contd)

Depreciation and amortisation rates

The Company depreciates or amortises its assets over their estimated useful lives. The estimation of useful lives is based on historical performance and expectation about future use and requires significant degree of judgement. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Impairment of receivables

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

4. Financial instrument risk

Risk management objectives and policies

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 management under policies approved by the Board of Directors. The board provides guidance for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk.

The board of directors with the assistance of management has assessed the risks of Covid-19 and their potential impact on the Company based on the information available at time of assessment and the results of the assessment are provided in Note 4.4.

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

	2021 Rs	2020 Rs
Financial assets		
Current		
Trade and other receivables*	**912,483**	5,775,078
Cash and cash equivalents	**3,157,603**	3,976,489
Total financial assets	**4,070,086**	9,751,567

Notes to the financial statements

For the year ended 31 March 2021

4. Financial instrument risk

Risk management objectives and policies (Contd)

	2021 Rs	2020 Rs
Financial liabilities		
Non-current		
Right-of-use liabilities	**291,293**	2,566,986
Current		
Trade and other payables**	**14,814,319**	13,341,804
Right-of-use liabilities	**1,131,340**	1,068,400
Bank overdraft	**6,739,438**	6,664,561
Total financial liabilities	**22,976,390**	23,641,751

**Trade and other receivables considered as financial assets exclude advances, deposits, "VAT" and prepayments.*
***Trade and other payables considered as financial liabilities exclude Value Added Taxes ("VAT").*

4.1 Market risk analysis

Foreign exchange risk

The Company has financial assets and liabilities denominated in United States Dollar ("USD") and EURO. Consequently, the Company is exposed to the risk that the exchange rate of USD relative to MUR may change in a manner which has a material effect on the reported values of the Company's assets and liabilities which are denominated in USD. The effect of any change in the exchange rate of EURO relative to MUR will not have any material impact on the operating cash flows.

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

	Financial assets		Financial liabilities	
	2021 Rs	2020 Rs	2021 Rs	2020 Rs
Mauritius rupee	**4,064,206**	5,612,779	**19,828,880**	20,914,395
United States Dollar	**5,880**	4,074,318	**3,147,510**	2,622,458
Euro	**-**	64,470	**-**	-
INR	**-**	-	**-**	104,898
	4,070,086	9,751,567	**22,976,390**	23,641,751

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Notes to the financial statements

For the year ended 31 March 2021

4. Financial instrument risk (Contd)

4.1 Market risk analysis (Contd)

Foreign currency sensitivity

The Company is mainly exposed to fluctuations in the United States Dollar.

The information below illustrates the sensitivity of loss and equity in regards to the Company's financial instruments and the USD/MUR exchange rate, "all other things being equal".

It assumes a 10% change in the USD/MUR exchange rate for the year ended 31 March 2021 (2020: 10%). The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the MUR had strengthened against the USD by 10%, loss would have increased by Rs 314,163 at 31 March 2021 (2020: Rs 145,186). If the MUR had weakened by the same percentage against the USD, loss would have decreased by Rs 314,163 (2020: Rs 145,186).

Interest rate risk

The Company has interest bearing financial assets and financial liabilities in the form of bank balances, bank overdraft and finance lease respectively. The interest thereon is based on market rates.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date.

If interest rate on the financial instruments had been 25 basis points higher/lower, the net effect would be marginal on the operating cash flows and equity.

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 has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults.

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

	2021 Rs	2020 Rs
Financial assets		
Current		
Trade and other receivables	**912,483**	5,775,078
Cash and cash equivalents	**3,157,603**	3,976,489
	4,070,086	9,751,567

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.2 Credit risk analysis (Contd)

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. The analysis of the expected credit losses is provided in Note 9 to these financial statements.

The directors consider that no credit risk is associated with the amounts due from the related parties as all the related parties form part of the same group of companies and the ultimate holding company has undertaken to make good any loss suffered by the Company in the event of any default arising out from these amounts due.

The credit risk for the bank balances is considered negligible since the Company transacts with reputable banks.

None of the above financial assets are secured by collaterals or other credit enhancements.

4.3 Liquidity risk analysis

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when 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.

Ultimate responsibility for liquidity risk management rests with the Board of Directors who also monitors the Company's short, medium and long-term funding and liquidity management requirements.

The maturity profile of the financial instruments is summarised as follows:

	Carrying amount Rs	Contractual cash flows Rs	Less than one year Rs	More than one year Rs
31 March 2021				
Trade and other payables	14,814,319	14,814,319	14,814,319	-
Right-of-use liabilities	1,422,633	1,456,755	1,164,633	292,122
Bank overdraft	6,739,438	6,739,438	6,739,438	-
	22,976,390	23,010,512	22,718,390	292,122

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Notes to the financial statements

For the year ended 31 March 2021

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.3 Liquidity risk analysis (Contd)

	Carrying amount Rs	Contractual cash flows Rs	Less than one year Rs	More than one year Rs
31 March 2020				
Trade and other payables	13,341,804	13,341,804	13,341,804	-
Right-of-use liabilities	3,635,386	3,868,890	1,177,473	2,691,417
Bank overdraft	6,664,561	6,664,561	6,664,561	-
	23,641,751	23,875,255	21,183,838	2,691,417

4.4 Risks related to the Covid-19 pandemic

On 11 March 2020, the World Health Organisation categorised Covid-19 as a pandemic and on 19 March 2020, the Government of Mauritius announced a lockdown for two weeks which was further extended up to 01 June 2020.

Management has made a preliminary assessment of Covid-19 impact on the Company's current and future performance and the results of this assessment are provided below.

a) The Company is currently operating using bank overdraft facilities and the financial support from its related parties. However, the cashflow may collapse due to lack of business activities and lower business revenues. These in turn may cause distress for the Company to meet its obligations. The directors believe that the prevailing situation will have an impact and a close monitoring of the evolution is warranted to assist management in its decision-making process.

b) Since the borders of many countries are still closed and people may not be willing to travel due to the risk of getting infected, the income of the Company is expected to experience a major hit. The directors are closely monitoring the situation and working on several measures to alleviate the impact and stimulate the Company's performance.

c) The decrease in revenue will surely lead to a mismatch on the Company's revenue and expenses and there will be a direct impact on the business activity where a number of adjustments need to be considered and implemented. Several cost trimming strategies, such as no sales incentive pay out and encouraging staff to work from home to reduce transport and other related operational costs, have already been adopted by the Company.

d) Although no specific situation has been identified at present, it is possible that in the future the Company may breach covenants on banking facilities due to difficulties triggered by the Covid-19 crisis.

e) It is possible that post-crisis, new legislations and regulations may be enacted in other countries that would adversely impact the Company's ability to access their traditional markets for their services.

The above assessment is based on the information currently available about the spread of the Covid-19 disease in Mauritius and it is possible that the actual impact of Covid-19 on the Company will differ from what has been predicted above.

Notes to the financial statements

For the year ended 31 March 2021

5. Capital management policies and procedures

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from prior year.

The capital structure of the Company consists of debt, which includes borrowings, offset by cash and cash equivalents and equity comprising issued capital, and accumulated losses.

The Company monitors capital on the basis of the gearing ratio. This ratio is determined as the proportion of net debt to total capital.

	2021	2020
	Rs	Rs
Total borrowings	**8,162,071**	10,299,947
Less: cash and cash equivalents	**(3,157,603)**	(3,976,489)
Net debt	**5,004,468**	6,323,458
Total equity	**(16,573,372)**	(8,777,227)
Gearing ratio	**100%**	100%

(i) Borrowings comprise of bank overdraft and right-of-use liabilities as detailed in Note 14.

(ii) Equity includes both capital and reserves.

(iii) In virtue of the IATA (International Air Transport Association) conditions, the Company is required, amongst others, to maintain a total equity of not lower than USD 10,000 (equivalent to Rs 414,422 as at 31 March 2021). As at 31 March 2021, the Company had a negative equity of **Rs 16,573,372** and hence it did not meet the above condition.

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.

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

The Company's non-financial assets consist of plant and equipment, intangible assets, deposits, prepayments and advances to suppliers. Its non-financial liabilities consist of VAT and gratuity obligations.

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

Notes to the financial statements

For the year ended 31 March 2021

7. Plant and equipment

	Office equipment Rs	Computer equipment Rs	Furniture and fittings Rs	Motor vehicles Rs	Right-of-use assets Rs	Total Rs
Cost						
At 01 April 2020	57,990	474,357	252,350	977,604	4,661,719	6,424,020
Application of IFRS 16	-	-	-	-	(2,425,865)	(2,425,865)
At 31 March 2021	**57,990**	**474,537**	**252,350**	**977,604**	**2,235,854**	**3,998,155**
Depreciation						
At 01 April 2020	43,584	461,170	195,663	977,604	1,096,875	2,774,896
Remeasurement adjustment	-	-	-	-	(1,378,343)	(1,378,343)
Charge for the year	2,636	13,187	7,832	-	1,119,916	1,143,571
At 31 March 2021	**46,220**	**474,357**	**203,495**	**977,604**	**838,448**	**2,540,124**
Net book values						
At 31 March 2021	**11,770**	**-**	**48,855**	**-**	**1,397,406**	**1,458,031**

Notes to the financial statements

For the year ended 31 March 2021

7. Plant and equipment (Contd)

	Office equipment Rs	Computer equipment Rs	Furniture and fittings Rs	Motor vehicles Rs	Right-of-use assets Rs	Total Rs
Cost						
At 01 April 2019	57,990	474,357	252,350	977,604	-	1,762,301
Application of IFRS 16	-	-	-	-	4,661,719	4,661,719
At 31 March 2020	57,990	474,357	252,350	977,604	4,661,719	6,424,020
Depreciation						
At 01 April 2019	40,945	431,099	179,692	843,181	-	1,494,917
Charge for the year	2,639	30,071	15,971	134,423	1,096,875	1,279,979
At 31 March 2020	43,584	461,170	195,663	977,604	1,096,875	2,774,896
Net book values						
At 31 March 2020	14,406	13,187	56,687	-	3,564,844	3,649,124

Notes to the financial statements

For the year ended 31 March 2021

8. Intangible assets

	Software
Cost	**Rs**
At 01 April 2020 and 31 March 2021	**946,240**
Amortisation	
At 01 April 2020	539,587
Charge for the year	203,600
At 31 March 2021	**743,187**
Net book values	
At 31 March 2021	**203,053**

Cost	**Rs**
At 01 April 2019 and 31 March 2020	946,240
Amortisation	
At 01 April 2019	335,987
Charge for the year	203,600
At 31 March 2020	539,587
Net book values	
At 31 March 2020	406,653

9. Trade and other receivables

	2021	2020
	Rs	**Rs**
Trade receivables, gross	**2,236,050**	5,117,900
Allowance for credit losses	**(1,344,517)**	(1,344,517)
Net trade receivables (Note (i))	**891,533**	3,773,383
Due from related parties (Note (vi))	**-**	1,849,354
Other receivables and prepayments (Note (vii))	**970,798**	1,529,447
	1,862,331	7,152,184

(i) Total trade receivables (net of allowances) held by the Company at 31 March 2021 amounted to **Rs 891,533** (2020: Rs 3,773,383).

(ii) The average credit period provided to customers is generally within one month. No interest is charged on overdue balances.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Notes to the financial statements

For the year ended 31 March 2021

9. Trade and other receivables (Contd)

(iii) Expected credit losses

The Company applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

The expected loss rates are based on the payment pattern from customers and the corresponding historical credit losses during the prior year. Based on past experience and current payment trends, the directors have estimated the allowance for credit losses to be maintained at **Rs 1,344,517**.

Trade receivables are written off when there is no reasonable expectation of recovery.

(iv) Movement in allowance for credit losses was as follows:

	2021	**2020**
	Rs	**Rs**
At 01 April	**1,344,517**	1,344,517
Reversal of allowance for credit losses	**(1,344,517)**	-
Allowance for credit losses	**1,344,517**	-
At 31 March	**1,344,517**	1,344,517

Included in the Company's trade receivables balance are debtors with a carrying amount of Rs **2,236,050** (2020: Rs 2,509,393) which are past due at year end and for which the directors believe that adequate provision has been made.

Ageing of past debtors

	2021	**2020**
	Rs	**Rs**
0 - 30 days	**35,141**	455,324
31 - 60 days	**241,814**	455,324
61 - 90 days	**6,451**	176,526
Over 90 days	**1,952,644**	1,877,543
Total	**2,236,050**	2,509,393

(v) Provision matrix

The Company uses its historical experience, external indicators and forward–looking information to calculate expected credit losses using a provision matrix which is as below:

2021		Trade receivables days past due				
		0-30 days	**31-60 days**	**61-90 days**	**Over 90 days**	**Total**
		Rs	**Rs**	**Rs**	**Rs**	**Rs**
Expected credit losses	-	-	-	-	-	-
Gross carrying amount		**35,141**	**241,814**	**6,451**	**1,952,644**	**2,236,050**
Expected credit losses		-	-	-	**(1,344,517)**	**(1,344,517)**
Total		**35,141**	**241,814**	**6,451**	**608,127**	**891,533**

Notes to the financial statements

For the year ended 31 March 2021

9. Trade and other receivables (Contd)

(v) Provision matrix (Contd)

2020	Trade receivables days past due			
	31-60 days	61-90 days	Over 90 days	Total
	Rs	Rs	Rs	Rs
Expected credit losses	-	-	1,344,517	1,344,517
Gross carrying amount	455,324	176,526	1,877,543	2,509,393
Expected credit losses	-	-	(1,344,517)	(1,344,517)
Total	**455,324**	**176,526**	**533,026**	**1,164,876**

(vi) The amounts due from the related companies are interest free, unsecured and receivable on demand.

(vii) Based on the impairment assessment done on the other receivables balance at the reporting date, an amount of Rs 1,062,763 (2020: Rs 2,542,993) has been written off due to impairment.

10. Cash and cash equivalents

	2021	2020
	Rs	Rs
Cash at bank (MUR)	**3,157,603**	3,976,489
Bank overdraft (Note 14)	**(6,739,438)**	(6,664,561)
	(3,581,835)	(2,688,072)
Cash at bank:		
- MUR	**3,151,723**	3,962,125
- USD	**5,880**	14,364
	3,157,603	3,976,489

11. Stated capital

	2021	2020
	Rs	Rs
183,260 ordinary shares of Rs 100 each	**18,326,000**	18,326,000

12. Gratuity obligations

The Company has recognised a gratuity obligation of **Rs 278,000** (2020: Rs 165,000) in the statement of financial position in respect of any retirement gratuities that are expected to be paid out of the Company's cash flows to its employees as determined by the Company's actuary.

Notes to the financial statements

For the year ended 31 March 2021

12. Gratuity obligations (Contd)

	2021	2020
	Rs	Rs
Reconciliation of gratuity obligations		
At 01 April	**165,000**	136,000
Amount recognised in profit or loss	**83,000**	34,000
Amount recognised in other comprehensive income	**30,000**	(5,000)
At 31 March	**278,000**	165,000

	2021	2020
	Rs	Rs
Reconciliation of present value of gratuity obligations		
At 01 April	**165,000**	136,000
Current service cost	**76,000**	26,000
Interest expense	**7,000**	8,000
Past service cost	**-**	-
Liability experience gain	**(23,000)**	(30,000)
Liability loss/(gain) due to change in financial assumptions	**7,000**	25,000
At 31 March	**278,000**	165,000

	2021	2020
	Rs	Rs
Components of amount recognised in profit or loss		
Current service cost	**76,000**	26,000
Net interest on net defined benefit liability	**7,000**	8,000
Past service cost	**-**	-
	83,000	34,000
Components of amount recognised in other comprehensive income		
Liability experience gain	**30,000**	(5,000)
Principal assumptions used at end of year:		
Discount rate	2.7%	4.1%
Rate of salary increases	2.8%	4.4%
Average retirement age	60	60
Sensitivity analysis on gratuity obligations at end of year:		
Increase due to 1% decrease in discount rate	**35,000**	17,000
Decrease due to 1% increase in discount rate	**29,000**	14,000

Notes to the financial statements

For the year ended 31 March 2021

12. Gratuity obligations (Contd)

Future cash flows

(a) The funding policy is to pay benefits out of the Company's cash flows as and when due.
(b) Expected employer contribution for the next year is Rs Nil.
(c) Weighted average duration of the gratuity obligations established at 10 years.

The Company is subject to an unfunded defined benefit plan for the employees. The plan exposes the Company to normal risks described below:

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by a decrease in inflationary pressures on salary increases.

Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

There has been no plan amendment, curtailment or settlement during the year, except for data adjustments.

13. Trade and other payables

	2021	2020
	Rs	**Rs**
Trade payables (Note (i))	**3,352,913**	3,709,232
Due to related parties (Note (ii))	**10,939,341**	6,614,885
Other payables	**522,065**	3,172,613
	14,814,319	13,496,730

(i) The average credit period on purchase of air ticket is generally within one month. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

(ii) The amounts due to the related parties are unsecured, interest free and payable on demand.

14. Borrowings

	2021	2020
	Rs	**Rs**
Non-current		
Right-of-use liabilities (Note 14.1)	**291,293**	2,566,986
Current		
Bank overdraft (Note 10)	**6,739,438**	6,664,561
Right-of-use liabilities (Note 14.1)	**1,131,340**	1,068,400
	7,870,778	7,732,961
Total borrowings	**8,162,071**	10,299,947

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Notes to the financial statements

For the year ended 31 March 2021

14. Borrowings (Contd)

	2021	2020
	Rs	Rs
Non-current		
Right-of-use liabilities (Note 14.1)	**291,293**	2,566,986
Current		
Bank overdraft (Note 10)	**6,739,438**	6,664,561
Right-of-use liabilities (Note 14.1)	**1,131,340**	1,068,400
	7,870,778	7,732,961
Total borrowings	**8,162,071**	10,299,947

14.1. Right-of-use liabilities

The Company's right-of-use liabilities concern rental of building. The Company classifies its right-of-use assets in a consistent manner to its plant and equipment (Note 7).

During the year ended 31 March 2020, the Company has recognised one lease (office building) as finance lease as the contractual terms of this lease meet the definition of finance lease under IFRS 16 "Leases".

Future minimum lease payments at 31 March 2021 were as follows:

	Within 1 year	1 – 2 years	Total
	Rs	Rs	Rs
31 March 2021			
Lease payments	**1,164,633**	**292,122**	**1,456,755**
Finance charges	**(33,293)**	**(829)**	**(34,122)**
Net present values	**1,131,340**	**291,293**	**1,422,633**

	Within 1 year	1 – 2 years	Total
	Rs	Rs	Rs
31 March 2020			
Lease payments	1,177,473	2,691,417	3,868,890
Finance charges	(109,073)	(124,431)	(233,504)
Net present values	1,068,400	2,566,986	3,635,386

14.1. Right-of-use liabilities

Additional information on the right-of-use assets by class of assets is as follows:

	Carrying amount as at 31 March 2021	Depreciation expense for the year	Impairment
	Rs	Rs	Rs
Office building	**1,397,406**	**838,448**	**-**

Notes to the financial statements

For the year ended 31 March 2021

14. Borrowings (Contd)

14.1. Right-of-use liabilities (Contd)

	Carrying amount as at 31 March 2020	Depreciation expense for the year	Impairment
	Rs	Rs	Rs
Office building	3,564,844	1,096,875	-

15. Net commission income

	2021	2020
	Rs	Rs
Gross billings	**19,339,981**	79,761,443
Direct costs	**(19,854,060)**	(75,914,001)
Net	**(514,079)**	3,847,442

16. Taxation

(i) Income tax

The Company is liable to income tax at the rate of 15% and at 31 March 2021 it had no income tax liability due to accumulated tax losses of **Rs 12,418,258** (2020: Rs 12,704,306) carried forward.

(ii) Income tax reconciliation

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

	2021	2020
	Rs	Rs
Loss before tax	**(7,766,145)**	(9,260,622)
Tax at effective rate of 15%	**(1,164,922)**	(1,389,093)
Exempt income	**(104,251)**	(247,395)
Non-allowable expenses	**242,659**	309,483
Annual allowances	**(26,280)**	(43,088)
Deferred tax asset not recognised	**1,052,794**	1,370,093
Tax expense	-	-

(iii) Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method at the rate of 15%. No provision for deferred tax asset has been made as no taxable income is probable in the foreseeable future.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Notes to the financial statements

For the year ended 31 March 2021

17. Operating loss

	2021	2020
	Rs	Rs
Operating loss is arrived at after charging:		
Depreciation	**1,143,571**	1,279,979
Amortisation	**203,600**	203,600
Marketing expenses	**900**	172,487
Staff costs:		
Salaries and allowances	**1,943,441**	5,630,422
Social security costs	**146,990**	202,435

18. Net finance (costs)/income

	2021	2020
	Rs	Rs
Finance income		
Exchange gains	**150,916**	394,583
Interest income	**22,373**	70,201
	173,289	464,784
Finance costs		
Interest on finance leases	**(309,101)**	(250,810)
Net finance (costs)/income	**(135,812)**	213,974

19. Related party transactions

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related only if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Nature of relationship	Nature of transactions	Volume of transactions	Debit/(credit) balances at 31 March 2021	Debit/(credit) balances at 31 March 2020
		Rs	Rs	Rs
Intermediate holding company	Amount receivable/ payable	**1,298,156**	**(3,147,510)**	1,849,354
Fellow subsidiary	Amount payable	**762,846**	**(7,377,731)**	(6,614,885)
Holding Company	Amount payable	**414,100**	**(414,100)**	-

The terms and conditions are described in Notes 9 and 13 to the financial statements.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Notes to the financial statements

For the year ended 31 March 2021

20. Contingent liabilities

At 31 March 2021, there were contingent liabilities in respect of bank guarantees of **Rs 3,130,000**(2020: Rs 3,130,000) in the ordinary course of business for which it is anticipated that no material liabilities will arise.

21. Reconciliation of liabilities arising from financing activities

31 March 2021	Opening balance Rs	Adoption of IFRS 16	Cash flows Rs	Non-cash changes Rs	Closing balance Rs
Right-of-use lease liabilities	**3,635,386**	**-**	**(1,221,268)**	**(991,485)**	**1,422,633**
Bank overdrafts	**6,664,561**	**-**	**74,877**	**-**	**6,739,438**
	10,299,947	**-**	**(1,146,391)**	**(991,485)**	**8,162,071**

31 March 2020	Opening balance Rs	Adoption of IFRS 16	Cash flows Rs	Non-cash changes Rs	Closing balance Rs
Right-of-use lease liabilities	-	4,661,719	(1,166,185)	139,852	3,635,386
Bank overdrafts	-	-	6,664,561	-	6,664,561
	-	4,661,719	5,498,376	139,852	10,299,947

22. Going concern

The Company incurred a loss of **Rs 7,766,145** (2020: Rs 9,260,622) during the year ended 31 March 2021 and, as of that date, the net liability stood at **Rs 16,573,372** (2020: Rs 8,777,227). These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The directors have exercised significant judgement in assessing that the preparation of these financial statements on a going concern basis is appropriate. In making this assessment, the directors have considered the Company's future business prospects, financial support from related parties and other restructuring opinions.

In addition to the above, the Company failed to meet its IATA condition in respect of the minimum equity of USD 10,000 (Note 5). The directors are taking appropriate measures to address this issue in consultation with IATA.

23. Holding and ultimate parent company

The directors consider Thomas Cook (Mauritius) Holding Company Limited, a company incorporated in the Republic of Mauritius, as the Company's immediate holding company. Thomas Cook (Mauritius) Holding Company Limited holds 100 % of the shares of the Company.

Notes to the financial statements

For the year ended 31 March 2021

23. Holding and ultimate parent company (Contd)

Thomas Cook (India) Limited, a company incorporated in India, holds 100% of the shares of Thomas Cook (Mauritius) Holding Company Limited.

Fairbridge Capital (Mauritius) Limited, a subsidiary of Fairfax Financial Holdings Limited (the 'ultimate parent'), Canada and its affiliates, held 248,153,725 equity shares of INR 1 each representing to 66.94% stake in Thomas Cook (India) Limited as on 31 March 2021.

24. Events after the reporting date

The Covid-19 effects constitute a major event post 31 March 2021. However, no adjusting event has been identified as at date of this report.

The directors consider that the restrictions imposed by the Government are likely to reduce the activity of the Company. The directors are closely monitoring the evolution and appropriate measures will be taken to address any adverse effects on the Company's activity.

Thomas Cook (Mauritius) Operations Company Limited

Contents

Thomas Cook (Mauritius) Operations Company Limited

Corporate data

Directors

	Date appointed	Date resigned
Mr Mohinder Shakeel Dyall	04 September 2013	-
Mr Matthew John Lamport	21 January 2014	15 February 2021
Mr Ramakrishna Sithanen	07 May 2015	-
Mr Debasis Nandy	17 December 2018	-
Mr Madhavan Menon	08 March 2019	-
Mrs Lovania Devina Ouma Pertab	01 April 2019	-
Mrs Vidisha Ramlugun	12 April 2021	-

Registered office : Anglo-Mauritius House
4 Intendance Street
Port Louis
Republic of Mauritius

Secretary : Executive Services Limited
2nd Floor, Les Jamalacs Building
Vieux Conseil Street
Port Louis
Republic of Mauritius

Auditors : Grant Thornton
Ebene Tower
52 Cybercity
Ebene 72201
Republic of Mauritius

Bankers : AfrAsia Bank Limited
Bank One Limited
BCP Bank (Mauritius) Limited
ABSA Bank (Mauritius) Limited
MauBank Ltd
SBM Bank (Mauritius) Ltd
SBI (Mauritius) Ltd
The Mauritius Commercial Bank Ltd

Thomas Cook (Mauritius) Operations Company Limited

Annual report

The Directors have the pleasure in submitting their annual report together with the audited financial statements of Thomas Cook (Mauritius) Operations Company Limited, the "Company", for the year ended 31 March 2021.

Principal activity

The principal activity of the Company is to deal in foreign exchange under a foreign exchange dealer licence issued by the Bank of Mauritius.

Results and dividends

The results for the year are as shown on page 25.

The Directors did not recommend any dividend during the year under review (2020: Rs Nil).

Directors

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

Statement of directors' responsibilities in respect of the financial statements

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with International Financial Reporting Standards and comply with the Mauritius Companies Act 2001, the Banking Act 2004 and guidelines issued by the Bank of Mauritius;
- state whether the Guideline on Corporate Governance has been adhered to; 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 confirm 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 Banking Act 2004. 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.

The Directors confirm that adequate accounting records have been maintained and effective systems of internal control and risk management were in place.

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance

CORPORATE GOVERNANCE STATEMENT

Thomas Cook (Mauritius) Operations Company Limited, the "Company" is a subsidiary of Thomas Cook (Mauritius) Holding Company Limited, a company incorporated in the Republic of Mauritius and a step-down subsidiary of Thomas Cook (India) Limited, a company incorporated in the Republic of India. The ultimate parent is Fairfax Financial Holdings Limited, Canada.

The Bank of Mauritius has issued Guidelines on Corporate Governance for financial institutions governed under the Banking Act 2004 and the present Corporate Governance Report 2020 has been prepared having regard to the requirements prescribed in the Guideline on Corporate Governance by the Bank of Mauritius.

The Company is committed to the highest standard of business integrity; transparency and professionalism in all its activities within the Company are managed ethically and responsibly to enhance business value for all stakeholders.

Although the Company is not qualified as a Public Interest Entity (PIE) under The Financial Reporting Act 2004 and the Financial Reporting (amendment of schedule regulation 2016), the Board has considered and applied principles of the code which is likely to work in the particular context of the Company and culture and which promotes the following:

- Effective decision-making, risk management and control;
- Keeping the interests of the owners of the business aligned with, and at the front of the mind of, the people charged with managing the business; and
- The ability of the Company to hear the voice of all stakeholders, principally regulatory and standard bodies, employees, customers, suppliers and the environment in which the Company operates.

SHAREHOLDING STRUCTURE

The shareholding of the Company is as follows:

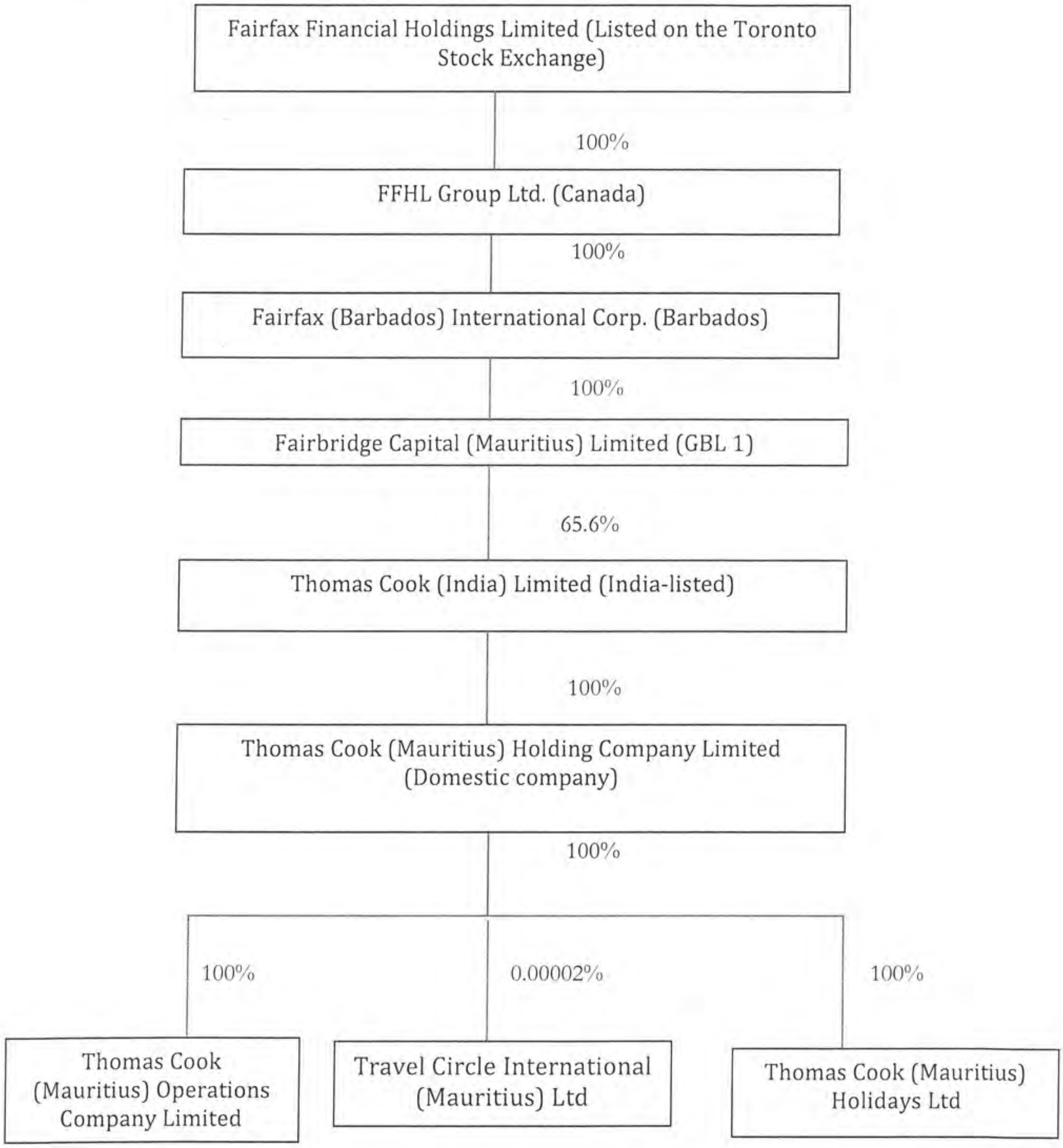
Shareholder	No of shares
Thomas Cook (Mauritius) Holding Company Limited	648,149
Total Number of Shares	**648,149**

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

SHAREHOLDING STRUCTURE (CONTD)



Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

BOARD AND DIRECTORS

Structure of the Board

The board's structure of the Company is a unitary Board which is collectively accountable and responsible for the long-term success of the Company. The Board provides effective leadership and strategic guidance towards the achievement of the Company's strategy within a framework of effective controls and risk management, alongside ensuring adherence of the Company to relevant legislations. The Directors of the Company share responsibility for directing and promoting its affairs collectively when acting on behalf of the Company.

Composition of the Board

The Board currently comprises of one (1) Executive Director, two (2) Non-Executive Directors and three (3) Independent Directors.

Attendance at Board Meetings:

	20/08/2020	23/11/2020	15/02/2021
Chairman			
Ramakrishna SITHANEN (Independent Director)	✓	✓	✓
Chief Operating Officer/Executive Director			
Mohinder Shakeel DYALL	✓	✓	✓
Independent Director			
Matthew John LAMPORT	✓	✓	✓
Lovania PERTAB	✓	✓	✓
Non-Executive Directors			
Madhavan MENON	✓	✓	×
Debasis NANDY	✓	✓	✓

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

BOARD AND DIRECTORS (CONTD)

Directors' profile

Dr Ramakrishna SITHANEN – Independent Director *(Chairman of the Board of Directors)*

He holds a BSc Economics (with First Class Honours) and an M.Sc Economics (with a Mark of Distinction) from the London School Economics and Political Science (LSE) UK. He holds a PhD in Political Science from Brunel University. He has been bestowed with the highest mark of distinction of the Republic of Mauritius with the Grand Commander of the Star and Key in 2009.

He has strong leadership skills and a broad experience in political, managerial, technical, financial and administrative experience as Deputy Prime Minister and Minister of Finance and Economic Development of the Republic of Mauritius, Director at Air Mauritius, General Manager, Strategy and Development of Rogers and Co, Partner in major accounting and consulting firm, economist and consultant/adviser on economic issues, airline restructuring and policy matters.

He chairs the meetings of the Board of Thomas Cook (Mauritius) Operations Company Limited and he is also a member of the Audit and Risk Management Committee.

He was appointed director of Thomas Cook (Mauritius) Operations Company Limited on 07 May 2015.

Mr Mohinder Shakeel DYALL – Executive Director *(Chief Operating Officer)*

He joined the Company in September 2013 as the Chief Operating Officer. He holds a Post Graduate Diploma in marketing from the Chartered Institute of Marketing and an MSc E-Business from the University of Mauritius. He is both a member of the Chartered Institute of Marketing (CIM) and a Chartered Marketer from the same Institute. He is the former Chief Operations Officer at Flemingo Duty Free Mauritius Ltd and Chief Executive Officer at Mauritius Duty Free Paradise Ltd.

He was appointed director of Thomas Cook (Mauritius) Operations Company Limited on 04 September 2013.

Mr Matthew John LAMPORT – Independent Director *(Chairman of the Audit and Risk Management Committee)*

He holds MSc Finance and a BSc Management Studies from the University of Mauritius. He is also a member of the Association of Chartered and Certified Accountants (ACCA). He has over fifteen years of experience as a Senior Lecturer in Accounting and Finance at the University of Mauritius. He is also an academic member representing the University of Mauritius on the Financial Reporting Council.

He chairs the meetings of the Audit and Risk Management Committee.

He was appointed director of Thomas Cook (Mauritius) Operations Company Limited on 21 January 2014 and submitted his resignation to the Board on 15 February 2021.

After the year end, the sole shareholder of the Company has by way of a written resolution appointed Mrs Vidisha Ramlugun in replacement of Mr Matthew Lamport.

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

BOARD AND DIRECTORS (CONTD)

Directors' profile (Contd)

Mr Debasis NANDY – Non-Executive Director

He is a Chartered Accountant and a Finance Professional. He is also an associate member of the Institute of Chartered Accountants of India. Mr Debasis has been part of the Executive Development Programme at Wharton and London Business School.

He has been with Thomas Cook India since 2008 and is presently the President & Group Chief Financial Officer. Moreover, he has over 30 years of diverse experience in the field of Finance & Accounts, with stints at Piramal Healthcare, Aviva, ICI and Indian Aluminium.

He is responsible for and oversees the Finance and Accounts function of Thomas Cook India Group companies, which span across four continents and twenty-four countries.

With his expertise and diverse experience, Mr Debasis plays a significant role in the performance of the Company and is a key member of the Group Management Committee.

He was appointed director of Thomas Cook (Mauritius) Operations Limited on 17 December 2018.

Mr Madhavan Menon – Non-Executive Director

Mr Madhavan Menon joined Thomas Cook India in 2000 as the Executive Director responsible for the Foreign Exchange business and stepped up to the position of Managing Director in January 2006; Chairman and Managing Director in January 2016.

He completed his MBA from George Washington University and undergraduate degree from American University of Beirut.

Mr Madhavan has a varied background, having commenced his career in Banking at Grindlays Bank, Citibank and Emirates Bank and in Birla Sun Life Asset Management Company.

Mr Madhavan is a member of the board of Thomas Cook (India) Ltd and holds directorships in various subsidiaries of the Company. He is also the Chairman of the Fairfax India Charitable Foundation that focusses on bringing down the cost of treating kidney related ailments in the country.

During his tenure, Thomas Cook India has made several acquisitions, making it the largest travel and related services company in India and has expanded the global footprint of the Group to cover twenty-one countries across four continents, with operations in Australia, China, ASEAN, South Asia, Middle East, Southern Africa, Eastern Africa and North America.

He was appointed director of Thomas Cook (Mauritius) Operations Company Limited on 08 March 2019.

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

BOARD AND DIRECTORS (CONTD)

Directors' profile (Contd)

Mrs Lovania Devina Ouma Pertab – Independent Director

Mrs Pertab is a barrister by profession. She holds a Master's in law from University of La Réunion, France and a postgraduate diploma in International Environment Law from the University of Limoges, France. She is also the holder of a post graduate diploma in Ocean Laws and Policy.

She has worked as Principal State Council at the State Law Office of Mauritius and has served as Magistrate in both Mauritius and the Republic of Seychelles.

In the past fifteen years, she has worked in the private sector as in-house lawyer namely in the aviation sector, the banking sector and in the commercial field.

She is now the Chairperson of Transparency Mauritius and has been a Director on its board for more than two years.

She was appointed Director of Thomas Cook (Mauritius) Operations Company Limited on 01 April 2019 and is also a member of the Audit and Risk Management Committee.

Mrs Vidisha RAMLUGUN – Independent Director

Mrs Ramlugun is a Senior Lecturer from the Department of Finance and Accounting, Faculty of Law and Management at the University of Mauritius. She holds a Ph.D. in Corporate Governance from the Open University of Mauritius, an MSc International Banking and Finance from University of Greenwich, London, and a BSc (Hons) Accounting and Finance from the University of Mauritius. She is a member of Chartered Institute of Secretaries and Administrators as well as a member of the Mauritius Institute of Directors.

As part of her interest, Mrs Ramlugun carried out research in corporate governance matters. Furthermore, she actively produces working papers on various themes for publications and conferences.

She was appointed director of Thomas Cook (Mauritius) Operations Company Limited on the 12 April 2021.

Role and function of the Board

The Board is the decision-making body for all matters material to the Company's finances, strategy and reputation. It is collectively responsible for the long- term success of the Company and has ultimate responsibility for management, direction and performance of the Company and its businesses. The Board is required to exercise objective judgement on all corporate matters and is accountable to shareholders for the proper conduct of the business. The Board has also delegated specific responsibility to the Audit and Risk Management Committee.

There is a defined division of responsibilities between the Non-Executive Chairman and the Chief Operating Officer.

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

BOARD AND DIRECTORS (CONTD)

Role and function of the Chairman

The Chairman is responsible to manage and provide leadership to the Board of Directors. He is accountable to the Board and acts as a direct liaison between the Board and the management of the Company through the Chief Operating Officer. The Chairman also acts as the communicator for Board decisions where appropriate.

Role and function of the Chief Operating Officer

The Chief Operating Officer ("COO") is responsible for leading the development and execution of the Company's long-term strategy with a view to creating shareholder value. The COO's leadership role also entails being ultimately responsible for all day-to day management decisions and for implementing the Company's long and short-term plans.

Role of the Non-Executive Directors and of the Independent Directors

The Non-Executive Directors and the Independent Directors make a significant contribution to the functioning of the Board and are involved in policy making and planning exercise. They ensure that no one individual or group dominates the decision-making process.

Directors' duties and responsibilities

The Directors exercise care, skill and due diligence in dealing with the business affairs of the Company and works with the management to take objective decisions in the interest of the Company. The Company Secretary keeps Directors informed of their duties as per the Mauritius Companies Act 2001.

Role and function of the Company Secretary

The Company Secretary manages the provision of timely, accurate and considered information to the Board and ensure that the Board maintains its awareness of the ever-changing corporate governance environment. The Company Secretary attends every board meeting and committee meeting.

Conflicts of interests

Each Director ensures that no decision or action is taken that places his/her interests in front of the interests of the business. At each Board meeting a Director is required to disclose any actual or potential conflicts of interests.

Remuneration of Directors

The Board decided to allocate an aggregate amount of Rs 15,000 as remuneration and benefits to the Independent Directors for each quarterly meeting.

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

BOARD EFFECTIVENESS

Nomination process

The Board recognises the importance of having a formal and transparent process for the nomination and appointment of Directors. The nomination and appointment process of Directors is as follows:

- Identification of candidates
- Interviews conducted
- Board approval of candidates
- Regulatory approval
- Election at Annual/Special Meeting
- Letter of appointment
- Regulatory filing

Board induction and professional development

All new Directors receive a full, formal and tailored induction on joining the board, including meetings with senior management and visits to the Company's operational locations. The Board recognizes that its directors have a diverse range of experience, and so it encourages them to attend external seminars and briefings that will assist them individually. The Company also regularly organises training programmes for the Directors to ensure that they keep pace with the fast-moving governance and regulatory environment, with a focus on AML/CFT particularly.

Board evaluation

The Board recognises that a continuous and constructively critical evaluation of their performance is a powerful feedback for improving Board effectiveness, maximising strengths and highlighting areas for further development.

Succession planning

The Board of Directors is responsible to review board succession plans for Directors and seeking to refresh the Board membership in an ordinary manner where it deems applicable.

The Board of Directors also ensures that the Company has succession planning for its Executive Directors and key management personnel, including appointing, training and mentoring successions. The Board of Directors reviews contingency arrangements for any unexpected incapacity of the Chief Operating Officer or any of the top management personnel and ensures that procedures are in place to ensure a transition to a full operational management team.

Board meetings

As a consequence of the lockdown due to the COVID-19 pandemic, the Board met three (3) times this year instead of the planned 4 times. At each meeting, the Board receives regular reports, for example covering current operations and Management Accounts. At certain points in the year, the Board reviews results of the operations, budgets, capital expenditure, risks and audited financial statements and also reviews other topics such as technical or legal developments and the competitive environment as appropriate.

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

BOARD COMMITTEES

The Board has a standing Audit and Risk Management Committee (the "Committee"). The Committee reports to and has its terms of reference approved by the Board on the 18 November 2015. The minutes of the Committee Meetings are circulated and reviewed by the Board.

Audit and Risk Management Committee

The main duties and responsibilities of the Audit and Risk Management Committee are:

1.1 The basic responsibility of the members of the Audit and Risk Management Committee is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its stakeholders. In discharging that obligation, members should be entitled to rely on the honesty and integrity of the Company senior executives and its outside advisors and auditors, to the fullest extent permitted by law.

1.2 The Board authorises the Audit and Risk Management Committee, within the scope of its responsibilities, to:

(a) perform activities within the scope of this charter.
(b) investigate any activity it deems appropriate.
(c) appoint independent advisers and professionals (accountants, lawyers and so on) as it deems necessary to carry out its duties.
(d) instruct any officer or employee of the Company to attend any meetings and provide pertinent information as necessary and appropriate.
(e) have unrestricted access to members of management, employees and relevant information.
(f) establish procedures regarding accounting, internal controls and auditing matters.
(g) establish procedures for the receipt and treatment of audit observations received by the Company regarding accounting controls and auditing matters.
(h) make recommendations to the Board in relation to the appointment, termination and remuneration of external auditors and evaluate the work of the latter.
(i) review the performance of the external auditors and exercise final approval on the appointment or discharge of the auditors.
(j) pre-approve all audit services fees and terms as well as review policies for the provision of non-audit services by the external auditors.

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

BOARD COMMITTEES (CONTD)

Audit and Risk Management Committee (Contd)

Membership of the Committee

The members of the Committee during the year were Mr Matthew Lamport (Committee Chairman); Dr Ramakrishna Sithanen and Mrs Lovania Devina Ouma Pertab.

Attendance at Committee:

	20/08/2020	23/11/2020	15/02/2021
Mr Matthew LAMPORT	✓	✓	✓
Dr Ramakrishna SITHANEN	✓	✓	✓
Mrs Lovania Devina Ouma PERTAB	✓	✓	✓

The Chief Operating Officer, General Manager-Finance, General Manager-Forex Exchange, the Senior Manager – Compliance/MLRO, the BPIA are de-facto attendees at the Audit and Risk Management Committee. The Internal and External auditors attend meetings by invitation.

RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT

Internal audit and internal control

The scope of the internal audit function is to assist the Board and Management to maintain and improve the process by which risks are identified and managed, and to help the Board to discharge its responsibilities and to maintain and strengthen the internal control framework.

During the year under review, the Board has outsourced the internal audit function to BDO & Co., assisted by the Business Process Improvement Auditor.

Risk management

The Board of Directors has overall responsibility for the Company's risk management and the process in place in relation to the identification, evaluation and management of the significant risks faced by the Company in compliance with the Corporate Governance Code.

The risk management mechanism in place includes:
- A system for the on-going identification and assessment of risks; and
- Communication of risk management across all levels within the Company.

The Financial Risk Management is outlined in Note 4 to these audited financial statements.

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

INFORMATION GOVERNANCE

The Company lays emphasis on the confidentiality, integrity, availability and protection of information backed by adopted information and Information Technology (IT) systems. For fulfilling its obligations, the Board is supported by the Audit and Risk Management Committee.

AUDITING

Auditors

The fees charged by the auditors' fees (inclusive of VAT), **Grant Thornton**, for audit and other services were as follows:

	2021 (Rs)	2020 (Rs)
Audit fees	**609,500**	609,500
Other services*	**235,750**	235,750
TOTAL	**845,250**	845,250

*Other services comprise of tax services and review of Company's internal control system.

Grant Thornton has completed their final year as per the regulatory provisions and a new external auditor will be appointed.

INTEGRATED SUSTAINABILITY REPORT

Ethics and business conduct

The Company is committed to a Code of Business Conduct and Ethics which sets out the business practices and personal ethics for all its employees. The Code of Business Conduct and Ethics was approved by the Board of Directors on 18 November 2015.

Health and safety policy

The Company is committed to ensure a risk-free and healthy working environment through the provision and maintenance of a safe workspace and system of work through appropriate information, instruction, training and supervision and effective communication.

The Company is committed to complying with the provisions of the Occupational Safety and Health Act of 2005 and other relevant regulations. The Company will ensure that health and safety standards are a key issue in its organisation. Communication and consultation at all levels in the organisation take place to ensure that health and safety are maintained and improved where necessary.

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

INTEGRATED SUSTAINABILITY REPORT (CONTD)

Training and development policy

The Company ensures that the employees are trained and become sufficiently experienced to the extent necessary to competently and effectively undertake their assigned duties and responsibilities. It is also the aim of the Company to encourage the employees to make the most of learning opportunities to realise their own personal and enjoyment of their job.

The Company attempts to create a learning environment where employees will be prepared to accept change, develop new skills and take responsibility for their own continuous learning, in collaboration with their head of department and the Executive Director, and to ensure their effective contribution to the successful achievement of both the organisational and personal goals.

Equal employment opportunity policy

In order to provide equal employment and advancement opportunity to all individuals, employment decisions in the Company are based on merit, qualifications and abilities. The Company does not discriminate in employment opportunities or practices based on race, colour, religion, sex, national origin, age or any other characteristic protected by law.

This policy governs all aspects of employment, including selection, job assignment, compensation, discipline, termination and access to benefits and training.

Any employee of the Company with questions or concerns about any type of discrimination in the workplace is encouraged to bring these issues to the attention of their head of department or their Manager. Employees can raise concerns and make reports without fear of reprisal. Anyone found to be engaging in any type of unlawful discrimination is subject to disciplinary action, up to but not limited to termination of employment.

Corporate Social Responsibility (CSR)

The Company recognises that it has a responsibility to be involved in social issues which do not necessarily relate to the welfare of its own employees.

The Company believes that CSR can also help to improve the perception of the Company amongst its employees, particularly when they become involved through fundraising activities, community volunteering or other relevant activities.

Related party transactions

Related party transactions are disclosed in Note 24 to these financial statements.

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

INTEGRATED SUSTAINABILITY REPORT (CONTD)

Constitution

The Company's Constitution is in conformity with the provisions of the Mauritius Companies Act 2001.

Dividend policy

The payment of dividends is subject to the performance of the Company, its cash flows, its investments requirements and satisfying the solvency test.

Directors' interests

The Directors do not hold any interests in the ordinary shares of the Company.

Significant Contracts

No contracts of significance exist between the Company and its Directors.

Donations

The Company did not make any donation during the year ended 31 March 2021 (2020: Rs Nil).

Directors' Remuneration

During the year ended 31 March 2021, remuneration paid to the Directors are as follows:

	2021	**2020**
	Rs	**Rs**
Non-Executive and Independent Directors – sitting fee	**195,000**	135,000
Executive Director	**2,823,546**	3,411,693

Thomas Cook (Mauritius) Operations Company Limited

Annual Report (Contd)

Report on Corporate Governance (Contd)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

Directors acknowledge their responsibilities for:

- maintenance of adequate accounting records and effective internal control systems;
- the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the cash flows for the year then ended and which comply with International Financial Reporting Standard ("IFRS") and the Mauritius Companies Act 2001; and
- the use of appropriate accounting policies supported by reasonable and prudent judgements and estimates.

The external auditors are responsible for reporting on whether the financial statements give a true and fair view.

The Directors report that:

- adequate accounting records and an effective system of internal controls and risk management have been maintained.
- appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently.
- International Financial Reporting Standards have been adhered to. Any departure has been disclosed, explained, and quantified.

Approved by the Board of Directors on 06 AUG 2021 and signed on its behalf by:

Director

Director

Thomas Cook (Mauritius) Operations Company Limited

Certificate from the Secretary to the member of Thomas Cook (Mauritius) Operations Company Limited

We certify, to the best of our knowledge and belief, that the Company has filed with the Registrar of Companies all such returns as are required of **Thomas Cook (Mauritius) Operations Company Limited** under the Mauritius Companies Act 2001, in terms of Section 166 (d), during the financial year ended 31 March 2021.

for **Executive Services Limited**
Secretary
Per Didier Angseesing

Registered address:
2nd Floor, Les Jamalacs Building
Vieux Conseil Street
Port Louis
Republic of Mauritius

EXECUTIVE SERVICES LTD

Date: 06 AUG 2021

Grant Thornton

Independent auditors' report
To the member of Thomas Cook (Mauritius) Operations Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Thomas Cook (Mauritius) Operations Company Limited, the "Company", which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 24 to 61 give a true and fair view of the financial position of the Company as at 31 March 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Mauritius Companies Act 2001 and the Banking Act 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year ended 31 March 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The only key audit matter identified in relation to the audit of the financial statements is as described below:

Risk Description

Revenue Recognition

We focus on the revenue cycle as net gains derived from foreign currencies transactions is a significant item and is also the main factor for determining the Company's financial performance and the sustainability of the business.

Grant Thornton

Independent auditors' report (Contd)
To the member of Thomas Cook (Mauritius) Operations Company Limited

Report on the Audit of the Financial Statements (Contd)

Key Audit Matters (Contd)

How audit responded to this matter

Our audit procedures included among others:

- We have tested the IT general controls to ensure the integrity and reliability of financial information generated by the IT system.
- We have tested the design and operating effectiveness of controls over revenue.
- We have performed walkthrough and tests of control to gain an understanding of how and when gains on foreign currencies dealings are recognised in the system.
- We have performed substantive testing which included recalculating the exchange gain on a sample of transactions.
- We have reviewed journal entries pertaining to revenue and requested supporting documentation where appropriate.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises mainly of information included under the Corporate Data and the Annual Report sections, but does not include the financial statements and our auditors' 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.

Independent auditors' report (Contd)
To the member of Thomas Cook (Mauritius) Operations Company Limited

Report on the Audit of the Financial Statements (Contd)

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

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001 and the Banking Act 2004, and for such internal control as management determines is necessary to enable the preparation of the 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 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.

Grant Thornton

Independent auditors' report (Contd)
To the member of Thomas Cook (Mauritius) Operations Company Limited

Report on the Audit of the Financial Statements (Contd)

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

- 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

(a) Mauritius Companies Act 2001

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;

- we have obtained all the information and explanations that we have required; and

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

(b) Banking Act 2004

(i) In our opinion, the financial statements:

- have been prepared on a basis consistent with that of the preceding year;

- are complete, fair and properly drawn up; and

- comply with the Banking Act 2004 as well as the regulations and guidelines of the Bank of Mauritius.

(ii) The explanations or information called for or given to us by the officers or agents of the Company were satisfactory.

Grant Thornton

Independent auditors' report (Contd)
To the member of Thomas Cook (Mauritius) Operations Company Limited

Other Matter

Our report is made solely to the member of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton

Grant Thornton
Chartered Accountants

Y NUBEE, FCCA
Licensed by FRC

Date: 06 AUG 2021

Ebene 72201, Republic of Mauritius

Thomas Cook (Mauritius) Operations Company Limited

Statement of financial position as at 31 March

	Notes	2021 Rs	2020 Rs
Assets			
Non-current			
Plant and equipment	7	**9,421,085**	11,136,518
Intangible assets	8	**245,252**	874,200
Rights-of-use assets	9	**5,462,562**	22,159,325
Deferred tax assets	22	**1,348,694**	-
Non-current assets		**16,477,593**	34,170,043
Current			
Investment in treasury bills	10	**54,689,439**	79,439,217
Trade and other receivables	11	**13,718,662**	12,805,552
Cash and cash equivalents	12	**8,421,681**	25,419,747
Current assets		**76,829,782**	117,664,516
Total assets		**93,307,375**	151,834,559
Equity and liabilities			
Equity			
Stated capital	13	**64,814,900**	100,000,000
Retained earnings		**1,131,761**	18,852,662
Gratuity benefit deficits		**(465,000)**	(311,000)
Total equity		**65,481,661**	118,541,662
Liabilities			
Non-current			
Gratuity obligations	14	**1,994,647**	1,191,647
Deferred tax liabilities	22	**-**	155,633
Lease liabilities	16	**1,999,502**	11,239,771
Non-current liabilities		**3,994,149**	12,587,051
Current			
Trade and other payables	17	**5,183,271**	10,626,822
Borrowings	15	**17,479,263**	1,956,300
Lease liabilities	16	**1,169,031**	8,122,724
Current liabilities		**23,831,565**	20,705,846
Total liabilities		**27,825,714**	33,292,897
Total equity and liabilities		**93,307,375**	151,834,559

Approved by the Board of Directors on 06 AUG 2021 and signed on its behalf by:

Director Director Chief Operating Officer

The notes on pages 28 to 61 form an integral part of these financial statements.

Thomas Cook (Mauritius) Operations Company Limited

Statement of comprehensive income for the year ended 31 March

	Notes	2021 Rs	2020 Rs
Net gains from foreign currency dealings and net foreign exchange differences	18	**9,472,169**	44,085,503
Other operating income	19	**8,883,197**	9,019,108
Sundry income		**2,325,196**	349,477
Administrative expenses		**(37,512,159)**	(60,502,772)
Operating loss	23	**(16,831,597)**	(7,048,684)
Finance income	20	**947,582**	2,427,675
Finance costs	21	**(526,313)**	(1,207,816)
Net finance income		**421,269**	1,219,859
Loss before tax		**(16,410,328)**	(5,828,825)
Tax credit	22	**1,504,327**	928,077
Loss for the year		**(14,906,001)**	(4,900,748)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial loss on gratuity benefit obligations	14	**(154,000)**	(59,000)
Items that will be reclassified subsequently to profit or loss		**-**	-
Other comprehensive loss for the year, net of tax		**(154,000)**	(59,000)
Total comprehensive income for the year		**(15,060,001)**	(4,959,748)

The notes on pages 28 to 61 form an integral part of these financial statements.

Thomas Cook (Mauritius) Operations Company Limited

Statement of changes in equity for the year ended 31 March

	Stated capital Rs	Retained earnings Rs	Gratuity benefit deficits Rs	Total Rs
At 01 April 2020	**100,000,000**	**18,852,662**	**(311,000)**	**118,541,662**
Shares bought back	**(35,185,100)**	**(2,814,900)**	**-**	**(38,000,000)**
Transaction with the shareholder	**(35,185,100)**	**(2,814,900)**	**-**	**(38,000,000)**
Loss for the year	**-**	**(14,906,001)**	**-**	**(14,906,001)**
Other comprehensive income:				
Actuarial loss on gratuity benefit obligations	**-**	**-**	**(154,000)**	**(154,000)**
Total comprehensive income for the year	**-**	**(14,906,001)**	**(154,000)**	**(15,060,001)**
At 31 March 2021	**64,814,900**	**1,131,761**	**(465,000)**	**65,481,661**
At 01 April 2019	100,000,000	23,753,410	(252,000)	123,501,410
Loss for the year	-	(4,900,748)	-	(4,900,748)
Other comprehensive income:				
Actuarial loss on gratuity benefit obligations	-	-	(59,000)	(59,000)
Total comprehensive income for the year	-	(4,900,748)	(59,000)	(4,959,748)
At 31 March 2020	100,000,000	18,852,662	(311,000)	118,541,662

The notes on pages 28 to 61 form an integral part of these financial statements.

Thomas Cook (Mauritius) Operations Company Limited

Statement of cash flows for the year ended 31 March

	2021	2020
	Rs	**Rs**
Operating activities		
Loss before tax	**(16,410,328)**	(5,828,825)
Adjustments for:		
Depreciation	**6,168,801**	10,223,328
Amortisation	**628,948**	810,425
Gratuity benefit obligations	**649,000**	228,000
Interest income	**(947,582)**	(2,427,675)
Interest expense	**526,313**	1,207,816
Assets written off / loss on disposals	**70,461**	-
Total adjustments	**7,095,941**	10,041,894
Net changes in working capital:		
Change in trade and other receivables	**(913,110)**	6,783,351
Change in trade and other in payables	**(5,443,551)**	(12,318,695)
Total changes in working capital	**(6,356,661)**	(5,535,344)
Interest received	**-**	161,599
Interest paid	**(271,370)**	(644,958)
Net cash used in operating activities	**(15,942,418)**	(1,805,634)
Investing activities		
Purchase of plant and equipment	**(209,790)**	(366,631)
Proceeds from treasury bills redeemed	**112,000,000**	23,000,000
Purchase of treasury bills	**(86,302,640)**	(77,642,380)
Net cash from/(used in) investing activities	**25,487,570**	(55,009,011)
Financing activities		
Finance lease principal payments	**-**	(318,715)
Payment of lease liabilities	**(4,066,181)**	(11,561,987)
Payment for shares bought back	**(38,000,000)**	-
Net cash used in financing activities	**(42,066,181)**	(11,880,702)
Net decrease in cash and cash equivalents	**(32,521,029)**	(68,695,347)
Cash and cash equivalents at beginning of the year	**23,463,447**	92,158,794
Cash and cash equivalents at end of the year (Note 12)	**(9,057,582)**	23,463,447
Cash and cash equivalents made up of:		
Cash in hand and cash at bank (Note 12)	**8,421,681**	25,419,747
Bank overdrafts (Note 15)	**(17,479,263)**	(1,956,300)
	(9,057,582)	23,463,447
Non-cash transactions		
Application of IFRS 16	**-**	(30,361,624)
Lease liabilities recognised under IFRS 16	**-**	30,361,624
Lease assets derecognised under IFRS 16	**12,382,724**	-
Lease liabilities derecognised under IFRS 16	**(12,382,724)**	-

For reconciliation of liabilities arising from financing activities, refer to ***Note 26.***

The notes on pages 28 to 61 form an integral part of these financial statements.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2021

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

Thomas Cook (Mauritius) Operations Company Limited, the "Company", was incorporated in the Republic of Mauritius under the former Mauritius Companies Act 1984 (now replaced by the Mauritius Companies Act 2001) on 14 January 2000 as a private company with liability limited by shares. The Company's registered office is Ground Floor, Anglo Mauritius House, 4, Intendance Street, Port Louis, Republic of Mauritius.

The main activity of the Company is to deal in foreign exchange under a foreign exchange dealer licence issued by the Bank of Mauritius on 17 June 2005.

The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

2. Adoption of new and revised IFRS

2.1 New and revised standards that are effective for the annual period beginning on 01 April 2020

In the current year, the following new and revised standards issued by the IASB became mandatory for the first time for the financial year beginning on 01 April 2020:

IFRS 3, Definition of a Business (Amendments to IFRS 3)

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

IAS 1 and IAS 8, Definition of Material (Amendments to IAS 1 and IAS 8)

The changes in 'Definition of Material' (Amendments to IAS 1 and IAS 8) relate to a revised definition of 'material' which states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

IFRS 9, IAS 39 and IFRS 7, Interest Rate Benchmark Reform (IBOR)

The IASB has issued amendments to IFRS 9, IAS 39 and IFRS 7 that provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

2. Adoption of new and revised IFRS (Contd)

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

At the date of authorisation of these financial statements, certain new standards and amendments to existing standards have been published but are not yet effective and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements, as relevant to the Company's activities, will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncements. Information on the new standards and amendments to existing standards is provided below.

IFRS 16, COVID-19-Related Rent Concessions (Amendment to IFRS 16)

The pronouncement amended IFRS 16 Leases to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021.

Various, Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

These amendments address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The changes relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

IFRS 3, References to the Conceptual Framework (Amendments to IFRS 3)

The changes update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework; add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

IAS 16, Proceeds before Intended Use (Amendments to IAS 16)

Amendments were made to the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

IAS 37, Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments were brought to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2021

2. **Adoption of new and revised IFRS (Contd)**

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

IFRS 1, IFRS 9, IFRS 16 and IAS 41, Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)

The objective of the annual improvements is to enhance the quality of standards, by amending existing IFRSs to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights. Amendments are made through the annual improvements process when the amendment is considered non-urgent but necessary. The IASB issued Annual Improvements to IFRS Standards 2018–2020 containing the following amendments to IFRSs:

- IFRS 1, First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

- IFRS 9, Financial Instruments - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- IFRS 16, Leases - Lease incentives. The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

- IAS 41, Agriculture - Taxation in fair value measurements. The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

IFRS 17, Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4, Insurance Contracts as of 01 January 2021.

IFRS 4, Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

The amendments change the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities will be required to apply IFRS 9 for annual periods beginning on or after 01 January 2023 (instead of 01 January 2021).

Notes to the financial statements

For the year ended 31 March 2021

2. Adoption of new and revised IFRS (Contd)

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

IAS 1, Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments in classification as liabilities as current or non-current affect only the presentation of liabilities in the statement of financial position – not the amount or timing of recognition of any asset, liability, income or expense, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Management has yet to assess the impact of the above standards and amendments to existing standards on the Company's financial statements.

3. Summary of significant accounting policies

3.1 Overall considerations

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

3.2 Foreign currency

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in "Mauritian Rupees" ("MUR" or "Rs").

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, 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 period-end exchange rates are recognised in the statement of comprehensive income.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2021

3. Summary of significant accounting policies (Contd)

3.2 Foreign currency (Contd)

Foreign currency transactions and balances (Contd)

Non-monetary items are not retranslated at period-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.

The average exchange rates for the main foreign currencies against MUR for the year were as follows:

Currency	*Average exchange rate*
United States Dollar	40.40
Euro	47.24
Great Britain Pound	55.39

3.3 Plant and equipment

Plant and equipment are initially recorded at cost and subsequently measured at cost less accumulated depreciation and impairment loss.

Depreciation is calculated on the straight-line method to write down the cost of the assets to their residual values over their estimated useful lives as follows:

Office equipment	4.75%
Computer equipment	25%
Furniture and fittings	6.33%
Motor vehicles	15%
Right-of-use	20% - 50%

Depreciation is provided in full in the month of addition and in respect of assets written off and disposed, up to the month of write off and disposal. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of an asset, the difference between the carrying value of the asset and sale consideration is taken to the statement of comprehensive income.

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at each reporting date. Repairs and maintenance costs are expensed as incurred.

Assets of value up to Rs 10,000 are written off completely in the month of acquisition.

3. Summary of significant accounting policies (Contd)

3.4 Intangible assets

Computer software

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

Acquired computer software has been assessed as having a finite useful life which has been estimated to 4 years.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

3.5 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.

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")

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2021

3. Summary of significant accounting policies (Contd)

3.5 Financial instruments (Contd)

Classification and initial measurement of financial assets (Contd)

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 trade 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 investment in treasury bills, cash and cash equivalents and most trade and other receivables fall into this category of financial instruments.

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 new requirements include mainly amount due from related parties.

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.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2021

3. Summary of significant accounting policies (Contd)

3.5 Financial instruments (Contd)

Subsequent measurement of financial assets (Contd)

Impairment of financial assets (Contd)

The Company makes use of a simplified approach in accounting for its amount due from related parties 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 debtor is 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 bank overdrafts, trade and other payables and lease liabilities.

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.

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.

3.6 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. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

3.7 Trade receivables

Trade receivables represents commission receivable on MoneyGram transfers.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using effective rate of interest less impairment. Discounting is omitted where the effect of discounting is immaterial.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2021

3. Summary of significant accounting policies (Contd)

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at bank. Cash and cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

3.9 Equity and reserves

Stated capital is determined using the values of the shares that have been issued.

Retained earnings include all current and prior years' results.

Gratuity benefit deficits comprise of the actuarial losses from changes in demographic and financial assumptions and the return on plan assets.

3.10 Income tax

Income tax expense represents the sum of the tax currently payable, deferred tax and Corporate Social Responsibility not recognised in other comprehensive income or directly in equity.

(i) Current tax

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, but it further excludes items that are neither taxable nor deductible.

The Company's liability for current tax is on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It established provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred taxation

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary differences will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full.

(iii) Corporate Social Responsibility ("CSR")

The Company is subject to CSR and the contribution is at a rate of 2% on chargeable income of the preceding financial year.

Effective 01 January 2019, the contribution to the Mauritius Revenue Authority must be at least 75% or reduced up to 50% if prior written approval of the National CSR Foundation is obtained.

3. Summary of significant accounting policies (Contd)

3.10 Income tax (Contd)

(iv) Government Wage Assistance Scheme (GWAS)

In March 2020, the Government of the Republic of Mauritius announced the Government Wage Assistance Scheme ("GWAS") to ensure that all employees in the private sector are duly paid their salary during the lockdown period. Employers who have benefited from GWAS will be liable to a COVID-19 Levy.

Employers should effect payment of the monthly salary as usual and in case their business has been adversely affected by COVID-19 and the lockdown in the Republic of Mauritius, they may after payment of the salary, apply to the Mauritius Revenue Authority (MRA) for financial support under GWAS. Under GWAS, a business entity in the private sector is entitled to receive in respect to its wage bill as from the month of March 2020, an amount equivalent to 15 days' basic wage bill for all of its employees drawing a monthly basic wage of up to Rs 50,000 subject to a cap of Rs 12,500 of assistance per employee. A company which has benefited from GWAS will be liable to a COVID-19 levy (Levy). The Levy payable is capped at the lower of the financial support obtained under the GWAS or 15% of the chargeable income of the company. A company will not be subject to the levy if it is not liable to tax.

3.11 Employee benefits

Gratuity obligations

The liability recognised in the statement of financial position in respect of gratuity obligations is the present value of the gratuity obligations at the end of the reporting period. The gratuity obligations are calculated annually by independent actuaries. The present value of the gratuity obligations is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the profit or loss.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

Benefits falling due more than 12 months after the reporting period are discounted to their present value.

Termination benefits include wages, salaries, social security contributions, travelling and insurance. These costs are charged to the profit or loss when incurred.

Employee leave entitlement

Employee entitlement to annual leave and other benefits are supposed to be recognised when they accrue to the employees. However, the Company encourages all employees to take all their annual leave and other benefits during the year and hence there is no provision required.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2021

3. Summary of significant accounting policies (Contd)

3.12 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 from the Company 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.

3.13 Revenue recognition

To determine whether to recognise revenue, the Company ensures that the following 5 conditions are satisfied:

1. Identifying the contract with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognising revenue when/as performance obligation(s) are satisfied.

The Company earns fees and commission from the sale and purchase of foreign currencies and from the provision of services as detailed below.

3.13.1 Net gains from foreign currency dealings

Sale of foreign currency

Dealings in foreign exchange transactions are recognised on customer acceptance. Gains and losses arising on these dealings are recognised on a net basis.

Net foreign exchange differences include net realised gains and net gain on currencies translations at year end.

3.13.2 Other operating income

Other operating income comprises of fees and commission arising from telegraphic transfers, MoneyGram transactions, income from pick-up and delivery of foreign currencies to banks net of import charges.

Fees and commissions are recognised at a point in time, when the Company satisfies performance obligations by transferring services to its clients.

3.13.3 Interest income

Interest income is recognised on an accrual basis using the effective interest rate method.

3.14 Leased assets

The Company has applied IFRS 16 using the modified retrospective approach.

Notes to the financial statements

For the year ended 31 March 2021

3. Summary of significant accounting policies (Contd)

3.14 Leased assets (Contd)

The Company as a lessee

For any new contracts entered into on or after 01 April 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a right-of-use liability (lease liability) on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the right-of-use liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease 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 Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets and lease liabilities have been disclosed as separate line items.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

Notes to the financial statements

For the year ended 31 March 2021

3. Summary of significant accounting policies (Contd)

3.14 Leased assets (Contd)

The Company as a lessee (Contd)

Measurement and recognition of leases as a lessee (Contd)

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Company obtains ownership of the asset at the end of the lease term. The finance lease liability is reduced by lease payments net of finance charges.

The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

3.15 Related parties

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

3.16 Expense recognition

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

3.17 Trade payables

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers and are classified as current liabilities if payment is due within one year.

Trade payables also include advances received from customers in respect of telegraphic transfers not yet processed by the Company at the reporting date.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective rate of interest. Discounting is omitted where the effect of discounting is immaterial.

3.18 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in the presentation in the current year.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2021

3. Summary of significant accounting policies (Contd)

3.19 Significant management judgements in applying accounting policies and estimation uncertainty

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.

Significant management judgement

Significant management judgement in applying the accounting policies of the Company that has the most significant effect on the financial statements is set out below.

Recognition of deferred tax assets

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

Impact of Covid-19

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

The Directors have considered the potential adverse impact of Covid-19 on the Company's activities and have exercised significant judgement in assessing that the preparation of these financial statements on a going concern basis is appropriate. In making this assessment, the Directors have considered the Company's current and future performance, the global economic conditions, government support schemes, financial support from related parties and other risks that could affect the Company. Detailed analysis of the impact of Covid-19 on the Company's activities is provided in Note 4.4 to these financial statements.

Estimation uncertainty

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.

Gratuity benefit obligations

The cost of gratuity benefit obligations is determined using actuarial valuations. The actuarial valuation is based on a number of critical underlying assumptions such as discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Variation in these assumptions may significantly impact the gratuity benefit obligations amount and the annual defined benefit expenses.

These assumptions were developed by an independent actuarial appraiser. The benefit obligations at the reporting date were estimated at **Rs 1,994,647** (2020: Rs 1,191,647).

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2021

3. Summary of significant accounting policies (Contd)

3.19 Significant management judgements in applying accounting policies and estimation uncertainty (Contd)

Estimation uncertainty (Contd)

Depreciation and amortisation rates

The Company depreciates or amortises its assets over their estimated useful lives. The estimation of useful lives is based on historical performance and expectation about future use and requires significant degree of judgement. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Company's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's view of possible near-term market changes that cannot be predicted with any certainty.

Impairment of receivables

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

4. Financial instrument risk

Risk management objectives and policies

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.

The Company's risks are managed at the level of the Board of Directors with the assistance of line managers. The Board is responsible for overseeing the establishment of effective risk management systems and the monitoring of internal compliance and controls.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2021

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

The Board of Directors with the assistance of management has assessed the risks of Covid-19 and their potential impact on the Company based on the information available at time of assessment and the results of the assessment are provided in Note 4.4.

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

	2021 Rs	2020 Rs
Financial assets		
Current		
Investment in treasury bills	**54,689,439**	79,439,217
Trade and other receivables*	**8,540,731**	7,427,526
Cash and cash equivalents	**8,421,681**	25,419,747
Total financial assets	**71,651,851**	112,286,490
Financial liabilities		
Non-current		
Lease liabilities	**1,999,502**	11,239,771
Current		
Trade and other payables**	**5,183,271**	10,626,822
Bank overdrafts	**17,479,263**	1,956,300
Lease liabilities	**1,169,031**	8,122,724
	23,831,565	20,705,846
Total financial liabilities	**25,831,067**	31,945,617

**Trade and other receivables considered as financial assets exclude prepayments, deposits and other assets.*
***Trade and other payables considered as financial liabilities exclude advances from customers.*

4.1 Market risk analysis

Foreign exchange risk

The Company has financial assets and liabilities denominated in United States Dollar ("USD"), EURO and Great Britain Pound ("GBP"). Consequently, the Company is exposed to the risk that the exchange rates of USD, EURO and GBP relative to MUR may change in a manner which has a material effect on the reported values of the Company's assets and liabilities which are denominated in the foreign currencies. The effect of any change in the exchange rates of other currencies relative to MUR will not have any material impact on the operating cash flows.

Notes to the financial statements

For the year ended 31 March 2021

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.1 Market risk analysis (Contd)

Foreign exchange risk (Contd)

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

	Financial assets		Financial liabilities	
	2021	2020	2021	2020
	Rs	Rs	Rs	Rs
MUR	**68,035,423**	98,671,269	**23,091,236**	29,273,015
USD	**1,428,768**	9,195,733	**2,124,358**	-
EURO	**1,421,936**	2,785,497	**3,383**	1,956,300
GBP	**588,401**	515,690	**-**	-
Others	**177,323**	1,118,301	**612,090**	716,302
	71,651,851	112,286,490	**25,831,067**	31,945,617

Foreign currency sensitivity

The information below illustrates the sensitivity of loss and equity in regard to the Company's financial instruments and the USD/MUR, EURO/MUR and GBP/MUR exchange rates, "all other things being equal".

It assumes a 10% change in the USD/MUR, EURO/MUR and GBP/MUR exchange rate for the year ended 31 March 2021 (2020: 10%). The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the MUR had strengthened against the USD, EURO and GBP by 10%, equity would have decreased by **Rs 131,136** at 31 March 2021 (2020: Rs 1,054,062). If the MUR had weakened by the same percentage against these foreign currencies, equity would have increased by **Rs 131,136** (2020: 1,054,062).

	2021		2020	
	Loss	Equity	Loss	Equity
	Rs	Rs	Rs	Rs
USD	**(69,559)**	**69,559**	919,573	(919,573)
EURO	**141,855**	**(141,855)**	82,920	(82,920)
GBP	**58,840**	**(58,840)**	51,569	(51,569)
	131,136	**(131,136)**	1,054,062	(1,054,062)

Interest rate risk

The Company has interest bearing financial assets and financial liabilities in the form of bank balances, overdrafts and leases. The interest on the overdraft facilities is at floating rate.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2021

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.1 Market risk analysis (Contd)

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date.

If interest rate on the financial instruments had been 25 basis points higher/lower, the net effect would be **Rs 43,698** (2020: Rs 4,891) on the operating cash flows and equity.

4.2 Credit risk analysis

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has, as far as it is practicable, adopted a policy of only dealing with creditworthy counterparties in order to reduce the risk of financial loss from defaults.

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

	2021 Rs	2020 Rs
Financial assets		
Current		
Investment in treasury bills	**54,689,439**	79,439,217
Trade and other receivables	**8,540,731**	7,427,526
Cash and cash equivalents	**8,421,681**	25,419,747
Total	**71,651,851**	112,286,490

Trade receivables consist of amount due from MoneyGram for which the Directors consider risk of default as minimal since the latter is a highly reputable organisation.

The Directors consider that no credit risk is associated with the amount due from the related party included in trade and other receivables, as the latter forms part of the same group of companies and the ultimate holding company has undertaken to make good of any loss suffered by the Company in the event of any default arising out from this amount due.

The Company holds investment in Government of Mauritius treasury bills on which credit risk is considered nil.

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

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

None of the above financial assets are secured by collaterals or other credit enhancements.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2021

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

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.

Ultimate responsibility for liquidity risk management rests with the Board of Directors who also monitors the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by monitoring cash inflows and outflows due in day-to-day business.

The maturity profile of the financial liabilities is summarised as follows:

31 March 2021	Carrying amount Rs	Contractual cash flows Rs	Less than one year Rs	1-5 years Rs
Financial liabilities				
Trade and other payables	**5,183,271**	**5,183,271**	**5,183,271**	-
Bank overdrafts	**17,479,263**	**17,479,263**	**17,479,263**	-
Lease liabilities	**3,168,533**	**3,466,332**	**1,316,166**	**2,150,166**
	25,831,067	**26,128,866**	**23,978,700**	**2,150,166**

31 March 2020	Carrying amount Rs	Contractual cash flows Rs	Less than one year Rs	1-5 years Rs
Financial liabilities				
Trade and other payables	10,626,822	10,626,822	10,626,822	-
Bank overdrafts	1,956,300	1,956,300	1,956,300	-
Lease liabilities	19,362,495	20,088,890	8,571,520	11,517,370
	31,945,617	32,672,012	21,154,642	11,517,370

4.4 Risks related to the Covid-19 pandemic

The lockdown that the Government of Mauritius announced towards the end of last financial year because of the Covid-19 pandemic lasted up to 01 June 2020 during the current year and a second wave of infectious cases resulted in another lockdown being imposed as from 09 March 2021.

Management has made a revised assessment of Covid-19 impact on the Company's current and future performance and the results of the assessment are provided below.

Notes to the financial statements

For the year ended 31 March 2021

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.4 Risks related to the Covid-19 pandemic (Contd)

Credit risk

The business model of the Company operates on a cash basis and no credit is entertained to customers. The Company's credit risk is mainly associated with the amount due from the related party. The directors consider that no credit risk is associated with the amount due from the related party as the latter forms part of the same group of companies and the ultimate holding company has undertaken to make good of any loss suffered by the Company in the event of any default arising out from this amount due.

Other receivables include transactions which are in the normal course of business and on which no credit risk is anticipated.

Income projection

The main sources of revenue are from the selling and buying of foreign exchange currencies, telegraphic and MoneyGram transactions. The Company has projected an increase in its revenue derived from foreign exchange transactions of 52% in the coming financial year as the international borders are opened in the coming months while for its MoneyGram revenue, an increase of 25% has been estimated over the same period. To encourage these increases, marketing efforts will be enhanced towards corporate customers as these carry a higher income-generating potential.

However, due to the ongoing losses being sustained by the telegraphic segment where revenue being generated has not been sufficient to match fixed costs, the Company decided to discontinue this service. Furthermore, the MoneyGram business is projected to pick up more towards the end of year 2021, the number of transactions has experienced a constant increase year on year. The situation is being closely monitored and other strategic measures will be implemented depending on the evolution of the impact to alleviate the effect on the Company's activities.

Operating costs

It is expected that measures such as rental waivers from landlords, freezing of new hiring and incentive pay outs will be maintained. The business activities will remain stable in the forthcoming months and the gradual pick up is expected as from October 2021. As a result, the fixed and variable costs will continue to be closely monitored so that the Company does not have liquidity stress.

Cash flow and liquidity management

Under normal circumstances the main inflow of funds is from income from foreign exchange transactions, MoneyGram transactions and telegraphic business. With the persistent impact of Covid-19, it is expected that the cash flow will remain affected since many clients will themselves suffer from a fall in their own revenue and will be on the defensive to transact more freely, thus a low level of income is expected. However, the Directors consider that at this stage the Company will be in a position to meet its obligations with a high level of liquid asset.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2021

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.4 Risks related to the Covid-19 pandemic (Contd)

Going concern of the Company

As at the date of this report, the Directors consider that it is difficult to reliably estimate the financial effect of the virus on the Company considering the high level of uncertainties in the economy and the ensuing impact. The Directors assessed the Company's ability to continue as a going concern taking into account all available information about the future including the analysis of the possible impacts in relation to Covid-19, which is at least, but is not limited to, twelve months from the date of approval of these financial statements and confirmed that that the preparation of these financial statements on a going concern basis is appropriate. In making this assessment, the Directors have considered the Company's current and future performance, the financial support of its holding company, the global economic conditions and other risks that could affect the Company.

5. Capital management policies and procedures

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to its member and other stakeholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid, buy back shares or issue new shares.

The structure of the Company consists of debt, which includes borrowings, offset by cash and cash equivalents and equity comprising issued capital and retained earnings.

The Company monitors capital on the basis of the gearing ratio. This ratio is determined as the proportion of net debt to total capital.

	2021	2020
	Rs	Rs
Total borrowings (Note (i))	**20,647,796**	21,318,795
Less: cash and cash equivalents	**(8,421,681)**	(25,419,747)
Net debt	**12,226,115**	-
Total equity (Note (ii))	**65,481,661**	118,541,662
Total capital	**77,707,776**	118,541,662
Gearing ratio	**15.73%**	-

(i) Borrowings comprise of bank overdrafts and lease liabilities as detailed in Notes 15 and 16.

(ii) Equity includes both capital and reserves.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2021

5. Capital management policies and procedures (Contd)

(iii) The Company is required to maintain an unimpaired capital of Mauritian Rupee 25,000,000 and an additional two million rupees for each branch that it operates in accordance with the Terms and Conditions of its Foreign Exchange Dealer Licence. At 31 March 2021, the Company's total equity stood at **Rs 65,481,661** (2020: Rs 118,541,662) and therefore the Company meets the unimpaired capital requirement.

Also, in accordance with Section 25 of the Banking Act 2004, the Company should maintain minimum liquid assets, equivalent to not less than 10 per cent of its liabilities, as may be determined by the Bank of Mauritius. Management considers the cash and cash equivalents and Government of Mauritius treasury bills as liquid assets and the total amount of these assets exceeded the total liabilities balance at the reporting date.

6. Fair value measurement

6.1 Fair value measurement of financial instruments not carried at fair value

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

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

The Company's non-financial assets consist of plant and equipment, intangible assets, deferred tax assets, deposits, other assets and prepayments. Its non-financial liabilities consist of gratuity obligations.

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

Notes to the financial statements

For the year ended 31 March 2021

7. Plant and equipment

	Office Equipment Rs	Computer Equipment Rs	Furniture and Fittings Rs	Motor Vehicles Rs	Total Rs
Cost					
At 01 April 2020	**6,352,139**	**6,658,740**	**9,957,337**	**2,445,000**	**25,413,216**
Additions	88,925	120,865	-	-	**209,790**
Disposals	(77,787)	-	(245,400)	-	**(323,187)**
At 31 March 2021	**6,363,277**	**6,779,605**	**9,711,937**	**2,445,000**	**25,299,819**
Depreciation					
At 01 April 2020	**2,779,688**	**5,584,196**	**4,476,399**	**1,436,415**	**14,276,698**
Charge for the year	288,458	603,661	595,893	366,750	**1,854,762**
Disposals adjustment	(49,416)	-	(203,310)	-	**(252,726)**
At 31 March 2021	**3,018,730**	**6,187,857**	**4,868,982**	**1,803,165**	**15,878,734**
Net book values					
At 31 March 2021	**3,344,547**	**591,748**	**4,842,955**	**641,835**	**9,421,085**

At 31 March 2021, motor vehicles acquired under finance leases had a net book value of **Rs 154,710** (2020: Rs 391,710).

Notes to the financial statements
For the year ended 31 March 2021

7. Plant and equipment (Contd)

	Office Equipment Rs	Computer Equipment Rs	Furniture and Fittings Rs	Motor Vehicles Rs	Total Rs
Cost					
At 01 April 2019	**6,272,744**	**6,371,504**	**9,957,337**	**2,445,000**	**25,046,585**
Additions	79,395	287,236	-	-	366,631
At 31 March 2020	**6,352,139**	**6,658,740**	**9,957,337**	**2,445,000**	**25,413,216**
Depreciation					
At 01 April 2019	**2,495,103**	**4,814,483**	**3,876,418**	**1,069,665**	**12,255,669**
Charge for the year	284,585	769,713	599,981	366,750	2,021,029
At 31 March 2020	**2,779,688**	**5,584,196**	**4,476,399**	**1,436,415**	**14,276,698**
Net book values					
At 31 March 2020	**3,572,451**	**1,074,544**	**5,480,938**	**1,008,585**	**11,136,518**

Notes to the financial statements

For the year ended 31 March 2021

8. Intangible assets

	Computer software	
	2021	2020
	Rs	Rs
Cost		
At 01 April and at 31 March	**5,769,728**	5,769,728
Amortisation		
At 01 April	**4,895,528**	4,085,103
Charge for the year	**628,948**	810,425
At 31 March	**5,524,476**	4,895,528
Net book values		
At 31 March	**245,252**	874,200

9. Rights-of-use assets

	2021	2020
	Rs	Rs
Cost		
At 01 April	**30,361,624**	30,361,624
Remeasurement adjustment	**(14,381,127)**	-
Additions	**998,931**	-
At 31 March	**16,979,428**	30,361,624
Depreciation		
At 01 April	**8,202,299**	-
Remeasurement adjustment	**(999,472)**	-
Charge for the year	**4,314,039**	8,202,299
At 31 March	**11,516,866**	8,202,299
Net book values		
At 31 March	**5,462,562**	22,159,325

10. Investment in treasury bills

	2021	2020
	Rs	Rs
At 01 April	**79,439,217**	22,530,761
Purchased during the year	**86,302,640**	77,642,380
Redeemed during the year	**(112,000,000)**	(23,000,000)
Interest element	**947,582**	2,266,076
At 31 March	**54,689,439**	79,439,217

Notes to the financial statements

For the year ended 31 March 2021

10. Investment in treasury bills (Contd)

At 31 March 2021, the Company held treasury bills through financial institutions with maturity dates of 03 September 2021 and 29 September 2021 and interest rates of 1.25%. The total face value of the treasury bills is Rs 55M.

11. Trade and other receivables

	2021	2020
	Rs	Rs
Trade receivables (Note (i))	**141,776**	188,948
Due from a related party (Note (ii))	**7,422,731**	6,433,752
Rental and other deposits	**1,400,117**	1,538,229
Other receivables and prepayments	**4,754,038**	4,644,623
	13,718,662	12,805,552

(i) Trade receivables represent commissions receivable from MoneyGram. The credit period is one week and no interest is charged on overdue balances.

(ii) The amount due from the related party is interest-free, unsecured and receivable on demand.

(iii) Expected credit losses

The Company applies the IFRS 9 simplified model of recognising lifetime expected credit losses for its amount due from the related party as this item does not have a significant financing component.

The Directors consider that no credit risk is associated with the amount due from the related party as the latter forms part of the same group of companies and the ultimate holding company has undertaken to make good of any loss suffered by the Company in the event of any default arising out from this receivable.

12. Cash and cash equivalents

	2021	2020
	Rs	Rs
Cash at bank:		
Local currency	**622,836**	3,062,527
Foreign currency	**2,380,513**	8,376,860
Cash in hand:		
Local currency	**4,182,417**	8,741,999
Foreign currency	**1,235,915**	5,238,361
Cash at bank and in hand	**8,421,681**	25,419,747
Bank overdrafts (Note 15)	**(17,479,263)**	(1,956,300)
Total	**(9,057,582)**	23,463,447

Notes to the financial statements

For the year ended 31 March 2021

13. Stated capital

	2021	2020
	Rs	Rs
At 01 April	**100,000,000**	100,000,000
Shares bought back	**(35,185,100)**	-
At 31 March	**64,814,900**	100,000,000

During the year, the Company bought back 351,851 of its ordinary shares each having a face value Rs 100, at a premium price of Rs 108 each from Thomas Cook (Mauritius) Holding Company Limited. The number of shares at 31 March 2021 is 648,149 with a face value of Rs 100 each.

14. Gratuity obligations

The Company has recognised gratuity obligations of **Rs 1,994,647** (2020: Rs 1,191,647) in the statement of financial position in respect of any retirement gratuities that are expected to be paid out of the Company's cash flow to its employees as determined by the Company's actuary.

	2021	2020
	Rs	Rs
Reconciliation of gratuity obligations		
At 01 April	**1,191,647**	904,647
Amount recognised in profit or loss	**649,000**	228,000
Amount recognised in other comprehensive income	**154,000**	59,000
At 31 March	**1,994,647**	1,191,647
Reconciliation of present value of gratuity obligations		
At 01 April	**1,191,647**	904,647
Current service costs	**503,000**	174,000
Interest expense	**49,000**	54,000
Past service costs	**97,000**	-
Liability experience loss/(gain)	**113,000**	(183,000)
Liability loss due to change in financial assumptions	**41,000**	242,000
At 31 March	**1,994,647**	1,191,647
Components of amount recognised in profit or loss		
Current service costs	**503,000**	174,000
Past service costs	**97,000**	-
Net interest on net defined benefit liability	**49,000**	54,000
	649,000	228,000
Components of amount recognised in other comprehensive income		
Liability experience loss/(gain)	**113,000**	(183,000)
Liability loss due to change in financial assumptions	**41,000**	242,000
	154,000	59,000

14. Gratuity obligations (Contd)

	2021	2020
	Rs	Rs
Principal assumptions used at end of year		
Discount rate	**2.70%**	4.10%
Rate of salary increases	**2.80%**	4.40%
Average retirement age	**60**	60
Sensitivity analysis on gratuity obligations at end of year		
Increase due to 1% decrease in discount rate	**279,000**	161,000
Decrease due to 1% increase in discount rate	**232,000**	136,000

Future cash flows

(a) The funding policy is to pay benefits out of the reporting entity's cash flow as and when due.
(b) Expected employer contribution for the next year is Rs 97,000.
(c) Weighted average duration of the gratuity obligations established at 13 years.

The Company is subject to an unfunded defined benefit plan for the employees. The plan exposes the Company to normal risks described below:

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by a decrease in inflationary pressures on salary increases.

Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

There has been no plan amendment, curtailment or settlement during the year, except for data adjustments.

15. Borrowings

	2021	2020
	Rs	Rs
Current		
Bank overdrafts (Note 12)	**17,479,263**	1,956,300
Total borrowings	**17,479,263**	1,956,300

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2021

16. Lease liabilities

The Company's lease liabilities concern rental of buildings.

During the current financial year, the Company has recognised 9 leases (for rental of buildings) as finance leases as the contractual terms of these leases meet the definition of finance lease under IFRS 16 "Leases".

The remaining period of the lease contracts varies from 1 to 5 years as from 01 April 2020.

	2021	2020
	Rs	Rs
At 01 April	19,362,495	30,361,624
Remeasurement	(12,382,724)	-
Adjusted liabilities	6,979,771	30,361,624
Payments during the year	(4,066,181)	(11,561,987)
Interest accrued	254,943	562,858
At 31 March	3,168,533	19,362,495
Split between:		
Non-current	1,999,502	11,239,771
Current	1,169,031	8,122,724
	3,168,533	19,362,495

Future minimum lease payments at 31 March 2021 were as follows:

	Within 1 year	1 – 5 years	Total
	Rs	Rs	Rs
31 March 2021			
Lease payments	1,316,166	2,150,166	3,466,332
Finance charges	(147,134)	(150,665)	(297,799)
Net present values	1,169,032	1,999,501	3,168,533

	Within 1 year	1 – 5 years	Total
	Rs	Rs	Rs
31 March 2020			
Lease payments	8,571,520	11,517,370	20,088,890
Finance charges	(449,809)	(276,586)	(726,395)
Net present values	8,121,711	11,240,784	19,362,495

Additional information on the right-of-use assets by class of assets is as follows:

	Carrying amount as at 31 March 2021	Depreciation expense for the year	Impairment
	Rs	Rs	Rs
Buildings under rental	5,462,562	4,314,039	-

Notes to the financial statements

For the year ended 31 March 2021

16. Lease liabilities (Contd)

Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets or the terms of the contract that do not satisfy the three key criteria as described in the accounting policy on lease (Note 3.14) and payments made under such leases are expensed on a straight-line basis.

17. Trade and other payables

	2021	2020
	Rs	Rs
Trade payables	-	4,346,185
Due to intermediate holding company (Note (i))	612,091	716,305
Accruals and other payables	4,571,180	5,564,332
	5,183,271	10,626,822

(i) The amount payable to the intermediate holding company is unsecured, interest-free and repayable on demand.

18. Net gains from foreign currency dealings and net foreign exchange differences

Net gains from foreign currency dealings arise from sale and purchase of foreign currencies. Dealings in foreign exchange transactions are recognised on customer acceptance. Gains and losses arising on dealings in foreign currencies are recognised on a net basis.

Net foreign exchange differences include net realised gains and net gain on currencies translations at year end.

19. Other operating income

	2021	2020
	Rs	Rs
Income from pick-up and delivery of foreign currencies to banks, net of import charges	24,471	2,287,848
Net income on telegraphic transfers (Note (i))	(999,792)	(2,107,211)
Commission received on MoneyGram transactions	9,858,518	8,838,471
	8,883,197	9,019,108

(i) The income from telegraphic transfers (TT) is net of commitment fees that the Company incurred upon renegotiating its contract with its TT service provider. The renegotiation was required upon resuming TT activity in prior years.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2021

20. Finance income

	2021	2020
	Rs	Rs
Bank interest	-	161,599
Interest received on treasury bills	**947,582**	2,266,076
	947,582	2,427,675

21. Finance costs

	2021	2020
	Rs	Rs
Interest on obligations under finance leases	-	14,525
Interest on bank overdrafts	**271,370**	630,433
Interest on lease liabilities	**254,943**	562,858
	526,313	1,207,816

22. Taxation

(i) Income tax

The Company is liable to income tax at the rate of 15% and at 31 March 2021 it had no income tax liability due to tax losses of **Rs 14,093,929** (2020: Rs 6,216,612) carried forward.

(ii) Tax credit

	2021	2020
	Rs	Rs
Movement in deferred taxation	**1,504,327**	928,077

(iii) Income tax reconciliation

The tax charge 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:

	2021	2020
	Rs	Rs
Loss before tax	**(16,410,328)**	(5,828,825)
Tax at 15%	**(2,461,549)**	(874,323)
Non-allowable items	**1,224,342**	2,144,393
Movement on deferred taxation	**(1,504,327)**	(928,077)
Annual allowances	**(171,971)**	(241,090)
Exempt income	**(462,355)**	(1,734,298)
Unutilised tax losses	**1,871,533**	705,318
Tax credit	**(1,504,327)**	(928,077)

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2021

22. Taxation (Contd)

(iv) Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method at the rate of 15%.

Deferred tax assets amounting to **Rs 1,348,694** at 31 March 2021 (2020: deferred tax liability Rs 155,633) has been recognised in the financial statements. The movement in deferred tax liabilities is as follows:

	2021 Rs	2020 Rs
At 01 April	**155,633**	1,083,710
Movement during the year	**(1,504,327)**	(928,077)
At 31 March	**1,348,694**	155,633

The deferred tax assets are made up of:

	2021 Rs	2020 Rs
Accelerated capital allowances	**1,064,592**	1,266,872
Accumulated tax losses	**(2,114,089)**	(932,492)
Gratuity obligations	**(299,197)**	(178,747)
Total	**(1,348,694)**	155,633

23. Operating loss

	2021 Rs	2020 Rs
Operating loss is arrived at after charging/(crediting):		
Depreciation	**6,168,801**	10,223,328
Amortisation	**628,948**	810,425
Rental expenses	**(174,856)**	1,095,305
Security charges	**1,804,735**	2,909,400
Telephone and connectivity charges	**2,152,108**	2,730,267
Licences	**3,271,141**	3,588,816
Audit fees and other fees	**715,557**	845,250
Staff costs:		
Salaries and allowances	**9,050,137**	23,714,703
Social security costs	**1,065,960**	1,085,374
Other employee benefits	**3,188,712**	3,636,733

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2021

24. Related party transactions

During the year ended 31 March 2021, the Company had transactions with its related entities. The nature, volume of transactions and balances with related parties are as follows:

Nature of relationship	Nature of transactions	Volume of transactions Rs	Debit/(credit) balances at 31 March 2021 Rs	Debit/(credit) balances at 31 March 2020 Rs
Intermediate holding company	Payable	**104,214**	**(612,091)**	(716,305)
Fellow subsidiary	Receivable	**988,979**	**7,422,731**	6,433,752
Fellow subsidiary	Sale of foreign currencies	**77,330**	-	-
Fellow subsidiary	Purchase of foreign currencies	**4,527,819**	-	-
Key Management Personnel	Salaries and related contributions	**2,823,546**	-	-

The terms and conditions of the receivables and payables are described in Notes 11 and 17 to these financial statements respectively.

25. Contingent liabilities

(i) The Company has given bank guarantees for an amount of Rs 80,000 and for which no financial loss is anticipated.

(ii) The Company is subject to claims of a maximum of Rs 900,000 from a former employee. Based on legal advices, the directors consider that these claims have no merit and consequently no provision is required in these financial statements.

26. Reconciliation of liabilities arising from financing activities

31 March 2021	Opening balance Rs	Cash flows Rs	Non-cash changes Rs	Closing balance Rs
Lease liabilities	**19,362,495**	**(4,066,181)**	**(12,127,781)**	**3,168,533**
Bank overdrafts	**1,956,300**	**15,522,963**	-	**17,479,263**
	21,318,795	**11,456,782**	**(12,127,781)**	**20,647,796**

Notes to the financial statements

For the year ended 31 March 2021

26. Reconciliation of liabilities arising from financing activities (Contd)

31 March 2020	Opening balance Rs	Adoption of IFRS 16	Cash flows Rs	Non-cash changes Rs	Closing balance Rs
Obligations under finance leases	318,715	-	(318,715)	-	-
Lease liabilities	-	30,361,624	(11,561,987)	562,858	19,362,495
Bank overdrafts	20,524,080	-	(18,567,780)	-	1,956,300
	20,842,795	30,361,624	(30,448,482)	562,858	21,318,795

27. Holding companies

The Directors consider Thomas Cook (Mauritius) Holding Company Limited, a company incorporated in the Republic of Mauritius, as the Company's immediate holding company. Thomas Cook (Mauritius) Holding Company Limited holds 100 % of the shares of the Company.

Thomas Cook (India) Limited, a company incorporated in the Republic of India, holds 100% of the shares of Thomas Cook (Mauritius) Holding Company Limited.

Fairbridge Capital (Mauritius) Limited, a subsidiary of Fairfax Financial Holdings Limited (the 'ultimate holding'), Canada and its affiliates, held 248,153,725 equity shares of INR 1 each representing a 65.60% stake in Thomas Cook (India) Limited as on 31 March 2021.

28. Events after the reporting date

COVID-19 outbreak was declared a pandemic by the World Health Organization in January 2020 with financial and non-financial effects still being felt as at the date of this report. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. There are meaningful direct and indirect effects developing with companies across multiple industries and the world.

The Directors have made an assessment of the Company's ability to continue as a going concern taking into account all available information about the future including the analysis of the possible impacts in relation to COVID-19, which is at least, but is not limited to, twelve months from the date of approval of these financial statements and at 31 March 2021 no events or conditions have been identified that may cast significant doubt on the Company's ability to continue as a going concern. The prolonged effects of the outbreak as well as the resultant lockdown will have an impact on business activities and cash flows. However, such impact cannot be determined with certainty at present. The Directors are closely monitoring the evolution given the high level of unpredictability and uncertainties and measures will be taken to alleviate any potential negative effects on the Company's business activities.

Except for the above, there have been no material events since the end of the reporting period which would require disclosure or adjustment to the financial statements for the year ended 31 March 2021.

G. M. KAPADIA & CO.
(REGISTERED)
CHARTERED ACCOUNTANTS
1007, RAHEJA CHAMBERS, 213, NARIMAN POINT, MUMBAI 400 021. INDIA
PHONE : (91-22) 6611 6611 FAX : (91-22) 6611 6600

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TC VISA SERVICES (INDIA) LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **TC Visa Services (India) Limited** (the Company), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Cash Flows and the Statement of Changes in Equity for the year ended, and a summary of significant accounting policies and other explanatory information (the standalone financial statements).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standard prescribed under section 133 of the Act (Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021 and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Standalone Financial Statements and Auditor's Report thereon

The Management of the Company is responsible for the other information. The other information obtained at the date of this report is report of the board of directors, but does not include the standalone financial statements and our report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

G.M. KAPADIA & CO. MUMBAI ★ Chartered Accountants ★

If, based on our work, we conclude that there is a material misstatement therein, we are required to communicate to those charged with governance and take appropriate actions in accordance with the SAs. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Ind AS, read with the rules made thereunder and the relevant provisions of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone 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.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- 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 auditor's report to the related disclosures in the standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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 to 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:

1. As required by the Companies (Auditor's Report) Order, 2016 (the Order) issued by the Central Government in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in the paragraph 3 and 4 of the said Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

G.M. KAPADIA & CO. MUMBAI Chartered Accountants

(c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with the rules made thereunder and the relevant provisions of the Act;

(e) On the basis of written representations received from the Directors as on March 31, 2021 and taken on record by the Board of Directors, none of the Directors are disqualified as on March 31, 2021 from being appointed as a Director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure B";

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

The Company has not paid any remuneration to its directors during the year and hence, the provisions of section 197 of the Act are not applicable; and

(h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company does not have any pending litigations, which would impact the financial position of the Company;

(ii) The Company did not have any material foreseeable losses on long-term contracts including derivative contracts; and

(iii) There were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company.

For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration No. 104767W

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

Atul Shah
Partner
Membership No. 039569
UDIN: 21039569AAAAIB9086

Place: Mumbai
Dated: 25/05/2021

Annexure A- referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" of our report on even date to the members of the Company on the standalone financial statements for the year ended March 31, 2021

i. The Company does not have any property, plant and equipment and hence provision of paragraph 3(i) of the Order is not applicable.

ii. The Company's nature of operations does not require it to hold inventories. Consequently, paragraph 3(ii) of the Order regarding physical verification of inventories and maintenance of records is not applicable.

iii. The Company has granted unsecured loan to its holding company and fellow subsidiary covered in the register maintained under section 189 of the Act.

(a) In our opinion, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.

(b) & (c) These loans are repayable on demand. No schedule has been specified for payment of interest. No demand has been made for repayment. In view of the same, the question of reporting under sub paragraph (b) regarding regularity in payment of principal and interest and sub paragraph (c) regarding overdue payment does not arise.

iv. Based on audit process applied by us and according to the information and explanations given to us, in our opinion, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of investments made and loans, guarantees and securities granted, as applicable.

v. In our opinion and according to the information and explanation given to us, the Company has not accepted deposits from the public and therefore, the provisions of section 73 to 76 or any other relevant provisions of the Act and rules framed thereunder are not applicable to the Company.

We have been informed that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this regard.

vi. The provisions of section 148(1) of the Act, relating to maintenance of cost records are not applicable.

vii. (a) Based on the records produced before us, the Company is generally regular in depositing with appropriate authorities applicable undisputed statutory dues such as provident fund, employees' state insurance, income tax, profession tax, service tax, goods and services tax, cess and other applicable statutory dues with the appropriate authorities. There are no arrears as at March 31, 2021 which were due for more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed dues of income-tax, service tax, goods and services tax which have not been deposited on account of any dispute.

viii. The Company has neither raised loans from banks and financial institutions nor issued any debentures, therefore the provisions of paragraph 3(viii) of the Order regarding default in

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repayment of dues to banks and financial institutions and debenture holders is not applicable to the Company.

ix. The Company has not raised any money by way of Initial Public Offer or Further Public Offer (including debt instruments) and term loans. Hence, the provisions of paragraph 3(ix) of the Order is not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no instances of fraud by the Company or on the Company by its officers and employees have been noticed or reported during the year.

xi. The Company has not paid or provided for any managerial remuneration. Hence, reporting requirements under this paragraph 3(xi) of the Order are not applicable.

xii. The Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. In respect of transactions with related parties, the Company has complied with provisions of sections 177 and 188 of the Act where applicable. Necessary disclosures relating to related party transactions have been made in the standalone financial statements as required by the applicable accounting standard.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

xv. The Company has not entered into any non-cash transaction with directors. We have been informed that no such transactions have been entered into with persons connected with directors. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of paragraph 3 (xvi) of the Order is not applicable.

For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration No. 104767W

G.M. KAPADIA & CO. MUMBAI Chartered Accountants

Atul Shah
Partner
Membership No. 039569
UDIN: 21039569AAAAIB9086

Place: Mumbai
Dated: 25/05/2021

Annexure B referred to in paragraph 2(f) under "Report on Other Legal and Regulatory Requirements" of our Independent Auditor's report of even date, to the members of TC Visa Services (India) Limited (the Company) on the standalone financial statements for the year ended March 31, 2021

Report on the Internal Financial Controls under section 143(3)(i) of the Companies Act, 2013 (the Act)

Opinion

We have audited the internal financial controls with reference to financial statements of the Company as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note) issued by the Institute of Chartered Accountants of India (ICAI).

Management's Responsibility for Internal Financial Controls

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing

G.M. KAPADIA & CO. ★ MUMBAI ★ Chartered Accountants the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence, we have obtained is, sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration No. 104767W

G.M. KAPADIA & CO. ★ MUMBAI ★ Chartered Accountants

Atul Shah
Partner
Membership No. 039569
UDIN: 21039569AAAAIB9086

Place: Mumbai
Dated: 25/05/2021

TC VISA SERVICES (INDIA) LIMITED
Balance Sheet as at March 31, 2021
(All amounts in INR Lakhs, unless otherwise stated)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-Current Assets			
Deferred Tax Assets (Net)	3	65.0	12.1
Total Non-Current Assets		**65.0**	**12.1**
Current Assets			
Financial Assets			
- Trade Receivables	5(a)	61.6	1,383.5
- Cash & Cash Equivalents	5(b)	41.1	208.6
- Other Financial Assets	5(c)	25.5	15.4
- Loan	5(d)	1,300.0	-
Current Tax Assets	4	7.1	-
Other Current Assets	6	61.5	12.2
Total Current Assets		**1,496.8**	**1,619.7**
TOTAL ASSETS		**1,561.8**	**1,631.8**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	7	5.0	5.0
Other Equity - Reserve & Surplus	8	1,015.5	1,183.3
Total Equity		**1,020.5**	**1,188.3**
LIABILITIES			
Non-Current Liabilities			
Employee Benefit Obligations	9	16.2	14.3
Total Non-Current Liabilities		**16.2**	**14.3**
Current Liabilities			
Financial Liabilities - Trade Payables	10(a)	435.6	319.7
Employee Benefit Obligations	9	21.0	10.1
Current Tax Liabilities	4	-	7.3
Other Current Liabilities	11	68.5	92.1
Total Current Liabilities		**525.1**	**429.2**
TOTAL LIABILITIES		**541.3**	**443.5**
TOTAL EQUITY AND LIABILITIES		**1,561.8**	**1,631.8**

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

As per our report of even date.
For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration Number 104767W

G.M. KAPADIA & CO. MUMBAI Chartered Accountants

Atul Shah
Partner
Membership No. 39569

Date: May 25, 2021
Place: Mumbai

For and on behalf of the Board of Directors

Rajeev Kale
Director
DIN: 6775970

Date: May 25, 2021
Place: Mumbai

Rambhau Kenkare
Director
DIN No. 01272743

Date: May 25, 2021
Place: Mumbai

TC VISA SERVICES (INDIA) LIMITED
Statement of Profit And Loss for the Year Ended March 31, 2021
(All amounts in INR Lakhs, unless otherwise stated)

Particulars	Notes	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Income			
Revenue from operations	12	74.2	1,070.9
Other income	13	122.8	229.5
Total income		**197.0**	**1,300.4**
Expenses			
Employee benefits expense	14	236.2	511.8
Finance Cost	15	3.3	17.5
Other Expenses	16	182.0	384.4
Total expenses		**421.5**	**913.8**
Profit before tax		**(224.5)**	**386.7**
Less: Tax expense	17		
Current tax		-	92.5
Deferred tax		(53.9)	6.6
Total tax expenses		**(53.9)**	**99.1**
Profit for the year (A)		**(170.6)**	**287.6**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		3.7	(0.4)
Income tax relating to items that will not be reclassified to profit or loss		(1.0)	0.2
Total other comprehensive income for the year, net of taxes (B)		**2.7**	**(0.2)**
Total comprehensive income for the year (A+B)		**(167.9)**	**287.4**
Earnings per equity share (Face value of INR 10 each)	22		
- Basic earnings per share (In INR)		-341.2	575.2
- Diluted earnings per share (In INR)		-341.2	575.2

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

As per our report of even date.
For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration Number 104767W

G.M. KAPADIA & CO. MUMBAI Chartered Accountants

Atul Shah
Partner
Membership No. 39569

Date: May 25, 2021
Place: Mumbai

For and on behalf of the Board of Directors

Rajeev Kalé
Director
DIN: 6775970

Date: May 25, 2021
Place: Mumbai

Rambhau Kenkare
Director
DIN No. 01272743

Date: May 25, 2021
Place: Mumbai

TC VISA SERVICES (INDIA) LIMITED
Statement of Cash Flows for the Year Ended March 31, 2021
(All amounts in INR Lakhs, unless otherwise stated)

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
A) Cash flow from operating activities		
Profit before income tax	**(224.5)**	**386.7**
Adjustments for:		
Provision for Doubtful Debts and Advances (Net)	14.0	(18.5)
Employee share-based payment expense	-	-
Interest income on bank deposit	(13.7)	(0.4)
Gain from Mutual Fund	-	(16.1)
Operating profit before changes in operating assets and liabilities	**(224.2)**	**351.7**
Change in operating assets and liabilities:		
(Increase)/Decrease in trade receivable	1,307.9	(274.8)
(Increase)/Decrease in other financial assets	(10.1)	(6.6)
(Increase)/Decrease in other current assets	(49.3)	75.1
Increase/(Decrease) in non current employee benefit obligations	5.6	5.2
Increase/(Decrease) in trade payables	116.0	(250.7)
Increase/(Decrease) in current employee benefit obligations	10.9	(3.9)
Increase/(Decrease) in other current liabilities	(23.6)	(85.1)
Cash generated from operations	**1,133.2**	**(189.1)**
Income taxes paid	(14.4)	(116.1)
Net cash inflow from operating activities	**1,118.8**	**(305.2)**
B) Cash flow from investing activities:		
Loan given to related parties (Ref. Note 5e)	(1,300.0)	-
Purchase of Units of Mutual funds	-	-
Sale of Units of Mutual funds	-	316.1
Investment in FD	-	-
Interest on bank deposits	13.7	0.4
Net cash inflow/(outflow) from investing activities	**(1,286.3)**	**316.5**
Net increase in cash and cash equivalents	(167.5)	11.3
Add: Cash and cash equivalents at the beginning of the financial year	208.6	197.2
Cash and cash equivalents at the end of the year	**41.1**	**208.5**
Reconciliation of Cash Flow statements as per the cash flow statement	**31 March 2021**	**31 March 2020**
Cash Flow statement as per above comprises of the following		
Cash and cash equivalents	41.1	208.6
Bank Overdrafts	-	-
Balances as per statement of cash flows	41.1	208.6

Notes :

1. The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Indian Accounting Standard (Ind AS-7) on Statement of Cash Flow as notified under Companies (Acounts) Rules, 2015.
2. The above statement of Cash flow should be read in conjunction with the accompanying notes.

As per our report of even date
For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration Number 104767W

G.M. KAPADIA & CO. MUMBAI Chartered Accountants

Atul Shah
Partner
Membership No. 39569

Date: May 25, 2021
Place: Mumbai

For and on behalf of the Board of Directors

Rajeev Kale
Director
DIN: 6775970

Date: May 25, 2021
Place: Mumbai

Rambhau Kenkare
Director
DIN No. 01272743

Date: May 25, 2021
Place: Mumbai

TC VISA SERVICES (INDIA) LIMITED
Statement of Changes in Equity for the Year Ended March 31, 2021
(All amounts in INR Lakhs, unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY

Equity share capital

Particulars	Amount
Balance as at March 31, 2019	**5.0**
changes in equity share capital during the year	-
Balance as at March 31, 2020	**5.0**
changes in equity share capital during the year	-
Balance as at March 31, 2021	**5.0**

	Reserves and Surplus		
Particulars	**Capital Contribution**	**Retained Earnings**	**Total Other Equity**
Balance as at March 31, 2019	**9.9**	**886.0**	**895.9**
Profit for the year	-	287.6	287.6
Other Comprehensive Income	-	(0.2)	(0.2)
Transaction with owners in their capacity as owners			
Employee Stock Option Expense	-	-	-
Balance as at March 31, 2020	**9.9**	**1,173.4**	**1,183.3**
Profit for the year	-	(170.6)	(170.6)
Other Comprehensive Income	-	2.7	2.7
Balance as at March 31, 2021	**9.9**	**1,005.5**	**1,015.5**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

As per our report of even date.
For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration Number 104767W

G.M. KAPADIA & CO. MUMBAI Chartered Accountants

Atul Shah
Partner
Membership No. 39569

Date: May 25, 2021
Place: Mumbai

For and on behalf of the Board of Directors

Rajeev Kale
Director
DIN: 6775970

Date: May 25, 2021
Place: Mumbai

Rambhau Kenkare
Director
DIN No. 01272743

Date: May 25, 2021
Place: Mumbai

TC VISA SERVICES (INDIA) LIMITED
Notes forming part of the Financial Statements as at and for the Year Ended March 31, 2021
(All amounts in INR Lakhs, unless otherwise stated)

General Information

TC Visa Services (India) Limited (the "Company") was incorporated on August 30, 2011 with main object to render consultancy and / or advisory services in connection with obtaining / arranging visas. The Company is a 100% subsidiary of Travel Corporation (India) Limited. The Company commenced operations from February 1, 2013.

1 Significant Accounting Policies

1.1 Basis of preparation of financial statements

(a) Statement of compliance with Ind AS

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') In accordance with proviso of the Rule 4A of Companies Accounting Rules, 2014, the terms used in these financial statements are in accordance with the definitions and other requirements specified in the applicable Accounting standards as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with rule 4 of the Companies (Indian Accounting standards) Rules, 2015 and other relevant provisions of the Act as amended from time to time that are notified and effective as at 31st March, 2021.
Financial for the Year Ended March 31, 2021 is prepared based on IND AS.

Current V/s Non-Current

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the rendering of services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current-noncurrent classification of assets and liabilities.

(b) Historical cost convention

The Financial Statements have been prepared on a historical cost basis, except for the following:
• Investments, and
• Defined benefit plans

(c) Use of estimates and judgments

The preparation of Standalone Financial Information requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the Standalone Financial Information. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The areas involving critical estimates and judgments are:
(i) Estimation of defined benefit obligation
(ii) Impairment of Trade Receivables

1.2 Revenue Recognition

To recognize revenues, the Company applies the following five step approach:
1. identify the contract with a customer;
2. identify the performance obligations in the contract;
3. determine the transaction price;
4. allocate the transaction price to the performance obligations in the contract; and
5. recognize revenues when a performance obligation is satisfied.

Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.
Revenue comprises of consultancy and / or advisory services in connection with obtaining / arranging visas. The revenue arising from providing consultancy and/or advisory services in connection with obtaining Visa clearance services is included on the basis of margins earned, since inclusion on the basis of their gross value would not be meaningful and potentially misleading as an indicator of the level of the Company's business.

Revenue is recognised when services towards obtaining /arranging Visa clearance(s) are rendered i.e. submission of relevant documents to the Consulate.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue in excess of billing is classified as Accrued Revenue and is classified as a financial asset because, in these cases, right to consideration is unconditional upon passage of time. While invoicing in excess of revenue is classified as Income received in Advance.

The Company presents revenues net of indirect taxes in its statement of profit and loss.

1.3 Other Income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend income is recognized when the right to receive dividend is established.

TC VISA SERVICES (INDIA) LIMITED

TC VISA SERVICES (INDIA) LIMITED
Notes forming part of the Financial Statements as at and for the Year Ended March 31, 2021
(All amounts in INR Lakhs, unless otherwise stated)

1.4 Taxes on Income

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Income Tax:

Income tax for the period comprises of current tax and deferred tax. Income tax is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised in 'Other comprehensive income or directly in equity, in which case the tax is recognised in 'Other comprehensive income' or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Balance Sheet date, and any adjustments to tax payable in respect of previous years. Interest income/expenses and penalties, if any, related to income tax are included in current tax expense.

Deferred Tax:

Deferred tax is recognised using the liability method on taxable temporary differences between the tax base and the accounting base of items included in the Balance Sheet of the Company.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A deferred tax liability is recognised based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Certain temporary differences arising on initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not recognised.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

1.5 Leases

Company has adopted Ind AS 116 "Leases" (which replaces Ind AS 17 "Leases") effective April 1, 2019 and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. The Group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term cf 12 months or less and leases for which the underlying asset is of low value.

Determining whether an arrangement contains a lease:

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

The right-of-use asset is 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. Right-of-use asset are subsequently measured at cost less accumulated depreciation and impairment losses if any and adjusted for any remeasurement 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, using the incremental borrowing rates in the country of domicile of the leases.

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

i) Fixed payments;
ii) Variable lease payments;
iii) Amounts expected to be payable under a residual value guarantee; and
iv) 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 terms of the contract, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee. When the lease liability is remeasured, 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:

Company has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months. Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Till March 31, 2019, all lease arrangements were classified as operating or finance leases. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments under leases are charged or credited to the Statement of Profit and Loss on a straight-line basis over the term of the lease. Lease arrangements where Company has substantially all the risks and rewards of ownership were classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The finance charge is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

As a lessee:

A lease for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

1.6 Employee Benefits

(a) Long-term Employee Benefits

The Company operates the following post-employment schemes:
(i) Defined benefit plans such as gratuity
(ii) Defined contribution plans such as provident fund

(i) Defined Contribution Plans

Contribution towards Provident Fund for all employees are made to the regulatory authorities,where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

Company's contributions to the above funds are charged to the Statement of Profit and Loss for the year for which the contributions are due for payment.

(ii) Defined Benefit Plans

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

Contribution to Gratuity is based on the premium contribution called for by the Life Insurance Corporation of India (LIC) with whom the Company has entered into an arrangement. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The amount of net interest expense calculated by applying the liability discount rate to the net defined benefit liability or asset is charged or credited in the statement of profit and loss. Any differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised immediately in 'Other comprehensive income' and subsequently not reclassified to the statement of profit and loss.

(b) Short-term Employee Benefit

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

1.7 Impairment of Assets

Financial Assets

A financial asset not carried at fair value is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The entity considers evidence of impairment for receivables for each specific asset. All individually significant receivables are assessed for specific impairment.

TC VISA SERVICES (INDIA) LIMITED

1.8 Provisions and contingent liabilities

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. Provisions are not recognised for future operating losses. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure require to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

1.9 Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, 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, and bank overdrafts. Cash and cash equivalents include cash on hand, term deposits with banks and other short-term highly liquid investments. To be classified as cash and cash equivalents, the financial asset must:

- be readily convertible into cash;
- have an insignificant risk of changes in value; and
- have a maturity period of three months or less at acquisition.

In the cash flow statement, Cash and Cash Equivalents includes Cash on Hand, Cheques/Drafts on Hand, Remittances in Transit, Balances with Bank held in Current Account and Demand Deposits with maturities of three months or less. Bank overdrafts are repayable on demand and form an integral part of an entity's cash management, and are included as a component of cash and cash equivalents. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.0 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Although the Company recognises the revenue relating to commission on net and agent basis, the trade receivables and trade payables are recognised on the gross value of services rendered and services received respectively.

2.1 Financial Instruments

(a) Financial assets

(i) Initial recognition and measurement

Financial assets are recognised when the entity becomes a party to the contractual provisions of the instruments. Financial assets other than trade receivables are initially recognised at fair value. Transaction costs are expensed in the Statement of Profit and Loss, expect for financial instruments carried at amortised cost, where transaction costs are adjusted in the amortised cost of the asset.

(ii) Subsequent Measurement

Financial assets, other than equity instruments, are subsequently measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL') on the basis of:
- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

(a) **Measured at amortised cost** : Financial assets which have contractual cash flows that are solely payments of principal and interest on the principal outstanding and is held within a business model with the objective of holding the assets to collect contractual cash flows, are subsequently measured at amortised cost using the effective interest rate ('EIR') method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. On derecognition, gain or loss, if any, is recognised in the Statement of Profit and Loss.

(b)**Measured at fair value through other comprehensive income** : Financial assets which have contractual cash flows that are solely payments of principal and interest on the principal outstanding and is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, is measured at fair value through other comprehensive income. It is subsequently measured at fair value with unrealised gains or losses recognised in the other comprehensive income ('OCI'), except for interest income which is recognised as 'other income' in the Statement of Profit and Loss using the EIR method. The losses arising from impairment are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

('c) **Measured at fair value through profit or loss:** A financial asset not measured at either amortised cost or FVOCI, is measured at FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

All investments in equity instruments classified under financial assets are subsequently measured at fair value. Equity instruments which are held for trading are measured at FVTPL. For all other equity instruments, the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument shall be recognised as 'other income' in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

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(iii) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset On transfer of the financial asset, the Company evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

(b) Financial liabilities

(i) Initial recognition and measurement:

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are initially recognised at fair value plus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Profit and Loss.

(ii) Subsequent measurement:

Financial liabilities are subsequently measured at amortised cost using EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

(iii) Derecognition:

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

2.2 **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.3 **Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

2.4 **Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs or decimals thereof as per the requirement of schedule III (division II), unless otherwise stated.

2.5 Previous year's figures have been regrouped/rearranged wherever necessary to confirm with current year's figures.

2 Critical Accounting Estimates and Judgements:

The preparation of Standalone Financial Information requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the Standalone Financial Information. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

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Notes to Financial Statements for the Year Ended March 31, 2021

(All amounts in INR Lakhs, unless otherwise stated)

Note 3: Deferred Tax Assets (Net)

The balance comprises of temporary differences attributable to:

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred Tax Assets		
On provisions allowable for tax purpose when paid	53.7	4.3
On Provision for Doubtful Advances	11.3	7.8
Net Deferred Tax Assets	**65.0**	**12.1**

Movement in Deferred Tax Assets

Particulars	On provisions allowable for tax purpose when paid	On Provision for Doubtful Advances	On carriforward buisness losses	Total
As at April 1, 2019	4.8	13.8	-	18.6
charged/(credited)				
-to profit or loss	(0.7)	(6.0)	-	(6.6)
-to other comprehensive income	0.2	-	-	0.2
As at March 31, 2020	**4.3**	**7.8**	-	**12.1**
charged/(credited)				
-to profit or loss	50.4	3.5		53.9
-to other comprehensive income	(1.0)	-	-	(1.0)
As at March 31, 2021	**53.7**	**11.3**	-	**65.0**

Note 4: Current Tax Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance - Current Tax Asset/(Liability)	(7.3)	(30.8)
Less: Current Tax payable for the year	-	92.5
Add: Taxes Paid	14.4	116.1
Closing Balances - Current Tax Asset/(Liabilities)	**7.1**	**(7.3)**

Note 5: Financial Assets

5(a) Investment

Particulars	As at March 31, 2021	As at March 31, 2020
Investment in Fixed Deposits	-	-
Investment in Mutual Funds	-	-
Total Investment	-	-

5(a)Trade receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Trade Receivables	106.8	1,414.7
Less: Allowance for doubtful debts	(45.2)	(31.2)
Total recievables	**61.6**	**1,383.5**
Break up of Security Details		
Unsecured, considered good	61.6	1,383.5
Unsecured, considered Doubtful	45.2	31.2
Total	**106.8**	**1,414.7**
Less : Allowance for doubtful debts	(45.2)	(31.2)
Total Trade Recievables	**61.6**	**1,383.5**

5(b) Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks :		
In current accounts	36.5	102.6
Fixed Deposits with original maturity of less than three months	-	40.0
Cash in hand	4.3	44.2
Cheques on hand	0.3	21.8
Total Cash and cash equivalents	**41.1**	**208.6**

5(c) Other Financial Assets

Particulars	Non-current	Current	Non-current	Current
	As at March 31, 2021		As at March 31, 2020	
Accrued Revenue	-	10.6	-	15.4
Other Receivables from Related Parties	-	14.9	-	
Other Receivables from Mutual Fund Companies	-	-	-	-
Total Other Financial Assets	-	**25.5**	-	**15.4**

5(d) Loan

Particulars	Non-current	Current	Non-current	Current
	As at March 31, 2021		As at March 31, 2020	
Loan to Related Parties	-	1,300.0	-	-
Total Loan	-	**1,300.0**	-	-

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Notes to Financial Statements for the Year Ended March 31, 2021
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Note 6: Other Current Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Advance to Suppliers		
Considered good	9.0	4.4
Considered Doubtful	-	-
Less: Allowance for doubtful advances	-	-
	9.0	**4.4**
Advance to Employees		
Considered good	24.7	-
	-	-
Less: Allowance for doubtful debts	-	-
	24.7	**-**
Prepaid expenses	4.9	-
Receivable with Government authorities- GST	22.9	7.8
Total	**61.5**	**12.2**

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Note 7: Equity Share Capital

Equity Share capital

Particulars	No of Shares (In lakhs)	Amount
AUTHORISED		
As at April 1, 2020	5.0	50.0
Increase during the Year Ended March 31, 2020	-	-
As at March 31, 2020	5.0	50.0
Increase during the Year Ended March 31, 2021	-	-
As at March 31, 2021	5.0	50.0

(i) Movement in Equity Share Capital during the Year

Particulars	No of Shares (In lakhs)	Amount
As at April 1, 2020	0.5	5.0
Increase during the Year Ended March 31, 2020	-	-
As at March 31, 2020	0.5	5.0
Increase during the Year Ended March 31, 2021	-	-
As at March 31, 2021	0.5	5.0

(ii) Terms and rights attached to shares

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the residual assets of the Company after distribution to all secured creditors, if any, of all preferential amounts, in proportion to their dues.

(iii) Shares of the company held by Holding Company

Particulars	As at March 31, 2021		As at March 31, 2020	
	No of Shares (In lakhs)	Amount	No of Shares (In lakhs)	Amount
Equity Shares				
Thomas Cook (India) Limited and its nominees	0.5	5.0	0.5	5.0

(iv) Shareholding Pattern (Shareholders holding 5% or more shares in the Company)

Category of Shareholder	As at March 31, 2021		As at March 31, 2020	
	No of shares (In lakhs)	% of Holding	No of shares (In lakhs)	% of Holding
Equity Shares				
Thomas Cook (India) Limited and its nominees	0.5	100.0%	0.5	100.0%

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Note 8: Reserves and surplus

Particulars	As at March 31, 2021	As at March 31, 2020
Capital Contribution	9.9	9.9
Retained Earnings	1,005.5	1,173.4
Total reserves and surplus	**1,015.4**	**1,183.3**

(a) Retained Earnings

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance	1,173.4	886.0
Net Profit for the year	(170.6)	287.6
Items of other Comprehensive income recognised directly in retained earnings	2.7	(0.2)
Closing Balance	1,005.5	1,173.4

(b) Capital Contribution

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance	9.9	9.9
Capital Contribution towards ESOP Expenses	-	-
Closing Balance	9.9	9.9

Nature and Purpose of Reserves-

Capital Contribution
The company has created capital contribution reserve in relation to push-down ESOP's from its parent company- Thomas Cook (India) Limited due to Ind AS requirement.

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Note 9: Employee Benefit Obligations

Particulars	As at March 31, 2021			As at March 31, 2020		
	Non Current	Current	Total	Non Current	Current	Total
Leave Entitlement	-	2.8	2.8	-	(0.0)	(0.0)
Gratuity	16.2	-	16.2	14.3	-	14.3
Employee Benefit Payables	-	18.2	18.2	-	10.1	10.1
Total	**16.2**	**21.0**	**37.2**	**14.3**	**10.1**	**24.4**

(i)Leave Obligations - Leave Entitlement
The leave obligations cover the Company's liability for earned leave.
The amount of the provision of INR 2.8 (31 March 2020 - INR NIL) is presented as current, since the company does not have an unconditional right to defer settlement for any of these obligations. The following amounts reflect leave that is expected to be taken or paid within the next 12 months.

Particulars	As at March 31, 2021	As at March 31, 2020
Current leave obligations expected to be settled within next 12 months	2.8	(0.0)

(ii) Post Employment Obligations
Gratuity
The company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.
(iii) Defined contribution Plans
The company also has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is INR 15 Lakhs (March 31, 2020 - INR 22.5 Lakhs).

Balance Sheet Amounts - Gratuity
The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Present value of obligation	Fair value of plan assets	Net amount
March 31, 2019	32.4	23.7	8.7
Current service cost	4.9	-	4.9
Interest expense/(income)	2.1	1.6	0.5
Total amount recognised in profit and loss	**7.0**	**1.6**	**5.4**
Remeasurements			
Return on plan assets, excluding amount included in interest expense/(income)	-	0.1	(0.1)
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	3.0	-	3.0
Experience (gains)/losses	(2.5)	-	(2.5)
Total amount recognised in other comprehensive income	**0.5**	**0.1**	**0.4**
Employer contributions	-	0.1	(0.1)
Benefit payments	-	-	-
March 31, 2020	**39.8**	**25.5**	**14.5**

Particulars	Present value of obligation	Fair value of plan assets	Net amount
March 31, 2020	**39.8**	**25.5**	**14.5**
Current service cost	5.8	-	5.8
Interest expense/(income)	2.1	1.4	0.7
Total amount recognised in profit and loss	**7.9**	**1.4**	**6.5**
Remeasurements			
Return on plan assets, excluding amount included in interest expense/(income)	-	(0.5)	0.5
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	-	-	-
Experience (gains)/losses	(4.6)	-	(4.6)
Total amount recognised in other comprehensive income	**(4.6)**	**(0.5)**	**(4.1)**
Employer contributions	-	0.5	(0.5)
Benefit payments	(24.2)	(24.2)	-
March 31, 2021	**18.9**	**2.7**	**16.3**

The net liability disclosed above relates to funded and unfunded plans are as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of funded obligations	18.9	39.8
Fair value of plan assets	2.7	25.5
Deficit of funded plan	16.2	14.3
Unfunded plans	-	-
Deficit of gratuity plan	**16.2**	**14.3**

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Significant estimates: Actuarial assumptions and sensitivity
The significant actuarial assumptions were as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate	5.70%	5.70%
Salary growth rate	6.00%	6.00%

(iv) Sensitivity analysis
The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Change in assumptions		Impact on defined benefit obligation			
			Increase in assumptions		Decrease in assumptions	
	March 31,2021	March 31,2020	March 31,2021	March 31,2020	March 31,2021	March 31,2020
Discount rate	50 basis point	50 basis point	-2.66%	-3.06%	2.81%	3.24%
Salary growth rate	50 basis point	50 basis point	2.79%	3.21%	-2.67%	-3.07%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The major categories of plans assets for gratuity are as follows:

Particulars	As at March 31, 2021			As at March 31, 2020		
	Unquoted	Total	In %	Unquoted	Total	In %
Insurer (LIC) Managed Funds	2.7	2.7	100.00%	25.5	25.5	100.00%

(v) Risk Exposure for Gratuity

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:
a) **Asset volatility**- The plan liabilities are calculated using a discount rate set with reference to bond yields, if the plan assets underperform this yield, this will create a deficit. Further any decrease in the bond yields will increase the plan liabilities. The plan assets investments are in unquoted securities which are subject to interest rate risks and the fund manages the interest rate risks to an acceptable low level.
b) **Salary growth & Demographic assumptions-** The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lumpsum in nature the plan is not subject to any longevity risks.

(vi) Defined benefit liability and employer contributions
The weighted average duration of the defined benefit obligation is 5.47 years (2020 - 6.35 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Post Employment Obligations as at March 31, 2021	3.4	3.1	7.1	13.7	**27.3**
Post Employment Obligations as at March 31, 2020	6.9	5.6	12.0	36.1	**60.6**
Post Employment Obligations as at March 31, 2019	6.3	5.5	11.8	26.5	**50.1**
Post Employment Obligations as at March 31, 2018	5.5	4.9	10.8	22.4	**43.5**

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Notes to Financial Statements for the Year Ended March 31, 2021
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Note 10: Financial Liabilities

Note 10(a): Trade Payables

Particulars	As at March 31, 2021	As at March 31, 2020
Trade Payables		
-Dues of micro enterprises and small enterprises	-	-
-Dues of creditors other than micro enterprises and small enterprises	435.6	319.7
Total Trade Payables	**435.6**	**319.7**

Note: There are no delayed payments to Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 during the year. Further, there are no dues to such parties which are outstanding as at the Balance Sheet date. This information has been determined on the basis of information available with the company. This has been relied upon by the auditors.

Note 11: Other Current Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Advance received from Customers	58.1	70.6
Advance to Employees	-	0.5
Statutory Dues	10.4	21.0
Total	**68.5**	**92.1**

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Note 12: Revenue from Operations

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Income From Operations	74.2	1,070.9
Total	**74.2**	**1,070.9**

Note 13: Other Income

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Interest Income on Bank Deposits	13.7	0.4
Gains from Mutual Fund	-	16.1
Claims Written back	-	(0.0)
Miscellaneous Income	53.9	213.0
Interest on Loan to Related Parties	55.2	-
Total	**122.8**	**229.5**

Note 14: Employee Benefit Expense

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Salaries Wages and Bonus	217.2	463.5
Contribution to Provident and Other Funds	15.0	22.5
Gratuity (Refer note 9)	6.5	5.3
Staff Welfare Expenses	0.0	4.7
Staff Training Expenses	(2.5)	15.8
Total	**236.2**	**511.8**

Note 15: Finance Costs

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Other Finance Charges	3.3	17.5
Total	**3.3**	**17.5**

* Amount is below the rounding off norm adopted by the Company.

Note 16: Other Expenses

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Rent (Refer note 24)	50.2	36.6
Repairs and Maintenance	3.0	0.7
Rates and Taxes	0.0	0.0
Travelling Expenses	0.6	24.4
Legal and Professional Charges #(Refer note below "a")	12.9	18.8
Printing, Stationery and Communication Cost	1.0	0.8
Courier Charges	2.2	26.7
Brokerage	1.3	31.6
Provisions for doubtful debts and Advances (net off bad debt w/off)	14.0	(18.5)
Advertisment Expenses	(0.4)	4.7
Outsourced Staff	92.0	253.1
Miscellaneous Expenses	5.2	5.5
Total	**182.0**	**384.4**

\# Legal and Professional charges include auditors remuneration

(a): Details of payments to auditors

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Payment to auditors		
As auditor:		
-Statutory Audit	4.6	3.5
-Tax Audit	1.1	1.1
In other capacities		
-Re-imbursement of expenses	-	-
Total payments to auditors	**5.7**	**4.6**

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Notes to Financial Statements for the Year Ended March 31, 2021
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Note 17: Income Tax Expense

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
(a) Income tax expense		
Current tax		
Current tax on profits for the year	-	92.5
Adjustments for current tax of prior periods	-	-
Total current tax expense	-	**92.5**
Deferred tax		
Decrease (increase) in deferred tax assets	(53.9)	6.6
Total deferred tax credit	**(53.9)**	**6.6**
Income tax expense	**(53.9)**	**99.2**

(b) The reconciliation of tax expense and the accounting profit multiplied by India's tax rate :

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Profit from continuing operations before income tax expense	(224.5)	386.7
Tax at the Indian tax rate of 25.17% (PY - 25.17%)	**(56.5)**	**97.3**
Tax effect of amounts which are not deductible(taxable) in calculating taxable income:		
Interest on shortfall of advance tax	-	-
Dividend income	-	-
Sec 14A Disallowance	-	-
On account of rate difference as compared to previous year	-	1.7
Other items	2.6	0.1
Income tax expense	**(53.9)**	**99.2**

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Notes to Financial Statements for the Year Ended March 31. 2021
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Note 18: Fair value measurements

Financial instruments by category

Particulars	As at 31 March 2021			As at 31 March 2020		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Trade receivable	-	-	61.6	-	-	1,383.5
Cash and cash equivalents	-	-	41.1	-	-	208.6
Others	-	-	-	-	-	-
Total financial assets	-	-	**102.7**	-	-	**1,592.0**
Financial liabilities						
Trade Payable	-	-	435.6	-	-	319.7
Total financial liabilities	-	-	**435.6**	-	-	**319.7**

The carrying amounts of trade receivable, cash and cash equivalents, other financial assets, trade payables, other financial liabilities are considered to be the same as their fair values due to their short-term nature.

Note 19: Financial risk management

(i) Risk management framework

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the policies and processes. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors and the management is responsible for overseeing the Company's risk assessment and management policies and processes.

(ii) 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 receivables from customers. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for payments that are 365 days past due as it represents its estimate of expected credit loss in respect of trade and other receivables. The Company does not have any financial assets, other than receivables from group entities, that are 365 days past due but not impaired.

Summary of the Company's exposure to credit risk by age of the outstanding from various customers including group entities is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Past due 1–90 days	62.8	1,147.3
Past due 91–180 days	(3.1)	75.7
Past due 180–365 days	(19.0)	68.6
Past due > 365 days	66.5	123.1
	107.0	**1,414.7**

Reconciliation of loss allowance provision – Trade receivables

Reconciliation of loss allowance	Amount
Loss allowance on March 31, 2019	**49.7**
Changes in loss allowance	(18.5)
Loss allowance on March 31, 2020	**31.2**
Changes in loss allowance	14.0
Loss allowance on March 31, 2021	**45.2**

Expected credit loss assessment for customers as at March 31, 2021 and March 31, 2020
Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. As company's customer is mainly its group company and few corporate customers (for whom based on information available in the public domain about their credibility/financial performance no impairment indicator exist) hence impairment of trade receivables do not reflect any significant credit losses.

Cash and cash equivalents
The Company held cash and cash equivalents with credit worthy banks and financial institutions of Rs 39.2 Lakhs and Rs 208.6 Lakhs as at March 31, 2021 and March 31, 2020 respectively. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be good.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, 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 risk to the Company's reputation.

The Company had working capital of INR 982.1 Lacs as at March 31, 2021 and INR 1,190.4 Lacs as at March 31, 2020.

(iv) Market risk

(a) Foreign currency risk
The Company does not deal in foreign currency and hence there is no foreign currency risk exposure.

(b) Cash flow and interest rate risk
The entity does not have any borrowings with fluctuating interest rates and hence it is not exposed to interest rate risk.

(c) Price risk
The entity does not have investsment which are exposed to market fluctuations and hence it is not exposed to price risk.

Note 20: Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

TC VISA SERVICES (INDIA) LIMITED

TC VISA SERVICES (INDIA) LIMITED
Notes to Financial Statements for the Year Ended March 31, 2021
(All amounts in INR Lakhs, unless otherwise stated)

Note 21: Related Party Transactions
(a) Parent Entities
The Company is controlled by the following entity:

Name	Type	Place of Incorporation	Ownership Interest (%)	
			As at March 31, 2021	As at March 31, 2020
Thomas Cook (India) Limited, India ("TCIL") which holds 100%shares in TCI .	Holding Company	India	100%	100%
Fairbridge Capital (Mauritius) Limited, Mauritius ("FCML") holds 66.94% of Equity Shares of TCIL. FCML is wholly owned and controlled by Fairfax Financial Holding Limited, Canada the ultimate Holding Company.	Ultimate Holding Company	Canada		

(b) Name of the related party and related party relationship

Name	Place of Business/ country of incorporation	Relationship
SOTC Travel Limited	India	Fellow Associate
TC Tours Limited	India	Fellow Associate
Desert Adventures Tourism LLC	UAE	Fellow Associate

(c) Key Management personnel

Particulars
R.R. Kenkare
Rajeev Kale
Abraham Alapatt

(d) Transactions with related parties
The following transactions occurred with related parties:

Nature of transaction	For the year ended 31 March 2021	For the year ended 31 March 2020
Sale of services		
Thomas Cook (India) Limited	687.8	11,072.0
SOTC Travel Limited	41.9	-
Services Availed		
Desert Adventures Tourism LLC	-	227.5
Facilities and Support Services Availed		
Thomas Cook (India) Limited	50.2	36.6
Facilities and Support Services Provided		
Thomas Cook (India) Limited	-	10.4
Loan Given		
Thomas Cook (India) Limited	1,000.0	-
TC Tours Limited	350.0	-
Loan repaid		
Thomas Cook (India) Limited	50.0	-
Interest income on Loans to Related Parties		
Thomas Cook (India) Limited	51.5	-
TC Tours Limited	3.7	-
Other professional charges (Outsourced staff)		
Quess Corp Limited	94.5	253.3
Balances as at the year end	As at 31 March 2021	As at 31 March 2020
Outstanding Receivable		
Thomas Cook (India) Limited	89.5	993.9
SOTC Travel Limited	30.1	-
Loan to Related Parties		
Thomas Cook (India) Limited	950.0	-
TC Tours Limited	350.0	-
Other Receivables from Related Parties		
Thomas Cook (India) Limited	21.8	-
TC Tours Limited	3.7	-
Quess Corp Limited	0.3	-
Outstanding payables		
Thomas Cook (India) Limited	0.6	-
Travel Corporation (India) Limited	-	-
Quess Corp Limited	-	0.2
Desert Adventures Tourism LLC	79.0	49.6

TC VISA SERVICES (INDIA) LIMITED

TC VISA SERVICES (INDIA) LIMITED
Notes to Financial Statements for the Year Ended March 31, 2021
(All amounts in INR Lakhs, unless otherwise stated)

Note 22: Earnings Per Share

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net Profit attributable to equity shareholders	(170.6)	287.6
Weighted average number of outstanding shares	0.5	0.5
(a) Basic earnings per share		
Attributable to the equity holder of the company	(341.2)	575.2
(b) Diluted earnings per share		
Attributable to the equity holder of the company	(341.2)	575.2

(c) Reconciliation of earnings used in calculating earnings per share

Particulars	March 31, 2021	March 31, 2020
Basic earnings per share		
Profits attributable to the equity holders of the company used in calculating basic earnings per share	(170.6)	287.6
Profits attributable to the equity holders of the company used in calculating diluted earnings per share	**(170.6)**	**287.6**

(d) Weighted average number of shares used as the denominator

Particulars	March 31, 2021	March 31, 2020
Weighted average number of equity shares used as the denominator in calculating basic earning per share	0.5	0.5
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earning per share	0.5	0.5

TC VISA SERVICES (INDIA) LIMITED

TC VISA SERVICES (INDIA) LIMITED
Notes to Financial Statements for the Year Ended March 31, 2021
(All amounts in INR Lakhs, unless otherwise stated)

Note 23: Operating Leases
Disclosures in respect of cancellable agreements for office premises taken on lease

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Lease payments recognised in the Statement of Profit and Loss	50.2	36.6

Significant leasing arrangements
-The lease agreements are for a period of eleven months to nine years.
-The lease agreements are cancellable at the option of either party by giving one month to six months' notice.
-Certain agreements provide for increase in rent.

Note 24: Segment Information
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company has only one operating segment, which is 'Visa related services'. The Company earns it's entire revenue from its operations in India. There is no single customer which contributes more than 10% of the Company's total revenues.

Note 25: Micro, Small and Medium Enterprises
There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding as at March 31, 2021. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Note 26 - IND AS 115 'Revenue from Contracts with Customers
As per Ind AS 115 'Revenue from Contracts with Customers' revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for services to a customer.

The Company's revenue was primarily comprised of Revenue from render consultancy and / or advisory services in connection with obtaining / arranging visas.

i) Details of revenue from contracts with customers recognised by the Company, net of indirect taxes, in its Statement of Profit and Loss

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Visa and Related Services	74.2	1,070.9
	74.2	1,070.9

ii) Disaggregate Revenue
The following table presents Company revenue disaggregated by type of revenue stream and by geography:
Revenue based on geography

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
India	74.2	1,070.9
Overseas	-	-
	74.2	1,070.9

Revenue based on product and services

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Visa and Related Services	74.2	1,070.9
	74.2	1,070.9

iii) Contract balance
The contract liabilities primarily relate to the advance consideration received from customers for which revenue is recognized when the performance obligation is over/service is delivered.

Advance Collections is recognised when payment is received before the related performance obligation is satisfied. This includes advances received from global distribution systems towards performance linked bonuses. Revenue from Performance linked bonuses from global distribution systems ('GDSs') is recognized as and when the performance obligations under the schemes are achieved.

Revenue from contract with customers

Particulars	As at March 31, 2021	As at March 31, 2020
Advance received from Customers	58.1	70.6
	58.1	70.6

Note 27: Impact of COVID-19 (Global pandemic)
On 11 March 2020, the World Health Organization declared COVID-19 outbreak as a pandemic. Responding to the potentially serious threat of the pandemic, the Indian Government had taken a series of measures to contain the outbreak, which included imposing 'lock-downs' across the country. The lockdowns and restrictions imposed on various activities due to COVID-19 pandemic have posed challenges to all the businesses of TC Visa Services (India) Limited. Lockdown guidelines issued by Central/State governments mandated cessation of air traffic and other forms of public transport as well as closure of hotel operations. With the partial lifting of the lockdown restrictions, the Company has started re-opening it's branches and other establishments. The Company expects all the operations becoming normal in a phased manner after the lockdown is lifted, all travel restrictions are removed and the confidence of corporates / travellers is restored. The Company expects the demand for its services to pick up albeit at a slower pace once lockdown is lifted. The Company has assessed the impact of COVID-19 on the carrying amount of its assets and revenue recognition. In developing the assumptions relating to the possible future uncertainties, the Company, as on date of approval of these standalone financial results has used internal and external sources of information to the extent available. The Company, based on current estimates and information, expects the carrying amount of these assets to be recovered. The Company has assessed the impact for existing and anticipated effects of COVID-19 on the future cash flow projections on the basis of significant assumptions as per the available information. The Company has comfortable liquidity position to meet its commitments and in addition the funds are expected to be generated from the operating activities. The Company has undertaken various cost saving initiatives to maximise operating cash flows and conserve cash position in the given situation. Based on aforesaid assessment, management believes that as per estimates made conservatively, the Company will continue as a going concern. The Company continues to monitor any material changes to its COVID-19 impact assessment, resulting from the future economic conditions and future uncertainty, if any.

Note 28: Previous year's figures has been regrouped/rearranged wherever necessary to confirm with current year's figure.

Signatures to Notes 1 to 28 form an integral part of the financial statements.

As per our report of even date
For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration Number 104767W

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

Atul Shah
Partner
Membership No. 39569

Date: May 25, 2021
Place: Mumbai

For and on behalf of the Board of Directors

Rajeev Kale
Director
DIN: 6775970

Date: May 25, 2021
Place: Mumbai

Rambhau Kenkare
Director
DIN No. 01272743

Date: May 25, 2021
Place: Mumbai

Digiphoto Entertainment Imaging Co.,Ltd.

Annual Financial Statements

For the year ended 31 December 2020

Independent Auditor's Report

To the Shareholders of Digiphoto Entertainment Imaging Co., Ltd.

Opinion

We have audited the financial statements of Digiphoto Entertainment Imaging Co., Ltd. (the Company), which comprise the statement of financial position as at 31 December 2020, and the statement of income, and statement of changes in equity 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 present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing. 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 Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, 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 for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities, 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.

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 Thai 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 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 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 management 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.

(Suvit Chanamporn)
CPA No. 3800
20 April 2021
Tsedeq Accounting and Tax Co.,Ltd.
98/162 Soi Ramkhamheang 39, Wangthonglang, Bangkok

Digiphoto Entertainment Imaging Co., Ltd

Statement of Financial Positions

As at December 31, 2020

Assets

		Baht	
Current assets		**2020**	**2019**
Cash and Cash equivalent	(Note 4)	1,180,323.95	1,314,035.53
Accounts Receivable and other receivable		1,878,024.96	1,952,959.07
Inventories		1,586,737.93	1,912,955.79
Other current assets		138,097.02	111,533.15
Total current assets		4,783,183.86	5,291,483.54
Non current assets			
Long term loan to related person	(Note 5)	21,812,450.72	21,812,450.72
Equipment - net	(Note 6)	2,892,068.47	3,862,206.21
Total non current assets		24,704,519.19	25,674,656.93
Total assets		29,487,703.05	30,966,140.47

The statutory financial statements were approved by The Annual Meeting of Shareholders on 30 April 2021.

....

(Mr Ramakrishnan Kalapathy Shankar)

Director

The accompanying notes are an integral part of these financial statements

DIGIPHOTO ENTERTAINMENT IMAGING Co.,Ltd.

Digiphoto Entertainment Imaging Co., Ltd

Statement of Financial Positions

As at December 31, 2020

Liabilities and Shareholders' equity

	Baht	
	2020	**2019**
Current liabilities		
Account Payable - Related parties	29,797,662.42	25,345,973.74
Account Payable - Other	566,151.13	889,846.41
Other Current Liabilities	37,263.87	99,447.96
Total current liabilities	30,401,077.42	26,335,268.11
Total liabilities	30,401,077.42	26,335,268.11
Shareholders' equity		
Share capital		
Registered		
20,000 ordinary shares of baht 1,000 each	20,000,000.00	20,000,000.00
Issued, and fully Paid-up		
20,000 ordinary shares of baht 1,000 each	20,000,000.00	20,000,000.00
Retained earning (deficit)	(20,913,374.37)	(15,369,127.64)
Total shareholders' equity	(913,374.37)	4,630,872.36
Total liabilities and shareholders' equity	29,487,703.05	30,966,140.47

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(Mr Ramakrishnan Kalapathy Shankar)

Director

The accompanying notes are an integral part of these financial statements

DIGIPHOTO ENTERTAINMENT IMAGING Co.,Ltd.

Digiphoto Entertainment Imaging Co., Ltd

Statements of income

For year ended December 31, 2020

	Baht	
Revenue	**2020**	**2019**
Service income	8,987,911.83	24,477,251.66
Gain on exchange rate	-	1,449,405.80
Total revenue	8,987,911.83	25,926,657.46
Cost and Expenses		
Cost of Service	8,317,965.77	18,525,318.06
Selling expenses	29,798.67	206,309.03
Administrative expenses	6,184,394.12	6,592,926.14
Total cost and expenses	14,532,158.56	25,324,553.23
Net profit (Loss) for the year	(5,544,246.73)	602,104.23

....

(Mr Ramakrishnan Kalapathy Shankar)

Director

The accompanying notes are an integral part of these financial statements

DIGIPHOTO ENTERTAINMENT IMAGING Co.,Ltd.

Digiphoto Entertainment Imaging Co., Ltd

Statements of changes in shareholders' equity

For year ended December 31, 2020

	Issued and paid up ordinary shares	Retained earnings (deficit)	Total equity of the Company's shareholders
			in baht
Balace at January 1,2019	20,000,000.00	(15,971,231.87)	4,028,768.13
Net profit for the year	-	602,104.23	602,104.23
Balance at December 31, 2019	20,000,000.00	(15,369,127.64)	4,630,872.36
Net Loss for the year	-	(5,544,246.73)	(5,544,246.73)
Balance at December 31, 2020	20,000,000.00	(20,913,374.37)	(913,374.37)

DIGIPHOTO ENTERTAINMENT IMAGING Co.,Ltd.

(Mr Ramakrishnan Kalapathy Shankar)

Director

The accompanying notes are an integral part of these financial statements

1 General Information

Digiphoto Entertainment Imaging Co., Ltd "the Company", is incorporated in Thailand on August 21, 2012 and has its registered office at 19 Soi Therdthai 77, Bangwa, Pasricharoen District, Bangkok.
The company has registration number 0105555122356

The principal activities of the Company is providing customized imaging solutions to theme parks, resorts and entertainment arenas as well as retail sale of accessories and frames.

2 Basis of preparation of financial statements

The Financial statements are prepared in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities (TFRS for NPAEs); guidelines promulgated by the Federation of Accounting Professions (FAP).

The preparation of financial statements in conformity with TFRS for NPAEs required management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future period affected.

3 Significant accounting policies

(a) Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Thai Baht at the foreign exchange closing rates ruling for the period then ended. Foreign exchange differences arising on translation are recognized in the statement of income.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash balances, current accounts and call deposits.

....

(Mr Ramakrishnan Kalapathy Shankar)

Director

DIGIPHOTO ENTERTAINMENT IMAGING Co.,Ltd.

(c) Trade accounts receivable

Trade accounts receivable are stated at their invoice value less allowance for doubtful accounts.

Any allowance for loss on doubtful account is assessed primarily on analysis of payment histories and future expectations of customer payments. Allowance made are based on historical write-off patterns and the aging of accounts receivable. Bad debts are written off when incurred.

(d) Inventories

Inventories are stated at the lower of cost and net realizable value.
Cost is calculated using the weighted-average.

(e) Equipment

Equipment are stated at cost less accumulated depreciation and allowance for devaluation (If any)

Depreciation

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. The estimated depreciation rates are 3-5 years.

(f) Provision

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

Employee benefit

Obligations for retired benefits are recognised using the best estimated method at the reporting date.

(g) Revenues

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.
Services rendered
Service income is recognised as services are provided.

(h) Income tax

Income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date and income tax expense recognized in the statement of income by using income tax payable method net from withholding tax refundable and record as liability.

....
(Mr Ramakrishnan Kalapathy Shankar)
Director

DIGIPHOTO ENTERTAINMENT IMAGING Co.,Ltd.

4 Cash and cash equivalents

	Baht	
	2020	**2019**
Cash on hand	28,315.00	76,560.00
Cash deposit in current account	1,152,008.95	1,237,475.53
Total	1,180,323.95	1,314,035.53

5 Long term loan to related person

The Company has long-term loan to director amounting to 20 million baht with no interest charge since 2016.

There is specific date of repayment and no colleateral against loan.

The balance of loan comprise of the following:-

	Baht	
	2020	**2019**
Principal of loan	20,000,000.00	20,000,000.00
Accrued interest	1,812,450.72	1,812,450.72
Total	21,812,450.72	21,812,450.72

6 Equipment - net

	Baht			
	1 January 2019	**Increase**	**Decrease**	**31 December 2019**
Cost				
Computer & Equipment	4,767,871.94	-	-	4,767,871.94
Fixtures&Fittings	692,115.00	-	-	692,115.00
Total	5,459,986.94	-	-	5,459,986.94
Accumulated Depreciation				
Computer & Equipment	1,388,740.99	850,134.53	-	2,238,875.52
Fixtures&Fittings	209,039.74	120,003.21	-	329,042.95
Total	1,597,780.73	970,137.74	-	2,567,918.47
Net Book Value	**3,862,206.21**			**2,892,068.47**

7 The approval of financial statement

The financial statements were authorised for issue by the directors on 20 April 2021.

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(Mr Ramakrishnan Kalapathy Shankar)

Director

DIGIPHOTO ENTERTAINMENT IMAGING Co.,Ltd.

Muscat Desert Adventures Tourism LLC

Financial Statements
31 December 2020

Muscat Desert Adventures Tourism LLC
Financial Statements
31 December 2020

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Directors' Report

The directors submit their report together with the audited financial statements of the Company for the year ended 31st December 2020.

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. 1/80843/5. The Company is a subsidiary of Desert Adventures Tourism LLC ("the Holding Company"), a company registered in Dubai, United Arab Emirates.

The principal activity of the Company is to handle Hotel Booking, Leisure, FIT, Last Minute, Visa Processing and Transfer.

The registered office of the Muscat Desert Adventures Tourism LLC is P.O. Box No. 809, P.C.133, Al Khuwair, Sultanate of Oman.

FINANCIAL PERFORMANCE

The results of the Company for the year ended 31st December 2019 are stated below:

Financial highlights	**2020** **OMR**	2019 OMR
Net loss	**(72,214)**	(46,074)
Total equity	**(24,938)**	47,276

Representations and audit

There have been no events subsequent to 31 December 2020, which would in any way invalidate the financial statements.

The Company has maintained proper, complete accounting records and these, together with all other information and explanations, have been made freely available to the auditors KPMG Lower Gulf Limited.

On behalf of the Board

Salim Sikander
Chief financial officer

Peter Payet
Chief executive officer

Date: ___________________________

KPMG LLC
Children's Public Library Building
4th Floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
Tel. +968 24 749600, www.kpmg.com/om

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), set out on pages 5 to 28, which comprise the statement of financial position as at 31 December 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Matter

As disclosed in the note 22 to the financial statements, CoVid-19 affects the Company and results in certain uncertainties for the future financial position and performance of the Company. Uncertainties related to the potential effects of CoVid-19 are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Company, the related disclosures and the appropriateness of the going concern assumption of the financial statements. The appropriateness of the going concern assumption depends on assessments of the future economic environment and the Company's future prospects and performance. The CoVid-19 pandemic is an unprecedented challenge for the economy globally, and at the date of this report its effects are subject to significant levels of uncertainty. We have evaluated the situation and uncertainties as described in the aforementioned disclosure and consider the disclosure to be adequate. However, an audit cannot predict the unknowable factors or all possible future implications for a Company and this is particularly the case in relation to CoVid-19

Continued on page 3

CR No. 1358131
Tax Card No. 8063052

Continued from page 2

Other Information

Management is responsible for the other information. The other information comprises the Directors' report 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.

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 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.

Continued on page 4

Continued from page 3

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

- 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.

Report on Other Legal and Regulatory Requirements

We report that the financial statements comply, in all material respects, with the applicable provisions of Commercial Companies Law of 2019.

29 April 2021

KPMG

KPMG LLC

KPMG LLC
Children's Public Library Building
4th floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
CR.No: 1358131

Muscat Desert Adventures Tourism LLC
Statement of profit or loss and other comprehensive income
for the year ended 31 December

	Notes	**2020 OMR**	2019 OMR
Revenue	*4*	**248,132**	531,472
Cost of sales	*5*	**(226,897)**	(452,632)
Gross profit		**21,235**	78,840
Administrative and general expenses	*6*	**(104,447)**	(140,919)
Impairment loss on trade receivables	*9.1*	**(1,938)**	-
Other income	*7*	**13,924**	18,145
Operating loss		**(71,226)**	(43,934)
Finance cost - bank charges		**(988)**	(2,140)
Loss before tax		**(72,214)**	(46,074)
Tax expense	*18*	**-**	-
Loss for the year		**(72,214)**	(46,074)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(72,214)**	(46,074)

The notes on pages 9 to 28 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

	Notes	**2020 OMR**	2019 OMR
ASSETS			
Property and equipment	*8*	**546**	13
Non-current asset		**546**	13
Trade and other receivables	*9*	**10,411**	83,585
Due from related parties	*10*	**95,647**	138,622
Cash and cash equivalents	*15*	**17,347**	16,851
Current assets		**123,405**	239,058
Total assets		**123,951**	239,071
EQUITY AND LIABILITIES			
EQUITY			
Share capital	*13*	**150,000**	150,000
Statutory reserve	*14*	**50,000**	50,000
Accumulated losses		**(224,938)**	(152,724)
Total equity		**(24,938)**	47,276
LIABILITIES			
Employees' end of service benefits	*12*	**6,709**	6,050
Non-current liability		**6,709**	6,050
Trade and other payables	*11*	**142,180**	185,745
Current liability		**142,180**	185,745
Total liabilities		**148,888**	191,795
Total equity and liabilities		**123,951**	239,071

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 2020.

These financial statements were authorized for issue on behalf of the Company's Directors on 29 April 2021

Chief Executive Officer

Chief Financial Officer

The notes on pages 9 to 28 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

	Note	2020 OMR	2019 OMR
Cash flow from operating activities			
Loss for the year		**(72,214)**	(46,074)
Adjustments for:			
Depreciation	*8*	**136**	182
Charge for employees' end of service benefits	*12*	**659**	727
		(71,419)	(45,165)
Changes in:			
- trade and other receivables		**73,174**	(28,840)
- due from related parties		**42,975**	44,262
- trade and other payables		**(43,565)**	937
Net cash from / (used in) operating activities		**1,165**	(28,806)
Cash flow from investing activity			
Acquisition of property and equipment	*8*	**(669)**	(195)
Net cash used in investing activiy		**(669)**	(195)
Net increase / (decrease) in cash and cash equivalents		**496**	(29,001)
Cash and cash equivalents at beginning of the year		**16,851**	45,852
Cash and cash equivalents at the end of the year	*15*	**17,347**	16,851

The notes on pages 9 to 28 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 2020

	Share capital OMR	Statutory reserve OMR	Accumulated losses OMR	Total OMR
At 1 January 2019	150,000	50,000	(106,650)	93,350
Total comprehensive income for the year				
Loss for the year	-	-	(46,074)	(46,074)
At 31 December 2019	150,000	50,000	(152,724)	47,276
At 1 January 2020	150,000	50,000	(152,724)	47,276
Total comprehensive income for the year				
Loss for the year	-	-	(72,214)	(72,214)
At 31 December 2020	**150,000**	**50,000**	**(224,938)**	**(24,938)**

The notes on pages 9 to 28 form an integral part of these financial statements.

1 Reporting entity

Muscat Desert Adventures Tourism LLC is a limited liability company ("the Company") registered with the Ministry of Commerce and Industry in the Sultanate of Oman on October 31, 2005 under the commercial registration no. 1/80843/5. The Company is 70% owned subsidiary of Desert Adventures Tourism LLC ("the Holding Company"), a company registered in Dubai, United Arab Emirates and 30% shares are held by a local partner namely Hani Bin Juman Ashour Rajab who has agreed not to take part in the operational and financial management of the Company and has confirmed that these shares are held for the beneficial interest of the Company.

The principal 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 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 (the Ultimate Parent Company) with a registered address at 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada.

2 Basis of accounting

a) Going concern

During the year ended 31 December 2020, the Company incurred a loss after tax of OMR 72,214 *(2019: OMR ,46,074)* and as at 31 December 2020 its accumulated losses amounted to OMR 224,938 *(2019: OMR 152,724)*. The conditions indicate existence of events that cast doubt on the Company's ability to continue as going concern.

The global outbreak of the COVID-19 pandemic has impacted the business, operations and financial results of the Company. Public health efforts to mitigate the impact of the pandemic include government actions such as travel restrictions, limitations on public gatherings and mandatory lockdown. These actions have impacted overall consumer, business confidence and specifically the frequent individual travelers (FIT) and leisure industry in which the Group is providing travel related services. COVID- 19 has severely impacted the entire tourism and leisure industry globally.

The cashflow forecast has been prepared taking into consideration the current financial performance of the Company's business, financial support provided by the Ultimate 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 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 until the disruption on account of COVID-19 is eased. 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 Ultimate 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 2020 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.

2 Basis of accounting (continued)

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.

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.

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 financial statements are disclosed in note 21.

3 Significant accounting policies

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

Revenue

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

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

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

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
- **Tourism & related services** including: - Hotel accommodation - Visas - Transfers - Meet and greet and. - Excursions	Control of travel related services is considered transferred to customer at the travel in date i.e. in case of: - Visas at the date of issuance. - Hotel accommodation on the date hotel check in. - Transfers on the date of arrival. - Meet and greet on the date of arrival; and - Excursions on the date excursions Invoices are usually payable within 30 days. Booking cancellations vary depending on the timing of the season during the year.	Revenue is recognized at a point in time i.e. the time of travel in date.

3 Significant accounting policies (continued)

Revenue (continued)

Tour Packages	The services above are also sold as a combined tour package to travelers. In case of a combined tour package, entire package is generally considered as a single performance obligation. The combination of separate services in a combined tour package is considered significant integration and revenue for the entire tour package is recognized at the time of travel in date. Invoices are usually payable within 30 days. Booking cancellations vary depending on the timing of the season during the year.	Revenue is recognized at a point in time i.e. the time of travel in date.

Financial instruments

Recognition and initial measurement

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

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

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.

3 Significant accounting policies (continued)

Financial instruments (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.

Classification and subsequent measurement

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 Significant accounting policies (continued)

Financial instruments (continued)

Derecognition

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.

3 Significant 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.

3 Significant accounting policies (continued)

Impairment (continued)

Non-derivative financial assets - (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.

3 Significant accounting policies (continued)

Impairment (continued)

Non-derivative 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 substantially enacted at the reporting date.

Intercompany recharges

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

3 Significant accounting policies (continued)

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

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

Right of use asset

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

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

Lease liability

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

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

a). fixed payments, including in-substance fixed payments.

b). variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

c). amounts expected to be payable under a residual value guarantee; and

d). the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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

3 Significant accounting policies (continued)

Leases (continued)

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

Short-term leases and leases of low-value assets

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

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.

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

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

• Amendments to References to Conceptual Framework in IFRS Standards.
• Definition of a Business (Amendments to IFRS 3).
• Definition of Material (Amendments to IAS 1 and IAS 8).
• IFRS 17 Insurance Contracts.

4 Revenue

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

	2020 OMR	2019 OMR
Tourism and related services	**247,989**	513,071
Tour packages	**-**	17,255
Hotel commissions	**143**	1,146
	248,132	531,472

5 Cost of sales

	2020 OMR	2019 OMR
Tourism and related services	**226,761**	438,293
Tour packages	**-**	14,157
Depreciation expense (refer note 8)	**136**	182
	226,897	452,632

6 Administrative and general expenses

	2020 OMR	2019 OMR
Staff salaries and related benefits (i)	**69,471**	86,062
Rent and utilities expense	**20,385**	20,840
Motor vehicle expense	**5,453**	17,301
Promotion and business expense	**867**	7,112
Government and legal fees	**7,920**	6,889
Advertising and office supplies	**351**	2,715
	104,447	140,919

(i) The staff salaries and related benefits comprises:

	2020 OMR	2019 OMR
Staff salaries and wages	**53,607**	77,284
Other staff benefits	**15,205**	8,051
End of service benefits *(refer note 12)*	**659**	727
	69,471	86,062

7 Other income

	2020 OMR	2019 OMR
Head office recharges *(refer note 10)*	**13,890**	18,049
Foreign exchange gain	**34**	96
	13,924	18,145

8 Property and equipment

	Motor vehicle OMR	Office equipment OMR	Office furniture and installations OMR	Total OMR
Cost				
At 1 January 2019	101,574	21,345	23,869	146,788
Addition	-	195	-	195
Disposal / write off	-	(16,329)	(7,690)	(24,019)
As at 31 December 2019	101,574	5,211	16,179	122,964
At 1 January 2020	101,574	5,211	16,179	122,964
Additions	-	-	669	669
As at 31 December 2020	101,574	5,211	16,848	123,633
Depreciation				
As at 1 January 2019	101,574	21,345	23,869	146,788
Charge for the year	-	182		182
Disposal / write off	-	(16,329)	(7,690)	(24,019)
As at 31 December 2019	101,574	5,198	16,179	122,951
As at 1 January 2020	101,574	5,198	16,179	122,951
Charge for the year	-	13	123	136
As at 31 December 2020	101,574	5,211	16,302	123,087
Net book value				
At 31 December 2020	**-**	**-**	**546**	**546**
At 31 December 2019	-	13	-	13

9 Trade and other receivables

	2020 OMR	2019 OMR
Trade receivables	**6,948**	41,382
Provision for impairment loss on trade receivables (refer note 9.1)	**(6,948)**	(5,010)
	-	36,372
Advances to suppliers	**-**	35,743
Prepayments	**1,811**	2,693
Deposits	**8,600**	8,600
Other receivables	**-**	177
	10,411	83,585

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:

	2020 OMR	2019 OMR
As at 1 January	**5,010**	5,010
Charge during the year	**1,938**	-
As at 31 December 2020	**6,948**	5,010

10 Related parties

Related parties, within the definition of a related party contained in International Accounting Standard 24, represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Such transactions are on terms and conditions mutually agreed.

Significant transactions entered with related parties during the year were:

	2020 OMR	2019 OMR
Revenue from related parties	**-**	16,560
Intercompany recharges (refer note 7)	**13,890**	18,049

Intercompany recharges represent amounts recharged to Desert Adventures Tourism L.L.C. Jordan and from Gulf Dunes LLC for the shared staff.

Due from related parties

	2020 OMR	2019 OMR
Desert Adventures Tourism L.L.C. – Dubai	**92,857**	138,622
Gulf Dunes Tourism LLC - Dubai	**112**	-
Desert Adventures Tourism - Jordan	**2,678**	-
	95,647	138,622

The key management personnel compensation is as follows:

	2020 OMR	2019 OMR
Short-term employee benefits	**13,890**	18,621
End of service benefits	-	**-**

11 Trade and other payables

	2020	2019
	OMR	OMR
Trade payables	**74,968**	1,430
Advances from customers	**26,445**	64,128
Accruals and other payables		
- Hotel and other service accruals	**28,158**	110,121
-Employee accruals	**6,610**	8,210
-Other payables	**5,999**	1,856
	142,180	185,745

12 Employees' end of service benefits

	2020	2019
	OMR	OMR
At 1 January 2020	**6,050**	5,323
Charge for the year	**659**	727
At 31 December 2020	**6,709**	6,050

13 Share capital

	2020	2019
	OMR	OMR
Authorised, and fully paid up capital		
150,000 shares of OMR 1 each	**150,000**	150,000

14 Statutory reserve

In accordance with Article 274 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. The reserve has reached its legally required limit. This reserve is not available for distribution.

15 Cash and cash equivalents

	2020	2019
	OMR	OMR
Cash at bank	**17,335**	11,038
Cash in hand	**12**	5,813
	17,347	16,851

16 Contingencies

Guarantees amounting to OMR 5,000 *(2019: OMR 5,000)* were issued in favor of the Company by Bank of Muscat. These were issued during the normal course of business.

17 Commitments

The Company does not have any commitments as at 31 December 2020 *(2019: OMR Nil).*

18 Taxes

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

	2020 OMR	2019 OMR
Current year	**-**	-
Prior years	**-**	-
Total tax expense for the year	**-**	-

Reconciliation of tax expense

The following is a reconciliation of income taxes calculated on accounting profits at the applicable tax rates with the income tax expense for the year:

	2020 OMR	2019 OMR
Loss for the year	**(72,214)**	(46,074)
Income tax at 15%	**(10,832)**	(6,911)
Non-deductible expenses	**977**	355
Unrecorded deferred tax asset on tax losses	**9,855**	6,556
Taxable expense for the year	**-**	**-**

Deferred tax asset has not been recognized on losses as the management believes that sufficient taxable profits will not be available in future.

Status of assessment

The tax returns of the Company for the years 2017 to 2019 has not yet assessed by the Secretariat General for Taxation at the Ministry of Finance. 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 2020.

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.

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:

	2020	2019
	OMR	OMR
Trade and other receivables *(excluding advances to suppliers and prepayments)*	**8,752**	45,149
Due from related parties	**95,647**	138,622
Cash at bank	**17,335**	11,038
	121,734	194,809

19 Financial risk management *(continued)*

Credit risk *(continued)*

At 31 December 2020, the Company's exposure of credit risk to trade receivables by geographical region was as follows:

	Gross amount 2020 OMR	Gross amount 2019 OMR
Geographical regions		
Europe	**6,211**	30,360
Middle East	**168**	7,048
Others	**569**	3,974
Grand total	**6,948**	41,382

The ageing of trade receivables at the reporting date was:

	Not credit-impaired 2020 OMR	**Credit impaired 2020 OMR**	Not credit-impaired 2019 OMR	Credit impaired 2019 OMR
Not yet due	**-**	**-**	12,049	-
1-30 days	**-**	**-**	22,812	-
31- 90 days	**-**	**-**	1,511	-
91- 120 days and above	**6,948**	**(6,948)**	5,010	(5,010)
Total	**6,948**	**(6,948)**	41,382	(5,010)

Impairment losses

Expected credit losses assessment for individual customers as at 31 December 2020.

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.

19 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:

2020	**Carrying Amount OMR**	**Contractual cash out flows OMR**	**1 year or less OMR**
Non derivative financial liabilities			
Trade and other payables (excluding advances from customers)	**115,735**	**(115,735)**	**(115,735)**
	======	=======	=======

2020	**Carrying Amount OMR**	**Contractual cash out flows OMR**	**1 year or less OMR**
Non derivative financial liabilities			
Trade and other payables (excluding advances from customers)	121,617	(121,617)	(121,617)
	======	=======	=======

Market risk

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

Currency risk

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

Capital management

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

20 Fair values

The fair values of the Company's financial assets and financial liabilities approximate their carrying amounts.

Fair value hierarchy

As at 31 December 2020, there are no financial instruments carried at fair value by valuation method. Accordingly, fair value hierarchy disclosures are not applicable.

21 Use of judgments and estimates

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

Assumptions and estimation uncertainties

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

(a) Impairment losses on receivables

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

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

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

Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models. The Company's policy is to regularly review its models in the context of actual loss experience and adjust when necessary. Detailed information about the judgments and estimates made by the Company in the above areas is set out in note 19.

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

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

(c) Revenue recognition timing

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

(d) Tour Package as single performance obligation

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

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

22 Impact of COVID 19

The global outbreak of the Covid-19 virus has severely affected travel and the business tourism industry globally and Sultanate of Oman is no different. The extent and duration of impact remains uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorization of these financial statements.

22 Impact of COVID 19 (continued)

Management has implemented initiatives to mitigate the effect on the business of the Company including cost reduction by reducing the salaries of the employees and focusing on local tourism activities. While the effects of the outbreak are expected to have an adverse impact on profits and operating cash flows, management believes that the Company has sufficient financial resources available to continue to meet its financial commitments for the foreseeable future when they become due.

LUXE ASIA (PVT) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2021

KPMG
(Chartered Accountants)
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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LUXE ASIA (PVT) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Luxe Asia (Pvt) Limited ("the Company"), which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). 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 Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 30 to the financial statements. As described in the said Note, the Company has incurred a net loss of Rs. 30,866,998/- for the year ended 31 March 2021 (2020 - Rs. 44,107,776/-), and as of that date the Company's accumulated loss was Rs. 188,250,160/- (2020- Rs. 154,784,468/). Further the Company's current liabilities exceeded the current assets by Rs. 162,648,331/-(2020 - Rs. 131,039,799/-) and its total liabilities exceeded its total assets by Rs.158,250,159/- (2020 - Rs.124,784,468/-).

Although these conditions indicate the existence of uncertainty which may cast significant doubt about the Company's ability to continue as a going concern, the board of directors is of the view that it will continue as a going concern. The ultimate parent company, Thomas Cook (India) Limited, has given a letter of comfort dated 20 May 2021 confirming their intention to provide adequate financial support to the Company as is necessary to ensure its continuing operation for a period of at least 12 months following the date of approval of the financial statements and if and when the Company is unable to settle its liabilities to other parties when they fall due.

Accordingly, no adjustments have been made in the financial statements.

Other Information

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. Management is responsible for the other information. These financial statements do not comprise other information.

KPMG

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka 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 operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at Sri Lanka Accounting and Auditing Standards website at: http://slaasc.com/auditing/auditorsresponsibility.php. *This description forms part of our auditor's report.*

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company. However the company's net assets are less than half of its stated capital and in a negative state of affairs resulting in a serious loss of capital situation in terms of section 220 of the same act.

The Company has held an EGM on 6 July 2020 in compliance with the requirement under section 220 referred to above, at which a report was presented by the Board of Directors of the Company describing the proposed plans .

KPMG

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka
21 May 2021

LUXE ASIA (PVT) LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March,	Note	2021 Rs	2020 Rs
Revenue	6	787,529	398,059,137
Cost of sales	7	(279,011)	(340,145,851)
Gross profit		**508,518**	**57,913,286**
Other income	8	35,566,619	35,543,790
Administrative expenses		(59,911,725)	(112,575,543)
Distribution expenses		(733,519)	(15,515,513)
Loss from operations	9	**(24,570,107)**	**(34,633,980)**
Net finance expenses	10	(5,814,383)	(372,709)
Loss before tax		**(30,384,490)**	**(35,006,689)**
Income tax expense	11	(482,508)	(9,101,087)
Loss for the year		**(30,866,998)**	**(44,107,776)**
Other comprehensive income, net of income tax			
Actuarial (Loss)/gain on defined benefit plans		(3,021,737)	7,406,174
Deferred tax in relation to OCI		423,043	(1,036,864)
		(2,598,694)	**6,369,310**
Total comprehensive income for the year		**(33,465,692)**	**(37,738,466)**
Loss per share	12	**(61.73)**	**(88.22)**

The notes to the Financial Statements form an integral part of these Financial Statements.

Figures in bracket indicate deductions.

KPMG Chartered Accountants

LUXE ASIA (PVT) LTD
STATEMENT OF FINANCIAL POSITION

As at 31 March,	Note	2021 Rs	2020 Rs
ASSETS			
Property, plant & equipment	13	6,653,836	8,283,773
Intangible assets	14	1,065,407	1,671,399
Deferred tax assets	15	192,055	251,520
Total non-current assets		**7,911,298**	**10,206,692**
Trade and other receivables	16	144,653	15,092,276
Advance and prepayments	17	2,286,305	5,537,914
Short term Investments		500,000	522,583
Cash and cash equivalents	18	2,431,777	6,758,577
Total current assets		**5,362,735**	**27,911,350**
Total assets		**13,274,033**	**38,118,042**
EQUITY AND LIABILITIES			
Stated capital	19	5,000,000	5,000,000
Advance received from share holders		-	25,000,000
Preference shares		25,000,000	-
Accumulated losses		(188,250,160)	(154,784,468)
Total equity		**(158,250,160)**	**(124,784,468)**
Liabilities			
Employee benefits	20	3,613,127	3,951,361
Total non-current liabilities		**3,613,127**	**3,951,361**
Trade and other payables	21	84,873,313	98,709,174
Amount due to related party	22	44,076,932	20,613,416
Current taxation		132,612	132,612
Bank overdraft	18	38,828,209	39,495,947
Total current liabilities		**167,911,066**	**158,951,149**
Total liabilities		**171,524,193**	**162,902,510**
Total equity and liabilities		**13,274,033**	**38,118,042**

The notes to the Financial Statements form an integral part of these Financial Statements.

I certify that these Financial Statements are in compliance with the requirements of Companies Act No 7 of 2007.

Thajul Riyaz
Chief Financial Officer

The Directors are responsible for the preparation and the presentation of these Financial Statements.
Approved and signed for and on behalf of the Board;

Director **Director**

21 May 2021
Colombo.

KPMG Chartered Accountants

LUXE ASIA (PVT) LTD
STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2021	Stated capital	Advances Received from shareholders	Preference shares	Accumulated Loss	Total
	Rs	Rs	Rs	Rs	Rs
Balance as at 01st April 2019	5,000,000	-	-	(117,046,001)	(112,046,001)
Total comprehensive Income for the year					
Loss for the year	-	-	-	(44,107,776)	(44,107,776)
Other comprehensive income for the year	-	-	-	6,369,310	6,369,310
Total comprehensive income for the year	-	-	-	(37,738,466)	(37,738,466)
Transaction with owners of the Company, recognized directly in					
Advance received from shareholders for preference share conversion	-	25,000,000	25,000,000	-	25,000,000
Balance as at 31st March 2020	**5,000,000**	**25,000,000**	-	**(154,784,468)**	**(124,784,468)**
Balance as at 01st April 2020	**5,000,000**	**25,000,000**	-	**(154,784,468)**	**(124,784,468)**
Total comprehensive Income for the year					
Loss for the year	-	-	-	(30,866,998)	(30,866,998)
Other comprehensive income for the year	-	-	-	(2,598,694)	(2,598,694)
Total comprehensive income for the year	-	-	-	(33,465,692)	(33,465,692)
Transaction with owners of the Company, recognized directly in					
Advance received from shareholders converted to preference shares	-	(25,000,000)	25,000,000	-	-
Balance as at 31st March 2021	**5,000,000**	-	**25,000,000**	**(188,250,160)**	**(158,250,160)**

Note A
During the previous financial year, the loan payable to Thomas Cook India amounting to Rs 25,000,000/- had been classified as advance received for share conversion as the Board of Directors had indicated the conversion of the loan to equity shares. During the current financial year the loan was converted to preference shares.

The notes to the Financial Statements form an integral part of these Financial Statements.
Figures in bracket indicate deductions.

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STATEMENT OF CASHFLOWS
STATEMENT OF CASHFLOWS

For the year ended 31st March,

	2021 Rs	2020 Rs
Cash flow from operating activities		
Loss before tax	(30,384,490)	(35,006,689)
Adjustments for :		
Depreciation	1,629,937	2,155,623
Amortisation	605,988	665,311
Intangible asset writeoff	-	14,000
Provision for gratuity	839,760	1,395,041
Net finance cost	5,814,383	372,709
Provision for Trade debtors	900,964	-
Operating loss before working capital changes	**(20,593,458)**	**(30,426,588)**
Decrease/(increase) in trade and other Receivables	15,488,834	50,761,893
Increase in advance and prepayments	3,251,609	5,415,035
Increase/ (decrease) in amounts due to related parties	1,963,516	14,113,416
Increase in short term investments	22,583	22,583
(Decrease)/increase in trade and other payables	(13,835,861)	(91,265,290)
Cash used in operations	**(13,702,777)**	**(51,378,951)**
Gratuity paid	(4,199,732)	(113,400)
Interest Paid	(7,256,554)	(5,823,674)
Net cash flows used in operating activities	**(25,159,062)**	**(57,316,025)**
Cash flows from investing activities		
Acquisition of property, plant and equipment	-	(76,000)
Loans obtained during the year	31,500,000	14,000,000
Loan repayments during the year	(10,000,000)	(7,500,000)
Acquisition of intangible asset	-	(1,506,958)
Net cash used in investing activities	**21,500,000**	**4,917,042**
Net decrease in cash and cash equivalents	(3,659,062)	(52,398,983)
Cash and cash equivalents at the beginning of the year	(32,737,370)	19,661,613
Cash and cash equivalents at the end of the year (Note 18)	**(36,396,432)**	**(32,737,370)**

The Notes to the Financial Statements form an integral part of these Financial Statements.

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1 REPORTING ENTITY

1.1. Domicile and Legal Form

Luxe Asia (Pvt) Ltd ("the Company") is a limited liability Company incorporated on 22th June 2011 and domiciled in Sri Lanka. The registered office of the Company is located at No 327, Union Place, Colombo 02, Sri Lanka and the principle place of business is situated at No 272, Vauxhall Street, Colombo 02.

1.2. Principal Activities and Nature of Operations

The Principal activity of the Company is to act as a travel agent and to provide travel related services. No changes were made to the principal activities and nature of operations during the year.

1.3. Parent Enterprise and Ultimate Parent Enterprise

Thomas Cook Lanka (Pvt) Ltd became the immediate parent and controlling party of Luxe Asia (Pvt) Ltd since 1st August 2015, after acquiring the Company from Ceylon Hotel Holdings (Pvt) Ltd. The Company's ultimate parent undertaking is Thomas Cook India (Pvt) Ltd.

1.4. Number of Employees

The total number of employees of the Company as at 31st March 2021 was 26 (2020 – 42)

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Company comprise the statement of financial position, statement of profit or loss and other comprehensive income, changes in equity and cash flows together with accounting policies and notes to the Financial Statements.

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLAS) prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS), promulgated by the Institute of Chartered Accountants of Sri Lanka.

The financial statements prepared are in compliance with the requirements of Companies Act, No. 7 of 2007.

2.2 Basis of measurement

The Financial Statements have been prepared on the historical cost basis and applied consistently which no adjustments being made for inflationary factors affecting the financial statements, except for the defined benefit liability is recognized as the present value of the defined benefit obligation, plus unrecognized actuarial gains, less unrecognized past service cost and unrecognized actuarial losses.

2.3 Comparative Figures

Where necessary, comparative figures have been rearranged to conform with the current year's presentation.

2.4 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency') and rounded to the nearest rupee value.

These financial statements are presented in Sri Lankan Rupees (Rs.) which is the Company's functional and presentation currency.

2.5 Use of estimates and judgments

The preparation of the Financial Statements in conformity with SLAS's requires management to make 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.

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

- Current taxation (Note 3.2.a)
- Deferred taxation (Note 3.2.b)
- Employee benefits (Note 3.10)
- Provision and contingencies (Note 3.9 and Note 3.11)
- Impairment (Note 3.6)
- Leases (Note 3.7)

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all period presented in these financial statements.

3.1 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Foreign exchange gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities dominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss except the differences arising on retranslation of available for- sale equity instruments, which are recognized in other comprehensive income.

Non-monitory items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.2 Income tax expenses

Income tax expenses comprise of current and deferred tax expenses recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

a. Current taxation

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

The Company's liability to taxation has been computed in accordance with the provisions of the Inland Revenue Act No 24 of 2017 which has become effective from 1 April 2018.

b. Deferred taxation

Deferred tax is provided using the liability method, providing for the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is

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based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted by the reporting date.

Deferred tax assets including those related to temporary tax effects of income tax losses and credits available to be carried forward, are recognized only to the extent that it is probable that future taxable profits will be available against which the asset 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

ASSETS AND BASES OF THEIR VALUATION

Assets classified as current assets in the Statement of Financial Position are Cash and those, which are expected to be realized in cash during the normal operating cycle of the Company or within one year from the reporting date whichever is shorter. Assets other than current assets are those, which the Company intends to hold beyond a period of one year from the reporting date.

3.3 Property, plant and equipment

3.3.1 Recognition and measurement

Property, plant & equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period.

a. Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. The cost of self-constructed assets includes the cost of materials and direct labour.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

b. Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. The cost of replacing part of an item of Property, Plant & 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 carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

c. Depreciation

Depreciation is charged to the profit or loss so as to allocate the cost of assets less their residual value over the estimated useful lives of items of property, plant and equipment, using the straight-line method.

The expected useful lives of the assets categories are as follows.

Office equipment	8 years
Furniture and Fittings	8 years
Motor Vehicle	5 years
Technical Equipment	4 years

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale. (Or included in a disposal group that is classified as held for sale) and the date that the asset is derecognized.

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

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3.3.2 Impairment of property, plant and equipment

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognized in the income statement unless it reverses a previous revaluation surplus for the same asset.

3.4 Intangible Assets

a. Recognition and measurement

All computer software costs incurred, licensed for use by the Company, which are not integrally related to associate hardware, and can be clearly identified, reliably measured and it is probable that they will lead to future economic benefits are included in the statement of financial position under the category intangible assets and carried at cost less accumulated amortization and accumulated impairment losses if any.

b. Subsequent expenditure

Expenditure incurred on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

c. Amortization

Intangible assets are amortized on a straight line basis over a period of 4 years from the date when the asset is available for use, over the best estimate of its useful economic life.

3.5 FINANCIAL INSTRUMENTS

3.5.1 Financial assets

Initial Recognition, Classification and Subsequent Measurement

Recognition and initial measurement

Trade receivables and debt securities issued 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 of financial assets

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI (Fair value through OCI) - debt investment; FVOCI - equity investment; or FVTPL (Fair value through profit or loss).

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 amortised 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.

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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.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

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

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument.

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 recognised in profit or loss
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised 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 recognised in profit or loss. Other net gains and losses are recognised 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 recognised 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 recognised in OCI and are never reclassified to profit or loss

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3.5.2 Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.The Company has the following non-derivative financial liabilities: interest bearing borrowings, other payables, amounts due to related parties and bank overdraft.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

3.5.3 Derecognition

a. Financial assets

The Company derecognises 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 recognised 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 derecognised.

b. Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises 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 recognised 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 recognised in profit or loss.

3.5.4 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.

3.6 Impairment of Assets

3.6.1 Non-derivative financial assets (including receivables)

Financial instruments and contract assets

Loss allowances for trade receivables is always measured at an amount equal to lifetime Expected Credit Loss (ECL).

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.

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Measurement of ECLs

ECLs are a profitability 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 an 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 amortised cost and debt securities at FVOCI 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.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised 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 recognised in OCI.

3.7 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.

3.7.1.1 As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

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

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- 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'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.

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 'loans and borrowings' 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, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.7.1.2 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 SLFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in SLFRS 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 recognises 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 SLFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

3.8 Fair Value Measurement

3.8.1 Use of assumptions and estimation uncertainty

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.

The management 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 management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SLFRS, 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.

3.8.2 Significant accounting policy

'Fair value' is 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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

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.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

LIABILITIES AND PROVISIONS

Liabilities classified as current liabilities on the statement of financial position are those, which fall due for payment on demand or within one year from the reporting date.

Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

3.9 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.

3.10 Employee benefits

3.10.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Employees' Provident Fund

The Company and Employees' contribute 12% & 8% respectively on the salary of each employee is paid. Said provident fund is being managed by the Central Bank of Sri Lanka.

Employees Trust Fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund.

Defined benefit plans

3.10.2 Retiring Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 – Employee Benefits. The Company measures the present value of retirement benefits of gratuity based on internal assessment using formula. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date.

The liability is not externally funded nor actuarially valued.

Re - measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognized in other comprehensive income.

3.11 Capital Commitments & Contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitment and contingent liabilities of the Company are disclosed in the respective notes to the financial statements.

3.12 Events after the Reporting date

The materiality of the events after the reporting date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

INCOME AND EXPENSES

3.13 Revenue Recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations 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 SLFRS 15
Providing Travel and Destination Management services for Travelers	The Service is transferred to the customer at the completion of its performance obligation which is the completion of the tour. Departure date - considered to be the industry standard when acting as a principal.	Revenue is recognized when a customer obtains control of the service. Determining the timing of the transfer of control is at a point in time or over time requires judgment.

3.14 Other Income

Other Income is recognized on an accrual basis.

3.15 Expenditure recognition

All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income statement in arriving at the profit or loss for the year.

3.16 Finance income and Finance costs

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial asset or liabilities (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liabilities. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

3.17 Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred except those that are directly attributable to the construction or development of property, plant and equipment which are capitalized as a part of the cost of that asset during the period of construction or development.

3.18 Related Party Transactions

Disclosures has been made in respect of the transactions in which one party has the liability to control or exercise significant influence over the financial and operating decisions/policies of the other, irrespective of a profit being charged.

3.19 Basic Earnings per Share

The financial statements present basic earnings per share (EPS) data for its ordinary shareholders. The basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

4 STATEMENT OF CASH FLOW

The Cash Flow Statement has been prepared using the indirect method of preparing cash flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7, Cash Flow Statements.

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short term deposits with banks.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts, if any.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2021 and earlier application is permitted; however, the Company has not early adopted them in preparing these consolidated financial statements.

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

A. Onerus Contracts – Cost of Fulfilling a contract (Amendments to LKAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling contract for the purpose of assessing whether the contract is onerus. The amendments apply for annual reporting periods beginning on or after the 1 January 2022 to contracts existing at the date. When the amendments are first applied. At the date of initial application, the cumilative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Company has determined that all contracts existing as at 31 March 2021 will be completed before the amendments become effective.

B. Interest Rate benchmark Reform (Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16)

The amendments address issues that might affect financial reporting as result of the reform of an interest rate benchmark, including the effects changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 relating to.

- Changes the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities: and
- Hedge accounting

The Company does not expect significant impact on financial statements on adoption of these standards.

C. Property Plant and Equipment proceeds before intended use (Amendments to LKAS 16) – effective date from 1 January 2022

D. References to Conceptual Framework in SLFRS Standards. (Amendments to SLFRS 3) effective date from 1 January 2022

E. Classification of Liabilities as Current or Non-current (Amendments to LKAS 1) effective date from 1 January 2023

F. SLFRS 17 Insurance Contracts and Amendments to SLFRS 17 effective date from 1 January 2023

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For the year ended 31st March,	2021 Rs	2020 Rs
6. Revenue		
Inbound Sales	-	382,227,978
Outbound Sales	787,529	15,831,159
	787,529	**398,059,137**

6.1 The Company's revenue is derived from rendering a wide range of travel services. The revenue from rendering these services is recognized in the profit or loss at the time when the control of services are transferred to the customer. This is generally the tour departure date.

Timing of revenue recognition		
Departure date at the point in time	787,529	398,059,137
	787,529	**398,059,137**

As the Company operates in the tourism industry, it was severly affected during the year due to the COVID 19 outbreak since March 2020. This has resulted in the significant decline in revenue during the year. COVID 19 was announced to be a global pandamic by the World Health Organization on 11 March 2020 and the outbreak continues to affect business operations.

	2021 Rs	2020 Rs
7 Cost of Sales		
Inbound	-	325,711,031
Outbound	278,956	14,434,820
	278,956	**340,145,851**
8 Other income		
Shopping commission	296,288	4,619,825
Loss on disposal of Property, plant & equipment	.	-
Miscellaneous income	261,109	923,965
Direct cost provision reversal (Note 8.1)	35,009,222	30,000,000
	35,566,619	**35,543,790**

8.1 The Company has reversed Rs. 35,009,222/- (2020: Rs 30,000,000) of remanining excess provision made for direct cost in the previous years based on the Board resolution passed on 12 November 2020 to Other Income as no claims have been made to date.

9 Loss from operations

Loss from operations is stated after charging all the expenses including the following,

	2021 Rs	2020 Rs
Director's emoluments	-	11,830,353
Auditor's remuneration	285,000	325,000
Staff costs (Note 9.1)	27,153,640	65,728,554
Depreciation	1,629,937	318,127
Amortization	605,988	665,311
Provision for trade debtors	900,964	-
Loss on intangible asset writeoff	-	58,036
9.1 Staff costs		
Salaries and wages	22,881,634	55,987,834
Employees provident fund	2,745,796	6,676,543
Employees trust fund	686,450	1,669,136
Provision for employee benefits	839,760	1,395,041
	27,153,640	**65,728,554**
10 Net finance Expenses		
Finance income		
Exchange gain	1,442,171	5,428,382
Interest income	30,061	22,583
	1,472,232	**5,450,965**
Finance expenses		
OD interest	(7,286,615)	(5,194,459)
Interest on loan	-	(629,215)
	(7,286,615)	**(5,823,674)**
Net finance Expenses	**(5,814,383)**	**(372,709)**

For the year ended 31st March,	2021 Rs	2020 Rs
11 Income tax expense		
Current Tax Expenses		
Current tax	-	-
Adjustment for over provision in relation to prior years	-	(540,753)
Impairment for ESC receivable (Note 16.2)	-	9,779,673
	-	**9,238,920**
Deferred Tax Expense		
Origination of deferred tax liability (Note 15)	12,112	41,597
Origination/(reversal) of deferred tax asset (Note 15)	470,396	(179,430)
	482,508	**(137,833)**
	482,508	**9,101,087**

11.1 Reconciliation between Accounting Profit and Taxable Profit

	2021 Rs	2020 Rs
Accounting Loss Before Tax	(30,866,998)	(35,006,689)
Disallowable Expenses	11,900,192	10,462,279
Allowable expenses	(6,297,731)	(2,971,719)
	(25,264,537)	(27,516,129)
Interest Income liable to Tax	-	-
Less: Tax Loss Utilized during the year	-	-
Taxable Profit / (Loss)	**(25,264,537)**	**(27,516,129)**
Income Tax for the year - 14% of taxable income	-	-
Total Income Tax Expense for the year	-	-

11.2 Reconciliation of Business tax losses

	2021 Rs	2020 Rs
Tax Loss Brought Forward	27,516,129	-
Tax Loss for the Year of Assessment	25,264,537	27,516,129
Reassessment of tax losses on tax return	(325,072)	-
Tax Loss Carried Forward	**52,455,594**	**27,516,129**

12 Loss per share

Calculation of loss per share is based on the loss attributable to Ordinary Shareholders divided by the weighted average number of ordinary shares outstanding as at the reporting date.

	2021	2020
Loss for the year (Rs.)	(30,866,998)	(44,107,776)
Weighted average number of ordinary shares	500,000	500,000
Loss per share (Rs.)	**(61.73)**	**(88.22)**

13 Property, plant & equipment

	Motor Vehicles Rs	Office Equipment Rs	Technical Equipment Rs	Furniture and fittings Rs	Total 2021 Rs	Total 2020 Rs
Cost						
Balance as at 1st April	235,990	1,443,439	7,469,986	8,378,281	17,527,696	19,147,654
Additions during the year	-	-	-	-	-	76,000
Transfers during the year	-	-	-	-	-	318,127
	-	-	-	-	-	(2,014,086)
Balance as at 31st March	**235,990**	**1,443,439**	**7,469,986**	**8,378,281**	**17,527,696**	**17,527,696**
Depreciation						
Balance as at 1st April	180,919	587,288	6,661,372	1,814,344	9,243,923	8,784,256
Transfers during the year	-	-	-	-	-	318,127
Charge for the year	47,196	171,060	410,437	1,001,244	1,629,937	2,155,626
Write off during the year	-	-	-	-	-	(2,014,086)
Balance as at 31st March	**228,115**	**758,348**	**7,071,809**	**2,815,588**	**10,873,860**	**9,243,923**
Carrying amounts						
As at 31st March 2021	**7,875**	**685,090**	**398,178**	**5,562,693**	**6,653,836**	
As at 31st March 2020						**8,283,773**

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As at 31st March

14 Intangible assets	2021 Rs	2020 Rs
Cost		
Balance as at 1st April	3,057,321	4,795,434
Additions during the year	-	1,506,958
Transfers during the year	-	(318,127)
Write off during the year	-	(2,926,940)
Balance as at 31st March	**3,057,321**	**3,057,325**
Amortization		
Balance as at 1st April	1,385,926	3,951,682
Charge for the year	605,988	665,311
Transfers during the year	-	(318,127)
Write off during the year	-	(2,912,940)
Balance as at 31st March	**1,991,914**	**1,385,926**
Carrying value as at 31 March	**1,065,407**	**1,671,399**

15 Deferred Taxation

	2021 Rs	2020 Rs
Deferred Tax Liabilities (Note 15.1)	(313,783)	(301,671)
Deferred Tax Assets (Note 15.2)	505,838	553,191
	192,055	**251,520**
15.1 Deferred Tax Liabilities		
Balance as at April 01,	(301,671)	(260,074)
Reversal during the year recognised in profit or loss	(12,112)	(41,597)
Balance as at March 31,	**(313,783)**	**(301,671)**
15.2 Deferred Tax Assets		
Balance as at April 01,	553,191	1,410,625
(Reversal)/Origination during the year recognised in profit or loss	(470,396)	179,430
Origination / (reversal) during the year recognised in Other Comprehensive Income	423,043	(1,036,864)
Balance as at March 31,	**505,838**	**553,191**

Deferred tax assets and liabilities are attributable to the following:

	2021		2020	
	Temporary Rs.	Tax effect Rs.	Temporary Rs.	Tax effect Rs.
Deferred tax liabilities				
Property, plant and equipment	(2,241,304)	(313,783)	(2,154,792)	(301,671)
Deferred tax asset				
Provision for retirement benefit obligation	3,613,127	505,838	3,951,361	553,191
Tax losses	52,455,594	-	27,538,717	-
NET DEFERRED TAX ASSET	**53,827,416**	**192,055**	**29,335,286**	**251,520**

Note 1 - The tax losses relating to the previous periods have been claimed in full. However, as at the reporting date the temporary difference arising from tax losses was Rs 52,455,594/- (2020:Rs 27,538,717/-) resulting in deferred tax assets of Rs 7,276,232 (2020: Rs. 3,855,420/-). However, deferred tax asset has not been recognised against this carried forward tax losses due to the uncertainity regarding the availability of future taxable profits against which the deferred tax asset could be utilized.

16 Trade and other receivables	Rs	Rs
Trade receivables (Note 16.1)	129,886	14,950,509
Other receivables	14,767	141,767
	144,653	**15,092,276**
16.1. Trade receivables		
Trade receivables from related companies	-	3,772,472
Trade receivables from others	129,886	11,178,037
	129,886	**14,950,509**

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As at 31st March,	2021 Rs	2020 Rs
16 Trade and other receivables (Cont.)		
16.1.1 Provision movement		
Opening balance as at 1st April	-	578,395
Provision during the year	900,964	291,742
Closing balance as at 31st March	**900,964**	-

16.2. ESC Receivables

ESC receivable	-	9,779,673
Impairment of ESC receivable (Note 11)	-	(9,779,673)
	-	-

Based on the internal assessmnet carried out by the Management on availability of future taxable profit after considering brought forward tax losses, the Company has made a full provision against the ESC receivable of Rs.9,779,673/- during the previous financial year (2019: Rs.4,649,733). This has been included under income tax expenses in Note 11. The availability of taxable profits to set off ESC receivable will be assessed at each reporting date and the provisions made will be adjusted accordingly.

17 Advance and prepayments

Advances	275,400	1,497,000
Prepayments	236,105	944,914
Refundable Deposit	1,774,800	3,096,000
	2,286,305	**5,537,914**

18 Cash and cash equivalents

Cash in hand	500,000	1,000,000
Cash at bank	1,931,777	5,758,577
	2,431,777	**6,758,577**
Bank overdraft	(38,828,209)	(39,495,947)
Cash & cash equivalents for the purpose of statement of cash flow	**(36,396,432)**	**(32,737,370)**

19 Stated capital

Issued and fully paid		
500,000 ordinary shares	**5,000,000**	**5,000,000**

20 Employee benefits

20.1 Defined contribution plans

Following contributions have been made to Employees' Provident Fund and Employees' Trust Fund during the year.

Employees' provident fund		
Employers' contribution	2,745,796	6,676,543
Employees' contribution	1,564,625	4,601,029
Employees' trust fund	686,450	1,669,136

20.2 Defined benefit plan

Balance at the beginning of the year	3,951,361	10,075,894
Provision recognised during the year in profit or loss (Note 20.3)	839,760	1,395,041
Actuarial gain during the year in OCI (Note 20.4)	3,021,737	(7,406,174)
	7,812,858	**4,064,761**
Payments made during the year	(4,199,732)	(113,400)
Balance at end of the year	**3,613,127**	**3,951,361**

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As at 31st March,	2021 Rs	2020 Rs
20.3 Provision recognized in profit or loss		
Current service cost	621,147	855,553
Interest on obligation	218,613	539,488
	839,760	**1,395,041**
20.4 Actuarial gains recognised in other comprehensive income		
Loss/(Gain) recognised during the year	3,021,737	(7,406,174)
20.5 Principal actuarial assumptions used		
Discount Rate	7%	10.50%
Future Salary Increment	0%	3%
Staff Turnover	47.06%	64.81%

21 Trade and other payables

	2021	2020
Trade payables	20,871,341	16,967,248
Direct cost payable	-	55,509,121
Advances received from customers	62,968,048	17,532,356
Other payable	1,033,924	8,700,449
	84,873,313	**98,709,174**

22 Amount due to related party

	2021	2020
Thomas Cook Lanka (Private) Limited (Note 22.1)	30,326,932	6,613,416
Sita World Travel Lanka (Pvt) Limited	13,750,000	14,000,000
	44,076,932	**20,613,416**

22.1 Loan payable movement of Thomas Cook Lanka (Private) Limited

	2021 Rs	2020 Rs
Opening balance as at 1st April	6,613,416	25,000,000
Loans obtained during the year	31,500,000	14,000,000
Interest on loan	2,213,516	629,215
	40,326,932	39,629,215
Loans repayment during the year	(10,000,000)	(7,500,000)
Interest paid during the year	-	(515,799)
Tarnsfer of loan as advance received from share holders (Note 22.2)	-	(25,000,000)
Closing balance as at 31st March	**30,326,932**	**6,613,416**

22.2 During the previous financial year based on the resolution passed by the Board on 17 January 2020 and consent letter obtained from Thomas Cook India, the Rs.25,000,000/- long term loan due to Thomas Cook Lanka (Pvt) Ltd has been transferred to equity as advance received from shareholders in order to be conto redeemable preference shares in the forth coming financial year.thsi initiative was taken as the Company is facing a serious loss of capital and in order to improve the net worthiness of the Company. During the year, the Company issued preference shares against the Advance receieved as explained in Note A under Statement of Chanegs in Equity .

23 Related party transactions

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24 - *Related Party Disclosures* . The details of which are given below.

a) Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard 24 - Related Party Disclosures, the Key Management Personnel (KMP) are those having authority and responsibility for planning, directing, and controlling the activities of the entity. Accordingly, the Directors of the Company have been classified as KMP of the Company.

For the year ended 31st March,

23 Related party transactions (Cont.)

The Board of Directors of Thomas Cook Lanka (Pvt) Ltd and Thomas Cook (India) Limited, being the parent and ultimate parent company, have also been classified as KMP as they have the authority and responsibility for planning, directing and controlling the activities of the entity directly and indirectly.

Key management personnel compensation	2021 Rs	2020 Rs
Short Term Benefits	-	11,830,353
Post Employee Benefits	-	492,931

b) Transactions with Related Entities

Name of the Related Party	Relationship	Nature of Transaction	Transaction 2021	Transaction 2020
Thomas Cook Lanka (Pvt) Lt	Parent	Reimbursment	-	147,715
		Expenses	11,403,135	2,001,040
		Loans granted	31,500,000	14,000,000
		Loans Paid	(10,000,000)	(7,500,000)
		Advance received for Share allotment	-	25,000,000
Thomas Cook India Ltd	Ultimate parent	Sales	-	43,968,352
		Receipts	18,112,733	48,445,020
Kuoni Travel - Hong Kong	Subsidiary of Ultimate	Sales	-	-
		Receipts	-	303
Travel Corporation India Ltd	Subsidiary of Ultimate	Sales	787,529	15,494,069
		Receipts	1,896,494	31,388,003
SOTC Travel Limited	Subsidiary of Ultimate	Sales	-	63,943,232
		Receipts	935,032	69,887,741
Sita World Travel Lanka	Subsidiary of Ultimate	Reimbursment		-
		Loans granted		
		Loan settlement	(250,000)	14,000,000
TCI Go-Vacations	Subsidiary of Ultimate Parent Company	Sales	-	-
		Receipts	-	-
Asian Trails Ltd	Subsidiary of Ultimate Parent Company	Sales	-	-
		Receipts	-	381,410
Fairbridge Capital (Pvt) Ltd	Parent of Ultimate Parent Company	Sales	-	45,106
		Receipts	16,331	45,244
Quess Corp Lanka (Pvt) Ltd	Subsidiary of Ultimate Parent Company	Expenses	501,710	1,204,191

The Parent Company, Thomas Cook India Limited has given a comfort letter dated 20 May 2021, confirming their intention to continue to provide financial and other support necessary for Luxe Asia (Pvt) Ltd to continue in business operationss and meet its liabilities in the foreseeable future.

Amounts due from and due to related entities as at reporting date are disclosed in the Note 22 to the Financials Statements respectively.

24 Financial risk management

24.1 Introduction and Overview

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

1. Credit risk
2. Liquidity risk
3. Market risk

24 Financial risk management (cont.)

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 throughout this financial statement.

24.2 Risk management framework

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

The Company's risk management policies are established to identify and analyze the risks 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. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

24.3 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 receivables from customers and investment securities.

24.3.1. Exposure to credit risk

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

As at 31st March	2021	2020
	Rs	Rs
Trade and other receivables	144,653	15,092,276
Cash and cash equivalents	2,431,777	6,758,577
	2,576,430	**21,850,853**

24.4 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. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

24.4.1. Currency risk

'Currency risk' a form of risk that arises from the change in price of one currency against another. The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Company. The company has not invested nor borrowed in foreign currencies. The company does not use any derivative financial instruments to hedge the risk. The currency risk attached to financial statements is minimal as it represents local currency.

The following significant exchange rates were applied during the year:

As at 31 March 2021

	Average rate		Reporting date spot rate	
	2021	2020	2021	2020
USD	188.29	185.06	199.04	188.62
EURO	220.31	204.68	229.87	207.96

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24 Financial risk management (Cont.)

24.4.2. Interest rate risk

Interest rate risk is the risk to the Company's earnings and economic value of equity ("EVE") arising from adverse movements in interest rates.

24.5 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 encounter the liquidity risk mainly due to its trade payables. However, Company's exposure to liquidity risk is very limited as current assets and liquid assets are much greater than its total liabilities.

	2021				
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	More than 1 year
Trade and other payables	84,873,313	-	84,873,313	-	-
Amounts due to related party	44,076,932	-	-	44,076,932	-
Bank OD	38,828,209	-	38,828,209	-	-
Total current liabilities	167,778,454	-	123,701,522	44,076,932	-
Total liabilities	167,778,454	-	123,701,522	44,076,932	-

	2020				
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	More than 1 year
Trade and other payables	98,709,174	-	98,709,174	-	-
Amounts due to related party	20,613,416	-	14,000,000	6,613,416	-
Bank OD	39,495,947	-	39,495,947	-	-
Total current liabilities	**158,818,537**	-	**152,205,121**	**6,613,416**	-
Total liabilities	**158,818,537**	-	**152,205,121**	**6,613,416**	-

24.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for the reconciliation and monitoring of transactions.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance when this is effective.

25. Fair Values of Financial Instruments

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

25. Fair Values of Financial Instruments (cont.)

	2021		2020	
	Carrying Amount Rs	Fair Value Rs	Carrying Amount Rs	Fair Value Rs
Financial Assets				
Trade receivables	144,653	144,653	14,950,509	14,950,509
Cash and cash equivalents	2,431,777	2,431,777	6,758,577	6,758,577
Advances and Prepayments	2,286,305	2,286,305	5,537,914	5,537,914
Short term investments	500,000	500,000	522,583	522,583
	5,362,735	**5,362,735**	**27,769,583**	**27,769,583**
Financial Liabilities				
Trade payables	84,873,313	84,873,313	16,967,248	16,967,248
Bank overdraft	38,828,209	38,828,209	39,495,947	39,495,947
Amount due to related party	44,076,932	44,076,932	20,613,416	20,613,416
	167,778,454	**167,778,454**	**77,076,611**	**77,076,611**

The methods and assumptions used to estimate the fair values of the financial instruments are as follows:

a) Cash and cash equivalents – The carrying amount of cash and cash equivalents approximate its fair value due to the relatively short maturity of the financial instruments.

b) Trade and other receivables/ Trade and other payables - The carrying amount of these financial assets and liabilities approximate its fair value due to the relatively short maturity of the financial instruments.

26. Events occurred after the reporting date

No circumstances has arisen since the reporting date which would require adjustments to or disclosure in the financial statements

27. Capital commitments and contingent liabilities

There were no contract for capital expenditure of material amounts approved or contracted for as at the reporting date. There have been no material contingent liabilities outstanding as at the reporting date.

28. Litigation and claim

There were no pending litigation or claims as at the reporting date.

31 Comparative Information

Comparative information has been rearranged where necessary to conform to current years presentation.

30 Going concern

The Company has incurred a net loss of Rs.30,866,998/- for the year ended 31 March 2021 (2020 - Rs. 44,107,776/-), and as of that date the Company's accumulated loss was Rs. 188,250,160/- (2020 - Rs. 154,784,468/-). Further the Company's current liabilities exceeded the current assets by Rs.162,548,331/- (2020 - Rs. 131,039,799/-) and its total liabilities exceeded its total assets by Rs.158,250,159/- (2020 - Rs.124,784,468/-). The Company is also facing a serious loss of capital situation under Sec 220 of the Companies Act No.07 of 2007.

KPMG Chartered Accountants

For the year ended 31st March 2021

30 Going concern (Cont.)

Furthermore, as indicated in Note 6 the business operations have been severly affected by the Easter attacks and COVID 19. The outbreak of COVID 19 was announced to be a global pandemic by the World Health Organization on 11th March 2020 and the out break continues to affect the business operations of the Company due to the direct impact on the tourism industry both locally and globally.

Although these conditions indicate the existance of uncertainity which may cast significant doubt about the Company's ability to continue as a going concern, the board of directors is of the view that the Company will continue as a going concern based on the following;
- Future business plans
- Furthermore, the ultimate parent company, Thomas Cook (India) Limited, has given a letter of comfort dated 20 May 2021 confirming their current intention is to provide adequate financial support to the Company as is necessary to ensure its continuing operation for a period of at least 12 months following the date of approval of the financial statements and if and when the Company is unable to settle its liabilities to other parties when they fall due.

Accordingly, no adjustments have been made in the financial statements.

31 Board of Director's responsibility for financial reporting

The Board of Directors is responsible for the preparation and presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka and the Companies Act No. 7 of 2007.

Gulf Dunes LLC

Financial statements

31 December 2020

Gulf Dunes LLC

Financial statements
31 December 2020

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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 2020.

Principal activities and business review

The principal activity of the Company is organizing and managing Meetings, Incentives, Conferences, and Events (MICE).

Financial performance

The results of the Company for the year ended 31 December 2020 are stated below:

Financial highlights	**2020** **OMR**	2019 OMR
Net loss	**(11,162)**	(9,852)
Total equity	**95,319**	106,481

Representations and audit

There have been no events subsequent to 31 December 2020, which would in any way invalidate the financial statements.

The Company has maintained proper, complete accounting records and these, together with all other information and explanations, have been made freely available to the auditors KPMG.

On behalf of the Board

Salim Sikander
Head of Finance
DMS - Middle East

Peter Payet
CEO
DMS - Middle East

Date: 29 April 2021

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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), set out on pages 5 to 27, which comprise the statement of financial position as at 31 December 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Matter

As disclosed in the note 20 to the financial statements, CoVid-19 affects the Company and results in certain uncertainties for the future financial position and performance of the Company. Uncertainties related to the potential effects of CoVid-19 are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Company, the related disclosures and the appropriateness of the going concern assumption of the financial statements. The appropriateness of the going concern assumption depends on assessments of the future economic environment and the Company's future prospects and performance. The CoVid-19 pandemic is an unprecedented challenge for the economy globally, and at the date of this report its effects are subject to significant levels of uncertainty. We have evaluated the situation and uncertainties as described in the aforementioned disclosure and consider the disclosure to be adequate. However, an audit cannot predict the unknowable factors or all possible future implications for a Company and this is particularly the case in relation to CoVid-19

Continued on page 3

Continued from page 2

Other Information

Management is responsible for the other information. The other information comprises the Directors' report 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.

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 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.

Continued on page 4

Continued from page 3

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

- 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.

Report on Other Legal and Regulatory Requirements

We report that the financial statements comply, in all material respects, with the applicable provisions of Commercial Companies Law of 2019.

29 April 2021

KPMG

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Gulf Dunes LLC

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

	Notes	**2020 OMR**	2019 OMR
Revenue	*5*	**5,348**	64,657
Direct costs	*6*	**(2,882)**	(56,535)
Gross profit		**2,466**	8,122
Administrative and general expenses	*7*	**(13,628)**	(26,385)
Loss before tax		**(11,162)**	(18,263)
Tax reversal	*16*	**-**	8,411
Loss for the year		**(11,162)**	(9,852)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(11,162)**	(9,852)

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

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

Gulf Dunes LLC

Statement of financial position
As at 31 December

	Notes	2020 OMR	2019 OMR
Assets			
Trade and other receivables	*8*	**3,326**	17,707
Due from a related party	*9*	**121,999**	108,069
Cash at bank	*14*	**5,196**	2,469
Current assets		**130,521**	128,245
Total assets		**130,521**	128,245
Equity and liabilities			
Equity			
Share capital	*12*	**150,000**	150,000
Statutory reserve	*13*	**3,292**	3,292
Accumulated losses		**(57,973)**	(46,811)
Total equity		**95,319**	106,481
Liabilities			
Employees' end of service benefits	*11*	**287**	-
Non-current liability		**287**	-
Trade and other payables	*10*	**34,803**	21,764
Due to a related party	*9*	**112**	-
Current liabilities		**34,915**	21,764
Total liabilities		**35,202**	21,764
Total equity and liabilities		**130,521**	128,245

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 2020.

These financial statements were authorized for issue on behalf of the Company's Directors on 29 April 2021:

Director

Director

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

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

Gulf Dunes LLC

Statement of cash flows

For the year ended 31 December

	Notes	**2020 OMR**	2019 OMR
Cash flows from operating activities			
Loss for the year		**(11,162)**	(9,852)
Adjustments for:			
Charge for employees' end of service benefits	*11*	**287**	419
Tax credit	*16*	**-**	(8,411)
		(10,875)	(17,844)
Changes in:			
- trade and other receivables		**14,381**	(10,842)
- due from related parties		**(13,930)**	56,730
- trade and other payables		**13,039**	16,597
- due to related parties		**112**	(39,741)
Payments of employees' end of service benefits	*11*	**-**	(3,371)
Net cash from operating activities		**2,727**	1,529
Net increase in cash and cash equivalents		**2,727**	1,529
Cash and cash equivalents at beginning of the year		**2,469**	940
Cash and cash equivalents at end of the year	*14*	**5,196**	2,469

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

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

Gulf Dunes LLC

Statement of changes in equity
For the year ended 31 December

	Share Capital OMR	Statutory reserve OMR	Accumulated losses OMR	Total OMR
At 1 January 2019	150,000	3,292	(36,959)	116,333
Total comprehensive income for the year				
Loss for the year	-	-	(9,852)	(9,852)
At 31 December 2019	150,000	3,292	(46,811)	106,481
At 1 January 2020	150,000	3,292	(46,811)	106,481
Total comprehensive income for the year				
Loss of the year	-	-	(11,162)	(11,162)
At 31 December 2020	**150,000**	**3,292**	**(57,973)**	**95,319**

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

Gulf Dunes LLC

Notes
(forming part of the financial statements)

1 Reporting entity

Gulf Dunes LLC “the Company” is a limited liability company registered with the Ministry of Commerce and Industry in the Sultanate of Oman on October 31, 2005 under the commercial registration no. 1/80843/5.

The Company's 70% shares are held by Gulf Dunes LLC for the beneficial interest of Travel Circle Interational Ltd. (“the Parent Company”) and 30% by Hani Bin Juman Ashour Rajab. The Ultimate Parent of the Company is Fairfax Financial Holdings Limited (“the Ultimate Parent Company”), a company registered in Toronto, Ontario, Canada.

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

The main business activity of the Company is organising and managing trips, conferences and meetings for groups 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) Going concern

During the year ended 31 December 2020, the Company incurred a loss after tax of OMR 11,162 (*2019: OMR 9,582*) and as at 31 December 2020 its accumulated losses amounted to OMR 57,973 (*2019: OMR 46,811*). The conditions indicate existence of events that cast doubt on the Company’s ability to continue as going concern.

The global outbreak of the COVID-19 pandemic has impacted the business, operations and financial results of the Company. Public health efforts to mitigate the impact of the pandemic include government actions such as travel restrictions, limitations on public gatherings and mandatory lockdown. These actions have impacted overall consumer, business confidence and specifically the frequent individual travelers (FIT) and leisure industry in which the Group is providing travel related services. COVID- 19 has severely impacted the entire tourism and leisure industry globally.

The cashflow forecast has been prepared taking into consideration the current financial performance of the Company’s business, financial support provided by the Ultimate 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 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 until the disruption on account of COVID-19 is eased. 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 Ultimate 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 2020 on a going concern basis.

2 Basis of accounting

a) Going concern (continued)

Due to the event of COVID 19 pandemic (Note 20), as the situation is fast evolving, the effect of the outbreak is subject to significant levels of uncertainty, with the full range of possible effects unknown on both financial statements and operations. The Management has projected future cash inflows which resulted in a slowdown in operations and taking necessary cost measures needed to sustain the Company ongoing operations. Management is of the view that the future net cash inflows from operations will be sufficient for the Company to enable it to meet both its liabilities as they fall due and to carry on its business without a significant curtailment of operations in the foreseeable future. Furthermore, the shareholders have confirmed their intention to provide financial support to the Company to enable it to continue in operations and to meet its obligations as and when they fall due, for the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

b) 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.

c) Basis of measurement

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

d) Functional and presentation currency

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

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.

3 Significant accounting policies

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

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.

3 Significant accounting policies (continued)

Financial instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement

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

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

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

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

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

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

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

3 Significant accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets – Subsequent measurement and gains and losses:

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

Financial liabilities – Classification, subsequent measurement and gains and losses

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

Derecognition

Financial assets

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

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

3 Significant accounting policies (continued)

Financial instruments (continued)

Derecognition (continued)

Financial liabilities

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

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

Offsetting

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

Provisions

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

Employees' end of service benefits

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

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

Share capital

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

3 Significant accounting policies (continued)

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

Tax

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

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

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

Impairment

Non-derivative financial assets

Financial instruments

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

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

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

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

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

3 Significant accounting policies (continued)

Impairment (continued)

Financial instruments (continued)

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

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

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

Measurement of ECLs

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

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

Credit-impaired financial assets

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

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

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.

3 Significant accounting policies (continued)

Impairment (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.

Write-off

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

3 Significant accounting policies (continued)

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:
   - 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.

3 Significant accounting policies (continued)

Leases (continued)

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.

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 and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements. The Company does not expect that the adoption of these standards/amendments will have a material impact on its financial statements:

- IFRS 17 *Insurance Contracts*
- Amendments to IFRS 3: *Definition of a Business*
- Amendments to IAS 1 and IAS 8: *Definition of Material*

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 16 of these financial statements.

Risk management framework

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

Credit risk

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

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

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

Liquidity risk

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

Market risk

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

4 Financial risk management *(continued)*

Market risk *(continued)*

Currency risk

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

Interest rate risk

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

Other market price risk

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

Capital management

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

5 Revenue

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

6 Direct costs

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

7 Administrative and general expenses

	2020 OMR	2019 OMR
Staff salaries and benefits	**4,958**	12,084
Sponsorship fees	**6,296**	6,296
Legal and professional charges	**1,943**	3,602
Business promotion	**-**	3,904
Miscellaneous expenses	**431**	499
	13,628	26,385

7 Administrative and general expenses *(continued)*

The staff salaries and benefits comprises:

	2020	2019
	OMR	OMR
Salaries and other related benefits	**4,671**	11,665
Employees' end of service benefits	**287**	419
	4,958	12,084

8 Trade and other receivables

	2020	2019
	OMR	OMR
Trade receivables	**-**	14,344
Prepayments	**3,148**	3,148
Other receivables	**178**	215
	3,326	17,707

9 Related party transactions

The Company in normal course of business, enter into transactions with other business entities which fall within the definition of related party contained in International Accounting Standard 24. Such transactions are on terms and conditions mutually agreed between them. Significant related party transactions during the year ended 31 December 2020 were as follows:

Transactions with related parties

	2020	2019
	OMR	OMR
Services received	-	-

Due from a related party

	2020	2019
	OMR	OMR
Gulf Dunes LLC, Dubai	**121,999**	108,069

Due to a related party

	2020	2019
	OMR	OMR
Muscat Desert Adventures Tourism LLC	**112**	-

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

Notes (continued)

10 Trade and other payables

	2020 OMR	2019 OMR
Advance from customers	**32,210**	20,219
Accruals and other payables	**2,593**	1,545
	34,803	21,764

11 Employees' end of service benefits

	2020 OMR	2019 OMR
Balance at 01 January	**-**	2,952
Charge for the year	**287**	419
Payments made during the year	**-**	(3,371)
Balance at 31 December	**287**	-

12 Share capital

	2020 OMR	2019 OMR
Authorised, issued and fully paid up capital		
150,000 ordinary shares of OMR 1 each	**150,000**	150,000

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

13 Statutory reserve

In accordance with Article 274 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. This reserve is not available for distribution. During current year no such allocation has been made as the Company has incurred net loss for the year.

14 Cash at bank

	2020 OMR	2019 OMR
Cash at bank	**5,196**	2,469

15 Contingent liabilities

The Company had no contingent liabilities at 31 December 2020 (*2019: 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.

	2020 OMR	2019 OMR
Current year	-	-
Prior years *	-	8,411
Total tax reversal	-	8,411

Movement of provision for taxation

At 1 January	-	8,411
Provision during the year	-	-
Reversals during the year*	-	(8,411)
At 31 December	-	-

*During 2020, Taxation Authority finalized tax assessment upto Tax Year 2015 and have accepted the Company's returns as submitted. As a result, the Company is not required to pay additional tax or penalty.

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:

	2020 OMR
Loss for the year	**(11,162)**
Income tax as per rates mentioned above	(1,674)
Non-deductible expenses	1,158
Deferred tax not recognized	516
Tax expense for the year	-

c) Status of the tax assessments

The Company's tax assessments for prior years have been finalized till 2015. From 2016 onwards, the tax assessment has not been finalized by the Taxation Authority. Management believes that additional taxes, if any, in respect of the open tax years would not be material to the Company's financial position at 31 December 2020.

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:

	2020	2019
	OMR	OMR
Trade and other receivables (excluding prepayments and advances to suppliers)	**178**	14,559
Cash at bank	**5,196**	2,469
Due from a related party	**121,999**	108,069
	127,373	125,097

The aging of trade receivables at the reporting date was:

	31 December 2020		31 December 2019	
	Gross	**Provision**	Gross	Provision
	OMR	**OMR**	OMR	OMR
Not due	**-**	**-**	9,552	-
0-30 days past due	**-**	**-**	3,567	-
31-90 days past due	**-**	**-**	1,225	-
	-	**-**	14,344	-

17 Financial instruments *(continued)*

Credit risk *(continued)*

At 31 December 2020, the Company's exposure of credit risk to trade receivables by geographical region was as follows:

	Carrying amount 2020 OMR	Carrying amount 2019 OMR
Geographical regions		
Europe	-	14,344
Grand total	-	14,344

Liquidity risk

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

31 December 2020	**Carrying amount OMR**	**Contractual cashflows OMR**	**1 year or less OMR**
Non derivative financial liabilities			
Trade and other payables (excluding advances from customers)	**2,593**	**(2,593)**	**(2,593)**
Due to a related party	**112**	**(112)**	**(112)**
	2,705	**(2,705)**	**(2,705)**

31 December 2019	Carrying amount OMR	Contractual cashflows OMR	1 year or less OMR
Non derivative financial liabilities			
Trade and other payables (excluding advances from customers)	1,545	(1,545)	(1,545)

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 2020, there are no financial instruments carried at fair value by valuation method. Accordingly, fair value hierarchy disclosures are not applicable.

19 Use of judgments and estimates

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

Assumptions and estimation uncertainties

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

(a) Impairment losses on receivables

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

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

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

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

19 Use of judgments and estimates (continued)

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

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

(c) Revenue recognition timing

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

(d) Tour Package as single performance obligation

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

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

20 Impact of COVID 19

The global outbreak of the Covid-19 virus has severely affected travel and the business tourism industry globally and Sultanate of Oman is no different. The extent and duration of impact remains uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorization of these financial statements.

Management has implemented initiatives to mitigate the effect on the business of the Company including cost reduction by reducing the salaries of the employees and focusing on local tourism activities. While the effects of the outbreak are expected to have an adverse impact on profits and operating cash flows, management believes that the Company has sufficient financial resources available to continue to meet its financial commitments for the foreseeable future when they become due.

SITA WORLD TRAVEL LANKA (PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2021

KPMG
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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SITA WORLD TRAVEL LANKA (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Sita World Travel Lanka (Private) Limited ("the Company"), which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion
We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). 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 Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Notes 26 to these financial statements.

- As described in Note26 the Company has incurred a net loss of Rs 7,688,145 for the year ended 31 March 2021 (2020-profit of Rs. 1,061,916/-) Although the Company has a net asset position as at reporting date, as described in Note 26, the Company has ceased business operations since October 2018 which indicate the existence of uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. However, as set out in the said note, the Board of Directors of the Company are of the view that it will continue as a going concern.

Other Information
Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. Management is responsible for the other information. These financial statements do not comprise other information.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka 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 operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at Sri Lanka Accounting and Auditing Standards website at: http://slaasc.com/auditing/auditorsresponsibility.php. *This description forms part of our auditor's report.*

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company. However the Company's net assets are less than half of its stated capital and in a negative state of affairs resulting in a serious loss of capital situation in terms of section 220 of the same act.

KPMG

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka
21 May 2021

SITA WORLD TRAVEL LANKA (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March 2021	Note	2021 Rs.	2020 Rs.
Revenue	6	-	-
Cost of Sales		-	-
Gross Profit		-	-
Other Income	7	-	10,129,756
Administrative Expenses		(7,724,873)	(1,295,904)
(Loss)/Profit from Operations	**8**	**(7,724,873)**	**8,833,852**
Net Finance Income / (Expense)	**9**	101	(7,746,674)
(Loss)/Profit Before Tax		**(7,724,772)**	**1,087,178**
Income Tax Reversal/(Expense)	**10**	36,627	(25,262)
(Loss)/Profit for the year		**(7,688,145)**	**1,061,916**
Other comprehensive Income		-	-
Total comprehensive income for the year		**(7,688,145)**	**1,061,916**
(Loss)/Profit per share	**11**	**(30.75)**	**4.25**

The notes to the Financial Statements form an integral part of these Financial Statements.

Figures in bracket indicate deductions.

KPMG Chartered Accountants

SITA WORLD TRAVEL LANKA (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION

As at 31st March 2021	Note	2021 Rs.	2020 Rs.
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	12	149,012	393,480
Intangible Assets	13	65,711	118,631
Total Non-Current Assets		**214,723**	**512,111**
Current Assets			
Other Receivables	14	519,073	519,073
Amounts due from related parties	15	6,875,000	14,000,000
Cash and Cash Equivalents	16	23,259	350,713
Total Current Assets		**7,417,332**	**14,869,786**
TOTAL ASSETS		**7,632,055**	**15,381,897**
EQUITY AND LIABILITIES			
Stated Capital	17	2,500,000	2,500,000
Advance received from share holders		-	43,100,238
Preference Shares	17	43,100,238	-
Accumulated Losses		(38,220,275)	(30,532,130)
Total Equity		**7,379,963**	**15,068,108**
Non-Current Liabilities			
Employee Benefits	18	-	-
Deferred Tax Liabilities	19	-	36,627
Total Non-Current Liabilities		-	**36,627**
Current Laiabilities			
Trade and Other Payables	20	187,300	212,370
Current Taxation		64,792	64,792
Total Current Liabilities		**252,092**	**277,162**
TOTAL LIABILITIES		**252,092**	**313,789**
TOTAL EQUITY AND LIABILITIES		**7,632,055**	**15,381,897**

The annexed notes to the Financial Statements form an integral part of these Financial Statements.
It is Certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

....
Thajul Riyaz
Chief Financial Officer

The Board Directors are responsible for the preparation and presentation of these Financial Statements
Approved and signed for and on behalf of the Board;

....
Director

....
Director

21 May 2021
Colombo.

KPMG Chartered Accountants

SITA WORLD TRAVEL LANKA (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2021	Stated Capital	Advances Received from	Preference Shares	Accumulated Loss	Total
	Rs.	Rs.		Rs.	Rs.
Balance as at 01st April 2019	2,500,000	-	-	(34,330,046)	(31,830,046)
Total comprehensive income for the year					
Profit for the year	-	-	-	1,061,916	1,061,916
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	**1,061,916**	**1,061,916**
Transaction with owners of the Company, recognized directly in equity					
Advance received from shareholders for preference share conversion	-	43,100,238	-	-	43,100,238
Transfers to retained earnings due to reversal of unclaimed dividend	-	-	-	2,736,000	2,736,000
Balance as at 31st March 2020	**2,500,000**	**43,100,238**	-	**(30,532,130)**	**15,068,108**
Balance as at 01st April 2020	**2,500,000**	**43,100,238**		**(30,532,130)**	**15,068,108**
Total comprehensive income for the year					
Loss for the year	-	-		(7,688,145)	(7,688,145)
Other comprehensive income for the year					
Total comprehensive income for the year	-	-	-	**(7,688,145)**	**(7,688,145)**
Transaction with owners of the Company, recognized directly in equity					
Advance received from shareholders converted for preference share conversion.(Note A)		(43,100,238)	43,100,238		
Balance as at 31st March 2021	**2,500,000**	-	**43,100,238**	**(38,220,275)**	**7,379,963**

The notes to the Financial Statements form an integral part of these Financial Statements.
Figures in bracket indicate deductions.

Note A

During the previous financial year, the loan payable to Kuoni Travel India (Pvt) Ltd amounting to Rs 43,100,238 (USD 147,500) had been classified as advance received for share conversion based on the apporval from Kuoni Travel India (Pvt) Ltd and a resolution passed by the Board of Directors. Accordingly the advance received has been converted to preference shares (redeemable at the descreation of the Company) during the year . Based on the features of the shares these have been classified under Equity .

KPMG Chartered Accountants

SITA WORLD TRAVEL LANKA (PRIVATE) LIMITED
STATEMENT OF CASHFLOWS

For the year ended 31 March	2021 Rs.	2020 Rs.
Cash flows from operating activities		
(Loss)/Profit Before Tax	(7,724,772)	1,087,178
Adjustment for:		
Depreciation charge for Property, Plant and Equipment	244,468	347,814
Amortisation of Intangible Assets	52,920	53,064
Net finance cost	(101)	7,746,674
Operating (Profit)/Loss before Working Capital Changes	**(7,427,485)**	**9,234,730**
Adjustment for working capital changes:		
Increase in Other Receivables	-	30,220
Decrease in Related party receivables	6,875,000	-
Decrease in Trade and Other Payables	(25,044)	(10,141,197)
Cash generated/ (Used in) operating activities	**6,849,956**	**(10,110,977)**
Net cash used in from operating activities	**(577,529)**	**(876,246)**
Cash flows from investing activities		
Interest received	75	78
Loan granted	-	(14,000,000)
Settlement received during the year	250,000	-
Net cash used in investing activities	**250,075**	**(13,999,922)**
Net Cash used in Financing activities	-	-
Net decrease in cash and cash equivalents	**(327,454)**	**(14,876,168)**
Cash and cash equivalents as at beginning of the year	350,713	15,226,881
Cash and cash equivalents as at end of the year (Note 15)	**23,259**	**350,713**

The notes to the Financial Statements form an integral part of these Financial Statements.
Figures in bracket indicate deductions.

1 REPORTING ENTITY

1.1. Domicile and Legal Form

Sita World Travel Lanka (Private) Limited ("the Company"), is a private company with limited liability incorporated and domiciled in Sri Lanka. The registered office of the Company is located at 118C, Barnes Place, Colombo 07, Sri Lanka, from where the principle business is carried out.

1.2. Principal Activities and Nature of Operations

The Principal activity of the Company is being a Travel Agent.

The Company ceased business operations from October 2018 and continues to remain dormant.

1.3. Parent Enterprise and Ultimate Parent Enterprise

The immediate and ultimate parent company is Travel Corporation India Limited and Fairfax Financial Holdings Ltd, Canada respectively.

1.4. Number of Employees

The total number of employees of the Company as at 31st March 2021 was Nil (2020 – Nil).

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Company comprise the statement of financial position, statement of profit or loss and other comprehensive income, changes in equity and cash flows together with accounting policies and notes to the Financial Statements.

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLAS) prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS), promulgated by the Institute of Chartered Accountants of Sri Lanka.

The financial statements prepared are in compliance with the requirements of Companies Act, No. 7 of 2007.

2.2 Basis of measurement

The Financial Statements have been prepared on the historical cost basis and applied consistently which no adjustments being made for inflationary factors affecting the financial statements, except for the defined benefit liability is recognized as the present value of the defined benefit obligation, plus unrecognized actuarial gains, less unrecognized past service cost and unrecognized actuarial losses.

2.3 Comparative Figures

Where necessary, comparative figures have been rearranged to conform with the current year's presentation.

2.4 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency') and rounded to the nearest rupee value.

These financial statements are presented in Sri Lankan Rupees (Rs.) which is the Company's functional and presentation currency.

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2.5 Use of estimates and judgments

The preparation of the Financial Statements in conformity with SLAS's requires management to make 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. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

- Current taxation (Note 3.2.a)
- Deferred taxation (Note 3.2.b)
- Impairment of assets (Note 3.6)
- Employee benefits (Note 3.9)
- Provisions and contingencies (Note 3.10 and Note 3.11)

2.6 Materiality and Aggression

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.7 Events occurring after the Reporting date

The materiality of the events occurring after the reporting date have been considered and appropriate adjustments to or disclosure have been made in the financial statements where necessary.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, unless otherwise indicated.

3.1 Foreign Currency Transactions

Transactions in foreign currencies are translated to Sri Lankan Rupees at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the date of statement of financial position are translated to Sri Lankan Rupees at the foreign exchange rate ruling at that date. Foreign exchange gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities dominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss except the differences arising on retranslation of Fair Value through OCI equity instruments, which are recognized in other comprehensive income.

Non-monitory items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.2 Income Tax Expense

As per the Sri Lanka Accounting Standards - LKAS 12 on 'Income taxes', tax expense (tax income) is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred

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taxes. Income tax expense is recognized in the profit or loss except to the extent it relates to items recognised directly in Equity through Other Comprehensive Income (OCI).

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

a) Current Taxation

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

The Company's liability to taxation has been computed in accordance with the provisions of the Inland Revenue Act No 24 of 2017 which has become effective from 1 April 2018.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 on "Provisions, Contingent Liabilities and Contingent Assets".

Current tax assets and liabilities are offset only if certain criteria are met.

b) Deferred Taxation

Deferred tax is recognised 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 not recognised for:
– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
– temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
– taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused 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 used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Company. 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 realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to 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 realised simultaneously.

ASSETS AND BASES OF THEIR VALUATION

Assets classified as current assets in the Statement of Financial Position are Cash and those, which are expected to be realized in cash during the normal operating cycle of the Company or within one year from the reporting date whichever is shorter. Assets other than current assets are those, which the Company intends to hold beyond a period of one year from the reporting date.

3.3 Property, Plant and Equipment

a) Recognition and Measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. The cost of self-constructed assets includes the cost of materials and direct labour.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

b) Subsequent costs

The Company adds to the carrying amount of an item of property, plant and equipment, the cost of replacing parts of such an item, when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

c) Depreciation

Depreciation is charged to the profit or loss so as to allocate the cost of assets less their residual value over the estimated useful lives of items of property, plant and equipment, using the straight-line method. Estimated useful lives of assets are as follows:

	Useful Lifetime
Office Equipment	3 Years
Computer Hardware (PC Screen)	5 Years
Computer Hardware- (Computer Equipment)	3 years
Furniture & Fixtures	5 years
Furniture & Fixtures (Improvement)	3 Years
Motor Vehicles	5 Years

Depreciation is commenced from the date the asset is brought into use.

d) Impairment of Property, Plant and Equipment

The carrying value of property plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognized in the statement of comprehensive income unless it reverses a previous revaluation surplus for the same asset.

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3.4 Intangible Assets

a. Recognition and measurement

All computer software costs incurred, licensed for use by the Company, which are not integrally related to associate hardware, and can be clearly identified, reliably measured and it is probable that they will lead to future economic benefits are included in the statement of financial position under the category intangible assets and carried at cost less accumulated amortization and accumulated impairment losses if any.

b. Subsequent expenditure

Expenditure incurred on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

c. Amortization

Intangible assets are amortized on a straight line basis over a period of 5 years from the date when the asset is available for use, over the best estimate of its useful economic life.

3.5 FINANCIAL INSTRUMENTS

3.5.1 Financial assets

Initial Recognition, Classification and Subsequent Measurement

Recognition and initial measurement

Trade receivables and debt securities issued 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 of financial assets

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI (Fair value through OCI) - debt investment; FVOCI - equity investment; or FVTPL (Fair value through profit or loss).

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 amortised 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:

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-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.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

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

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument.

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 recognised in profit or loss
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised 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 recognised in profit or loss. Other net gains and losses are recognised 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 recognised 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 recognised in OCI and are never reclassified to profit or loss

3.5.2 Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Company has the following non-derivative financial liabilities: interest bearing borrowings, other payables, amounts due to related parties and bank overdraft.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

3.5.3 Derecognition

a. Financial assets

The Company derecognises 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 recognised 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 derecognised.

b. Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises 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 recognised 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 recognised in profit or loss.

3.5.4 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.

3.6 Impairment of Assets

3.6.1 Non-derivative financial assets

Financial instruments and contract assets

Loss allowances for trade receivables is always measured at an amount equal to lifetime Expected Credit Loss (ECL).

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.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI 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.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised 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 recognised in OCI.

3.7 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.

3.7.1.1 As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

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

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- 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'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.

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 'loans and borrowings' 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, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.7.1.2 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 SLFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in SLFRS 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 recognises 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 SLFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

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3.8 Fair Value Measurement

3.8.1 Significant accounting policy

'Fair value' is 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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

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.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

3.8.2 Use of assumptions and estimation uncertainty

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.

The management 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 management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SLFRS, 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.

LIABILITIES AND PROVISIONS

Liabilities classified as current liabilities on the statement of financial position are those, which fall due for payment on demand or within one year from the reporting date.

Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

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.

3.9 Employee Benefits

a) Defined Contribution Plan - Employees' Provident Fund & Employees' Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Employees' Provident Fund

The Company and Employees' contribute 12% & 8% respectively on the salary of each employee is paid. Said provident fund is being managed by the Central Bank of Sri Lanka.

Employees Trust Fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund.

b) Defined Benefit Plans – Retirement Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.
Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 – Employee Benefits. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The Company measures the present value of retirement benefits of gratuity using an internally generated model based on formula. Actuarial gains and losses are recognized in other comprehensive income.

The liability recognized in the Statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date.

The liability is not externally funded nor actuarially valued.

Actuarial gains and losses.

The re-measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognized in Other Comprehensive Income.

3.10 Provisions and liabilities

A provision is recognized in the statement of financial position only when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

3.11 Contingencies and Capital Commitments

All material capital commitments and contingencies, which exist as at the reporting date, are disclosed in the respective notes to the Financial Statements.

INCOME AND EXPENSES

3.12 Revenue Recognition

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations 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 SLFRS 15
Providing Travel and Destination Management services for Travelers.	The Service is transferred to the customer at the completion of its performance obligation which is the completion of the tour.	Revenue is recognized when a customer obtains control of the service. Determining the timing of the transfer of control is at a point in time or over time requires judgment.

3.13 Expenditure Recognition

All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income statement in arriving at the profit or loss for the year.

3.14 Finance income and expenses

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial asset or liabilities (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liabilities. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

3.15 Related Party Transactions

Disclosures has been made in respect of the transactions in which one party has the liability to control or exercise significant influence over the financial and operating decisions/policies of the other, irrespective of a profit being charged

4 STATEMENT OF CASH FLOWS

The Statement of Cash Flows has been prepared using the Indirect Method of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7, Statement of Cash Flows.

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short term deposits with banks.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2021 and earlier application is permitted; however, the Company has not early adopted them in preparing these consolidated financial statements.

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

A. Onerus Contracts – Cost of Fulfilling a contract (Amendments to LKAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling contract for the purpose of assessing whether the contract is onerus. The amendments apply for annual reporting periods beginning on or after the 1 January 2022 to contracts existing at the date. When the amendments are first applied. At the date of initial application, the cumilative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Company has determined that all contracts existing as at 31 March 2021 will be completed before the amendments become effective.

B. Interest Rate benchmark Reform (Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16)

The amendments address issues that might affect financial reporting as result of the reform of an interest rate benchmark, including the effects changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 relating to.

- Changes the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities: and
- Hedge accounting

The Company does not expect significant impact on financial statements on adoption of these standards.

C. Property Plant and Equipment proceeds before intended use (Amendments to LKAS 16) – effective date from 1 January 2022

D. References to Conceptual Framework in SLFRS Standards. (Amendments to SLFRS 3) effective date from 1 January 2022

E. Classification of Liabilities as Current or Non-current (Amendments to LKAS 1) effective date from 1 January 2023

F. SLFRS 17 Insurance Contracts and Amendments to SLFRS 17 effective date from 1 January 2023

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For the year ended 31 March	2021 Rs.	2020 Rs.
6. Revenue	-	-
Inbound	-	-

6.1 The Company has ceased its business operations from October 2018 and continues to remain dormant . Therefore the Company has not generated revenue during the year.

7. Other Income/ Expense		
Loss on Disposal of Property, Plant and Equipment	-	-
Shopping Commission	-	-
Direct cost provision reversal (**Note 7.1**)	-	8,646,079
Reversal of advances received for future tours (**Note 7.2**)	-	1,483,677
	-	**10,129,756**

7.1 During the previous financial year, the Company had reversed provisions of Rs.8.6 Mn in relation to hotel cost since the Company had ceased business operations from October 2018 and there were no claims made. Board resolution was passed on 25 March 2020 to reverse these provisions to Other Income.

7.2 During the previous financial year, the Company had received Rs. 1.4 Mn as advances for future tours. As the Company has ceased business operations from October 2018 and there were no claims had been made a Board resolution was passed on 25 March 2020 approving the reversal of these advances to Other Income.

8. Profit/(Loss) from Operations

Profit/(Loss) from operations is stated after charging all the expenses including the following,

Director Emoluments	-	-
Auditor's Remuneration	125,000	125,000
Depreciation of Property, Plant and Equipment	244,468	347,814
Amortization of Intangible Assets	52,920	53,064
Provision for Loan receivable (Note 15.1)	6,875,000	-
Fees & Subscription	-	287,864
Legal & Professional Charges	361,630	353,630
Staff Cost (Note 8.1)	-	-
8.1 Staff Cost	-	-
Salaries and wages	-	-
Employees Provident Fund	-	-
Employees Trust Fund	-	-
Reversal for employee benefits	-	-

8.1.1 The Company has ceased business business operations from october 2018 and there were no employees in the Company.

9. Net finance Expense

Finance income		
Interest income	75	78
Exchange gain	26	-
	101	**78**
Finance expense		
Interest on loan (Note 9.1)	-	1,052,001
Exchange loss (Note 9.2)		6,694,751
	-	**7,746,752**
Net Finance Income / (Expense)	**101**	**(7,746,674)**

9.1 The interest expense comprise of the interest in relation to intercompany loan.

9.2 During the previous financial year, the Company had an outstanding of a loan obtained from Kuoni Travel (India) (Pvt) Ltd which was revalued and the interest payable amount as at the year end was USD 147,500. This loan was converted to equity shars during the current financial year resulting and no exchange gain or loss being recorded. (Refer Note 17.1)

For the year ended 31 March,	2021 Rs.	2020 Rs.
10. Income Tax (Reversal)/Expense		
Current Tax Expenses		
Current tax	-	-
Deferred Tax Expense		
(Reversal)/Origination of deferred tax liability (Note 19)	(15,765)	25,262
Origination of deferred tax asset (Note 19)	(20,862)	-
	(36,627)	**25,262**
	(36,627)	**25,262**
10.1 Reconciliation between Accounting Profit and Taxable Profit		
Accounting Loss Before Tax	(7,724,772)	1,087,178
Disallowable Expenses	7,179,957	1,580,510
Allowable expenses	(131,862)	(615,377)
Other Income	75	78
	(676,602)	2,052,389
Interest Income liable to Tax	-	15,503
Less: Tax Loss Utilized during the year		(2,067,892)
Taxable Profit / (Loss)	(676,602)	-
Income Tax for the year - 14% of taxable income	-	-
Total Income Tax Expense for the year		-
10.2 Reconciliation of Business tax losses		
Tax Loss Brought Forward	20,360,818	20,048,130
Reassessment of tax losses on tax return	-	312,688
Tax losses incurred during the year	676,602	-
Tax Loss Carried Forward	**21,037,420**	**20,360,818**

11. (Loss)/Profit per share

Calculation of (loss)/Profit per share is based on the loss attributable to Ordinary Shareholders divided by the weighted average number of ordinary shares outstanding as at the reporting date.

	2021 Rs.	2020 Rs.
(Loss)/Profit for the year (Rs.)	(7,688,145)	1,061,916
Weighted average number of ordinary shares	250,000	250,000
(Loss)/Profit per share (Rs.)	**(30.75)**	**4.25**

12. Property, Plant & Equipment

	Office Equipment Rs.	Computer Equipment Rs.	Furniture and Fixtures Rs.	Total 2021 Rs.	Total 2020 Rs.
Cost					
Balance at the beginning of the year	14,288	2,534,998	23,990	2,573,276	4,340,812
Disposals during the year	-	-	-	-	(16,500)
Written-off during the year	-	-	-	-	(1,751,036)
Balance at the end of the year	**14,288**	**2,534,998**	**23,990**	**2,573,276**	**2,573,276**
Accumulated depreciation					
Balance at the beginning of the year	14,288	2,149,895	15,613	2,179,796	3,599,518
Charge for the year	-	239,670	4,798	244,468	347,814
Disposals during the year	-	-	-	-	(16,500)
Written-off during the year	-	-	-	-	(1,751,036)
Balance at the end of the year	**14,288**	**2,389,564**	**20,411**	**2,424,264**	**2,179,796**
Carrying amounts					
As at 31st March 2021	-	**145,434**	**3,579**	**149,012**	
As at 31st March 2020	-	**385,103**	**8,377**		**393,480**

12.1 Property, Plant and Equipment written-off

The Company perfomed a physical asset verification during the previous financial year and assets which were not physically available at the office premisses were fully written off.

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As at 31 March	2021 Rs.	2020 Rs.
13. Intangible assets		
Cost		
Balance at the beginning of the year	264,600	264,600
Additions	-	-
Balance at the end of the year	**264,600**	**264,600**
Amortization		
Balance at the beginning of the year	145,969	92,905
Charge for the year	52,920	53,064
Balance at the end of the year	**198,889**	**145,969**
Carrying value as at end of the year	**65,711**	**118,631**
14. Other receivables		
WHT receivable	143,147	143,148
VAT receivable	375,926	375,925
	519,073	**519,073**
15 Amounts due from Related Parties		
Luxeasia (Pvt) Ltd (Note 15.1)	6,875,000	14,000,000
	6,875,000	**14,000,000**

15.1 The Board assssed the recoverability of the loan of Rs 14,000,000 provided by Sita World Travel Lanka (Pvt) Ltd to Luxeasia (Pvt) Ltd. Given that Luxeasia (Pvt) Ltd is facing going concern issues and serious loss of capital situation , there are significant concerns over the recoverability of the said loan over the next financial year, a 50% provision has been made. An assessment will be conducted for the remaining loan receivable during the forthcoming financial year. The movement of the said loan has been provided below:

	2021 Rs.	2020 Rs.
Balance at the beginning of the year	14,000,000	14,000,000
Settlement made during the year	(250,000)	-
Provision made during the year (Note 8)	(6,875,000)	-
	6,875,000	**14,000,000**
16. Cash and cash equivalents		
Cash at bank	23,259	350,713
Cash & cash equivalents for the purpose of statement of cash flow	**23,259**	**350,713**
17. Stated capital		
Issued and fully paid		
250,000 ordinary shares	**2,500,000**	**2,500,000**

17.1 - As explained in Note A presented under Statement of Changes in Equity, the Loans payable to due to Kuoni Travel India (Pvt) Ltd amounting to Rs 43,100,238 have been converted to Preference shares

18. Employee benefits

18.1 Defined Contribution Plans

Following contributions have been made to Employees' Provident Fund and Employees' Trust Fund during the year.

18.2 Defined Benefit Plan - Gratuity	2021 Rs.	2020 Rs.
Balance at the beginning of the year	-	-
Reversal recognised during the year	-	-
	-	-
Payments made during the year	-	-
Balance at end of the year	-	-

18.3 As at the reporting date there were no employees working for the Company as business operations ceased from october 2018. As a such no gratuity provision has been made.

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As at 31st March	2021 Rs.	2020 Rs.
19. Deferred taxation		
Deferred tax liabilities (Note 19.1)	(20,862)	(36,627)
Deferred tax assets (Note 19.2)	20,862	-
	-	**(36,627)**

19.1 Deferred tax liabilities

	2021 Rs.	2020 Rs.
Balance at the beginning of the year	36,627	11,365
(Reversal)/origination during the year (Note 10)	(15,765)	25,262
Balance at the end of the year	**20,862**	**36,627**

19.2 Deferred tax assets

	2021 Rs.	2020 Rs.
Balance at the beginning of the year	-	-
Origination during the year (Note 10)	20,862	-
Balance at the end of the year	20,862	-

19.3 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2021		2020	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Deferred Tax Liabilities	Rs.	Rs.	Rs.	Rs.
Property, plant & equipment	(149,012)	(20,862)	(261,618)	(36,627)
	(149,012)	**(20,862)**	**(261,618)**	**(36,627)**
Deferred Tax Assets				
Tax loss	21,037,420	20,862	20,360,818	-
	21,037,420	**20,862**	**20,360,818**	-
Net Deferred Tax Liability		-		**(36,627)**

19.4 Tax effect on carried forward tax losses

The tax losses as at the reporting date was Rs. 21,037,420 (2020 : 20,360,818) resulting in a deferred tax asset of Rs.2,945,239/- as at the reporting date (2020 :2,850,515). However, deferred tax asset has been recognised only up to the deferred tax liability amounting to Rs.20,862- as at the reporting date due to the uncertainty regarding the availability of future taxable profits against which the deferred tax asset would be utilized. Accordingly, the unrecognised deferred tax asset at reporting date was Rs.2,924,377/-.

20. Trade and other payables

	2021 Rs.	2020 Rs.
Trade payables (Note 20.1)	60,000	85,069
Other payable (Note 20.2)	127,300	127,301
	187,300	**212,370**

20.1 Trade payable

	2021 Rs.	2020 Rs.
Sundry Creditors	60,000	85,069
	60,000	**85,069**

20.2 Other payable

	2021 Rs.	2020 Rs.
Duties & Taxes	2,300	2,300
Audit Fee Payable	125,000	125,000
	127,300	**127,300**

KPMG Chartered Accountants

For the year ended 31 March 2021

21. Related party transactions

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24 - *Related Party Disclosures* . The details of which are given below.

21.1 Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard 24 - Related Party Disclosures, the Key Management Personnel (KMP) are those having authority and responsibility for planning, directing, and controlling the activities of the entity. Accordingly, the Directors of the Company have been classified as KMP of the Company.

Being the Parent and ultimate undertaking, Travel Corporation India Ltd and Fairfax Financial Holdings Ltd, Canada, respectively as noted in Note 1.3, the Board of directors have the authority and responsibility for planning, directing and controlling the activities of the entity directly and indirectly. Accordingly, the Board of Directors of those companies also have been classified as KMP.

The compensation paid to KMP's is as follows:

Key management personnel compensation	**2021**	**2020**
	Rs.	**Rs.**
Short term employee benefits	Nil	Nil
Post employment benefits	Nil	Nil

21.2 Transactions with Related Entities

Name of the Related Party	Relationship	Nature of Transaction	Transaction Amount 2021	Transaction Amount 2020
			Rs.	Rs.
Travel Corporation India (Pvt) Ltd (formally known as Kuoni Travel India (Pvt) Ltd)	Parent company	Sale of service	-	-
		Interest on loan	-	1,052,001
		Fund transfer	-	-
Luxe Asia (Pvt) Ltd	Subsidiary of Parent Company	Sale of service	-	-
		Reimbursement received	250,000	-
		Loans Granted	-	14,000,000

The Board assssed the recoverability of the loan of Rs 14,000,000 provided by Sita World Travel Lanka (Pvt) Ltd to Luxeasia (Pvt) Ltd. Given that Luxeasia (Pvt) Ltd is facing going concern issues and serious loss of capital situation , there are significant concerns over the recoverability of the said loan over the next financial year, a 50% provision has been made. Further details have been provided in Note 15

Amounts due from related entities as at reporting date are disclosed in the Note 15

22 Fair Values of Financial Instruments

22.1 Valuation of Financial Instruments Measured at Fair Value

The Company does not have any financial instruments which are measured at fair value.

22.2 Valuation of Financial Assets and Liabilities not Carried at Fair Value

Set out below is a comparison of the carrying amounts and fair values of the financial instruments of the Company which are not measured at fair value in the financial statements. These tables do not include non-financial assets and liabilities.

As at 31 March,	**2021**		**2020**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets				
Amounts due from related parties	6,875,000	6,875,000	14,000,000	14,000,000
Cash & Cash Equivalents	23,259	23,259	350,713	350,713
	6,898,259	**6,898,259**	**14,350,713**	**14,350,713**

KPMG Chartered Accountants

For the year ended 31 March 2021

22 Fair Values of Financial Instruments (Cont.)

	2021		2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities				
Trade & Other Payables	187,300	187,300	212,370	212,370
	187,300	**187,300**	**212,370**	**212,370**

23. Financial risk management

23.1 Introduction and Overview

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

1. Credit risk
2. Market risk
3. Liquidity risk
4. Operational 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 throughout this financial statement.

23.2 Risk management framework

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

The Company's risk management policies are established to identify and analyze the risks 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. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

23.3 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 receivables from customers, related parties and cash and cash equivalents.

The Company trades only with creditworthy customers. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts in not significant. Cash and cash equivalents and the short term deposits are held with bank which has good ratings based on Fitch ratings.

23.3.1 Credit risk exposure and managing the risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows.

As at 31st March	2021	2020
	Rs.	Rs.
Amounts due from related entities	6,875,000	14,000,000
Cash & cash equivalents	23,259	350,713
	6,898,259	**14,350,713**

For the year ended 31 March 2021

23. Financial risk management (Cont.)

23.4 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.

Maturity analysis

The table below summarizes the maturity profile of the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted payments.

		Cash flows (Rs.)	
As at 31 March 2021	**Carrying amount (Rs.)**	**Within 6 months**	**More than a year**
Non- derivative Financial Liabilities			
Trade & other payables	187,300	187,300	-
Cash and Cash Equivalents	23,259	23,259	
	210,559	**210,559**	-
As at 31 March 2020			
Non- derivative Financial Liabilities			
Trade & other payables	212,370	212,370	
Cash and Cash Equivalents	350,713	350,713	
	563,083	**563,083**	-

23.5 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.

23.5.1.Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes on foreign exchange rates. The Company monitors the fluctuations in foreign currencies with appropriate strategies to minimize risk.

The Company is exposed to currency risk on transaction and settlements of transaction that are denominated in a currency other than the respective functional currencies of Company. The currencies in which these transactions primarily are denominated in USD.

The Company's exposure to foreign currency risk is as follows;

As at 31 March 2021	**Rs.**	**Converted to USD**
Cash and cash equivalents	23,259	117
Trade payables	187,300	941
	210,559	**1,058**
As at 31 March 2020	**Rs.**	**Converted to USD**
Cash and cash equivalents	350,713	1,992
Trade payables	212,370	1,206
	563,083	**3,198**

23. Financial risk management (Cont.)

23.5.1. Currency risk (Contd.)

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

23.5.2 Interest rate risk

Interest rate risk is the risk to the Company's earnings and economic value of equity ("EVE") arising from adverse movements in interest rates.

Management of interest rate risk

The Company's investment decisions in interest bearing assets are controlled by the higher level authorities appointed by the Board of Directors and they are advised and guided only to invest in secured and regulated investment

23.5.3 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance when this is effective.

Compliance with Company standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Board of Directors and senior management of the Company.

24. Capital commitments and contingent liabilities

There were no contract for capital expenditure of material amounts approved or contracted for as at the reporting date. There have been no material contingent liabilities outstanding as at the reporting date.

25. Litigation and claim

There were no pending litigation or claims as at the reporting date.

26. Going concern

The Company has reported a net loss of Rs. 7,688,145/- for the year ended 31st March 2021 (2020 - Profit Rs. 1,061,916/-). The significnat contributor towards this loss was due to the 50% provision made against the loan receivable from related company Luxeasia of Rs 13,750,000/- during the current financial year amounting to Rs 6,875,000/-. Further , the Company has ceased Business operations since October 2018 and during the previous financial year the profit was only due to reversal of excess provisions.

However Board of directors are of the view that the Company will continue as a going concern legal entity.

27. Board of Directors' responsibility for financial reporting

The Board of Directors is responsible for the preparation and presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka and the Companies Act No. 7 of 2007.

Desert Adventures Tourism LLC and its subsidiaries

Consolidated financial statements

31 December 2020

Desert Adventures Tourism LLC and its subsidiaries
Consolidated financial statements
31 December 2020

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Directors' Report

The directors submit their report together with the audited consolidated financial statements of the Group for the year ended 31st December 2020.

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.

The consolidated financial statements of the Group for the year ended December 31, 2020 comprises the Company and its subsidiaries, Muscat Desert Adventures Tourism LLC and Desert Adventures Tourism Amman - Jordan (collectively referred to as the "Group").

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

The principal activity of the Group is to provide Hotel Bookings, transport, visa services, excursion and other tourism and travel related services. The Group started its operations in September 1997.

SHARE HOLDINGS

The shareholding in the Company was as follows:

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

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

FINANCIAL PERFORMANCE

The results of the Group for the year ended 31st December 2020 are stated below:

Financial highlights	**2020 AED**	2019 AED
Loss for the year	**(8,825,011)**	(4,516,605)
Total equity	**(44,576,225)**	(35,751,214)

REPRESENTATIONS AND AUDIT

There have been no material events subsequent to 31 December 2020, which require any adjustment or disclosure in these consolidated financial statements of the Group.

AUDITORS

KPMG is eligible for reappointment for 2020 and has expressed its willingness to continue in office. The director recommends the reappointment of KPMG as auditor of the Company for the year ending 31 December 2021.

On behalf of the Board

Senthil Nandagopal
Chief Operating Officer

Peter Payet
Chief Executive Officer

Date: 16 February 2021

Desert Adventures Tourism LLC - UAE
A Destination Management Company

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KPMG

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Independent Auditors' Report

To the Shareholders of Desert Adventures Tourism LLC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Desert Adventures Tourism LLC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Consolidated Financial Statements* section of our report. We are independent of the Group 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 consolidated 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.

Other Information (continued)

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Law No. (2) of 2015, we report that for the year ended 31 December 2020:

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

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;

iii) the Group has maintained proper books of account;

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

v) as disclosed in note 1 to the consolidated financial statements, the Group has not purchased any shares during the year ended 31 December 2020;

vi) note 13 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted; and

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 Group has contravened during the financial year ended 31 December 2020 any of the applicable provisions of the UAE Federal Law No.(2) of 2015 or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2020.

KPMG Lower Gulf Limited

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

Date: 16 February 2021

Desert Adventures Tourism LLC and its subsidiaries
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December

	Notes	**2020 AED**	2019 AED
Revenue	*4*	**97,238,689**	289,482,611
Cost of services	*5*	**(87,919,148)**	(264,601,555)
Gross profit		**9,319,541**	24,881,056
Administrative and general expenses	*6*	**(16,820,392)**	(28,690,443)
Impairment loss on trade receivables	*12.1*	**(444,603)**	(379,481)
Other (expense) / income	*8*	**(103,452)**	595,535
Operating loss		**(8,048,906)**	(3,593,333)
Finance income	*7*	**306,587**	551,526
Finance costs	*7*	**(956,609)**	(1,251,893)
Net finance costs		**(650,022)**	(700,367)
Loss before tax		**(8,698,928)**	(4,293,700)
Income tax expense	*9*	**(126,083)**	(222,905)
Loss and total comprehensive loss for the year		**(8,825,011)**	(4,516,605)

The notes on pages 10 to 37 are an integral part of these consolidated financial statements.

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

Desert Adventures Tourism LLC and its subsidiaries

Consolidated statement of financial position

As at 31 December

	Notes	2020 AED	2019 AED
Assets			
Intangible asset	*10*	**583,111**	635,675
Property and equipment	*11*	**1,181,424**	2,584,689
Non-current assets		**1,764,535**	3,220,364
Trade and other receivables	*12*	**17,035,921**	59,803,358
Due from related parties	*13*	**3,584,184**	4,924,021
Cash and cash equivalents	*14*	**3,639,111**	4,652,831
Current assets		**24,259,216**	69,380,210
Total assets		**26,023,751**	72,600,574
Equity			
Share capital	*15*	**300,000**	300,000
Statutory reserve	*16*	**756,708**	756,708
Shareholder contribution	*17*	**9,341,289**	9,341,289
Accumulated losses		**(54,974,222)**	(46,149,211)
Total equity		**(44,576,225)**	(35,751,214)
Liabilities			
Lease liability	*20*	**445,771**	1,131,073
Employees' end of service benefits	*18*	**2,837,400**	3,176,108
Total non-current liabilities		**3,283,171**	4,307,181
Trade and other payables	*19*	**39,944,399**	102,509,941
Provision for income tax	*9.3*	**126,083**	218,988
Due to related parties	*13*	**1,790,736**	528,966
Loan from holding company	*13*	**7,342,000**	-
Lease liability	*20*	**458,513**	786,712
Bank borrowings	*14.1*	**17,655,074**	-
Total current liabilities		**67,316,805**	104,044,607
Total liabilities		**70,599,976**	108,351,788
Total equity and liabilities		**26,023,751**	72,600,574

To the best of our knowledge, the consolidated financial statements fairly presents, in all material respects, the consolidated financial position, results of operation and cash flows of the Group as of, and for, the year ended 31 December 2020.

These consolidated financial statements were authorized for issue by the Group's shareholders on 16 Feb 2021

Chief Operating Officer

Chief Executive Officer

The notes on pages 10 to 37 are an integral part of these consolidated financial statements.

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

Desert Adventures Tourism LLC and its subsidiaries

Consolidated statement of cash flows

For the year ended 31 December

	Note	**2020 AED**	2019 AED
Cash flows from operating activities			
Loss for the year		**(8,825,011)**	(4,516,605)
Adjustments for:			
Depreciation	*11*	**980,556**	456,495
Amortization	*10*	**157,357**	100,087
Provision for employees' end of service benefits	*18*	**552,934**	405,406
Impairment loss on trade receivables and contract assets	*12.1*	**444,603**	379,481
Finance costs	*7*	**956,609**	871,770
Gain on sale of property and equipment		**-**	(64,264)
Income tax expense	*9.1*	**126,083**	222,905
		(5,606,869)	(2,144,725)
Changes in:			
- Trade and other receivables		**42,322,834**	(18,055,587)
- Due from related parties		**1,339,837**	(220,514)
- Due to related parties		**1,053,154**	(34,180)
- Trade and other payables		**(62,565,542)**	29,431,497
Payment of employees' end of service benefits	*18*	**(891,642)**	(181,321)
Tax paid	*9.3*	**(218,988)**	(167,275)
Net cash (used in) / from operating activities		**(24,567,216)**	8,627,895
Cash flows from investing activities			
Acquisition of intangible asset	*10*	**(920,358)**	(708,334)
Acquisition of property and equipment	*11*	**(104,793)**	(203,848)
Proceeds from disposal of property and equipment		**1,343,067**	64,264
Net cash from / (used in) investing activities		**317,916**	(847,918)
Cash flows from financing activities			
Loan from holding company	*13*	**7,342,000**	(7,342,000)
Interest paid		**(701,240)**	(871,770)
Payment of lease liabilities		**(1,060,254)**	(390,280)
Bank borrowings		**17,655,074**	(3,671,000)
Net cash from / (used in) financing activities		**23,235,580**	(12,275,050)
Net decrease in cash and cash equivalents		**(1,013,720)**	(4,495,073)
Cash and cash equivalents at beginning of the year		**4,652,831**	9,147,904
Cash and cash equivalents at end of the year	*14*	**3,639,111**	4,652,831

The notes on pages 10 to 37 are an integral part of these consolidated financial statements.

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

Desert Adventures Tourism LLC and its subsidiaries

Consolidated statement of changes in equity

For the year ended 31 December

	Share capital AED	Statutory reserve AED	Shareholder contribution AED	Accumulated losses AED	Total AED
At 1 January 2019	300,000	626,500	9,341,289	(41,502,398)	(31,234,609)
Total comprehensive loss for the period					
Transfer to Statutory Reserve	-	130,208	-	(130,208)	-
Loss for the year	-	-	-	(4,516,605)	(4,516,605)
At 31 December 2019	300,000	756,708	9,341,289	(46,149,211)	(35,751,214)
At 1 January 2020					
Total comprehensive loss for the period	300,000	756,708	9,341,289	(46,149,211)	(35,751,214)
Loss for the year	-	-	-	(8,825,011)	(8,825,011)
At 31 December 2020	300,000	756,708	9,341,289	(54,974,222)	(44,576,225)

The notes on pages 10 to 37 are an integral part of these consolidated 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 of the Company as at 31 December 2020 was as follows:

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

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

The consolidated financial statements for the year ended 31 December 2020 comprises the Company and its subsidiaries, Muscat Desert Adventures Tourism LLC and Desert Adventures Tourism (Private Shareholding Company) (collectively referred to as the "Group"). These subsidiaries operate in Oman and Jordan respectively and carry out similar business activities as the Company.

The principal business activity of the Group 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.

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

The Group has not purchased any shares during the year.

2 Basis of accounting

a) Going concern

During the year ended 31 December 2020, the Group reported a net loss of AED 8.8 million *(2019: AED 2.35 million)* and has net liabilities and accumulated losses amounting to AED 35.75 million and AED 46.15 million, respectively as of the reporting date. The global outbreak of the COVID-19 pandemic, subsequent to the period end, has impacted the business, operations and financial results of the Group. Public health efforts to mitigate the impact of the pandemic include government actions such as travel restrictions, limitations on public gatherings and mandatory lockdown. These actions have impacted overall consumer, business confidence and specifically the frequent individual travelers (FIT) and leisure industry in which the Group is providing travel related services. COVID-19 has severely impacted the entire tourism and leisure industry globally.

The cashflow forecast has been prepared taking into consideration the current financial performance of the Group's 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 Group to ensure it has adequate cashflows to meet its financial obligations in the foreseeable future until the disruption on account of COVID-19 is eased. Furthermore, to maintain adequate cashflows and availability of working capital, the parent company has provided a letter of support confirming that it will be providing all the necessary financial support to the Group in order to meet its working capital obligations in the foreseeable future.

2 Basis of accounting (continued)

a) Going concern

Based on the above, management, Board of Directors and the parent company are of the view that the Group 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 consolidated financial statements as and for the year ended 31 December 2020 on a going concern basis.

b) Statement of compliance

The consolidated 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.

Federal Decree-Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Group is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect

c) Basis of measurement

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

d) Functional and presentation currency

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

e) Use of estimates and judgments

The preparation of the consolidated 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 consolidated financial statements are disclosed in note 24.

3 Summary of Significant Accounting Policies

Revenue

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

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

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

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

3 Summary of Significant Accounting Policies (continued)

Financial instruments

Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group 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 Group 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 Group 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.

3 Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets – Subsequent measurement and gains and losses: (continued)

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 Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group 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 Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group 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 Group 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.

3 Summary of Significant Accounting Policies (continued)

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 Group 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 are as follows:

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

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

Intangible Assets

Intangible assets, including software, operating licenses and trademarks, that are acquired by the Group 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.

3 Summary of Significant Accounting Policies (continued)

Impairment

Non-derivative financial assets

Financial instruments

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

The Group 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 Group 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 Group's historical experience and informed credit assessment and including forward-looking information.

The Group 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 Group considers trade receivables to be in default when:
- the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the Group 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 Group expects to receive).

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

Credit-impaired financial assets

At each reporting date, the Group 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;

3 Summary of Significant Accounting Policies (continued)

Impairment (continued)

Non-derivative financial assets (continued)

Financial instruments (continued)

- the restructuring of a loan or advance by the Group on terms that the Group 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 Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group 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 Group 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 Group 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 Group'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 Group on terms that the Group 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 Group 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 Group 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.

3 Summary of Significant Accounting Policies (continued)

Impairment (continued)

Non-derivative financial assets (continued)

Financial instruments (continued)

When the Group 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 Group 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.

Provisions

A provision is recognized, if as a result of a past event, the Group 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 Oman Labour Law 2003 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.

3 Summary of Significant Accounting Policies (continued)

Tax

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

Current tax 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.

Basis of consolidation

Subsidiary

Subsidiary is an entity controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Inter-Group recharges

Inter-Group 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 group.

Contract assets

The contract assets are recognized for the Group’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 Group issues an invoice to the customers.

3(b) Significant accounting policies (continued)

Leases

At inception of a contract, the Group 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 Group 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 Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use.

The Group has the right to direct the use of the asset. The Group 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 Group has the right to direct the use of the asset if either:

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

As a lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group 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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group 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.

3 Summary of Significant Accounting Policies (continued)

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

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2029 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

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

- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16).
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16). – Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1). –
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

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4 Revenue

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

	2020 AED	2019 AED
Tourism and related services	**91,972,707**	273,769,394
Tour packages	**3,589,190**	13,199,514
Hotel commissions	**1,676,792**	2,513,703
	97,238,689	289,482,611
Geographical markets		
Middle East	**97,238,689**	289,482,611
Timing of revenue recognition		
Revenue recognised at a point in time	**97,238,689**	289,482,611
Contract balances		
Receivables, which are included in "trade receivables and other receivables" (Note 12)	**3,177,636**	35,409,705

5 Cost of services

	2020 AED	2019 AED
Tourism and related services	**84,746,298**	253,162,217
Tour Packages	**3,171,555**	11,437,604
Depreciation (refer note 11.1)	**1,295**	1,734
	87,919,148	264,601,555

6 Administrative and general expenses

	2020 AED	2019 AED
Staff salaries and benefits	**11,703,500**	21,119,850
IT expenses	**1,197,762**	1,074,471
Advertisement and business promotion	**602,542**	1,585,551
Depreciation (refer note 11.1)	**979,261**	454,761
Office expenses	**427,880**	785,232
Rent (refer note 20)	**373,477**	994,586
Travel	**159,885**	781,389
Amortization (refer note 10)	**157,357**	100,087
Others	**1,218,728**	1,794,516
	16,820,392	28,690,443

7 Net finance costs

	2020 AED	2019 AED
Finance income		
Net foreign exchange gain	**295,788**	551,125
Interest income	**10,799**	401
Total finance income	**306,587**	551,526
Finance costs		
Bank charges	**(164,376)**	(302,858)
Interest on related party loans	**(208,616)**	-
Bank interest	**(536,864)**	(808,244)
Interest on loan and lease liabilities (refer note 20)	**(46,753)**	(140,791)
Total finance costs	**(956,609)**	(1,251,893)
Net finance costs recognized in profit or loss	**(650,022)**	(700,367)

8 Other income - net

	2020 AED	2019 AED
Gain on sale of property and equipment	**-**	64,264
Intragroup charges net (refer note 8.1)	**(318,389)**	(454,618)
Other income	**214,937**	985,889
	(103,452)	595,535

8.1 Intragroup charges - net

	2020 AED	2019 AED
Expenses recharged to associated companies	**950,108**	888,795
Expenses recharged by associated companies	**(1,268,497)**	(1,343,413)
Group charges – net	**(318,389)**	(454,618)

9 Taxation

Provision for income tax primarily relates to the subsidiaries and has been booked in the consolidated financial statements in accordance with provisions of Article 51 section 12 of the Oman Income Tax Law for Muscat Desert Adventures Tourism LLC, issued by Sultani Decree No 47/81 and the applicable tax laws of Jordan for Desert Adventures Tourism (Private Shareholding) Group, Jordan.

9.1 Tax expense

	2020 AED	2019 AED
Tax expense		
Current year	-	222,004
Prior years	**126,083**	901
Total tax expense for the year (refer note 9.3)	**126,083**	222,905
Deferred tax credit		
Recognition of deferred tax asset related to unused tax losses (refer note 9.4)	-	-
Tax expenses recognized in profit or loss	**126,083**	222,905

9.2 Reconciliation of effective tax rate:

	2020 AED	2019 AED
Loss before tax	**(8,698,928)**	(4,293,700)
Effect of tax rates in Jordan - 15% *(2019: 15%)*	**126,083**	222,004
Current year (refer note 9.1)	**126,083**	222,004
Change in estimate relating to prior years	-	901
Net tax expenses recognized in profit or loss (refer note 9.1)	**126,083**	222,905

9.3 Income tax provision

The movement on the income tax provision during the year was as follows:

	2020 AED	2019 AED
At 1 January	**218,988**	403,018
Net charge for the year (refer note 9.1)	**126,083**	222,905
Reversal of deferred tax asset (refer note 9.4)	-	(239,660)
Payments made during the year	**(218,988)**	(167,275)
At 31 December	**126,083**	218,988

9.4 Deferred tax asset

The movement on the deferred tax asset during the year was as follows:

	Tax losses carried forward* AED
Balance at January 1, 2019	239,660
Reversal of deferred tax asset	(239,660)
Balance at December 31, 2019	-
Balance at January 1, 2020	-
Reversal of deferred tax asset	-
Balance at December 31, 2020	**-**

As at 31 December 2020, the Group had carried forward tax losses of AED 2,951,290 (OMR 308,935) for which no deferred tax losses has been recognized as there are uncertainties on whether future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised..

10 Intangible asset – Software

	2020 AED	2019 AED
Cost		
As at 1 January	**1,976,175**	1,267,841
Additions	**104,793**	708,334
As at 31 December	**2,080,968**	1,976,175
Amortization		
As at 1 January	**1,340,500**	1,240,413
Charge for the period	**157,357**	100,087
As at 31 December	**1,497,857**	1,340,500
Net book value as at 31 December	**583,111**	635,675

11 Property and equipment

	Motor vehicles AED	Furniture, fixtures & equipment AED	Leasehold improvements AED	Leased office premises AED	Total AED
Cost					
At 1 January 2019	3,600,946	1,156,334	1,308,999		6,066,279
Additions	130,000	73,848	-	-	203,848
Recognition of right-of-use asset on initial application of IFRS 16 (refer note 20)	-	-	-	2,308,065	2,308,065
Disposal	(76,001)	(228,901)	-	-	(304,902)
At 31 December 2019	3,654,945	1,001,281	1,308,999	2,308,065	8,273,290
At 1 January 2020	3,654,945	1,001,281	1,308,999	2,308,065	8,273,290
Additions	-	25,722	-	894,636	920,358
Disposal	-	(217,194)	(400,617)	(2,167,342)	(2,785,154)
Reclass	(62,067)	(97,682)	371,390	-	211,641
At 31 December 2020	3,592,878	712,127	1,279,772	1,035,359	6,620,136
Depreciation					
At 1 January 2019	3,582,254	886,698	1,068,056	-	5,537,008
Charge for the year	33,808	28,182	138,170	256,335	456,495
Disposal	(76,001)	(228,901)	-	-	(304,902)
At 31 December 2019	3,540,061	685,979	1,206,226	256,335	5,688,601
At 1 January 2020	3,540,061	685,979	1,206,226	256,335	5,688,601
Charge for the year	43,427	40,686	200,354	696,089	980,556
Disposal	-	(217,194)	(400,617)	(824,275)	(1,442,086
Reclass	(73,055)	132,600	152,096	-	211,641
At 31 December 2020	3,510,433	642,071	1,158,059	128,149	5,438,711
Net book value					
31 December 2020	**82,445**	**70,057**	**121,713**	**907,210**	**1,181,424**
31 December 2019	114,884	315,302	102,773	2,051,730	2,584,689

11.1 Depreciation has been allocated as follows:

	2020 AED	2019 AED
Administrative and general expenses (refer note 6)	**979,261**	454,761
Cost of services (refer note 5)	**1,295**	1,734
	980,556	456,495

12 Trade and other receivables

	2020 AED	2019 AED
Trade receivables	**6,306,589**	38,102,305
Less: provision for impairment loss (refer note 12.1)	**(3,128,953)**	(2,692,600)
	3,177,636	35,409,705
Prepayments	**773,894**	1,154,731
Other receivables		
- deposits	**7,141,401**	7,787,455
- commission receivable	**622,879**	1,425,635
- other receivables	**1,231,223**	992,717
Advances to suppliers	**4,088,888**	13,033,115
	17,035,921	59,803,358

12.1 Movement for impairment loss on trade receivables

The movement for impairment loss on trade receivables during the year is as follows:

	2020 AED	2019 AED
As at 1 January	**2,692,600**	2,313,119
Provision made during the year	**444,603**	379,481
Written off	**(8,250)**	-
As at 31 December	**3,128,953**	2,692,600

13 Related parties

In the normal course of business, the Group carries out 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. Significant related party transactions during the year ended 31 December 2020 were as follows:

	2020 AED	2019 AED
Sales to related parties	**2,137,230**	7,108,599
Expenses recharged to fellow subsidiaries	**217,735**	888,795
Expenses recharged by fellow subsidiaries	**(536,124)**	(1,343,413)
Proceeds from / (repayment of loan) from holding Group	**7,342,000**	(7,342,000)

The key management personnel compensation is as follows:

	2020 AED	2019 AED
Short-term employee benefits	**1,533,730**	3,127,748
Staff terminal benefits	**155,766**	112,875
	1,689,496	3,240,623

13 Related parties *(continued)*

Due from related parties	2020 AED	2019 AED
Entities under common ownership		
Gulf Dunes LLC	**3,235,569**	1,638,884
TC Visa Services (India) Ltd	**170,053**	185,898
Asian Trails Holding Ltd	**14,112**	128,132
Kuoni Private Safaris Limited	**2,803**	2,803
Gulf Dunes Tourism LLC	**1,067**	-
Allied Tpro Inc	**-**	20,789
Asian Trails Malaysia	**-**	13,325
Kuoni Private Safaris – Namibia	**-**	2,799
Australian Tours Management Pty Ltd	**-**	-
Intermediate parent companies		
Thomas Cook (India) Limited	**-**	1,781,240
SOTC Travel Limited	**160,580**	1,150,151
	3,584,184	4,924,021

Due to related parties	2020 AED	2019 AED
Entities under common ownership		
Thomas Cook (India) Limited [TCIL]	**678,407**	-
Reem Tours & Travel LLC	**608,868**	240,179
Jardin Travel Solution Limited	**244,874**	152,534
TC Travel Services Limited [TC Travel]	**124,708**	130,339
Travel Circle International (Mauritius) Ltd [TCIM]	**83,078**	-
Horizon Travel Services LLC [ATP]	**42,197**	-
Travel Corporation (India) Limited [TCI]	**5,969**	5,914
Australia Tours Management Pty Ltd [AUTM]	**2,635**	-
	1,790,736	528,966

Loan from holding Group

The Group 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 of 6 months LIBOR plus 100 basis points. The movement in the balance during the year ended 31 December 2020 is as follows:

	2020 AED	2019 AED
Opening balance	**-**	7,342,000
Proceeds from loan	**7,342,000**	-
Repayment of loan proceeds	**-**	(7,342,000)
	7,342,000	-

14 Cash and cash equivalents

	2020 AED	2019 AED
Cash in hand	**109,263**	281,147
Cash at bank	**3,529,848**	4,371,684
	3,639,111	4,652,831

14.1 Bank borrowings

The Group obtained a loan for one year from IndusInd Bank. This facility was secured over the assets of the Group and carried interest at the rate of 3 months LIBOR plus 250 basis points. The principal was payable on demand and interest was payable on quarterly basis. The outstanding amount as at 31 December 2020 is AED 17,655,074 *(2019: AED Nil)*.

15 Share capital

	2020 AED	2019 AED
Authorised, issued and fully paid up capital		
100 shares of AED 3,000 each	**300,000**	300,000

16 Statutory reserve

The Group has created the reserve in accordance with Article 12 of the Memorandum of Association, Article 103 of the UAE federal commercial companies law 2 of 2015, and Article 154 of the Commercial Companies Law of 1974, as amended, of Oman article number (85) of the Jordanian companies law number (22), 1997.

	2020 AED	2019 AED
Desert Adventures Tourism L.L.C. (Dubai)	**150,000**	150,000
Muscat Desert Adventures Tourism L.L.C.	**476,500**	476,500
Desert Adventures Pvt Shareholding Group	**130,208**	130,208
	756,708	756,708

17 Shareholder contribution

	2020 AED	2019 AED
Shareholder contribution	**9,341,289**	9,341,289

18 Employees' end of service benefits

	2020 AED	2019 AED
At 1 January	**3,176,108**	2,952,023
Charge for the year	**552,934**	405,406
Payments during the year	**(891,642)**	(181,321)
At 31 December	**2,837,400**	3,176,108

19 Trade and other payables

	2020 AED	2019 AED
Trade payables	**20,310,639**	37,543,364
Hotel and other service accruals	**9,079,076**	52,425,171
Advances from customers	**7,557,872**	8,388,213
Employee and payroll related accruals	**1,401,611**	1,761,545
Other payables	**1,595,201**	2,391,648
	39,944,399	102,509,941

20 Lease liabilities

	2020 AED	2019 AED
Current	**458,513**	786,712
Non-current	**445,771**	1,131,073
Balance at 31 December	**904,284**	1,917,785

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

	2020 AED	2019 AED
As at 1 January		
On initial application as at 1 January 2019	**1,917,785**	2,167,274
Interest expense on lease liability (note 7)	**46,753**	140,791
Repayment of lease liability	**(1,060,254)**	(390,280)
As at 31 December	**904,284**	1,917,785

Amount recognised in the profit or loss

	2020 AED	2019 AED
Interest on lease liability	**792,233**	140,791
Depreciation on right-of-use asset (refer note 11)	**696,089**	256,335
Expenses relating to low value assets, excluding short-term leases (refer note 6)	**373,477**	994,586
Balance at 31 December	**1,861,799**	1,391,712

Amounts recognised in the Statement of cash flows

	2020 AED	2019 AED
Interest on lease liability	**(1,805,734)**	(390,280)

21 Contingencies and commitments

Bank guarantees

The Group has AED 2,225,186 *(2019: AED* 2,049,656*)* of bank guarantees as at 31 December 2020.

22 Financial risk management

The Group has exposure to the following risks arising from financial instruments

- Credit risk;
- Liquidity risk; and
- Market risk;

Risk management framework

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

The Group's risk management policies are established to identify and analyze the risk faced by the Group, 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 Group's activities.

Credit risk

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

The Group'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 carrying amount of financial assets represents the maximum credit exposure. The impairment loss on financial assets and contract assets recognized in profit and loss were as follows:

	2020	2019
	AED	AED
Impairment loss of trade receivables arising from Contracts with customers	**444,603**	379,481
	======	=======

22 Financial risk management (continued)

Credit risk (continued)

Exposure to credit risk

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

	2020	2019
	AED	AED
Trade and other receivables*	**12,173,139**	45,615,512
Due from related parties	**3,584,184**	4,924,021
Cash at bank	**3,529,848**	4,371,684
	19,287,171	54,911,217

* Prepayments and advances are excluded.

At 31 December 2020, the Group's exposure of credit risk to trade receivables by geographical region was as follows:

	Carrying amount	Carrying amount
	2020	2019
	AED	AED
Geographical regions		
Commonwealth of Independent States	**349,588**	19,214,948
Middle East	**1,846,652**	4,535,333
Europe	**2,317,627**	8,689,589
Asia	**972,473**	979,721
Others	**820,249**	4,682,714
Grand total	**6,306,589**	38,102,305

The ageing of trade receivables at the reporting date was:

	Not credit-impaired	**Credit impaired**	Not credit-impaired	Credit impaired
	2020	**2020**	2019	2019
	AED	**AED**	AED	AED
Not yet due	**1,819,175**	**-**	22,396,078	-
1-30 days	**220,745**	**-**	12,115,072	-
31- 90 days	**1,022**	**-**	1,683,844	-
91- 120 days and above	**-**	**4,265,647**	-	1,907,311
Total gross carrying amount	**2,040,942**	**4,265,647**	36,194,994	1,907,311
Loss allowance	**-**	**(3,128,953)**	(1,384,257)	(1,308,343)
	2,040,942	**1,136,694**	34,810,737	654,963

22 Financial risk management (continued)

Credit risk (continued)

Impairment losses

Expected credit losses assessment for individual customers as at 31 December 2020.

The Group 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 Group'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 Group'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 Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation. The Group aims to maintain the level of cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities by continuous monitoring of forecast and actual cash outflows.

The following are the contractual maturities of financial liability based on contractual undiscounted payments:

21 Financial risk management (continued)

Liquidity risk (continued)

2020	**Carrying Amount AED**	**Contractual cash out flows AED**	**1 year or less AED**	**More than one year AED**
Non derivative financial liabilities				
Trade and other payables (excluding advances from customers)	**32,386,527**	**(32,386,527)**	**(32,386,527)**	**-**
Lease liability	**904,284**	**(1,279,849)**	**(834,078)**	**(445,771)**
Due to related parties	**9,132,736**	**(9,132,736)**	**(9,132,736)**	**-**
	42,423,547	**(42,423,547)**	**(41,977,776)**	**(445,771)**

2019	Carrying Amount AED	Contractual cash out flows AED	1 year or less AED	More than one year AED
Non derivative financial liabilities				
Trade and other payables (excluding advances from customers)	(94,121,728)	(94,121,728)	-	-
Lease liability	(1,917,785)	(1,989,493)	(834,078)	(1,155,415)
Due to related parties	(528,966)	(528,966)	-	-
	(96,640,187)	(95,484,772)	(1,155,415)	(1,155,415)

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 Group'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 limited as all of the Group's transactions are in AED or USD which is currently pegged against AED. Some of the transactions and balance related to subsidiaries are in Jordanian Dinar (JOD) and Omani Riyal (RO) which does not have significant currency movement during the year in respect to AED. The Group's exposure to foreign currencies other than USD or currencies pegged to AED is not significant.

Interest rate risk

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instrument is as follows:

Variable instruments	**2020 AED**	2019 AED
Financial liabilities (loan from holding Group)	**7,342,000**	**-**
Financial liabilities (bank borrowings)	**17,655,074**	**-**
	24,997,074	**-**

22 Financial risk management *(continued)*

Market risk *(continued)*

A reasonably possible change of 100 basis points in interest rates at the reporting date would have decreased equity for increased loss by AED 249,997 *(2019: AED Nil)*. This analysis assumes that all other variables remain constant.

Capital management

The Group'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 Group is not subject to externally imposed capital requirements.

23 Fair values

The fair values of the Group's financial assets and financial liabilities approximate their carrying amounts.

Fair value hierarchy

As at 31 December 2020, 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 21.

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 Group'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 Group in the above areas is set out in note 21.

24 Use of judgments and estimates (continued)

(b) Going concern assumption

The Group's management has performed a preliminary assessment of the Group's ability to continue as a going concern, which covers a period of twelve months from the financial position date. The Group's management has prepared its business forecast and the cash flow forecast for the twelve months from the statement of financial position date on a conservative basis. The forecasts have been prepared taking into consideration the nature and condition of its business, the degree to which it is affected by external factors and other financial and non-financial data available at the time of preparation of such forecasts. On the basis of such forecasts, the Group's management is of the opinion that the Group will be able to continue its operations for the next twelve months from the financial position date and that the going concern assumption used in the preparation of these consolidated financial statements is appropriate. The appropriateness of the going concern assumption shall be reassessed on each reporting date.

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

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

(d) Revenue recognition timing

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

(e) Tour Package as single performance obligation

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

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

(f) Lease term

In determining the lease term, management considers facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options are only included in the lease term if lease is reasonably certain to be extended. The factors considered most relevant include significant penalties to not extend, leasehold improvements remaining net book value, business disruption and availability of alternative options.

25 COVID-19 coronavirus pandemic

During the current year, the global outbreak of the Covid-19 coronavirus has severely impacted businesses and economies worldwide. The Covid-19 outbreak has been considered a Pandemic and may impact the business operations of the customers, which in turn impacts our business. As the Covid-19 outbreak continues to evolve, it is difficult to forecast its full duration and the extent of the full economic impact as of now. Management is actively monitoring the impact of the pandemic on its financial condition, liquidity, operations, supply chain, and workforce, which at this point is not considered to be significant. Management believes that the Group has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future when they become due. Financial impacts of the COVID-19 pandemic identified and recognised during the financial year 2020 have been reflected in the financial performance for the year and considered in the financial position as at 31 December 2020.

Desert Adventures Tourism LLC

Separate financial statements

31 December 2020

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Separate financial statements
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Directors' Report

The directors submit their report together with the audited separate financial statements of the Company for the year ended 31st December 2020.

LEGAL STATUS

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

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

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

SHARE HOLDINGS

The shareholding in the Company was as follows:

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

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

FINANCIAL PERFORMANCE

The results of the Company for the year ended 31st December 2020 are stated below:

Financial highlights	2020 AED	2019 AED
Net loss	(7,451,601)	(4,911,758)
Total equity	(44,820,839)	(37,369,238)

REPRESENTATIONS AND AUDIT

There have been no material events subsequent to 31 December 2020, which require any adjustment or disclosure in these separate financial statements of the Company.

AUDITORS

KPMG Lower Gulf Limited is eligible for reappointment for 2020 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 2021.

On behalf of the Board

Senthil Nandagopal
Chief Operating Officer

Peter Payet
Chief Executive Officer

Date: 16 February 2021

Desert Adventures Tourism LLC - UAE
A Destination Management Company

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Independent Auditors' Report

To the Shareholders 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 2020, the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at 31 December 2020, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 2020 in accordance with IFRS on which we issued an auditors' report to the shareholders of the Group, dated 14 February 2021.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Report.

Other Information (continued)

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, 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.

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

- 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 separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG Lower Gulf Limited

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

Date: 16 February 2021

Desert Adventures Tourism LLC

Separate statement of profit or loss and other comprehensive income

For the year ended 31 December

	Notes	**2020 AED**	2019 AED
Revenue	*4*	**86,862,438**	250,404,734
Cost of sales	*5*	**(78,719,307)**	(230,072,625)
Gross profit		**8,143,131**	20,332,109
Administrative and general expenses	*6*	**(15,030,197)**	(25,990,017)
Impairment loss on trade receivables	*12.1*	**(422,186)**	(371,231)
Other income	*8*	**496,226**	1,794,630
Results from operating activities		**(6,813,026)**	(4,234,509)
Finance income	*7*	**306,587**	551,526
Finance cost	*7*	**(945,162)**	(1,228,775)
Net finance cost		**(638,575)**	(677,249)
Loss and total comprehensive income		**(7,451,601)**	(4,911,758)

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

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

Desert Adventures Tourism LLC

Separate statement of financial position

As at 31 December

	Notes	2020 AED	2019 AED
ASSETS			
Property and equipment	*9*	**1,094,398**	2,438,858
Intangible asset	*10*	**583,111**	635,675
Investment in subsidiaries	*11*	**1,435,575**	1,435,575
Non-current assets		**3,113,084**	4,510,108
Trade and other receivables	*12*	**15,016,805**	47,057,692
Due from related parties	*13*	**3,583,116**	6,039,083
Cash and cash equivalents	*14*	**3,397,440**	2,061,439
Current assets		**21,997,361**	55,158,214
Total assets		**25,110,445**	59,668,322
EQUITY AND LIABILITIES			
Equity			
Share capital	*15*	**300,000**	300,000
Statutory reserve	*17*	**150,000**	150,000
Shareholders contribution	*16*	**9,341,289**	9,341,289
Accumulated losses		**(54,612,128)**	(47,160,527)
Total equity		**(44,820,839)**	(37,369,238)
Liabilities			
Provision for employees' end of service benefits	*18*	**2,773,463**	3,118,452
Lease liability	*20*	**445,771**	1,104,021
Non-current liabilities		**3,219,234**	4,222,473
Trade and other payables	*19*	**36,105,128**	90,258,339
Due to related parties	*13*	**5,178,314**	1,850,035
Loan from holding company	*13*	**7,342,000**	-
Bank borrowings	*14.1*	**17,655,074**	-
Lease liability	*20*	**431,534**	706,713
Current liabilities		**66,712,050**	92,815,087
Total liabilities		**69,931,284**	97,037,560
Total equity and liabilities		**25,110,445**	59,668,322

To the best of our knowledge, the separate financial statements fairly presents, 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 2020.

These separate financial statements were authorised for issue by the shareholders on 16 February 2021.

Chief Operating Officer

Chief Executive Officer

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

Desert Adventures Tourism LLC

Separate statement of cash flows

For the year ended 31 December

	Notes	**2020** **AED**	2019 AED
Cash flows from operating activities			
Loss for the year		**(7,451,601)**	(4,911,758)
Adjustments for:			
Depreciation	*9*	**906,355**	403,738
Amortisation	*10*	**157,357**	100,087
Provision for employees' end of service benefits	*18*	**546,653**	398,477
Impairment loss on trade receivables and contract assets	*12*	**422,186**	371,231
Finance costs	*6*	**945,162**	1,228,775
Gain on sale of property and equipment		**-**	(64,264)
		(4,473,888)	(2,473,714)
Changes in:			
- trade and other receivables		**31,618,710**	(12,076,451)
- due from related parties		**2,455,967**	(1,808,573)
- due to related parties		**10,670,279**	(774,472)
- trade and other payables		**(55,098,382)**	25,063,152
Payment for employees' end of service benefits	*18*	**(891,642)**	(181,321)
Net cash (used in) / from operating activities		**(15,718,957)**	7,748,621
Cash flows from investing activities			
Acquisition of property and equipment	*9*	**(904,900)**	(166,837)
Proceeds from disposal of property and equipment		**1,343,005**	64,264
Acquisition of intangible asset	*10*	**(104,792)**	(708,334)
Net cash from / (used in) investing activities		**333,313**	(810,907)
Cash flows from financing activities			
Repayment of loan		**-**	(11,013,000)
Loan Received		**17,655,074**	-
Interest paid		**-**	(1,228,775)
Payment of lease liabilities		**(933,429)**	(356,540)
Net cash from / (used in) financing activities		**16,721,645**	(12,598,315)
Net increase / (decrease) in cash and cash equivalents		**1,336,001**	(5,660,601)
Cash and cash equivalents at beginning of the year		**2,061,439**	7,722,040
Cash and cash equivalents at end of the year	*14*	**3,397,440**	2,061,439

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

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

Desert Adventures Tourism LLC

Separate statement of changes in equity

For the year ended 31 December

	Share capital AED	Statutory reserve AED	Shareholders' contribution AED	Accumulated losses AED	Total AED
At 1 January 2019	300,000	150,000	9,341,289	(42,248,769)	(32,457,480)
Total comprehensive loss for the period					
Loss for the year	-	-	-	(4,911,758)	(4,911,758)
At 31 December 2019	300,000	150,000	9,341,289	(47,160,527)	(37,369,238)
At 1 January 2020	300,000	150,000	9,341,289	(47,160,527)	(37,369,238)
Total comprehensive loss for the period					
Loss for the year	-	-	-	(7,451,601)	(7,451,601)
At 31 December 2020	**300,000**	**150,000**	**9,341,289**	**(54,612,128)**	**(44,820,839)**

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

1 Reporting entity

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

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

The shareholding of the Company as at 31 December 2020 was as follows:

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

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

The 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.

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

The 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 2020, the Company reported a net loss of AED 7.45 million and as 31 December 2020 *(2020: AED 4.91 million)* and has net liabilities and accumulated losses amounting to AED 44.8 million and AED 54.6 million, respectively as of the reporting date. The global outbreak of the COVID-19 pandemic, subsequent to the period end, has impacted the business, operations and financial results of the Company. Public health efforts to mitigate the impact of the pandemic include government actions such as travel restrictions, limitations on public gatherings and mandatory lockdown. These actions have impacted overall consumer, business confidence and specifically the frequent individual travel (FIT) and leisure industry in which the Company is providing related travel related services. COVID-19 has severely impacted the entire tourism and leisure industry globally.

The cashflow forecast has been prepared taking into consideration the current financial performance of the Group's 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.

2 Basis of accounting (continued)

b) Going concern *(continued)*

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 until the disruption on account of COVID-19 is eased. Furthermore, to maintain adequate cashflows and availability of working capital, the 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 2020 on a going concern basis.

c) Statement of compliance

The separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by International Accounting Standards Board (IASB).

d) Basis of measurement

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

e) Functional and presentation currency

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

f) Use of estimates and judgments

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

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

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

3 Summary of Significant Accounting Policies

Revenue

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

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

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

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

3 Summary of Significant Accounting Policies (continued)

Financial instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement

Financial assets

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

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

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

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

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

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

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

3 Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets – Subsequent measurement and gains and losses:

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

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.

3 Summary of Significant Accounting Policies (continued)

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.

Depreciation

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

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

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

Intangible Assets

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

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

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

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

3 Summary of Significant 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;

3 Summary of Significant Accounting Policies (continued)

Impairment (continued)

Non-derivative financial assets

Financial instruments (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

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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

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

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

3 Summary of Significant Accounting Policies (continued)

Impairment (continued)

Non-derivative financial assets

Financial instruments (continued)

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

Non-financial assets

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

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

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

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

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

Impairment losses are recognized in profit or loss.

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

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.

3 Summary of Significant Accounting Policies (continued)

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.

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

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Policy applicable from 1 January 2019

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.

3 Summary of Significant Accounting Policies (continued)

Leases (continued)

As a lessee

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

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

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

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.

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

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

3 Summary of Significant Accounting Policies (continued)

Standards issued but not yet effective (continued)

- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16).
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16). – Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1). –
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

4 Revenue

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

	2020	2019
	AED	AED
Tourism and related services	**81,597,669**	235,024,356
Tour packages	**3,589,190**	13,035,074
Hotel commissions	**1,675,579**	2,345,304
	86,862,438	250,404,734
Geographical markets		
United Arab Emirates	**86,862,438**	250,404,734
Timing of revenue recognition		
Revenue recognised at a point in time	**86,862,438**	250,404,734
Contract balances		
Receivables, which are included in "trade receivables and other receivables" (Note 12)	**3,169,938**	32,413,472

5 Cost of sales

	2020	2019
	AED	AED
Tourism and related services	**75,547,752**	218,769,937
Tour Packages	**3,171,555**	11,302,688
	78,719,307	230,072,625

6 Administrative and general expenses

	2020 AED	2019 AED
Staff salaries and related benefits	**10,575,767**	19,481,955
IT expenses	**1,197,762**	1,074,471
Depreciation (refer note 9.1)	**906,355**	403,738
Advertisement and business promotion	**599,197**	1,504,389
Office expense	**386,172**	720,514
Rent expense	**179,208**	782,502
Travel expense	**107,918**	595,249
Amortisation (refer note 10)	**157,357**	100,087
Other expenses	**920,461**	1,327,112
	15,030,197	25,990,017

7 Net finance cost

	2020 AED	2019 AED
Finance income		
Net foreign exchange gain	**295,788**	551,125
Interest income	**10,799**	401
Total finance income	**306,587**	551,526
Finance cost		
Bank charges	**(154,960)**	(282,464)
Interest on lease liabilities (note 20)	**(80,072)**	(107,051)
Loan interest and other charges	**(710,130)**	(839,260)
Total finance cost	**(945,162)**	(1,228,775)
Net finance costs recognized in profit or loss	**(638,575)**	(677,249)

8 Other income - net

	2020 AED	2019 AED
Expenses recharged to associated companies	**817,735**	2,088,795
Expenses recharged by associated companies	**(536,122)**	(1,343,413)
Gain on sale of property and equipment	**-**	64,264
Other income	**214,613**	984,984
	496,226	1,749,630

9 Property and equipment

	Motor vehicles AED	Furniture, fixtures and equipment AED	Leasehold improvements AED	Leased office premises AED	Total AED
Cost					
Balance at 1 January 2019	2,570,878	662,622	1,555,326	-	4,788,826
Additions	130,000	36,837	-	-	166,837
Recognition of right-of-use asset on initial application of IFRS 16 (refer note 20)	-	-	-	2,167,274	2,167,274
Disposals	(76,001)	-	-	-	(76,001)
Balance at 31 December 2019	2,624,877	699,459	1,555,326	2,167,274	7,046,936
Balance at 1 January 2020	2,624,877	699,459	1,555,326	2,167,274	7,046,936
Additions	-	10,264	-	894,636	904,900
Disposals	-	(217,194)	(400,617)	(2,167,274)	(2,785,085)
Balance at 31 December 2020	2,624,877	492,529	1,154,709	894,636	5,166,751
Depreciation					
Balance at 1 January 2019	2,541,190	644,062	1,095,089	-	4,280,341
Charge for the year	33,808	15,032	138,170	216,728	403,738
Disposals	(76,001)	-	-	-	(76,001)
Balance at 31 December 2019	2,498,997	659,094	1,233,259	216,728	4,608,078
Balance at 1 January 2020	2,498,997	659,094	1,233,259	216,728	4,608,078
Charge for the year	43,427	19,246	200,349	643,333	906,355
Disposals	-	(217,194)	(400,617)	(824,269)	(1,442,080)
Balance at 31 December 2020	2,542,424	461,146	1,032,991	35,792	4,072,353
Net book value					
At 31 December 2020	**82,453**	**31,383**	**121,718**	**858,844**	**1,094,398**
At 31 December 2019	125,880	40,365	322,067	1,950,546	2,438,858

9.1 Allocation of depreciation expense

	2020 AED	2019 AED
Depreciation expense related to administration (refer note 6)	**906,355**	403,738

10 Intangible asset - Software

	2020 AED	2019 AED
Cost		
As at 1 January	**1,976,175**	1,267,841
Additions	**104,792**	708,334
As at 31 December	**2,080,968**	1,976,175
Amortisation		
As at 1 January	**1,340,500**	1,240,413
Charge for the period	**157,357**	100,087
As at 31 December	**1,497,857**	1,340,500
Net book value as at 31 December	**583,111**	635,675

11 Investment in subsidiaries

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

	Muscat DAT AED	Jordan DAT AED	Total AED
Cost	1,435,575	522,900	1,958,475
Provision for impairment	-	(522,900)	(522,900)
At 31 December 2020	**1,435,575**	**-**	**1,435,575**
At 31 December 2019	1,435,575	-	1,435,575

Management carried out an impairment test of the carrying value of the subsidiaries as at 31 December 2020, 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 2020.

12 Trade and other receivables

	2020 AED	2019 AED
Trade receivables	**6,228,729**	35,050,077
Provision for impairment loss on trade receivables (refer note 12.1)	**(3,058,791)**	(2,636,605)
	3,169,938	32,413,472
Other receivables and prepayments		
Advances to suppliers	**2,391,295**	3,898,210
Prepayments	**742,360**	776,348
Other receivables		
- Deposits	**6,929,235**	7,575,289
- Commission receivables	**622,879**	1,425,635
- Other receivables	**1,161,098**	968,738
	15,016,805	47,057,692

12.1 Provision for impairment loss on trade receivables

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

	2020 AED	2019 AED
As at 1 January	**2,636,605**	2,265,374
Provision made during the year	**422,186**	371,231
As at 31 December	**3,058,791**	2,636,605

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:

	2020 AED	2019 AED
Sales to related parties	**2,138,356**	6,950,782
Expenses recharged to fellow subsidiaries (note 8)	**817,735**	2,088,795
Expenses recharged by fellow subsidiaries (note 8)	**(744,200)**	(1,343,413)
Loan / (Repayment of proceeds) from holding Group	**7,342,000**	(7,342,000)

13 Related parties (continued)

The key management personnel compensation is as follows:

	2020 AED	2019 AED
Short-term employee benefits	**1,323,421**	2,950,290
Staff terminal benefits	**155,766**	112,875
	1,479,187	3,063,165

Due from related parties

	2020 AED	2019 AED
Entities under common ownership		
Gulf Dunes LLC	**3,235,569**	1,638,884
TC Visa Services (India) Ltd	**170,053**	185,898
SOTC Travel Limited	**160,580**	1,150,150
Asian Trails Holding Ltd	**14,111**	128,132
Kuoni Private Safaris Limited	**2,803**	2,803
Thomas Cook Limited	**-**	1,787,138
Desert Adventures Tourism – Jordan	**-**	1,109,165
Horizon Travel Services (previously Allied Tpro Inc.)	**-**	20,785
Australian Tours Management Pty Ltd	**-**	13,325
Kuoni Private Safaris – Namibia	**-**	2,803
	3,583,116	6,039,083

Due to related parties

Subsidiaries of Company		
Desert Adventures Tourism – Jordan	**2,501,664**	-
Muscat Desert Adventures Tourism LLC	**885,914**	1,322,376
Entities under common ownership		
Thomas Cook (India) Limited [TCIL]	**678,407**	-
Reem Tours LLC	**608,868**	238,868
Jardin Travel Solutions Limited	**244,874**	152,538
TC Travel Services Limited	**124,708**	130,339
Travel Circle International (Mauritius) Ltd	**83,078**	-
Horizon Travel Services (previously Allied Tpro Inc.)	**42,197**	-
Travel Corporation (India) Limited	**5,969**	5,914
Australian Tours Management Pty Ltd	**2,635**	-
	5,178,314	1,850,035

13 Related parties (continued)

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 of 6 months LIBOR plus 100 basis points. The movement in the balance during the year ended 31 December 2020 is as follows:

	2020	2019
	AED	AED
Opening balance	**-**	7,342,000
Proceeds from loan	**7,342,000**	-
Repayment of loan proceeds	**-**	(7,342,000)
	7,342,000	-

14 Cash and cash equivalents

	2020	2019
	AED	AED
Cash in hand	**95,485**	128,109
Cash at bank	**3,301,955**	1,933,330
	3,397,440	2,061,439

14.1 Bank borrowings

The Company has a facility to obtain short term loan from IndusInd Bank. This facility is secured over the assets of the Company and carries interest at the rate of 3 months LIBOR plus 250 basis points. The principal is payable on demand and interest is payable on quarterly basis. The outstanding amount as at 31 December 2020 is AED 17,655,074 *(2019: AED 3,671,000)*.

15 Share capital

	2020	2019
	AED	AED
Authorised, issued and fully paid up capital		
100 shares of AED 3,000 each	**300,000**	300,000

16 Shareholder contribution

	2020	2019
	AED	AED
Shareholder contribution	**9,341,289**	9,341,289

17 Statutory reserve

In accordance with article 103 of the U.A.E Federal Commercial Companies' law (2) of 2015), 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. Due to loss for the year no amount during the current year was transferred to statutory reserve *(2019: AED nil)*.

18 Employees' end of service benefits

	2020 AED	2019 AED
As at 1 January	**3,118,452**	2,901,296
Provision during the year	**546,653**	398,477
Payments made during the year	**(891,642)**	(181,321)
As at 31 December	**2,773,463**	3,118,452

19 Trade and other payables

	2020 AED	2019 AED
Trade payables	**18,311,963**	36,670,695
Advances from customers	**6,685,866**	7,579,527
Accruals and other payables		
- Employees accruals	**1,246,379**	1,607,320
- Hotel and other service accruals	**8,331,327**	42,103,715
- Other payables	**1,529,593**	2,297,082
	11,107,299	46,008,117
	36,105,128	65,195,187

20 Lease liabilities

	2020 AED	2019 AED
Current	**431,534**	706,713
Non-current	**445,771**	1,104,021
Balance at 31 December	**877,305**	1,810,734

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

	2020 AED	2019 AED
As at 1 January	**1,917,785**	-
On initial application as at 1 January 2019	**-**	2,167,274
Interest expense on lease liability (note 7)	**80,072**	107,051
Repayment of lease liability	**(933,429)**	(356,540)
As at 31 December	**904,284**	1,917,785

20 Lease liabilities (continued)

Amount recognised in the profit or loss

	2020 AED	2019 AED
Interest on lease liability	**80,072**	107,051
Depreciation on right-of-use asset (refer note 9)	**643,333**	216,728
Expenses relating to low value assets, excluding short-term leases (refer note 6)	**179,208**	782,502
Balance at 31 December	**902,613**	1,106,281

Amounts recognised in the Statement of cash flows

	2020 AED	2019 AED
Repyament of lease liability	**(933,429)**	(356,540)

21 Contingencies and commitments

Bank guarantees

The Company has AED 2,031,045.50 *(2019: AED 1,871,798)* of bank guarantees as at 31 December 2020, these were issued during the normal course of business.

22 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.

22 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 (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:

	2020 AED	2019 AED
Trade and other receivables *	**11,883,149**	42,383,134
Due from related parties	**3,583,116**	6,039,083
Cash at bank	**3,301,955**	1,933,330
	18,768,220	50,355,547

* 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 2019 AED	Carrying amount 2019 AED
Geographical regions		
Commonwealth of Independent States	**349,588**	19,214,948
Europe	**1,846,653**	8,049,578
Middle East	**2,239,767**	3,680,916
Asia	**972,473**	979,721
Others	**820,249**	3,124,914
Grand total	**6,228,729**	35,050,077

22 Financial risk management *(continued)*

Credit risk *(continued)*

The ageing of trade receivables at the reporting date was:

	Not credit-impaired 2020 AED	**Credit impaired 2020 AED**	Not credit-impaired 2019 AED	Credit impaired 2019 AED
Not yet due	**1,819,175**	**-**	19,860,975	-
1-30 days	**220,745**	**-**	11,678,415	-
31- 90 days	**1,023**	**-**	1,659,372	-
91- 120 days and above	**-**	**4,187,787**	-	1,851,315
Total gross carrying amount	**2,040,942**	**4,187,787**	33,198,762	1,851,315
Loss allowance	**-**	**(3,058,791)**	(1,384,257)	(1,252,348)
	2,040,942	**1,128,996**	31,814,504	598,967

Impairment losses

Expected credit losses assessment for individual customers as at 31 December 2020.

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 2020.

	Gross carrying amount AED	**Loss allowance AED**	**Credit impaired**
Not yet due	**1,819,175**	**-**	**No**
1-30 days	**220,745**	**-**	**No**
31- 90 days	**1,023**	**-**	**No**
91- 120 days and above	**4,187,786**	**(3,058,791)**	**Yes**
Total	**6,228,729**	**(3,058,791)**	

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

22 Financial risk management (continued)

Credit risk (continued)

Exposure is segmented by geographical region and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. Scalar factors are based on GDP.

Liquidity risk

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

The following are the contractual maturities of financial liabilities based on contractual payments:

2020	**Carrying Amount AED**	**Contractual cash out flows AED**	**1 year or less AED**	**More than 1 year AED**
Non derivative financial liabilities				
Trade and other payables (excluding advances from customers)	**29,419,263**	**(29,419,263)**	**(29,419,263)**	**-**
Lease liability	**877,305**	**(877,305)**	**(431,534)**	**(445,771)**
Due to related parties	**12,520,314**	**(12,520,314)**	**(12,520,314)**	**-**
	42,816,882	**(42,816,882)**	**(42,371,111)**	**(445,771)**

2019	Carrying Amount AED	Contractual cash out flows AED	1 year or less AED
Non derivative financial liabilities			
Trade and other payables (excluding advances from customers)	82,678,812	(82,678,812)	(82,678,812)
Lease liability	1,810,734	(1,880,118)	(752,047)
Due to related parties	1,850,035	(1,850,035)	(1,850,035)
	86,339,581	(86,408,965)	(85,280,894)

22 Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while 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 AED, the Company does not hedge the currency risk in respect of its foreign currency exposure.

Interest rate risk
Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instrument is as follows:

Variable instruments	**2020 AED**	2019 AED
Financial liabilities (loan from holding company)	**7,342,000**	**-**
Financial liabilities (bank borrowings)	**17,655,074**	**-**
	24,997,074	**-**

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 2020, 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.

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

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

Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models. The Company's policy is to regularly review its models in the context of actual loss experience and adjust when necessary. Detailed information about the judgments and estimates made by the Company in the above areas is set out in note 22.

(b) Going concern assumption

The Company's management has performed a preliminary assessment of the Company's ability to continue as a going concern, which covers a period of twelve months from the financial position date. The Company's management has prepared its business forecast and the cash flow forecast for the twelve months from the statement of financial position date on a conservative basis. The forecasts have been prepared taking into consideration the nature and condition of its business, the degree to which it is affected by external factors and other financial and non-financial data available at the time of preparation of such forecasts. On the basis of such forecasts, the Company's management is of the opinion that the Company will be able to continue its operations for the next twelve months from the financial position date and that the going concern assumption used in the preparation of these separate financial statements is appropriate. The appropriateness of the going concern assumption shall be reassessed on each reporting date.

24 Use of judgments and estimates (continued)

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

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

(d) Revenue recognition timing

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

(e) Tour Package as single performance obligation

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

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

(f) Lease term

In determining the lease term, management considers facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options are only included in the lease term if lease is reasonably certain to be extended. The factors considered most relevant include significant penalties to not extend, leasehold improvements remaining net book value, business disruption and availability of alternative options.

25 COVID-19 coronavirus pandemic

During the current year, the global outbreak of the Covid-19 coronavirus has severely impacted businesses and economies worldwide. The Covid-19 outbreak has been considered a Pandemic and may impact the business operations of the customers, which in turn impacts our business. As the Covid-19 outbreak continues to evolve, it is difficult to forecast its full duration and the extent of the full economic impact as of now. Management is actively monitoring the impact of the pandemic on its financial condition, liquidity, operations, supply chain, and workforce, which at this point is not considered to be significant. Management believes that the Company has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future when they become due. Financial impacts of the COVID-19 pandemic identified and recognised during the financial year 2020 have been reflected in the financial performance for the year and considered in the financial position as at 31 December 2020.

Desert Adventures Tourism LLC
Balance Sheet as at 31 Mar, 2021

Currency - AED

Particulars	Notes	As at 31 Mar, 2021	As at 31st March, 2020
ASSETS			
Non-current assets:			
Property, plant and equipment	3	207,105	442,703
Capital work-in-progress	3	-	-
Goodwill	4	-	-
Other intangible Assets	4	539,411	597,211
Right of Use Assets	4(a)	751,496	1,788,000
Intangible assets under development		-	-
Investment accounted for using equity method	5	-	-
Investment in subsidiaries	5	1,435,575	1,435,575
Financial assets			
- Non current investments	5	-	-
- Loans		-	-
- Other financial assets	6(e)	-	-
Other non-current assets	7	-	-
Non Current Tax assets	9	-	-
Deferred tax assets (net)	16	-	-
Total non-current assets		**2,933,587**	**4,263,489**
Current assets:			
Inventories			
Financial assets			
- Investments	6(a)	-	-
- Trade receivables	6(b)	10,149,780	26,795,463
- Cash and cash equivalents	6(c)	6,492,552	15,618,219
- Bank balances other than cash and cash equivalents	6(d)	-	-
- Other financial assets	6(e)	10,487,388	12,602,377
Other current assets	8	4,387,252	4,936,145
Total current assets		**31,516,972**	**59,952,204**
TOTAL ASSETS		**34,450,559**	**64,215,693**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	10(a)	300,000	300,000
Preference share capital	10(a)	-	-
Other equity		-	-
Share application money pending allotment		-	-
Reserve and surplus	10(b)	(44,985,796)	(38,175,699)
Total Equity		**(44,685,796)**	**(37,875,699)**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
- Borrowings	11(a)	-	-
- Other financial liabilities	11(c)	222,877	735,973
Provisions	14	-	-
Employee Benefit Obligations	15	2,776,384	3,232,769
Deferred tax liabilities (net)	16	-	-
Other non-current liabilities	12	-	-
Total non-current liabilities		**2,999,261**	**3,968,742**
Current liabilities			
Financial liabilities			
- Borrowings	11(b)	30,265,423	17,436,645
- Trade payables	11(d)	29,835,670	65,828,630
- Other financial liabilities	11(c)	6,543,261	8,151,075
Provisions	14	-	-
Employee Benefit Payable	15	948,369	1,380,304
Current Tax Liabilities	9	-	-
Other current liabilities	13	8,544,371	5,325,996
Total current liabilities		**76,137,094**	**98,122,650**
TOTAL LIABILITIES		**79,136,355**	**102,091,392**
TOTAL EQUITY AND LIABILITIES		**34,450,559**	**64,215,693**
Check --->		-	-

The above balance sheet should be read in conjunction with the accompanying notes.
This special purpose financial information has been approved by management on 25 May 2021.

Chief Executive Officer

Chief Financial Officer

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DESERT ADVENTURES
TOURISM L.L.C

Desert Adventures Tourism LLC
Statement of Profit And Loss for the 12 months ended 31 Mar, 2021

		Currency - AED	
Particulars	**Notes**	**12 months ended 31 Mar, 2021**	**Year ended 31st March, 2020**
Income			
Revenue from operations	17	77,436,870	240,820,260
Other income	18(a)	917,865	2,998,945
Other gains (net)	18(b)	326,106	488,310
Total income		**78,680,841**	**244,307,515**
Expenses			
Cost of services		70,762,227	221,821,099
Employee benefits expense	19	8,937,402	17,990,451
Finance Cost	22	1,133,441	1,136,750
Advertisement Expenses		419,434	1,243,683
Depreciation and amortisation expense	20	1,002,881	699,312
Other expenses	21	3,235,553	6,247,525
Total expenses		**85,490,938**	**249,138,820**
Loss before exceptional item		**(6,810,097)**	**(4,831,305)**
Add Exceptional items:			
Less Exceptional items:			
Loss before tax		**(6,810,097)**	**(4,831,305)**
Less : Tax expense			
Current tax	23	-	-
Deferred tax	23	-	-
Total tax expenses		**-**	**-**
Loss for the year (A)		**(6,810,097)**	**(4,831,305)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations			
Income tax relating to items that will not be reclassified to profit or loss			
Total other comprehensive income for the year, net of taxes (B)		**-**	**-**
Total comprehensive income for the year (A+B)		**(6,810,097)**	**(4,831,305)**
Loss per equity share (Face value of INR 1 each)			
- Basic earnings/(loss) per share		(68,101)	(48,313)
- Diluted earnings/(loss) per share		-	-

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

Desert Adventures Tourism LLC
Balance Sheet as at 31 Mar, 2021

STATEMENT OF CHANGES IN EQUITY: **Currency - AED**

(A) Share Capital	Equity share	Preference share
Particulars	**Amount**	**Amount**
Balance as at 1st April 2020	**300,000**	
Changes in share capital during the period	-	-
Balance as at 30th June, 2019	**300,000**	-

(B) Other Equity	Share application money pending allotment	Reserves and Surplus							
Particulars		**Capital Reserve**	**Capital Redemption Reserve (CRR)**	**Debenture Redemption Reserve (DRR)**	**Share option Outstanding Account**	**Securities Premium Account**	**General Reserve**	**Retained Earnings**	**Total Reserves and Surplus**
Balance as at 1st April, 2020							**150,000**	**(38,325,699)**	**(38,175,699)**
Profit for the year								(6,810,097)	(6,810,097)
Other Comprehensive Income, net of tax									-
Transaction with owners in their capacity as owners									-
									-
Transfer From Retained Earnings									-
Transfer to CRR									-
Transfer to DRR									-
Employee Stock Option Expense/push down									-
Transfer to securities premium account									-
Addition on account of ESOP issues									-
Transfer to General Reserve									-
Dividend for the Previous Period paid during the year									-
Corporate Dividend Tax for the Previous year paid during the year									-
Balance as at 31 Mar, 2021	-	-	-	-	-	-	**150,000**	**(45,135,796)**	**(44,985,796)**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Desert Adventures Tourism LLC
Statement of Cash Flows for the 12 months ended 31 Mar, 2021

Currency - AED

	Note	For the year ended
A) Cash flow from operating activities		
Profit before income tax		**(6,810,097)**
Adjustments for		
Interest Income	18(a)	(9,051)
Impairment of Goodwill and other non current assets		
Dividend Income from Investments	18(a)	-
Expenses on Employees Stock Options Schemes (Net)	19	-
Depreciation and Amortisation	20	414,740
Profit on sale of Fixed Assets (Net)	18(b)	(66,000)
Interest on Income Tax Refund	xx	-
Finance Costs	22	1,133,441
Bad Debts and Advances written off	xx	-
Provision for doubtful debts and Advances (net off bad debts written off)	21	172,186
Operating Profit before Working Capital changes		**(5,164,781)**
Change in operating assets and liabilities		
Increase/(Decrease) in Trade Payables		(35,992,960)
Increase/(Decrease) in Provisions		-
Increase/(Decrease) in Other financial Liabilities		(2,120,910)
Increase/(Decrease) in Other Liabilities		3,218,375
Increase/(Decrease) in Employee Benefit Obligations		(888,320)
(Increase)/ Decrease in Trade Receivables		16,473,496
(Increase)/Decrease in Other Financial Assets		3,151,493
(Increase)/Decrease in Other Assets		548,893
Cash generated from operations		**(20,774,714)**
Income taxes paid (Net of Refunds Received)		-
Interest on Income Tax Refund	xx	-
Net cash inflow from operating activities		**(20,774,714)**
B) Cash flow from investing activities:		
Proceeds from sale of Fixed Assets		66,000
Purchase of Fixed Assets		(121,341)
Interest Received		9,051
Dividend received on Subsidiary Company		
Dividend received from Mutual funds		
Investment in Subsidiary		
Proceeds from sale of Current Investments (net of Purchases)		
Investments/(Proceeds) in Fixed Deposits with banks		
Net cash outflow from investing activities		**(46,290)**
C) Cash flow from financing activities		
Proceeds from Issue of Equity Shares under Employees Stock Options Schemes		
Share Issue expenses paid		
Proceeds from Issue of Preference Shares		
Proceeds/repayment from Issue of Debentures		
Proceeds from Finance Lease Liability (Net)		
Dividend Paid during the year		
Tax on Dividend Paid during the year		
Loan given to subsidiary company		
Loan repayment by subsidiary company		
Loan received from the related party		13,802,960
Finance Costs paid		(1,133,441)
Net cash inflow (outflow) from financing activities		**12,669,519**
Net increase/(decrease) in cash and cash equivalents		**(8,151,485)**
Add: Cash and cash equivalents at the beginning of the financial year		(1,818,426)
Effects of exchange rate changes on cash and cash equivalents		
Cash and cash equivalents at the end of the year		**(9,969,911)**

Reconciliation of Cash Flow statements as per the cash flow statement		**31st March, 2021**
Cash Flow statement as per above comprises of the following		
Cash and cash equivalents		6,492,552
Bank Overdrafts		(16,462,463)
Balances as per statement of cash flows		**(9,969,911)**

The above statement of cash flows should be read in conjunction with the accompanying notes

Desert Adventures Tourism LLC
Notes forming part of the Financial Statements as at and for the 12 months ended 31 Mar, 2021
Notes 1 and 2 are intentionally left blank
Note 3: Property, plant and equipment:

Currency - AED

Particulars	Office Building	Leasehold Improvements	Furniture and Fixtures	Computers	Office equipments	Vehicles	Plant and Machinery	Total	Capital work in progress
Gross carrying amount									
Opening as at 1st April, 2020	-	1,555,327	363,692	-	342,548	2,624,877	-	4,886,444	
Additions		-	-	-	16,549	-	-	16,549	
Disposals/transfer		(400,617)	(217,194)	-	-	(6,376)	-	(624,187)	
Closing gross carrying amount	-	1,154,710	146,498	-	359,097	2,618,501	-	4,278,806	
Accumulated depreciation									
Opening as at1st April, 2020	-	1,267,799	354,879	-	309,247	2,511,815	-	4,443,740	
Depreciation charge during the year		194,675	2,532	-	16,200	38,741		252,148	
Disposals		(400,617)	(217,194)	-	-	(6,376)		(624,187)	
Closing accumulated depreciation	-	1,061,857	140,217	-	325,447	2,544,180	-	4,071,701	
Net carrying amount as at 31 Mar, 2021	-	92,853	6,281	-	33,650	74,321	-	207,105	

Note 4: Intangible Assets:

Currency - AED

Particulars	**Computer Software**	**Goodwill**
Gross carrying amount		
Opening as at 1st April, 2020	1,976,177	
Additions	104,792	
Disposals	-	
Closing gross carrying amount	**2,080,969**	**-**
Accumulated amortisation		
Opening as at 1st April, 2020	1,378,966	
Amortisation charge for the year	162,592	
Disposals	-	
Closing accumulated amortisation	**1,541,558**	**-**
Net carrying amount as at 31 Mar, 2021	**539,411**	**-**

(i) Intangible assets includes:

Intangible Assets (software) includes Internally generated / developed software - Gross Block **xx (Amount)** (Previous Year **xx**); Net Block **xx (Amount)** (Previous Year **xx**).

(ii) Significant Estimate - Impairment tests of goodwill

The entire amount of goodwill pertains to **xx** business (cash generating unit) generated at the time of acquisition and is tested for impairment on an annual basis. Recoverable amount of the CGU is based on its property values which is higher than the carrying value of the cash generating unit.

(iii) Leased assets

Software includes the following amounts where the company is a lessee under a finance lease:

Particulars	**31 Mar, 2021**	**31st March, 2020**
	Computer Software	**Computer Software**
Cost/Deemed Cost		
Accumulated Depreciation		
Net Carrying Amount	**-**	**-**

Note 4 : Right of Use Assets **Currency - AED**

Particulars	Office Building	Furniture and Fixtures	Computers	Office equipments	Vehicles	Plant and Machinery	Total
Gross carrying amount							
Opening as at 1st April, 2020	2,167,274	-	-	-	-	-	2,167,274
Additions during the period	894,636						894,636
Disposals/transfer	(2,167,274)						(2,167,274)
Closing gross carrying amount	**894,636**	**-**	**-**	**-**	**-**	**-**	**894,636**
Accumulated depreciation							
Opening as at 1st April, 2020	379,274	-	-	-	-	-	379,274
Depreciation charge during the year	588,141						588,141
Disposals	(824,275)						(824,275)
Closing accumulated depreciation	**143,140**	**-**	**-**	**-**	**-**	**-**	**143,140**
Net carrying amount as at 31 Mar, 2021	**751,496**	**-**	**-**	**-**	**-**	**-**	**751,496**

Desert Adventures Tourism LLC
Notes forming part of the Financial Statements as at and for the 12 months ended 31 Mar, 2021

Note 5: Investments:

Currency - AED

Particulars	31 Mar, 2021	31st March, 2020
Investment in Associates		
xx (Nos.) (Previous Year **xx**) fully paid-up Equity Shares of **xx (Face Value)** each of **xx (Company Name)**		
Investment in Joint Venture		
xx (Nos.) (Previous Year **xx**) fully paid-up Equity Shares of **xx (Face Value)** each of **xx (Company Name)**		
....		
Unquoted - In subsidiaries at cost		
105,000 fully paid-up Equity Shares of RO 1 each of MuscatDesert Adventures Tourism LLC	1,435,575	1,435,575
50,000 fully paid-up Equity Shares of JD 1 each of Desert Adventures Tourism (Pvt) Shareholding Company Jordan	522,900	522,900
xx (Nos.) (Previous Year **xx**) fully paid-up Preference Shares of **xx (Face Value)** each of **xx (Company Name)**		
ESOP issued to subsidiaries employees		
xx (Company Name)		
xx (Company Name)		
....		
Investment in equity instruments (fully paid-up) - Fair value through Profit and Loss A/c		
xx (Nos.) (Previous Year **xx**) fully paid-up Equity Shares of **xx (Face Value)** each of **xx (Company Name)**		
xx (Nos.) (Previous Year **xx**) fully paid-up Equity Shares of **xx (Face Value)** each of **xx (Company Name)**		
....		
Aggregate amount of quoted investments		
Aggregate amount of unquoted investments	**1,958,475**	**1,958,475**
Market value of Quoted Investments		
Aggregate amount of impairment in the value of investments	(522,900)	(522,900)

Note 6: Financial Assets
6(a)Current Investments

Particulars	31 Mar, 2021	31st March, 2020
Investment in mutual funds fair valued through Profit and Loss A/c (Quoted)		
- Mutual Fund Scheme and Plan Name		
xx (Nos.) (Previous Year: **xx**) Units of **xx (Face Value)** each	-	-
- Mutual Fund Scheme and Plan Name		
xx (Nos.) (Previous Year: **xx**) Units of **xx (Face Value)** each	-	-
....		
Total Mutual Funds	-	-
Total Current investments	-	-
Aggregate Amount of quoted investments	-	-
Aggregate Amount of impairment in the value of investments	-	-

6(b)Trade receivables

Particulars		31 Mar, 2021	31st March, 2020
- Trade receivables		13,208,571	29,682,068
Less : Allowance for doubtful debts		(3,058,791)	(2,886,605)
Total receivables		**10,149,780**	**26,795,463**
Break up of Security Details			
Secured, considered good			
Unsecured, considered good		10,149,780	26,795,463
Unsecured, considered doubtful		3,058,791	2,886,605
Total		**13,208,571**	**29,682,068**
Less : Allowance for doubtful debts		(3,058,791)	(2,886,605)
Total Trade Receivables		**10,149,780**	**26,795,463**
Trade recievables from Related Parties			
Trade recievables From Inter companies			
Trade recievables Others		**10,149,780**	**26,795,463**

6(c) Cash and cash equivalents

Particulars	31 Mar, 2021	31st March, 2020
Balances with banks :		
In current accounts	6,344,539	15,505,238
Fixed Deposits with **original maturity** of less than three months*	-	-
Balance in EEFC accounts	-	-
Remittance in Transit (including foreign currencies- Notes and paid documents)	-	-
Cheques on hand	-	-
Cash on hand (including foreign currencies- Notes and paid documents)	148,013	112,981
Total Cash and cash equivalents	**6,492,552**	**15,618,219**

***Provide details of any FDs on Liens with Party Name and FD Amount (including Previous Year amount)**

6(d) Bank balances other than cash and cash equivalents

Particulars	31 Mar, 2021	31st March, 2020
Fixed Deposits with original maturity of more than three months but less than 12 months*		
Unclaimed dividend		
Total Cash and cash equivalents	-	-

***Provide details of any FDs on Liens with Party Name and FD Amount (including Previous Year amount)**

6(e) Other financial Assets

Particulars	Non-current	Current	Non-current	Current
	31 Mar, 2021	31 Mar, 2021	31st March, 2020	31st March, 2020
Fixed deposits with maturity for more than 12 months*		-		-
Security Deposits		5,792,225		7,575,289
Receivable from subsidiaries / Intercompanies		4,015,101		3,400,823
Accrued Revenue		501,525		1,603,031
Loans and Advance to Related Parties		-		-
Insurance claim receivable		-		-
Others		178,537		23,234
Total Other Financial Assets	-	**10,487,388**	-	**12,602,377**

***Provide details of any FDs on Liens with Party Name and FD Amount (including Previous Year amount)**

Desert Adventures Tourism LLC
Notes forming part of the Financial Statements as at and for the 12 months ended 31 Mar, 2021

Note 7: Other Non-Current Assets:

Currency - AED

Particulars	31 Mar, 2021	31st March, 2020
Capital advances		
Prepaid expenses		
Total	**-**	**-**

Note 8: Other Current Assets:

Particulars	31 Mar, 2021	31st March, 2020
Advance to Suppliers		
Unsecured, considered good	3,176,276	3,137,266
Unsecured ,considered Doubtful	-	-
Less: Allowance for doubtful advances	-	-
Advance to Employees	-	-
Unsecured, considered good	92,098	17,286
Unsecured, considered Doubtful	-	-
Less: Allowance for doubtful advances	-	-
Prepaid expenses	435,224	678,134
Balances receivables from Govt. authorities	683,654	1,103,459
Total	**4,387,252**	**4,936,145**

Note 9: Non- Current Tax Assets / Current Tax Liabilities:

Particulars	31 Mar, 2021	31st March, 2020
Opening Balance		
Less: Current Tax payable for the year		
Add: Taxes Paid		
Closing Balances	**-**	**-**
Disclosed as:		
Non-Current Tax Assets (as per Balance sheet)		
Current Tax Liability (as per Balance sheet)		

Desert Adventures Tourism LLC
Notes forming part of the Financial Statements as at and for the 12 months ended 31 Mar, 2021

Note 10(a) Share Capital and Other Equity:

Particulars	Equity Share Capital#		Preference Share Capital*	
	No of Shares	Amount	No of Shares (In lakhs)	Amount
AUTHORISED				
As at 1st April, 2020	**300,000**	**300,000**		
Increase/(Decrease) during the period				
As at 31st March, 2021	**300,000**	**300,000**	-	-

#Consists of following:
100 (Nos.) (Previous Year 100) Equity Shares of 1000 **(Face Value)**/- each

* Consists of following:
xx (Nos.) (Previous Year **xx**) Equity Shares of **xx (Face Value)**/- each

(i) Movement in Equity Share Capital and other capital during the Year

Particulars	Equity share capital		Preference Share Capital	
	No of Shares	Amount	No of Shares	Amount
As at 1st April, 2020	**300,000**	**300,000**		
Less: Share Forfeited				
Add: exercise of options-proceeds received				
Add: Addition on account of stock options allotment				
Add: Addition on account of fresh issue, etc				
As at 31st March, 2021	**300,000**	**300,000**	-	-

(ii) Terms and rights attached to shares
[Provide details of shares, their terms and rights attched to the shares. Refer below illustrative for reference].

Not applicable

Shares reserved for issue under options
[If not applicable then delete rows 29 to 31. Otherwise, remove row 30]
Information relating to the entity's Employee Option Plans (if any), including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 31.

(iii) Shares of the company held by the Subsidiaries of the ultimate holding company

Particulars	"31 March 2021		"31 March 2020	
	No of Shares	Amount	No of Shares	Amount
Equity Shares				
Mohamed Ameen Hasan	153,000	153,000	153,000	153,000
Travel Circle International Mauritius LTD	147,000	147,000	147,000	147,000
...				
Preference Shares				
Subsidary Name				
Subsidary Name				
...				

(iv) Shareholding Pattern (Shareholders holding 5% or more shares in the Company)

Category of Shareholder	"31 March 2021		"31 March 2020	
	No of Shares	% of Holding	No of Shares	% of Holding
Equity Shares				
Mohamed Ameen Hasan	153,000	51.0%	153,000	51.0%
Travel Circle International Mauritius LTD	147,000	49.0%	147,000	49.0%
...				
Preference Shares				
Subsidary Name				
Subsidary Name				
...				

(v) Aggregate number of shares issued for consideration other than cash

Particulars	31st Mar, 2021	31st March, 2020
Shares issued as consideration for acquisition of Subsidiary (Refer Note **xx (i.e. Provide details in separate note for such acquisition)**)		

Note 10(b) Reserves and surplus Currency - AED -

Particulars	**31 Mar, 2021**	**31 Mar, 2020**
Capital Reserve	-	-
Capital Redemption Reserve	-	-
Debenture Redemption Reserve	-	-
Share Option Outstanding Amount	-	-
Securities Premium Account	-	-
General Reserve	150,000	150,000
Retained Earnings	(45,135,796)	(38,325,699)
Total reserves and surplus	**(44,985,796)**	**(38,175,699)**

(i) Capital Reserve

Particulars	**31 Mar, 2021**	**31 Mar, 2020**
Opening Balance [April 1, 2020]	-	-
Add: Transfer from retained earnings	-	-
Closing Balance	**-**	**-**

(ii) Capital Redemption Reserve

Particulars	**31 Mar, 2021**	**31 Mar, 2020**
Opening Balance [April 1, 2020]	-	-
Add: Transfer from retained earnings	-	-
Closing Balance	**-**	**-**

(iii) Debenture Redemption Reserve

Particulars	**31 Mar, 2021**	**31 Mar, 2020**
Opening Balance [April 1, 2020]	-	-
Add: Transfer from retained earnings	-	-
Less: Transfer to general reserves	-	-
Closing Balance	**-**	**-**

(iv)Share Option Outstanding Account

Particulars	**31 Mar, 2021**	**31 Mar, 2020**
Opening Balance [April 1, 2020]	-	-
Add: Charge for options	-	-
Less: Transfer to Securities Premium on exercise of stock options	-	-
Closing Balance	**-**	**-**

(v) Securities Premium Account

Particulars	**31 Mar, 2021**	**31 Mar, 2020**
Opening Balance [April 1, 2020]	-	-
Add: Addition on account of Stock Options allotment	-	-
Add: Transfer from Share Option Outstanding	-	-
Less: Share Issue Expense	-	-
Closing Balance	**-**	**-**

(vi) General Reserve

Particulars	**31 Mar, 2021**	**31 Mar, 2020**
Opening Balance [April 1, 2020]	150,000	150,000
Add: Transfer from DRR	-	-
Closing Balance	**150,000**	**150,000**

(vii) Retained Earnings

Particulars	**31 Mar, 2021**	**31 Mar, 2020**
Opening Balance [April 1, 2020]	(38,325,699)	(33,494,393)
Net Profit For the period	(6,810,097)	(4,831,306)
Dividends, including dividend distribution tax	-	-
Items of other Comprehensive income recognised directly in retained earnings		
Remeasurements of post-employment benefit obligation, net of tax	-	-
Transfer to capital redemption reserve	-	-
Transfer to debenture redemption reserve	-	-
Closing Balance	**(45,135,796)**	**(38,325,699)**

Nature and Purpose of Reserves [Update descriptions below as per your local laws/regulations]

General reserves
In accordance with article 103 of the U.A.E Federal Commercial Companies' law (2) of 2015), 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

Note 11: Financial Liabilities: AED

11(a) Non-Current Borrowings

Particulars	Maturity Date	Nature of Security	Terms of Payment	Coupon/ Interest Rate	31 Mar, 2021	31st March, 2020
Long term maturities of finance lease obligations:						
Item 1 *[For illustrative purpose - "Obligations under Finance Lease"]*						
Item 2						
...						
Debentures:						
Item 1 *[For illustrative purpose - 1,000 (Previous year - 1,000, 1 April 2015 - 1,000) 10.52% Redeemable Non-Convertible Debentures]*						
Item 2						
Term Loan from Bank - Long Term						
Inter Company Loan - Non current						
Total Non-Current Borrowings					**-**	**-**
Less: Current maturities of Long Term Borrowings (included in note 11(C))	-	-	-	-		
Less: Current maturities of Finance Lease Obligations (included in note 11(C))	-	-	-	-		
Less: Issue Expenses (IND AS Adj)	-	-	-	-		
Less: Interest Accrued (included in note 11(C))	-	-	-	-		
Less: Interest accrued on NCRPS (included in note 11(C))	-	-	-	-		
Non-Current Borrowings (As per Balance Sheet)					**-**	**-**

11(b) Current Borrowings

Particulars	Maturity Date	Terms of Payment	Coupon/ Interest Rate	31 Mar, 2021	31st March, 2020
Unsecured					
Bank Overdrafts		Payable on Demand	LIBOR + 250 Basis poin	16,462,463	17,436,645
Term Loan from Bank - Short term		Payable on Demand	LIBOR + 250 Basis poin	-	-
Inter Company Loan - Short Term - TCIM			LIBOR + 220 Basis poin	13,802,960	-
Total Current Borrowings				**30,265,423**	**17,436,645**
Less: Interest Accrued (included in note 11(c))	-	-	-		
Current Borrowings (As per Balance Sheet)				**30,265,423**	**17,436,645**

11(c) Other Financial Liabilities

Particulars	31 Mar, 2021		31st March, 2020	
	Non-Current	Current	Non-Current	Current
Current				
Current maturities of Redeemable long term debentures / Term Loan (Refer 11(a))	-		-	
Current maturities of Long term Inter Company Loan	-		-	
Current maturities of finance lease obligations (Refer 11(a))	-		-	
Deposits received from vendor	-	-	-	-
Right of Use Liabilities	222,877	435,050	735,973	712,471
Unpaid Dividend @	-	-	-	-
Interest accrued	-	-	-	-
Liabilities against expense	-	1,227,046	-	2,843,461
Liabilities against Fixed Assets [Capital Creditors]	-	-	-	-
Interest payable to Related parties	-	-	-	-
Derivative financial liabilities	-	-	-	-
Guarantees given to bank and others on behalf of subsidiaries	-	-	-	-
Others - Other Payables to Inter Companies	-	4,881,165	-	4,595,143
Total Other Financial Liabilities	**222,877**	**6,543,261**	**735,973**	**8,151,075**

11(d)Trade Payables

Particulars	31 Mar, 2021	31st March, 2020	
-Dues of micro enterprises and small enterprises			
-Dues of creditors other than micro enterprises and small enterprises			
(i) Acceptances			
(ii) Trade pyable to Related Parties			Payable to related parties which are not consolidated under thomas cook group
(iii) Trade pyable to Inter companies			Payable to Thomas cook group companies including DMS Entities
(iv) Other @# - Third	29,835,670	65,828,630	
Total Trade Payables	**29,835,670**	**65,828,630**	

@Includes Book Overdrafts aggregating to **xx (Amount)** (Previous Year **xx**)
#Includes **xx (Amount)** secured by bank guarantee of **xx (Amount)** (Previous Year **xx** secured by bank guarantee of **xx**.)

Note: There are no delayed payments to Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 during the year. Further, there are no dues to such parties which are outstanding as at the Balance Sheet date. This information has been determined on the basis of information available with the company. This has been relied upon by the auditors.

Desert Adventures Tourism LLC
Notes forming part of the Financial Statements as at and for the 12 months ended 31 Mar, 2021

Note 12: Other Non-Current Liabilities AED

Particulars	31 Mar, 2021	31st March, 2020
Income Received In Advance		
Rent Equalisation Reserve		
Others		
Total	**-**	**-**

Note 13: Other Current Liabilities

Particulars	31 Mar, 2021	31st March, 2020
Income Received in Advance	-	-
Advance receipts from Customers for which value is still to be given	8,544,371	5,325,996
Statutory Dues	-	-
Rent Equalisation Reserve		
Fractional entitlement on Bonus Share Refund Accounts		
Others		
Total	**8,544,371**	**5,325,996**

Note 14: Provisions

AED

Particulars	Non-Current	Current	Total	Non-Current	Current	Total
	31 Mar, 2021	31 Mar, 2021		31st March, 2020	31st March, 2020	
Other Provisions						
-Provision for Litigation and disputes			-			-
Total	-	-	-	-	-	-

(i) Movement in Provisions

Particulars	Provision for Litigation and disputes
Closing balance as at 1st April, 2020	
Charged/(credited) to profit or loss	
Closing balance as at 31 Mar, 2021	-

Desert Adventures Tourism LLC
Notes forming part of the Financial Statements as at and for the 12 months ended 31 Mar, 2021

Note 15: Employee Benefit Obligations

Particulars	31 Mar, 2021			31st March, 2020		
	Non-Current	Current	Total	Non-Current	Current	Total
Leave Entitlement	-	909,645	909,645	-	1,322,893	1,322,893
Gratuity	2,776,384	-	2,776,384	3,232,769	-	3,232,769
Other Employee benefits payable	-	38,724	38,724		57,411	57,411
Total	**2,776,384**	**948,369**	**3,724,753**	**3,232,769**	**1,380,304**	**4,613,073**

(i)Leave Obligations - Leave Entitlement
The leave obligations cover the Company's liability for earned leave.

The amount of the provision is presented as current, since the company does not have an unconditional right to defer settlement for any of these obligations. The following amounts reflect leave that is expected to be taken or paid within the next 12 months.

Particulars	31 Mar, 2021	31st March, 2020
Current leave obligations expected to be settled within next 12 months		

(ii) Post Employment Obligations
[Update details of Post Employment Obligations. Refer illustrative below for reference]

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.

(iii) Defined contribution Plans
The Company has recognised the following amounts in Statement of Profit and Loss for the year:

Particulars	31 Mar, 2021	31st March, 2020
Contribution to Employees State Insurance		
Contribution to Labour Welfare Fund		
Superannuation Contribution		
Contribution to provident fund		
	-	-

Balance Sheet Amounts - Gratuity
The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1st April, 2020			-
Current service cost			-
Past Service cost			
Interest expense/(income)			-
Total amount recognised in profit and loss	-	-	-
Remeasurements			
Return on plan assets, excluding amount included in interest expense/(income)			-
(Gain)/loss from change in demographic assumptions			-
(Gain)/loss from change in financial assumptions			-
Experience (gains)/losses			-
Total amount recognised in other comprehensive income	-	-	-
Employer contributions			-
Benefit payments			-
31 Mar, 2021	-	-	-

The net liability disclosed above relates to funded and unfunded plans as follows:

Particulars	31 Mar, 2021	31st March, 2020
Present value of funded obligations	-	-
Fair value of plan assets	-	-
Deficit of funded plan	-	-
Unfunded plans	-	-
Deficit of gratuity plan	-	-

Significant estimates: Actuarial assumptions and sensitivity for gratuity
The significant actuarial assumptions were as follows:

Particulars	31 Mar, 2021	31st March, 2020
Discount rate		
Salary growth rate		

Sensitivity analysis
Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by **xx** basis points.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Impact on defined benefit obligation		
	Change in assumptions	Increase in assumptions	Decrease in assumptions
	31 Mar, 2021	31 Mar, 2021	31 Mar, 2021
Discount rate			
Salary growth rate			

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior year.
The major categories of plans assets for gratuity are as follows:

Particulars	31 Mar, 2021			
	Quoted	Unquoted	Total	In %
Insurer (LIC) Managed Funds			-	0%

Risk Exposure for gratuity
Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below :
a) Asset volatility- The plan liabilities are calculated using a discount rate set with reference to bond yields, if the plan assets underperform this yield, this will create a deficit. Further any decrease in the bond yields will increase the plan liabilities. The plan assets investments are in unquoted securities which are subject to interest rate risks and the fund manages the interest rate risks to an acceptable low level.

b) Salary growth & Demographic assumptions- The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lumpsum in nature the plan is not subject to any longevity risks.

Defined benefit liability and employer contributions for gratuity
The weighted average duration of the defined benefit obligation is **xx** years. The expected maturity analysis of undiscounted gratuity is as follows:

Note 15: Employee Benefit Obligations

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
31 Mar, 2021 - Post Employment Obligations					-

The amounts recognised in the balance sheet and the movements in provident fund over the year are as follows:

	Present value of obligation	Fair value of plan assets	Net amount
1st April, 2020			-
Current service cost			-
Interest expense/(income)			-
Total amount recognised in profit and loss	-	-	-
Remeasurements			-
Experience (gains)/losses			-
Total amount recognised in other comprehensive income	-	-	-
Employees contributions			-
Employer contributions			-
Liabilities assumed/(settled)			-
Benefit payments			-
31 Mar, 2021	-	-	-

The net liability disclosed above relates to funded and unfunded plans are as follows:

Particulars	31 Mar, 2021	31st March, 2020
Present value of funded obligations		
Fair value of plan assets		
Deficit of funded plan	-	-
Unfunded plans		
Deficit of provident fund plan	-	-

Significant estimates: Actuarial assumptions and sensitivity for provident fund

The significant actuarial assumptions were as follows:

Particulars	31 Mar, 2021	31st March, 2020
Discount rate		
Future derived return on assets		

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Impact on defined benefit obligation	
Particulars	**Change in assumptions**	**Increase in assumptions**	**Decrease in assumptions**
	31 Mar, 2021	**31 Mar, 2021**	**31 Mar, 2021**
Difference between rate earned and guaranteed rate			

Major categories of plans assets for provident fund are as follows:

Particulars	31 Mar, 2021			
	Quoted	Unquoted	Total	In %
Equities and related investment			-	0.0%
Government of India Securities			-	0.0%
Other Debt Instruments			-	0.0%
Others			-	0.0%
Special deposits scheme			-	0.0%
Total	-	-	-	-

Risk Exposure for provident fund

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which is detailed below:

Asset volatility- The plan liabilities are calculated using a discount rate set with reference to bond yields, if the plan assets underperform this yield, this will create a deficit. Further any decrease in the bond yields will increase the plan liabilities.

Note 17: Revenue from Operations

Particulars	31 Mar, 2021	1 April 2019 to 31 March, 2020
Sale of Services	77,436,870	240,820,260
Other Operating Revenue		
-Liabilities no longer required written back		
-Education and Training Revenue		
-Miscellaneous Receipts		
Total	**77,436,870**	**240,820,260**

Note 18: Other Income and other gains/(losses)
(a) Other Income

Particulars	31 Mar, 2021	1 April 2019 to 31 March, 2020
Interest Income		
-On Bank Deposits		
-On Others	9,051	1,881
-On Loan to related party	-	-
-On Income Tax Refund	-	-
Dividend Income	-	-
-From Subsidiaries	-	-
-From Mutual Fund Investments	-	-
Rental Income	-	-
Facilities and Support Services fees	-	-
Group Resource Income [GRC]	664,507	2,058,863
Consultancy income	-	-
Liabilities no longer required written back	-	-
Miscellaneous Income	244,307	938,201
Total	**917,865**	**2,998,945**

(b) Other gains (net)

Particulars	31 Mar, 2021	1 April 2019 to 31 March, 2020
Profit on sale of property, plant and equipment (Net)	66,000	6,000
Exchange gain other than in the normal course of business as an authorised foreign exchange dealer	260,106	482,310
Total	**326,106**	**488,310**

Note 19: Employee Benefit Expense

Particulars	31 Mar, 2021	1 April 2019 to 31 March, 2020
Salaries Wages and Bonus	7,054,835	15,368,456
Contribution to Provident and Other Funds	-	-
Gratuity	481,998	492,106
Employees Share based payment expense	-	-
Staff Welfare Expenses	1,299,320	1,898,986
Compensated absences	-	-
Staff Training, Recruitment and Other Costs	101,249	230,903
Incentives to Staff	-	-
Total	**8,937,402**	**17,990,451**

Note 20: Depreciation and Amortisation Expense

Particulars	31 Mar, 2021	1 April 2019 to 31 March, 2020
Depreciation on Tangible Assets	252,148	196,365
Amortisation on Intangible Assets	162,592	123,673
ROU Assets Depreciation	588,141	379,274
Total	1,002,881	699,312

Note 21: Other Expenses

Particulars	31 Mar, 2021	1 April 2019 to 31 March, 2020
Rent	134,113	550,396
Stores and tools consumed	-	-
Electricity	24,533	38,615
Repairs to Building	-	-
Repairs to Plant and machinery	10,175	64,097
Repairs to Others	368,971	355,267
Insurance	85,550	82,520
Rates and Taxes	-	-
Licence Fees	122,396	139,266
Security Services	44,400	44,400
Travelling Expenses	42,501	544,172
Vehicle Running and Maintenance Expenses	167,015	485,400
Directors Sitting Fees	-	-
Commission to Directors	-	-
Legal and Professional Charges (refer note 21 (a))	385,792	456,457
Printing and Stationery	16,796	247,811
Water charges	-	-
Communication expenses	279,688	483,811
Exchange loss other than in the normal course of business as an authorised foreign exchange dealer	-	-
Freight Currency Shipment	-	-
Bad Debts and Advances Written Off	-	-
Provisions for doubtful debts and Advances (net off bad debt written off)	172,186	621,231
Expenditure towards CSR (refer note 21 (b))	-	-
Donations	-	-
Inter Compnay Other Expenses	88,207	863,362
Inter Compnay Management Fee (Expenses)	260,624	302,898
Loss on sale of property, plant and equipment (Net)	-	-
Miscellaneous Expenses	1,032,606	967,822
Total	3,235,553	6,247,525

Note 21 (a): Details of payments to auditors included in Row 75 -"Legal and Professional Charges" above

Particulars	31 Mar, 2021	1 April 2019 to 31 March, 2020
Payment to auditors		
As auditor:		
-Statutory Audit		
-Tax audit		
-Miscellaneous Reports		
In other capacities		
-Re-imbursement of expenses		
Total payments to auditors	-	-

Note 21 (b): Corporate social responsibility expenditure

Particulars	31 Mar, 2021	1 April 2019 to 31 March, 2020
(a) Gross amount required to be spent by the Company during the year		
(b) Amount spent and paid during the year on		
Eradicating Hunger, Poverty & Malnutrition, Promoting Health-Care Including Preventive Health-Care And Sanitation		

Note 22: Finance Costs

Particulars	31 Mar, 2021	1 April 2019 to 31 March, 2020
Interest and finance charges on financial liabilities not at fair value through profit and loss		
Inter Company Interest expenses	187,156	204,724
Other Finance Charges	909,979	898,809
Interest on ROU Liabilities (IFRS 16/IND AS 116)	36,306	33,217
Total	1,133,441	1,136,750

Note 23: Income Tax Expense

Particulars	31 Mar, 2021	1 April 2019 to 31 March, 2020
(a) Income tax expense		
Current tax		
Current tax on profits for the year		
Adjustments for current tax of prior periods		
Total current tax expense	-	-
Deferred tax		
Decrease (increase) in deferred tax assets		
(Decrease) increase in deferred tax liabilities		
Total deferred tax expense/(benefit)	-	-
Income tax expense	-	-

(b) The reconciliation of tax expense and the accounting profit multiplied by Local's tax rate :

Particulars	31 Mar, 2021	1 April 2019 to 31 March, 2020
(Loss)/Profit from continuing operations before income tax expense	(6,810,097)	(4,831,305)
Tax at the Local tax rate of 0 %	-	-
Tax effect of amounts which are not deductible(taxable) in calculating taxable income:		
Non Deductible expenses		
Tax exempt income		
Unrecognised tax losses		
Deferred tax for earlier periods		
Difference in enacted tax rates		
Reversal of goodwill		
Employee share based payment expense as per Ind AS		
Other Items - Please mention nature		
Other Items - Please mention nature		
Other Items - Please mention nature		
Income tax expense	-	-

Note 16: Deferred Tax Assets/(Liabilities):

The balance comprises of temporary differences attributable to:

Particulars	**As at 31 Mar, 2021**	**As at 31st March, 2020**
Deferred Tax (Liabilities)		
On Fiscal Allowances on Fixed Assets		
Other Items		
On NCD issue expenses		
Less: Deferred Tax Assets		
On provisions allowable for tax purpose when paid		
On Provision for Doubtful Debts and Advances		
On Rent escalation		
On unabsorbed depreciation		
On unabsorbed Business losses		
Other Items		
	-	-
Net Deferred Tax Assets/ (Liabilities)	**-**	**-**

Movement in Deferred Tax Assets / (Liabilities)

Particulars	**On Fiscal Allowances on Fixed Assets**	**On provisions allowable for tax purpose when paid**	**On Provision for Doubtful Debts and Advances**	**On unabsorbed depreciation**	**Other Items**	**Total**
As at 1st April, 2020						**-**
(charged)/credited						
-to profit or loss						-
-to other comprehensive income						-
As at 31 Mar, 2021	**-**	**-**	**-**	**-**	**-**	**-**

Significant estimates-

The Company has recognised deferred tax assets on carried forward tax losses. The company estimates that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets. The unabsorbed depreciation can be carried forward for unlimited years and losses for a period of 8 years as per local tax regulations and the company expects to recover the losses.

Note 24: Capital management:

24 (a): Risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet). Total capital is calculated as 'equity' as shown in the balance sheet plus debt.

During the periods presented, the Company's strategy has been unchanged. The credit rating was unchanged and the gearing ratios as at the period ends were as follows:

	31 Mar, 2021
Debt	79,136,355.0
Total equity	(44,685,796.0)
Debt to equity ratio	-177.1%

[Note - Debt = Non-Current Borrowing + Current Borrowing - Cash & Cash Equivalents]

Loan Covenants

Not applicable, since the company does not have covenants under the facilities availed.

24 (b): Proposed Dividends

	31 Mar, 2021
Equity shares	
Final dividend paid during the year **xx (Amount)** per fully paid share (Previous Year of **xx** per fully paid share)	
Dividends not recognised at the end of the reporting period	
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of **xx (Amount)** per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	

-
-

Desert Adventures Tourism LLC
Notes forming part of the Financial Statements as at and for the 12 months ended 31 Mar, 2021

Note 30: Related Party Transactions
(a) Parent Entities
The Company is controlled by the following entity:

Name	Type	Place of Incorporation	Ownership Interest (%)
			31 Mar, 2021
Travel Circle International	Parent entity	Mauritius	49.0%

(b) Name of the related party and related party relationship

Name of Entity	Place of Business/country of incorporation	Relationship
Muscat Desert Adventures Tourism LLC	Oman	Subsidiary
Desert Adventures Tourism - Amman	Jordan	Subsidiary
Travel Circle International (Mauritius) Limited	Mauritius	Parent
Gulf Dunes Dubai LLC	UAE	Associate through common ownership
Reem Tours LLC		Associate through common ownership
Asian Trails Vietnam		Associate through common ownership
Asian Trails Holding Ltd		Associate through common ownership
Kuoni Private Safaris – Namibia		Associate through common ownership
Jordan Desert Adventures Tourism LLC		Associate through common ownership
Allied Tpro Inc.		Associate through common ownership
Australian Tours Management Pty Ltd		Associate through common ownership
SOTC Travel Limited		Associate through common ownership
Kuoni Private Safaris Limited		Associate through common ownership
Kuoni Private Safaris E.A Limited		Associate through common ownership
Asian Trails Malaysia		Associate through common ownership
...		

[Note 1 - Include all related parties including related parties which are not from TCIL Group.]
[Note 2 - For TCIL Group Related Parties, refer the chart as would be shared by TCIL each quarter.]

(c) Other Related Parties with whom the Company had transactions during the year / period
Fellow subsidiaries:
- **Related Party 1**
- **Related Party 2**
- **...**

(d) Key Management personnel
KMP 1
KMP 2
...

Relatives of key management personnel:
Relative 1 (also specify relation with KMP)
Relative 2 (also specify relation with KMP)
...

(e) Key Management personnel compensation

Particulars	31 Mar, 2021
Short-term employee benefits*	
Post-employment benefits	**
Long-term employee benefits	
Employee share-based payment	**

* Includes the commission paid to non-executive director
** These amounts are included in the respective notes specifying the total amount of benefits paid.

(f) Transactions with related parties
The following transactions occurred with related parties:

Nature of transaction	31 Mar, 2021
(i) Ultimate Holding Company	
Reimbursement of Expenses (Net)	
[Specify each related party name and transaction/balance amount seperately below each head]	
Balances as at the year / period end - Outstanding Receivables	
[Specify each related party name and transaction/balance amount seperately below each head]	
Other transactions [Provide Description]	
[Specify each related party name and transaction/balance amount seperately below each head]	
(ii) Holding Company	
Reimbursement of Expenses (Net)	
[Specify each related party name and transaction/balance amount seperately below each head]	
Dividend remitted	
[Specify each related party name and transaction/balance amount seperately below each head]	
(iii) Subsidiary Companies	
Subscription of Equity Share Capital	
[Specify each related party name and transaction/balance amount seperately below each head]	
Sale of Equity Share	
[Specify each related party name and transaction/balance amount seperately below each head]	
Reimbursement of Expenses (Net)	
Desert Adventures Tourism Jordan	***600,000***
Asian Trails Ltd [ATT]	*-*
Asian Trails (Vietnam) Co. Ltd [ATV]	***8,064***
Asian Trails Tours Ltd [ATM]	***8,064***
Asian Trails Co. Ltd [ATC]	***8,064***
Asian Trails SDN BHD [ATMA]	***8,064***
AT Lao Co. Ltd [ATL]	***8,064***
Austrailia Tours Management Pty Ltd [AUTM]	***8,064***
Asian Trails International Travel Services (Beijing) Ltd [ATCN]	***8,064***
PT Asian Trails Ltd [ATI]	***8,064***
	-
	-
	664,512.0

Note 30: Related Party Transactions

[Specify each related party name and transaction/balance amount seperately below each head]	
Consultancy Income	
[Specify each related party name and transaction/balance amount seperately below each head]	
Sale of Services	
[Specify each related party name and transaction/balance amount seperately below each head]	
Thomas Cook (India) Limited [TCIL]	*103,867*
SOTC Travel Ltd [SOTC]	*1,706,505*
TC Visa Services (India) Ltd [TCVP]	*596,165*
Gulf Dunes LLC [GDDUB]	*(12,510)*
	-
	-
	-
	2,394,027
Facilities and Support Services Provided	
[Specify each related party name and transaction/balance amount seperately below each head]	
Facilities and Support Services Received	
JTSL - Jardin Travel Services Limited	*66,181*
TCIL	*253,475*
SOTC	*4,587*
Services Availed # (Hotel and Ground Services)	-
DAOMN - Desert Adventures Tourism (Oman) IN	-
[Specify each related party name and transaction/balance amount seperately below each head]	-
Other professional charges (Outsourced staff)	-
13. TC Travel Services Limited [TC Travel]	*466,246*
Data processing fees	-
[Specify each related party name and transaction/balance amount seperately below each head]	-
Corporate Guarantee Fees	-
1. Thomas Cook (India) Limited [TCIL]	*134,209*
	-
Directors deposit fees paid	-
[Specify each related party name and transaction/balance amount seperately below each head]	-
ESOP Push Down	-
below each head]	-
Interest on Loan Received	-
24. Travel Circle International (Mauritius) Ltd [TCIM]	*187,156*
Loan Given to Subsidiary	-
[Specify each related party name and transaction/balance amount seperately below each head]	-
Repayment of Loan from Subsidiary	-
[Specify each related party name and transaction/balance amount seperately below each head]	-
Interim Dividend Received	-
below each head]	-
Other transactions **[Bank Account Handling]**	-
ATP - AlliedTPro IN	**22,026**
	-
(iv) Fellow subsidiaries	-
Reimbursement of Expenses (Net)	-
[Specify each related party name and transaction/balance amount seperately below each head]	-
Subscription to NCRPS	-
[Specify each related party name and transaction/balance amount seperately below each head]	-
Dividend remitted	-
[Specify each related party name and transaction/balance amount seperately below each head]	-
Other transactions **[Provide Description]**	-
[Specify each related party name and transaction/balance amount seperately below each head]	-
(v) Key Management Personnel	-
Remuneration	-
[Specify each KMP name and transaction/balance amount seperately below each head]	-
@ Gratuity is contributed for the Company as a whole and hence excluded.	0
	-
Commission to Non-Executive Director	-
[Specify each NED name and transaction/balance amount seperately below each head]	-
	-
Sitting fees to Non-Executive Director	-
[Specify each NED name and transaction/balance amount seperately below each head]	-
	-
(vi) Relatives of key management Personnel	-
Rent Expense	-
[Specify each KMP Relative Name, Relation with KMP and transaction/balance amount seperately below each head]	-
Other transactions **[Provide Description]**	-
[Specify each KMP Relative Name, Relation with KMP and transaction/balance amount seperately below each head]	-
	-
Balances as at the year end	-
Deposit Receivable	-
[Specify each KMP Relative Name, Relation with KMP and transaction/balance amount seperately below each head]	-
Other Receivables/Payables **[Provide Description]**	-
	-

Note 30: Related Party Transactions

Gulf Dunes LLC [GDDUB]	*3,550,854*
TC Visa Services (India) Ltd [TCVP]	*235,496*
SOTC Travel Ltd [SOTC]	*223,661*
Kuoni Private Safaris (Pty.) Ltd [PSSA]	*2,803*
Digiphoto Entertainment Imaging (DEI)	*2,287*
[Specify each KMP Relative Name, Relation with KMP and transaction/balance amount seperately below each head]	
	4,015,101

(g) Outstanding balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Particulars	**31 Mar, 2021**
Outstanding Trade payables	
Loans taken outstanding	
24. Travel Circle International (Mauritius) Ltd [TCIM]	*13,802,960*
Interest on Loans taken Payable	
24. Travel Circle International (Mauritius) Ltd [TCIM]	
Advance and deposits received [Provide Description]	
[Specify each related party name and transaction/balance amount seperately below each head]	
Other Payables [Provide Description]	
27. Austrailia Tours Management Pty Ltd [AUTM]	*2,635*
14. Travel Corporation (India) Limited [TCI]	*5,969*
25. Horizon Travel Services LLC [ATP]	*11,653*
13. TC Travel Services Limited [TC Travel]	*172,405*
24. Travel Circle International (Mauritius) Ltd [TCIM]	*187,156*
15. Jardin Travel Solutions Limited [JTSL]	*244,874*
42. Muscat Desert Adventures Tourism LLC [DAOMAN]	*527,178*
38. Reem Tours & Travels LLC [REEMDUB]	*608,868*
1. Thomas Cook (India) Limited [TCIL]	*965,565*
43. Desert Adventures Tourism Ltd [DAJOR]	*2,154,862*
[Specify each related party name and transaction/balance amount seperately below each head]	
Total payables to related parties	**18,684,125**

Particulars	**31 Mar, 2021**
Trade receivables	
[Specify each related party name and transaction/balance amount seperately below each head]	
Advance and Deposits Given	
[Specify each related party name and transaction/balance amount seperately below each head]	
Interim dividend receivable	
[Specify each related party name and transaction/balance amount seperately below each head]	
Loans Given	
[Specify each related party name and transaction/balance amount seperately below each head]	
Interest receivable on Loan Given	
[Specify each related party name and transaction/balance amount seperately below each head]	
Other Receivables [Provide Description]	
[Specify each related party name and transaction/balance amount seperately below each head]	
Total receivables to related parties	-

(h) Loans to/from related parties

Particulars	**31 Mar, 2021**
Loan to subsidiaries	
Outstanding at Beginning of the year	
Loans advanced	
Loan repayment received	
Interest charged	
Interest Received	
End of the year	-

Note 25: Contingent liabilities:

Contingent liabilities

Particulars	**31 Mar, 2021**
Claims against the Company not acknowledged as debts	
Disputed claims made by clients	
Disputed Labour law suits	
Other Claims *[Provide description also. Eg. - Demand from Electric Supply and Transport Authority for electricity charges]*	
Disputed Income tax demands	
Disputed Service Tax Demands	
Guarantees given to Banks and others on behalf of Subsidiaries	893,036
Disputed demand for Increase in rent raised by Brihanmumbai Municipal Corporation	

(a) It is not practicable for the Company to estimate the timing of cash flows, if any, in respect of the above pending resolution of the respective proceedings.

(b) The Company does not expect any reimbursement in respect of the above contingent liabilities.

Note 26: Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Particulars	**31 Mar, 2021**
Estimated value of contracts on capital account remaining to be executed	

(b) Non-cancellable operating leases

The company leases various offices, warehouses and retail stores under non-cancellable operating leases expiring within two to eight years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Particulars	**31 Mar, 2021**
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:	
Within one year	
Later than one year but not later than five years	
Later than five years	
Total	**-**

Rental expense relating to operating leases

Particulars	**31 Mar, 2021**
Minimum lease payments	
Total rental expense relating to operating leases	**-**

The above lease payments include lease arrangements entered into with airport authorities for operating foreign exchange counters at airports. Such arrangements include lease payments in the form of minimum guarantee fees and/or payments based on a percentage of revenue achieved through the counters, or both.

(c) Financing leases:

	Particulars	**31 Mar, 2021**
(i)	Minimum Lease Payments payable	
	Not later than one year	
	Later than one year but not later than five years	
		-
(ii)	Present Value of Minimum Lease Payments payable	
	Not later than one year	
	Later than one year but not later than five years	
		-
(iii)	Reconciliation of Minimum Lease Payments and their Present Value	
	Minimum Lease Payments Payable as per (i) above	-
	Less: Finance Charges to be recognised in subsequent years	-
	Present Value of Minimum Lease Payments payable as per (ii) above	**-**
(iv)	Finance Charges recognised in the Statement of Profit and Loss	

Note 27: Events occurring after the reporting period

Declaration of final dividend

Refer to note 24 (b) for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing annual general meeting.

Note 28: Fair value measurements

Financial instruments by category

		31 Mar, 2021	
	FVPL	**FVOCI**	**Amortised cost**
Financial assets			
Equity instruments - Investment			
Mutual funds			
Security Deposits			
Deposits with banks with more than 12 months maturity			
Trade receivable			10,149,780
Cash and cash equivalents			6,492,552
Others			10,487,388
Total financial assets	**-**	**-**	**27,129,720**
Financial liabilities			
Borrowings			30,265,423
Trade Payable			29,835,670
Payable to related parties			
Others			6,543,261
Total financial liabilities	**-**	**-**	**66,644,354**

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements as at 31 Mar, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial investments at FVPL				
Desert Adventures Tourism - Amman				-
Muscat Desert Adventures Tourism LLC			1,435,575	1,435,575
...				-
Total Financial Assets	**-**	**-**	**1,435,575**	**1,435,575**

Financial assets and liabilities which are measured at amortised cost for which fair values are disclosed as at 31 Mar, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Security Deposits			5,792,225	5,792,225
Total Financial Assets	**-**	**-**	**5,792,225**	**5,792,225**
Borrowings			30,265,423	-
Total Financial Liabilities	**-**	**-**	**5,792,225**	**11,584,450**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.
- the foreign exchange forward contracts are marked to market using forward FEDAI rates pertaining to the date of maturity of the contract at the balance sheet date.
- Discount rates to fair value of financial assets and liabilities at amortised cost is based on general lending rate.

(iii) Fair value of financial assets and liabilities measured at amortised cost

	31 Mar, 2021	
	Carrying amount	**Fair value**
Financial assets		
Security Deposits	5,792,225	5,792,225
Financial liabilities		
Non current Borrowings		

The carrying amounts of Accrued revenue, insurance claim receivable, advance to related parties, current borrowings, trade payables, trade receivable, other financial liabilities, cash and cash equivalents and other bank balances are considered to be the same as their fair values due to their short-term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Note 29: Financial risk management

The Company's activities expose it to credit risk, market risk and liquidity risk.

The company' has an overall Enterprise Risk Management policy, approved by the Audit Committee of the Board of Directors. Risks are managed by the individual Business Units, or the Support Services' unit, entering into the base transactions, which give rise to the risks. The Executive Committee (comprising the Chairman & Managing Director, the Chief Financial Officer, and the Heads of the Business Units and Support Services' units) has the overall responsibility for the risk management framework and its effectiveness, with the respective Heads of Business Units/ Support Services' units, being responsible for its implementation and day-to- day monitoring.

(A) Credit Risk

The company is exposed to credit risk, which is the risk that counterparty will default on its contractual obligation resulting in a financial loss to the company. To manage this, the company periodically assesses the financial reliability of customers, taking into account the financial conditions, current economic trends, analysis of historical bad debts and ageing of accounts receivable as of different reporting periods.

Analysis of Trade receivables ageing of last 4 years

	Less than 1 year	**More than 1 year**	**Total**
31 March 2020	**10,149,780**		10,149,780
31 March 2019	**26,795,463**		26,795,463
31 March 2018			-

Reconciliation of loss allowance provision – Trade receivables

Reconciliation of loss allowance	**Amount**
Loss allowance on 1st April, 2020	**(2,886,605)**
Changes in loss allowance	(172,186)
Loss allowance on 31 March 2021	**(3,058,791)**

(B) Market risk

(i) Foreign currency risk

The Company enters into foreign currency transactions in the Foreign Exchange and Leisure Travel Outbound businesses. The currency risk arising out of foreign currency transactions in the Foreign Exchange business is monitored by a central dealing room, which then hedges the positions transactions entered into at individual locations across the country, through deals in the interbank market, or through forward contracts, thereby ensuring that there are minimal open positions. In the Leisure Travel Outbound business, package prices are denominated partly in the functional currency of the Company, Indian Rupees (INR), and partly in foreign currencies. The portion of customer collection in foreign currencies, which is parked in Nostro bank accounts, is used to pay off vendor liabilities, denominated in foreign currencies, thereby creating a natural hedge. As a result, the risk related to foreign currency exchange rate fluctuation is insignificant.

(a) Foreign currency risk exposure:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

	31 Mar, 2021			
	EUR	**GBP**	**USD**	**Others**
Cash and cash equivalents				
Other financial assets				
Trade payables and other financial liabilities				
Gross Expsoure	-	-	-	-
Forward contracts				
Net Exposure	-	-	-	-

(b) Sensitivity:

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and from foreign forward exchange contracts.

	Impact on profit after tax		**Impact on other components of equity**	
	31 Mar, 2021		**31 Mar, 2021**	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
Effect in INR				
1% movement				
EUR				
GBP				
USD				

*Holding all other variables constant

Note 29: Financial risk management
(B) Market risk
(ii) Interest Rate risk exposure
The exposure of the company's borrowing to interest rate changes at the end of the reporting period are as follows:

	31 Mar, 2021
Variable rate borrowings	30,265,423

As at the end of the reporting period, the company had the following variable rate borrowings:

	31 Mar, 2021		
	Weighted average interest rate	**Balance**	**% of total loans**
Term loans	LIBOR + 220 Basis point	13,802,960	45.6%
Bank overdrafts		16,462,463	54.4%
Net exposure to cash flow interest rate risk	**-**	**30,265,423**	**100%**

Sensitivity
Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.
Changes in interest rate are based on historical movement.

	Impact on profit after tax
	31 Mar, 2021
Interest rates - increase by 100 basis points *	
Interest rates - decrease by 100 basis points *	-

* Holding all other variables constant

(iii) Price Risk
Exposure
The company's exposure to equity securities price risk arises from investments held by the company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss. Since the company does not have material equity investments, the company does not have a material price risk exposure as of reporting period.

Note 29: Financial risk management
(C) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company's treasury maintains flexibility in funding by maintaining sufficient cash and bank balances available to meet the working capital requirements. Management monitors rolling forecasts of the company's liquidity position (comprising the unused cash and bank balances along with temporary investments in fixed deposits and/or liquid mutual funds) on the basis of expected cash flows.

(i) Financing arrangements

	31 Mar, 2021
Floating rate	
-expiring within one year (bank overdraft)	30,265,423
	30,265,423

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

(ii) Maturities of financial liabilities
The tables below analyse the company's financial liabilities into relevant maturity based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	**< 1 year**	**Between 1 and 2 years**	**> 2 years**	**Total**
31 Mar, 2021				
Borrowings	30,265,423			30,265,423
Trade payables	29,835,670			29,835,670
Other financial liabilities	6,543,261			6,543,261
Total liabilities	**66,644,354**	**-**	**-**	**66,644,354**

Gulf Dunes LLC

Financial statements
31 December 2020

Gulf Dunes LLC

Financial statements
31 December 2020

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gulf dunes

Directors' Report

The Board of Directors has the pleasure in presenting the annual report and audited financial statements of **Gulf Dunes LLC** ("the Company") for the year ended 31st December 2020

Principal activities and business review

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.

Results for the ended 31st December 2020 and Future outlook

The results of the Company for the ended 31st December 2020 are set out on from page 6 of the financial statements.

Going concern basis

The Board of Directors has reasonable expectation that the Company has adequate resources and support to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Company's financial statements for the ended 31st December 2020.

Transactions with related Parties

The financial statements disclose related party transactions and balances in note12. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

Auditors

KPMG were appointed as external auditors for the Company for the ended 31st December 2020. KPMG have expressed their willingness to continue in office. A shareholder resolution for the reappointment of KPMG is proposed and to absolve them of their responsibility for the ended 31st December 2021.

On behalf of the Board

Senthil Nandagopal
Chief Operating officer

Peter Payet
Chief executive officer

Date: 16 February 2021

GULF DUNES LLC

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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") and, which comprise the statement of financial position as at 31 December 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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.

Other Information (continued)

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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 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 and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, 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.

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

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.

- 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 Law No. (2) of 2015, we report that for the year ended 31 December 2020:

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 Law No. (2) of 2015;

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 2020;

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

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 2020 any of the applicable provisions of the UAE Federal Law No.(2) of 2015, its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2020.

KPMG Lower Gulf Limited

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

Date: 16 February 2021

Gulf Dunes LLC

Statement of profit or loss and other comprehensive income

For the year ended 31 December

	Notes	**2020**	2019
		AED	AED
Revenue	*6*	**6,634,770**	12,254,745
Direct costs	*7*	**(5,174,531)**	(9,866,658)
Gross profit		**1,460,239**	2,388,087
Administrative and general expenses	*8*	**(2,301,755)**	(3,905,099)
Finance income	*9*	**5,382**	33,748
Finance cost	*9*	**-**	(2,022)
Loss and total comprehensive income for the year		**(836,134)**	(1,485,286)

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

	Notes	2020 AED	2019 AED
Assets			
Property and equipment	*10*	**19,482**	28,172
Right-of-use asset	*3*	**134,962**	202,438
Non-current assets		**154,444**	230,610
Trade and other receivables	*11*	**580,479**	1,903,380
Cash and cash equivalents	*17*	**465,351**	549,306
Current assets		**1,045,831**	2,452,686
Total assets		**1,200,274**	2,683,296
Equity and Liabilities			
Equity			
Share capital	*15*	**300,00**	300,000
Statutory reserve	*16*	**150,000**	150,000
Accumulated losses		**(5,242,622)**	(4,406,488)
Total equity		**(4,792,622)**	(3,956,488)
Liabilities			
Employees' end of service benefits	*14*	**312,879**	262,790
Lease liability – non-current		**38,816**	114,272
Non-current liabilities		**351,695**	377,062
Trade and other payables	*13*	**1,165,918**	3,519,268
Due to related parties	*12*	**4,399,518**	2,669,799
Lease liability – current		**75,765**	73,655
Current liabilities		**5,641,201**	6,262,722
Total liabilities		**5,992,896**	6,639,784
Total equity and liabilities		**1,200,274**	2,683,296

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 2020.

The notes on pages 10 to 31 are an integral part of these financial statements.
These financial statements were authorised for issue on behalf of the Company's shareholders on16 Feb 21

COO

CEO

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

Gulf Dunes LLC

Statement of cash flows
For the year ended 31 December

	Notes	**2020**	2019
		AED	AED
Cash flows from operating activities			
(Loss) / profit for the year		**(836,134)**	(1,485,286)
Adjustments for:			
Depreciation and amortization	*10*	**15,069**	36,569
Depreciation on right-of-use assets	*8*	**67,476**	22,492
Allowance for expected credit loss	*8*	**5,602**	261
Provision for employees' end of service benefits	*14*	**60,757**	24,793
Interest expense on lease liability	*9*	**4,704**	2,022
		(682,526)	(1,399,149)
Changes in:			
- trade and other receivables		**1,317,298**	2,018,682
- due from a related party		**-**	-
- due to related parties		**1,729,719**	(680,185)
- trade and other payables		**(2,353,350)**	(1,021,445)
Payment of employees' end of service benefits	*14*	**(10,668)**	(213,950)
Net cash from / (used in) operating activities		**473**	(1,281,430)
Cash flows from investing activity			
Acquisition of property and equipment	*10*	**(6,379)**	(15,689)
Net cash used in investing activity		**(6,379)**	(15,689)
Cash flows from financing activity			
Interest paid during the year		**(4,704)**	(2,022)
Payment of lease liabilities		**(73,346)**	(37,003)
Net cash used in financing activity		**(78,050)**	(39,025)
Net (decrease) / increase in cash and cash equivalents		**(83,956)**	(1,336,144)
Cash and cash equivalents at the beginning of the year		**549,306**	1,885,450
Cash and cash equivalents at 31 December	*17*	**465,350**	549,306

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 2019	300,000	150,000	(2,921,202)	(2,471,202)
Total comprehensive income for the year				
Loss for the year	-	-	(1,485,286)	(1,485,286)
Balance at 31 December 2019	300,000	150,000	(4,406,488)	(3,956,488)
Balance at 1 January 2020	300,000	150,000	(4,406,488)	(3,956,488)
Total comprehensive loss for the year				
Loss for the year	-	-	(836,134)	(836,134)
Balance at 31 December 2020	**300,000**	**150,000**	**(5,242,622)**	**(4,792,622)**

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

1 Reporting entity

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

The Company's shares are held by Travel Circle International (Mauritius) LTD ("the Shareholders") 49% and by Ahmad Abdulaziz Abdulla Almannei 51%. The ultimate parent of the Company is Fairfax Financial Holdings Limited, a company registered in Toronto, Ontario, Canada.

Ahmad Abdulaziz Abdulla Almannei has agreed not to take part in the operational and financial management of the Company.

The registered office of the Gulf Dunes LLC, Dubai is P.O. Box no. 6655, 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 2020, the Company incurred a loss of AED 836,134 (*2019: AED 1,485,286*) and as at 31 December 2020 its accumulated losses amounted to AED 5,242,622 *(2019: AED 4,406,488)*.

Due to the event of COVID 19 pandemic (Note 22), as the situation is fast evolving, the effect of the outbreak is subject to significant levels of uncertainty, with the full range of possible effects unknown on both financial statements and operations. Management has projected future cash inflows which resulted in a slowdown in operations and taking necessary cost measures needed to sustain the Company ongoing operations. Management is of the view that the future net cash inflows from operations will be sufficient for the Company to enable it to meet both its liabilities as they fall due and to carry on its business without a significant curtailment of operations in the foreseeable future. Furthermore, the shareholders have confirmed their intention to provide financial support to the Company to enable it to continue in operations and to meet its obligations as and when they fall due, 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 requirements of UAE Federal Law No. 2 of 2015.

Federal Decree-Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect

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.

2 Basis of preparation (continued)

e) Use of estimates and judgments (continued)

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

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

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

3 Significant accounting policies

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

Revenue from contract with customers

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

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

Financial instruments

Recognition and initial measurement

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

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

3 Significant accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement

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

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

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

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

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

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

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

3 Significant accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement

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.

3 Significant accounting policies (continued)

Financial instruments (continued)

Offsetting

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

Foreign currency transactions

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

Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses (if any).
If significant part of an item of property and equipment have different useful lives, then they are accounted for as items (major components) of property and equipment.
Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss.
Subsequent expenditure
Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company.

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

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

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

Intangible assets

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

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

3 Significant accounting policies (continued)

Intangible assets (continued)

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

Amortisation
Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. The useful life for the intangible assets for the current and comparative period is estimated to be 3 years. Amortisation 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.

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).

3 Significant accounting policies (continued)

Impairment (continued)

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.

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.

3 Significant accounting policies (continued)

Impairment (continued)

Financial assets measured at amortized cost (continued)

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.

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.

3 Significant 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.

Provisions

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

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

Provision for employees' end of service benefits

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

Share capital

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

4 Standards issued but not yet adopted

A number of new standards are effective of annual periods beginning from 1 January 2020 and earlier adoption is permitted, however, the Company has not early adopted the new standard or amended standards in preparing these financial statements.

- *Onerous contracts – Cost of fulfilling a contract (Amended to IAS 37*)

The amendments specify which cost a Company includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous .The amendments apply for annual reporting periods beginning on or 1 January 2022 to contracts existing a the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings. The Company has determined that all the contracts existing at 31 December 2020 will be completed before the amendments becomes effective.

4 Standards issued but not yet adopted (continued)

- *Interest rate benchmark reform- phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16)*

The amendments address issues that might affect the financial statements reporting as result of the reform of interest rate benchmark, including the effect of changes in contractual cash flow or hedging relationship arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide relief from certain requirements in IFRS 9, IAS 39, IFRS 4 and IFRS 16 relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities and;
- hedging accounting.

Changes in basis of determining cash flows

The amendments will require the Company account to account for a change in the basis for determining the contractual cash flows of financial assets or financial liabilities that is required by interest rate benchmark reform by updating the effective interest rate of the financial assets or financial liability.

Hedge accounting

The amendments provide exceptions to the hedge accounting requirements in the following areas:

- Allow amendment of the designation of the hedging relationship to reflect changes that are required by the reform.
- When a hedged item in cash flow hedge is amended to reflect the changes that are required by the reform , the amount accumulated in the cash flow hedge reserve will be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
- When a group of items is designated as a hedged item and an item in the group is amended to reflect the changes that are required by the reform, the hedged items are allocated to sub-group based on the benchmark rates being hedged.
- If the Company reasonably expects that an alternative benchmark rate will be separately identifiable within period of 24 months, its not prohibited from designating the rates as a non-contractually specified risk component if is not separately identifiable at the designation date.

Disclosures

The amended will require the Company to disclosure additional information about the Company's exposure to risk arising from interest rate on benchmark reform and related risk management activities.

- *Other standards*

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

- COVID-19 Related Rent Concession (*Amendment to IFRS 16*)
- Property, Plant and Equipment: Proceeds before Intended Use (*Amendment to IAS 16)*
- Reference to Conceptual Framework (*Amendment to IFRS 3*)
- Classification of liabilities as Current or Non-current (*Amendment to IAS 1*)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

5 Financial risk management

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

- credit risk;
- liquidity risk;
- market risk.

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

Risk management framework

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

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

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.

5 Financial risk management *(Continued)*

Market risk

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

Currency risk

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

Interest rate risk

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

Other market price risk

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

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) to groups.

7 Direct Costs

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

8 Administrative and general expenses

	2020 AED	2019 AED
Staff salaries and benefits	**1,573,946**	2,443,634
Overseas representative office charges	**288,932**	471,649
Legal and professional charges	**95,883**	83,516
Business promotion expenses	**72,615**	477,920
Sponsorship fees	**72,000**	72,000
Depreciation on right-of-use assets	**67,476**	22,492
Bank charges	**20,419**	19,728
Depreciation	**15,069**	36,569
Rent expense	**10,848**	95,170
Communication expense	**4,326**	26,118
Allowance for expected credit loss	**5,602**	261
Other expenses	**74,639**	156,042
	2,301,755	3,905,099

9 Finance income

	2020 AED	2019 AED
Foreign exchange gain	**10,086**	33,748
Interest expense on lease liability	**(4,704)**	(2,022)
	5,382	31,726

10 Property and equipment

	Motor vehicles AED	Furniture, fixtures and office equipment AED	Leasehold improvements AED	Total AED
Cost				
Balance at 1 January 2019	47,250	228,671	25,000	300,921
Additions	-	15,689	-	15,689
Balance as at 31 December 2019	47,250	244,360	25,000	316,610
Balance as at 1 January 2020	47,250	244,360	25,000	316,610
Additions	-	6,379	-	6,379
Balance as at 31 December 2020	47,250	250,739	25,000	322,989
Depreciation				
Balance at 1 January 2019	47,250	198,993	5,626	251,869
Charge for the year	-	17,195	19,374	36,569
Balance as at 31 December 2019	47,250	216,188	25,000	288,438
Balance as at 1 January 2020	47,250	216,188	25,000	288,438
Charge for the year	-	15,069	-	15,069
Balance as at 31 December 2020	47,250	231,257	25,000	303,507
Net book value				
At 31 December 2020	**-**	**19,482**	**-**	**19,482**
At 31 December 2019	-	19,482	-	19,482

10.1 Fully depreciated assets amounting to AED 145,502 are still in use of the Company.

11 Trade and other receivables

	2020 AED	2019 AED
Trade receivables	**130,020**	285,257
Provision for impairment loss on trade receivables	**(12,192)**	(6,590)
	117,828	278,667
Prepayments	**29,356**	69,452
Other receivables	**293,717**	273,986
Advances to suppliers & others	**139,578**	1,281,275
	580,479	1,903,380

12 Related parties

The Company in normal course of business, enter into transactions with other business entities which fall within the definition of related party contained in International Accounting Standard 24. Such transactions are on terms and conditions mutually agreed between them. Significant related party transactions during the year ended 31 December 2020 were as follows:

	2020 AED	2019 AED
Key management personnel compensation		
Short term employee benefits	**396,188**	341,956
Post-employment benefits	**19,485**	15,631

Due to related parties

	2020 AED	2019 AED
Gulf Dunes Tourism LLC – Oman	**1,163,950**	1,030,918
Desert Adventures Tourism LLC	**3,235,568**	1,638,881
	4,399,518	2,669,799

13 Trade and other payables

	2020 AED	2019 AED
Trade payables	**114,270**	509,781
Accruals and other payables	**631,009**	687,705
Advances from customers	**420,639**	2,321,782
	1,165,918	3,519,268

14 Employees' end of service benefits

	2020 AED	2019 AED
Balance at 01 January	**262,790**	451,947
Provision during the year	**60,757**	24,793
Payments made during the year	**(10,668)**	(213,950)
	----------	----------
Balance at 31 December	**312,879**	262,790
	======	======

15 Share capital

	2020 AED	2019 AED
Authorised, issued and fully paid up capital		
100 shares of AED 3,000 each	**300,000**	300,000
	======	======

16 Statutory reserve

In accordance with article 103 of the U.A.E Federal Commercial Companies' law (2 of 2015), 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. Since the statutory reserve of the Company has already reached the limit, therefore the Board of Directors have decided to cease such allocations *(2019: Nil).*

17 Cash and cash equivalents

	2020 AED	2019 AED
Cash in hand	**14,590**	23,117
Cash at bank	**450,761**	526,189
	----------	----------
	465,351	549,306
	======	======

18 Contingent liabilities

There are no contingent liabilities at the reporting date.

19 Financial instruments

Credit risk

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

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

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

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

	2020	2019
	AED	AED
Trade and other receivables (excluding prepayments and advances to suppliers)	**130,020**	285,257
Cash at bank	**450,761**	526,189
	580,781	811,446

The aging of trade receivables at the reporting date was:

	31 December 2020		31 December 2019	
	Gross	**Provision**	Gross	Provision
	AED	**AED**	AED	AED
Not due	**117,827**	**-**	157,726	-
0-30 days past due	**-**	**-**	105,506	-
31-90 days past due	**-**	**-**	15,435	-
Over 90 days past due	**12,192**	**(12,192)**	6,590	(6,590)
	130,019	**(12,192)**	285,257	(6,590)

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

	2020	2019
	AED	AED
At 1 January	**6,590**	6,329
Impairment loss recognized during the year	**5,602**	261
Write offs during the year	**-**	-
At 31 December	**12,192**	6,590

19 Financial instruments *(continued)*

Credit risk *(continued)*

At 31 December 2020, the Company's exposure of credit risk to trade receivables by geographical region was as follows:

	Carrying amount 2020 AED	Carrying amount 2019 AED
Geographical regions		
Europe	**130,019**	-
Malaysia	**-**	128,218
France	**-**	45,210
Middle East	**-**	98,962
Others	**-**	12,867
Grand total	**130,019**	285,257

Liquidity risk

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

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

31 December 2020

	Carrying Amount AED	**Contractual cash outflows AED**	**1 year or less AED**	**More than 1 year AED**
Non derivative financial liabilities				
Trade and other payables (excluding advances from customers)	**745,279**	**(745,279)**	**(745,279)**	**-**
Due to related parties	**4,399,518**	**(4,399,518)**	**(4,399,518)**	**-**
Lease liability	**114,581**	**(117,076)**	**(78,051)**	**(39,025)**
	5,259,378	**(5,261,873)**	**(5,222,848)**	**(39,025)**

19 Financial instruments *(continued)*

Liquidity risk (continued)

31 December 2019

	Carrying Amount AED	Contractual cash outflows AED	1 year or less AED
Non derivative financial liabilities			
Trade and other payables (excluding advances from customers)	691,610	(691,610	(691,610)
Due to related parties	5,031,775	(5,031,775)	(5,031,775)
Lease liability	187,927	(156,103)	(39,026)
	5,911,312	(5,879,488)	(5,762,411)

Market risk

Foreign exchange risk

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

Interest rate risk

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

Fair values

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

Capital management

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

20 Fair value hierarchy

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

21 Significant accounting estimates and judgments

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following are the critical accounting estimates and judgments used by management in the preparation of these financial statements:

21 Significant accounting estimates and judgments *(continued)*

Impairment losses on trade receivables

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

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

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

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

Leases - Estimating the incremental borrowing rate

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

Determining the lease term of contracts with renewal options

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

22 COVID-19 coronavirus pandemic

During the current year, the global outbreak of the Covid-19 coronavirus has severely impacted businesses and economies worldwide. The Covid-19 outbreak has been considered a Pandemic and may impact the business operations of the customers, which in turn impacts our business. As the Covid-19 outbreak continues to evolve, it is difficult to forecast its full duration and the extent of the full economic impact as of now. Management is actively monitoring the impact of the pandemic on its financial condition, liquidity, operations, supply chain, and workforce, which at this point is not considered to be significant. Management believes that the Company has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future when they become due. Financial impacts of the COVID-19 pandemic identified and recognised during the financial year 2020 have been reflected in the financial performance for the year and considered in the financial position as at 31 December 2020.

FINANCIAL STATEMENTS AND AUDITOR'S REPORT

CHANG SOM COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2020

ANS Audit Co., Ltd.
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AUDITOR'S REPORT

To the Shareholders and Directors of Chang Som Company Limited

Opinion

I have audited the financial statements of Chang Som Company Limited, which comprise the statement of financial position as at December 31, 2020, and the statement of income, and statement of changes in shareholders' equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Chang Som Company Limited as at December 31, 2020, and its financial performance for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Matter

The financial statements of Chang Som Company Limited for the year ended December 31, 2019 which have been presented herewith for comparative purposes were audited by another auditor of our firm, whose report dated January 21, 2020, expressed an unqualified opinion.

Patcharee

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities, and for such internal control as management determines is necessary to enable the preparation of the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs 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 TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 cause significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Patcharee

Patcharee Siriwongsin
Certified Public Accountant
Registration Number 9037

ANS Audit Co., Ltd.
Bangkok: January 25, 2021

CHANG SOM COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	Notes	2020	2019
		Unit : Baht	
ASSETS			
Current assets			
Cash and cash equivalents		392,826.45	538,628.51
Trade and other receivables	4, 5	10,409,751.06	9,916,369.65
Total current assets		10,802,577.51	10,454,998.16
Non-current assets			
Equipments-net	6	6.00	6.00
Withholding tax assets		159,467.66	-
Other non-current assets		373.56	373.56
Total non-current assets		159,847.22	379.56
Total assets		10,962,424.73	10,455,377.72

Patcharee

______________________________Director

The accompanying notes are an integral part of the financial statements.

CHANG SOM COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	Notes	2020	2019
		Unit : Baht	
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current Liabilities			
Trade and other payables	4, 7	2,148,898.85	1,369,750.92
Total current liabilities		2,148,898.85	1,369,750.92
Non-current Liabilities			
Employee benefit obligations	8	278,635.26	278,635.26
Total non-current liabilities		278,635.26	278,635.26
Total Liabilities		2,427,534.11	1,648,386.18
Shareholders' Equity			
Share capital			
Authorized share capital			
Ordinary shares 60,000 shares, Baht 100 par value		6,000,000.00	6,000,000.00
Paid-up share capital			
Ordinary shares 60,000 shares, Baht 100 par value		6,000,000.00	6,000,000.00
Retained earnings			
Appropriated			
Legal reserve	9	506,098.28	506,098.28
Unappropriated		2,028,792.34	2,300,893.26
Total Shareholders' Equity		8,534,890.62	8,806,991.54
Total Liabilities and Shareholders' Equity		10,962,424.73	10,455,377.72

Petcharat —

________________________ Director

The accompanying notes are an integral part of the financial statements.

CHANG SOM COMPANY LIMITED

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

	Notes	2020	2019
		Unit : Baht	
Revenue from rendering of services	4	5,458,750.00	23,383,641.00
Cost of rendering of services		(4,910,791.00)	(21,491,205.00)
Gross profit		547,959.00	1,892,436.00
Other income		1,595.70	2,235.51
Profit before expenses		549,554.70	1,894,671.51
Administrative expenses	4	(821,655.62)	(1,286,925.11)
Profit (loss) before income tax		(272,100.92)	607,746.40
Income tax		-	(137,569.41)
Net profit (loss)		(272,100.92)	470,176.99

Pethorn

_______________________Director

The accompanying notes are an integral part of the financial statements.

CHANG SOM COMPANY LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

Unit : Baht

	Notes	Paid-up share capital	Retained earnings		Total
			Appropriated	Unappropriated	
Balance as at December 31, 2018		6,000,000.00	472,030.42	2,514,784.13	8,986,814.55
Legal reserve	9	-	34,067.86	(34,067.86)	-
Dividend payment	10	-	-	(650,000.00)	(650,000.00)
Net profit for the year 2019		-	-	470,176.99	470,176.99
Balance as at December 31, 2019		6,000,000.00	506,098.28	2,300,893.26	8,806,991.54
Net loss for the year 2020		-	-	(272,100.92)	(272,100.92)
Balance as at December 31, 2020		6,000,000.00	506,098.28	2,028,792.34	8,534,890.62

______________________________ Director

The accompanying notes are an integral part of the financial statements.

CHANG SOM COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

1. GENERAL INFORMATION

Chang Som Company Limited ("the Company") is incorporated under the law of Thailand on August 23, 2002. The Company engages in rendering of transportation services which exemption from value added tax 81(1). The registered office address of the company is located at 9th floor SG Tower, 161/1 Rajdamri Road, Lumpini, Bangkok 10330, Thailand.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are prepared in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities ("TFRS for NPAEs") which are issued and promulgated by the Federation of Accounting Professions ("FAP") during 2011.

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act B.E. 2543.

The financial statements have been prepared in the Thai language and expressed in Thai Baht. Such financial statements have been prepared for domestic reporting purposes. For the convenience of the readers not conversant with the Thai language, an English version of the financial statements has been provided by translating from the Thai version of the financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

The preparation of the financial statements in conformity with TFRS for NPAEs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Subsequent actual results may differ from these estimates.

The 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, if the revision affects only that period, and in the period of the revision and future periods, if the revision affects both current and future periods.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits.

Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Equipments

Equipments are stated at cost less accumulated depreciation.

Depreciation of equipment is calculated by reference to their costs on straight-line method over the estimated useful lives of 5 years.

Loss on decline in value of assets

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of permanent decline in value. If any such indication exists, the assets' recoverable amount is estimated. The loss on decline in value of assets is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The loss decline in value of assets is recognized in the statement of income. If any such indication does not exist, the Company reverses such loss.

Trade and other accounts payable

Trade and other accounts payable are stated at cost.

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 the best estimate method.

Employee benefits

The Company recognizes salaries, wages, bonus and social security contribution as expenses on an accrual basis.

Liability for retirement of employee and other long-term employee benefits is recognized based on the best estimation at the date of reporting.

Revenue

Service income is recognized as services provided.

Interest and other income are recognized in the statement of income as it accrues.

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Expense

Payments made under operating leases are recognized in the statement of income on a straight line basis over the term of the lease.

Expense is recognized in the statement of income as it accrues.

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in statement of income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Income tax

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

4. RELATED PARTY TRANSACTIONS

The Company had business transactions with its related company which are related by shareholding or directorship. These transactions were concluded on the terms and basis stated in the relevant agreement, or as agreed by the Company.

The Company had significant business transactions with its related company for the years ended December 31, 2020 and 2019 and outstanding balance with its related company as summarized below:

	Unit : Baht	
	2020	2019
Statements of financial position		
Asian Trails Ltd.		
Trade receivable	10,408,208.00	8,618,333.00
Accrued income	-	1,025,135.00
Other payable	(1,717,944.56)	-

Patchara

	Unit : Baht	
	2020	2019
Statements of income		
Asian Trails Ltd.		
Revenue from rendering of services	5,458,750.00	23,383,641.00
(Cost of service plus certain margin)		
Rental expenses	56,250.00	90,000.00

5. TRADE AND OTHER RECEIVABLES

Trade and other receivables as at December 31, 2020 and 2019 consisted of:

	Unit : Baht	
	2020	2019
Trade receivable		
Trade receivable–related party	10,408,208.00	8,618,333.00
Total trade receivable	10,408,208.00	8,618,333.00
Other receivables		
Accrued income–related party	-	1,025,135.00
Advance payment	-	149,000.00
Revenue department receivable	-	112,452.20
Others	1,543.06	11,449.45
Total other receivables	1,543.06	1,298,036.65
Total trade and other receivables	10,409,751.06	9,916,369.65

6. EQUIPMENTS-NET

Equipments as at December 31, 2020 and 2019 consisted of:-

	Unit : Baht
	Office Equipment
Cost	
As at December 31, 2019	27,772.06
Increase	-
As at December 31, 2020	27,772.06
Accumulated Depreciation	
As at December 31, 2019	(27,766.06)
Depreciation for the year	-
As at December 31, 2020	(27,766.06)

Petcharat

	Unit : Baht
	Office Equipment
Net book value	
As at December 31, 2019	6.00
As at December 31, 2020	6.00

As at December 31, 2020 and 2019, equipment items have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 0.03 million, both of years.

7. TRADE AND OTHER PAYABLES

Trade and other payables as at December 31, 2020 and 2019 consisted of:

	Unit : Baht	
	2020	2019
Trade payables	360,096.28	1,229,136.28
Other payables		
Other payable-related party	1,717,944.56	-
Accrued expenses	70,320.45	84,888.45
Accrued withholding tax	537.56	25,726.19
Other	-	30,000.00
Total other payables	1,788,802.57	140,614.64
Total trade and other payables	2,148,898.85	1,369,750.92

8. EMPLOYEE BENEFITS OBLIGATIONS

As at December 31, 2020 and 2019, employee benefits obligation were comprised of:

	Unit : Baht	
	2020	2019
Employee benefits obligation as at January 1	278,635.26	200,681.79
Increase during the years	-	77,953.47
Repayment during the years	-	-
Total	278,635.26	278,635.26

9. LEGAL RESERVE

Under the provision of the Civil Commercial Code, the Company is required to set aside as legal reserve at least 5% of net income at each dividend distribution until the reserve reaches 10% of the authorized share capital. This reserve is not available for dividend distribution.

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In 2019 the Company has provided the legal reserve at the rate 5% of net income in the amount of Baht 34,067.86.

10. DIVIDEND PAYMENT

According to the ordinary general meeting of the shareholders No. 1/2019 held on April 9, 2019, approved to pay dividend from profit for the financial year ending December 31, 2018 for the 60,000 shares at the rate of Baht 10.83 per share, totaling of Baht 0.65 million.

11. COMMITMENT

As at December 31, 2020 and 2019, the Company has office rental agreement for its office space with a related company. The Company is committed to pay rental amount of Baht 7,500 per month.

12. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the authorized directors of the Company on January 25, 2021.

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Client's copy

Fii&Associates
towards maximum growth

Ms. Virginie Laurence KURY
General Manager

Asian Trails Co., Ltd
#22, Street 294
Sangkat Boeung Keng Kang I
Khan Chamkarmon
Phnom Penh
Kingdom of Cambodia

8 January 2021

Dear Ms. Virginie Laurence KURY,

Audit Engagement Letter

1. This Engagement Letter, together with attached General Terms and Conditions for Audit Engagement, (collectively, this "Agreement") confirms the terms and conditions upon which Fii&Associates Co., Ltd. has been engaged to audit the financial statements of Asian Trails Co., Ltd ("the Company") for the year ended 31 December 2020. The services described in this paragraph may hereafter be referred to as either the "Audit Services" or the "Services."

2. Should conditions not now anticipated preclude us from completing our audit and issuing our auditor's report (the "Report") as contemplated by this agreement, we will advise you and those charged with governance promptly and take such action as we deem appropriate.

3. The terms and conditions set out in this Agreement are effective for services performed for the annual accounting period ended 31 December 2020 and each subsequent accounting period unless otherwise agreed in writing.

Audit responsibilities and limitations

4. We will conduct our audit of the financial statements of Asian Trails Co., Ltd ("the Company"), which comprise the statement of financial position as at 31 December 2020, and the related statements of comprehensive income, changes in equity and cash flows for the year then ending, and notes comprising significant accounting policies and other explanatory information (hereafter referred as "the Financial Statements") in accordance with Cambodian International Standards on Auditing ("CISA"), as promulgated by the Royal Government of Cambodia. Those standards require that we are independent and we fulfil our other ethical responsibilities that are relevant to our audit.

5. The objectives of our audit is 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.

Diamond Twin Tower (DTT), 5th Floor, Unit 5502, Street Sopheak Mongkul
corner Street Koh Pich, Sangkat Tonle Bassac, Khan Chamkarmon, Phnom Penh, Cambodia
Tel: +855 (96) 555 1455, E-mail: info@fii-associates.com, Website: www.3e-fii.com, www.fii-associates.com

6. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISA 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.

7. As part of our audit in accordance with CISA, 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.

8. There are inherent limitations in the audit process, including, for example, the use of judgment and selective testing of data and the possibility that collusion, forgery, intentional omissions, misrepresentations, or the override of internal control, may preclude the detection of material error, fraud, or non-compliance with laws or regulations. Accordingly, there is some risk that a material misstatement of the financial statements may remain undetected. Also, an audit is not designed to detect fraud or error that is immaterial to the financial statements.

9. As part of our audit, we will also:

    a. Consider, solely for the purpose of planning our audit and determining the nature, timing, and extent of our audit procedures, the Company's internal control over financial reporting. This consideration will not be sufficient to enable us to express an opinion on the effectiveness of internal control or to identify all significant deficiencies.

    b. 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions will be 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.

    c. We will evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

    d. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions in a manner that achieves fair presentation.

10. In accordance with CISA, we will communicate certain matters related to the conduct and results of the audit to those charged with governance. Such matters include:

    - our responsibility under CISA for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance and that such an audit does not relieve management and those charged with governance of their responsibilities;

    - An overview of the planned scope and timing of the audit;

- significant findings from the audit, which include: (1) our views about the significant qualitative aspects of the Company's accounting practices, including accounting policies, accounting estimates, and financial statement disclosures; (2) significant difficulties, if any, encountered during the audit; (3) uncorrected misstatements, other than those we believe are trivial; (4) disagreements with management, if any, whether or not satisfactorily resolved; and (5) other matters, if any, arising from the audit that are, in our professional Judgment, significant and relevant to those charged with governance regarding the oversight of the financial reporting process, including significant matters in connection with the Company's related parties;

- Circumstances that affect the form and content of our Report; and

- Written representations requested from management and significant matters, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

11. If we determine that there is evidence that fraud or possible non-compliance with laws and regulations may have occurred, we will bring such matters to the attention of the appropriate level of management. If we become aware of fraud involving management or fraud involving employees who have significant roles in internal control or others where the fraud results in a material misstatement of the financial statements, we will report this matter directly to those charged with governance. We will communicate with those charged with governance matters involving non-compliance with laws and regulations that come to our attention unless they are clearly inconsequential.

12. We will communicate in writing significant deficiencies in internal control identified during the audit of the Company's financial statements.

13. We also may communicate our observations as to the potential for economies in, or improved controls over, the Company's operations.

Circumstances that affect the form and content of our Report

14. The final form and content of our Report will reflect the results of our final audit findings and conclusions. We will communicate to management and those charged with governance all circumstances affecting the final form and content of our Report.

Management's responsibilities and representations

15. Our audit will be conducted on the basis that management and where appropriate, those charged with governance, acknowledge and understand that they have responsibility:

    a. For the preparation and fair presentation of the financial statements in accordance with CIFRS for SMEs;

       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.

    b. For such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error; and

c. To provide us with:

1. Access, on a timely basis, to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;

2. Additional information that we may request from management for the purpose of the Audit, and

3. Unrestricted access to persons within the Company from whom we determine it necessary to obtain audit evidence.

Management's failure to provide us with the information referred to above or access to persons within the Company may cause us to delay our Report, modify our procedures, or even terminate our engagement.

16. Management is also responsible for adjusting the financial statements to correct misstatements identified by us and for affirming to us in its representation letter that they believe the effects of unrecorded misstatements are immaterial, individually and in aggregate, to the financial statements as a whole.

17. Management is responsible for communicating to us on a timely basis all instances of identified and suspected non-compliance with laws and regulations involving financial improprieties of which management or those charged with governance (regardless of the source or the form in which they may have been discovered or communicated to them and including, without limitation, instances identified by "whistle-blowers", employees, former employees, analysts, regulator s or others) and providing us full access to information and any internal investigations related to them. Such instances include manipulation of financial results by management or employees, intentional circumvention of internal controls, inappropriate influence on related party transactions by related parties, intentionally misleading Fii&Associates, or other identified or suspected illegal acts or fraud that could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Company. If the Company limits the information otherwise available to us under this paragraph (based on the Company's claims of attorney/client privilege, work product doctrine, or otherwise).

    The Company will immediately inform us of the fact that certain information is being withheld from us. Any such withholding of information could be considered a restriction on the scope of the audit and may prevent us from opining on the Company's financial statements; alter the form of Report we may issue on such financial statements or otherwise affect our ability to continue as the Company's independent auditors. We will disclose any such withholding of information to those charged with governance.

18. We will make specific inquiries of management about the representations contained in the financial statements. At the conclusion of the audit we will also obtain written representations from management about these matters, and that management has:

    a. fulfilled its responsibility for the preparation and fair presentation of the financial statements in accordance with CIFRS for SMEs and that all transactions have been recorded and are reflected in the financial statements; and

    b. provided us with all relevant information and access as contemplated in this Agreement. The responses to those inquiries, the written representations, and the results of our procedures comprise the evidence on which we will rely upon in forming an opinion on the financial statements.

19. The Company agrees that if the Company will distribute or publish the Financial Statements, either separately or included in another document, and the Company will indicate that the Financial Statements have been audited by us or there is a reasonable expectation of the users of the Financial Statements that the Financial Statements have been audited, the Company shall ensure that our audit report thereon will be distributed or published together with the Financial Statements. This does not remove the Company's obligation to first obtaining our consent pursuant to the section "Restrictions on Use" below.

20. If our audit report on the Financial Statements is to be included in another document to be published by the Company, the Company's management is responsible for informing us about this and the Company's management shall provide us with a draft copy of such document for our reading before such document is published. Our responsibility in relation to reading such document is described in section "Our Responsibility and Limitations of Services" above.

Key Dates

21. As agree by you, we plan where possible to conduct the audit according to the following timetable:

Audit fieldwork	11 January 2021
Draft audit report	25 February 2021
Final audit report	5 days upon receipt of management's comments

Fees and billing

22. We estimate that our fees for the Audit Services under this particular engagement, to which we will add value-added tax at the current applicable, 10%.

Description	Fees (US$)
Professional fee	4,500
Value added tax (10%)	450
Total	**4,950**

Outlays are additional and will be billed progressively on a reimbursement basis.

We shall also charge for any out-of-pocket costs such as financial reports, the extra copy from the 2 sets provided (bound -US$10/copy and draft – US$5/copy), photocopy, stationery, telephone, fax charges, courier, travelling and other incidental expenses, and for assignment outside Phnom Penh, per diem (US$20 per person per day), accommodation and air flights, if required.

We expect to invoice our fees as follows:

- 50% of the fee (with applicable VAT) upon commencement of the fieldwork; and
- 50% of the fee (with applicable outlays and VAT) upon issuance of the draft reports.

Payment is required within seven days of the receipt of invoice.

23. Our estimated pricing and schedule of performance are based upon, among other things, our preliminary review of the Company's records and the representations the Company's personnel have made to us and are dependent upon the Company's personnel providing a reasonable level of assistance. Should our assumptions with respect to these matters be incorrect or should the condition of records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimates are based, we may adjust our fees and planned completion dates. Fees for any special audit-related projects, such as proposed business combinations or research and/or consultation on special business or financial issues, will be billed separately from the fees referred to above and will be the subject of other written agreements.

24. We appreciate the opportunity to be of assistance to the Company. If this Agreement accurately reflects the terms on which the Company has agreed to engage us, please sign below on behalf of the Company and return the duplicate copy of this letter to Mr. Seng Chanthan at Fii&Associates Co., Ltd. at Diamond Twin Tower (DTT), 5th Floor, Unit S-502, Street Sopheak Monkul corner Street Koh Pich, Sangkat Tonle Bassac, Khan Chamkarmon, Phnom Penh, Kingdom of Cambodia.

Yours faithfully,

For and on behalf of Fii&Associates Co., Ltd.

Fii & Associates
Co.,Ltd

Mr. Seng Chanthan
Audit Partner

We hereby confirm our agreement to the terms of the above letter and the enclosed terms of business.

For and on behalf of **Asian Trails Co., Ltd**

ASIAN TRAILS LTD.
Virginie KURY
GENERAL MANAGER

ASIAN TRAILS CO.,LTD

Ms. Virginie Laurence KURY
General Manager

Attached: General Terms and Condition

General terms and conditions

Our relationship with you

1. We, Fii&Associates Co., Ltd., are an accounting and auditing firm registered with KICPPA (Kampuchea Institute of Certified Public Accountants and Auditor) and licensed by the National Accounting Council, Ministry of Economy and Finance (MoEF) of Cambodia and a corresponding firm of RSM international.
2. We alone will be responsible to you for the Report(s), the performance of the Service and our other obligations under this Agreement.

Your responsibilities

3. You shall be responsible for your personnel's compliance with your obligations under this Agreement.

Our reports

4. You may not rely on any draft Report.

Limitations

5. You (and any others for whom Services are provided) may not recover from us, in contract or tort, under statute or otherwise, any amount with respect to loss of profit data or goodwill, or any other consequential, incidental, indirect, punitive or special damages in connection with claims arising out of this Agreement or otherwise relating to the Services, whether or not the likelihood of such loss or damage was contemplated.
6. You (and any others for whom Services are provided) may not claim from us, in contract or tort, under statute or otherwise, the penalty in excess of the fees actually paid for the Services that directly caused the loss in connection with claims arising out of this Agreement or otherwise relating to the Services.
7. You shall make any claim relating to the Services or otherwise under this Agreement no later than 12 months from completion of the Services.
8. The limitations in Sections 6 and 7 will not apply to losses or damages caused by our fraud or willful misconduct or to the extent prohibited by applicable law or professional regulations. You agree that maximum liability of each and all Fii&Associates Persons under this Clause be limited to the amount of professional fees paid to Fii&Associates in respect of the Services and you agree to release each and all Fii&Associates Persons from all claims arising in connection with the Services to the extent that their liability in respect of such claims would exceed the amount of those professional fees.
9. With respect to any claims arising from or under this Agreement, you and Other Beneficiaries of the Services shall not bring any claim against any Fii&Associates Person other than the Fii&Associates contracting party in respect of loss or damage suffered by you or by Other Beneficiaries arising out of or in connection with the Services.
10. To the fullest extent permitted by applicable law and professional regulations. You shall indemnify us and Fii&Associates Persons against all claims by third parties (including your affiliates) and resulting liabilities, losses, damages, costs and expenses (including reasonable external and internal legal costs) arising out of, or relating to the Services or this Agreement, on behalf of yourself and your affiliates.

    You release us and our Persons from all claims and causes of action (together, "Claims"), pending or threatened, that you or they may have arising out of the Services or this Agreement to the extent such Claims result from or arise out of any misrepresentation or fraudulent act or omission by you, your employees or agents on your behalf.

Confidentiality

11. We follow professional standards of confidentiality and will treat information related to you disclosed to us by you or on your behalf ("Client Information") as set forth in the IFAC Code of Ethics Section 140.
12. Either of us may use electronic media to correspond or transmit information and such use will not in itself constitute a breach of any confidentiality obligations.
13. You agree that, if a regulatory or governmental authority responsible for auditor oversight asks or orders us to produce information or documents in our files relating to your affairs, including our working papers or other work product, we may provide these materials to it. Except where prohibited by law, we will advise you of the request or order.

General terms and conditions

14. You shall cause all of your foreign subsidiaries and affiliates included in your consolidated financial statements to provide any authorisation, to the fullest extent permissible under applicable law, to permit compliance with requests from regulatory or governmental authorities for production of documents or information in a foreign public accounting firms, associated person's or our possession. Custody and control that was obtain in the conduct of the services by such firm or person.

15. This clause shall not apply where Confidential Information properly enters the public domain.

16. This clause shall not prohibit our disclosure of Confidential Information where we wish to disclose it to our insurers or legal or other professional advisers, in which event we may do so in confidence only.

Data protection

17. We may collect, use, transfer, store or otherwise process (collectively, "Process ") Client Information that can be linked to specific individuals ("Personal Data"). We may Process Personal Data in various jurisdictions in which we operate. We will Process the Personal Data in accordance with applicable law and professional regulations. We will require any service provider that Processes Personal Data on our behalf to adhere to such requirements.

18. You warrant that you have the authority to provide the Personal Data to us in connection with the performance of the Services and that the Personal Data provided to us has been processed in accordance with applicable law.

Disclosures

19. You herewith approve for Fii&Assocates to disclose limited information regarding the Services for use when preparing proposals and general purpose marketing materials provided that when preparing proposals or general marketing materials the information provided is limited to your name and a brief description of the Services.

Your obligations

20. To enable us to perform the Services, you shall supply promptly all information and assistance and all access to documentation in your possession, custody or under your control and to personnel under your control where required by us. You shall use your best endeavours to procure these where not in your possession or custody or under your control. You shall inform us of any information or developments which may come to your notice and which might have a bearing on the Services. You shall supply information in response to our enquiries (if any) to enable us to comply with our responsibilities to make disclosures to relevant authorities in respect of money laundering or any other criminal activity that we may encounter during performance of the Services.

21. We may rely on any instructions or requests made or notices given or information supplied, whether orally or in writing, by any person whom we know to be or reasonably believe to be authorised by you to communicate with us for such purposes.

22. To the fullest extent permitted by law, we shall not be liable to you for any loss or damage suffered by you arising from fraudulent representations, misrepresentations of information or withholding of information material to the Services, irrespective of whether such fraudulent representations, misrepresentations or failure to disclose is on your part or that of other information sources, unless such fraudulent representations, misrepresentations or withholding of material information is evident to us without further enquiry.

23. You undertake that if anything occurs after information is provided by you to Fii&Assocates to render such information untrue, unfair or misleading, you will promptly notify Fii&Assocates and, if required by Fii&Assocates, take all necessary steps to correct any announcement, communication or document issued which contains, refers to or is based upon, such information.

24. You acknowledge that information made available by you, or by others on your behalf, to, or which is otherwise known by Fii&Assocates Persons who are not engaged in the provision of the Services, shall not be deemed to have been made available to the Fii&Assocates Persons who are engaged in the provision of the Services.

25. Where you require us or the nature of the Services is such that it is likely to be more efficient for us to perform work at your premises or using your computer systems or telephone networks, you shall ensure that all arrangements are made for access, security procedures, virus checks, facilities, licences or consents as may be required (without cost to us).

26. You acknowledge that we may correspond or convey documentation via email and/or the internet unless you expressly request otherwise.

General terms and conditions

27. You accept the inherent risks including the security risks of interception or of unauthorised access to such communications, the risks of corruption of such communications and the risks of viruses and other harmful devices, and that you shall perform virus checks on all communication sent to or received from Fii&Assocates or Fii&Assocates Persons.

28. If at any time you would like to discuss with us how the Services can be improved or if you have a complaint about the Services provided, you are invited to telephone the partner or director, as the case may be, identified in the Agreement. We will investigate any complaint promptly and do what we can to resolve the difficulties.

29. If the problem cannot be resolved, the parties agree to enter into mediation, or some other form of alternative dispute resolution, before commencing legal proceedings.

30. In the event of a dispute, or where fees remain unpaid beyond the due date, we reserve the right to suspend provision of the Services until such times as the dispute is resolved or the fees are paid. Suspension of the Services will not affect your obligation to pay us for Services rendered to the date of suspension.

Knowledge and conflicts

31. The Engagement Team shall not be required, expected or deemed to have knowledge of any information known to Other Fii&Associates Persons which is not known to the Engagement Team.

32. The Engagement Team shall not be required to make use of or to disclose to you any information, whether known to them personally or known to Other Fii&Associates Persons, which is confidential to another client.

33. Fii&Associates Persons may be delivering services to, or be approached to deliver services to, another party or parties who has or have interests which compete or conflict with yours (a "Conflicting Party" or "Conflicting Parties").

34. Fii&Associates Persons are and shall remain free to deliver services to Conflicting Parties, except that where the interests of the Conflicting Party conflict with yours specifically and directly in relation to the subject matter of the Services, and the Engagement Team shall not deliver services to the Conflicting Party.

35. Other Fii&Associates Persons may deliver services to the Conflicting Party where appropriate Barriers are put in place. The effective operation of such Barriers shall constitute sufficient steps to avoid any real risk of a breach of our duty of confidentiality to you.

36. We seek to identify Conflicting Parties in the circumstances set out in this clause. If you know or become aware that a Fii&Associates Person is advising or proposing to advise such a Conflicting Party, you shall inform us promptly.

37. Where a party has engaged us to deliver services before you have done so and subsequently circumstances change, we may consider that, even with Barriers operating, your interests are likely to be prejudiced and we may not be satisfied that the situation can be managed. In that event we may have to terminate the Agreement and we shall be entitled to do so on notice taking effect immediately on delivery but we shall consult you before we take that step.

Solicitation and hiring of Fii&Associates personnel

38. Our auditor independence may be impaired if you solicit or hire certain Fii&Associates' personnel. This may either delay the provision of the services or cause us to resign from the engagement. You shall not, during the term of this Agreement and for 12 months following its termination, for any reason, without our prior written consent, solicit to employ or nominate for a position on your Board of Directors or a financial reporting oversight role, or hire or appoint to your Board of Directors or a financial reporting oversight role, any professional employee of Fii&Associates who is or has been involved directly or indirectly with the performance of the services for the current or prior financial year. A person in a financial reporting oversight role exercises, or is in a position to exercise, influence over the financial statements and anyone who prepares the financial statements.

General terms and conditions

Fees and expenses generally

39. You shall pay our professional fees specific expenses in connection with the Services as detailed in the Engagement Letter. You shall also reimburse us for other reasonable expenses incurred in performing the Services. Our fees are exclusive of taxes or similar charges, as well as customs, duties or tariffs imposed in respect of the Services, all of which you shall pay (other than taxes imposed on our income generally).

40. If we are required by applicable law, legal process or government action to produce information or personnel as witnesses with respect to the services or this Agreement, you shall reimburse us for any professional time and expenses (including reasonable external and internal legal costs) incurred to respond to the request. Unless we are a party to the proceeding or the subject of the investigation.

Force majeure

41. Neither you nor we shall be liable for breach of this Agreement (other than payment obligations) caused by circumstances beyond your or our reasonable control.

Term and termination

42. This agreement applies to all Services performed at any time (including before the date of this Agreement).

43. This agreement shall terminate on the completion of the services. We may terminate this agreement or any particular Services, immediately upon written notice to you if we reasonably determine that we can no longer provide the Services in accordance with applicable law or professional obligations.

44. You shall pay us for all work-in-progress, services already performed, and expenses incurred by us up to and including the effective date of the termination of this agreement. Payment is due within 7 days following receipt of our invoice for these amounts.

Governing law and dispute resolution

45. This Agreement and any non-contractual obligations arising out of this agreement or the Services, shall be governed by, and construed in accordance with, the laws of Kingdom of Cambodia.

46. Any dispute relating to this Agreement or the Services shall be subject to the exclusive jurisdiction of a competent court of Kingdom of Cambodia or preferably through appropriate alternative Dispute Resolution channels as may be allowed under Cambodian laws and regulations, to which each of us agrees to submit for these purposes.

Miscellaneous

47. This agreement constitutes the entire agreement between us as the services and other matters it covers, and supersedes all prior agreements, understandings and representations with respect thereto, including any confidentiality agreements previously delivered.

48. Both of us may exclude this agreement (and modifications to it) by electronic means and each of us may sign a different copy of the same document. Both of us must agree in writing to modify this agreement (and any statement of work hereunder).

49. You represent that the person signing this agreement (and any statement of work hereunder) on your behalf is expressly authorised to execute it and to bind you and any of your affiliates or others for whom services are performed its terms.

50. We shall retain ownership of the copyright and all other intellectual property rights in the product of the Services, whether oral or tangible, and ownership of our working papers. You shall acquire ownership of any product of the Services in its tangible form on payment of our fees and expenses for any such product. For the purposes of delivering services to you or other clients, we and other our Persons shall be entitled to use, develop or share with each other knowledge, experience and skills of general application gained through performing the Services.

51. Neither of us may assign any of our rights, obligations or claims under this agreement.

52. If any provision of this agreement (in whole or part) is held to be illegal, invalid or otherwise unenforceable, the other provision shall remain in full force and effect.

53. If there is any inconsistency between provisions in different parts of this agreement those parts shall have precedence as follows (unless expressly agreed otherwise): (a) the Engagement Letter, (b) these General terms and Conditions, and (C) other annexes to this agreement.

General terms and conditions

54. We may use your name publicly to identify you as a client but we may refer to you in connection with the Services only if it is a matter of public knowledge to that we are providing them (or have provided them).

55. We will be provided with the access to the internet through your internal network in order to access to our system during our stay at your premises.

56. You will appreciate that the Cambodian regulations are frequently being changed, both prospectively and retrospectively. However, unless provided for in the Agreement, the Services provided will not be updated to take into account subsequent changes to regulations. We are unable to give any guarantee that our interpretation will ultimately be sustained in the event of challenge by the Cambodian authorities.

57. No variation of this Agreement will be valid unless confirmed in writing by authorised signatories of both parties on or after the date of signature of the Agreement.

58. Each clause or term of the Agreement constitutes a separate and independent provision. If any of the provisions of the Agreement are judged by any court or authority of competent jurisdiction to be void or unenforceable, the remaining provisions shall continue in full force and effect.

2020 Auditor's Report
of
ASIAN TRAILS INTERNATIONAL TRAVEL SERVICES (BEIJING) LTD.

DDKZ [2021] No. A06－001

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防伪编号:20210113A06000245

报告 文号: 鼎立会【2021】A06－001 号

委托 单位: 北京亚信国际旅行社有限公司

被审验单位名称: 北京亚信国际旅行社有限公司

事务所名称: 北京东审鼎立国际会计师事务所有限责任公司

报告 类型: 会计报表审计

签名注册会计师: 崔军胜, 宋东亚

扫一扫查询真伪

北京亚信国际旅行社有限公司

审计报告

事务所名称:北京东审鼎立国际会计师事务所有限责任公司

事务所电话:400-139-4131

事务所网址:http://www.tax861.com.cn

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Auditor's Report

DDKZ [2021] No. A06—001

To all shareholders of ASIAN TRAILS INTERNATIONAL TRAVEL SERVICES (BEIJING) LTD.,

I. Audit Opinions

We have audited the attached financial statements of ASIAN TRAILS INTERNATIONAL TRAVEL SERVICES (BEIJING) LTD. (hereinafter referred to as the Company), including the Balance Sheet as of December 31, 2020, and the Income Statement, the Cash Flow Statement and the Statement of Change in Owners' Equity for the year then ended, and the Notes to Financial Statements.

In our opinions, the attached financial statements have been prepared in accordance with the Accounting System for Business Enterprises in all significant aspects, and have given fair views on the Company's financial position as of December 31, 2020, and the operating results and cash flows for the year then ended.

II. Basis for Forming Audit Opinions

We conducted an audit in accordance with the Chinese Certified Public Accountants Auditing Standards. Our responsibilities under these Standards are further set forth in the Section "CPA's Responsibility for Auditing Financial Statements" hereunder. In accordance with the Code of Ethics for Chinese Certified Public Accountants, we are independent of the Company, and have fulfilled other responsibilities in respect of professional ethics. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinions.

Based on our audit, if we confirm that other information has material misstatement, we shall report such facts. In this respect, we have nothing to report.

IV. Responsibilities of the Management and the Executives on the Financial Statements

The Company's management (hereinafter referred to as the management) is responsible for preparing the financial statements that give fair view in accordance with the Accounting System for

Business Enterprises, and designing, executing and maintaining necessary internal control, so that the financial statements are free from material misstatement, whether due to fraud or errors.

In preparation of the financial statements, the management is responsible for evaluating the Company's ability of going concern, disclosing the matters related to going concern (if applicable), and utilizing the going concern assumptions, unless the management plans to liquidate the Company, or terminate operation or does not have any other practical choices.

The executives are responsible for supervising the process of the Company's financial reporting.

V. CPA's Responsibility for Auditing Financial Statements

Our goal is to obtain reasonable assurance as to whether the financial statements in the whole are free from material misstatement, whether due to fraud or errors, and to issue the auditor's report including the audit opinions. The reasonable assurance is at high level, but cannot guarantee that audit in line with the auditing standards will always discover certain material misstatement if any. Misstatement might be caused by fraud or errors. If it is reasonably anticipated that misstatement might independently or together affect the economic decisions made by the users of the financial statements based on the financial statements, then, it is generally assumed that the misstatement is material.

In the course of audit performed in accordance with the auditing standards, we make our professional judgment and maintain the professional skepticism. Meanwhile, we also perform the following work:

(I) To identify and evaluate the material misstatement risks of the financial statements whether due to fraud or errors, design and implement the audit procedures to cope with these risks, and obtain sufficient and appropriate audit evidences as the basis for the audit opinions. As fraud might involve collusion, forging, intentional omission or false statement or overrides the internal control, the risk in failure to discover the material misstatement due to fraud overrides the risk in failure to discover the material misstatement due to errors.

(II) To understand the audit related internal control, in order to design appropriate procedures, but not for the purpose of expressing opinions on the effectiveness of the internal control.

(III) To evaluate the appropriateness of the accounting policies used by the management, and the reasonableness of the accounting estimates and relevant disclosures made by the management.

(IV) To make conclusions on appropriateness of the going concern assumptions used by the management, and make conclusions on material uncertainty of the matters or circumstances that are likely to materially challenge the Company's ability of going concern based on the obtained audit evidences at the same time. If our conclusions hold that there is material uncertainty, the auditing standards require we remind the users of the statements of the relevant disclosures in the financial statements in our auditor's report; if the disclosures are insufficient, we should express unqualified opinions. Our conclusions are based on the information available as of the date of the auditor's report. However, the future matters or circumstances might disqualify the Company from going concern.

(V) To evaluate the overall presentation, structure and contents (including disclosures) of the financial statements, and evaluate whether the financial statements give fair view on the relevant transactions and matters.

We have communicated the planned audit scope, schedule and material audit discoveries with the executives, including the internal control defects that have been identified by us in the course of audit and should be paid attention to.

Beijing Dongshen Dingli International Certified Public Accountants Co., Ltd.

Beijing, China

January 13, 2021

Chinese CPA:

Chinese CPA:

Balance Sheet

December 31, 2020

会企01表 KQ Form 01

Prepared by: ASIAN TRAILS INTERNATIONAL TRAVEL SERVICES (BEIJING) LTD. Currency: Rmb

Assets	Notes	Year-closing balance	Year-opening balance
Current Assets:			
Cash and cash equivalents	1	2,955,519.67	8,506,396.92
Financial assets measured at fair value through profit or loss for the current period	2	-	-
Derivative financial assets	3	-	-
Notes receivable	4	-	-
Accounts receivable	5	175,993.44	4,168,795.96
Advances to suppliers	6	91,082.33	702,046.76
Other receivables	7	486,042.68	1,415,851.42
Including:Interest receivable	8	-	-
Dividend receivable	9	-	-
Other receivables	10	486,042.68	1,415,851.42
Inventories	11	-	-
Hold for sale assets	12	-	-
Non-current assets due within one year	13	-	-
Other current assets	14	140,752.70	72,605.69
Total Current Assets	15	3,849,390.82	14,865,696.75
Non-current Assets:			
Financial assets available for sale	16	-	-
Held-to-maturity investment	17	-	-
Long-term accounts receivable	18	-	-
Long-term equity investments	19	210,000.00	210,000.00
Investment Properties	20	-	-
Fixed assets at net book value	21	59,915.46	53,181.92
Including:Fixed assets at net book value	22	59,915.46	53,181.92
Fixed assets pending disposal	23	-	-
Construction in progress	24	-	-
Including:Construction in progress	25	-	-
Construction supplies	26	-	-
Live stock assets	27	-	-
Oil and gas assets	28	-	-
Intangible assets	29	169,891.57	-
Capitalized research and development expenses	30	-	-
Goodwill	31	-	-
Long-term prepaid assets	32	-	-
Deferred income tax assets	33	-	-
Other non-current assets	34	-	-
Total Non-current Assets	35	**439,807.03**	**263,181.92**
Total Assets	36	**4,289,197.85**	**15,128,878.67**

Responsible official of enterprise: **Finance employee in charge:** **Principal of Accounting Firm:**

北京东审鼎立国际会计师事务所有限责任公司

Balance Sheet

December 31, 2020

会企01表 KQ Form 01

Prepared by: ASIAN TRAILS INTERNATIONAL TRAVEL SERVICES (BEIJING) LTD. Currency: Rmb

Liabilities & Owners' Equity	Notes	Year-closing balance	Year-opening balance
Currents Liabilities:			
Short-term loans	37	-	-
Financial liabilities measured at fair value through profit or loss for the current period	38	-	-
Derivative financial liabilities	39	-	-
Including:Notes payable	40	-	-
Accounts payable	41	70,661.22	5,940,817.94
Accounts advanced from customers	42	598,861.44	1,439,861.22
Salary and wages payable	43	98,169.80	585,470.76
Taxes and dues payable	44	503.52	40,089.29
Other payables	45	981,530.89	1,286,028.21
Including:Interest payable	46	-	-
Dividend payable	47	-	-
Other payables	48	981,530.89	1,286,028.21
Held for sale debt	49	-	-
Non-current liabilities due within one year	50	-	-
Other current liabilities	51	-	-
Total Current Liabilities	52	**1,749,726.87**	**9,292,267.42**
None current liabilities:			
Long-term loans	53	-	-
Debentures payable	54	-	-
Debentures payable-Preferred Stock	55	-	-
Debentures payable-Perpetual debt	56	-	-
Payables due after one year	57	-	-
Including:Payables due after one year	58	-	-
Government grants payable	59	-	-
Provisions	60	-	-
Deferred income	61	-	-
Deferred income tax liabilities	62	-	-
Other non-current liabilities	63	-	-
Total Non-current Liabilities	64	-	-
Total Liabilities	65	**1,749,726.87**	**9,292,267.42**
Owners' Equity(or shareholder's equity):			
Paid in capital(or equity capital)	66	4,000,000.00	4,000,000.00
Other equity instruments	67	-	-
Including:Other equity instruments-Preferred Stock	68	-	-
Other equity instruments-Perpetual debt	69	-	-
Capital surplus	70	1,606.36	1,606.36
Minus:Retained stock	71	-	-
Other comprehensive income	72	-	-
Special reserve	73	-	-
Surplus reserve	74	248,500.50	248,500.50
Undistributed profit	75	-1,710,635.88	1,586,504.39
Total Owners' Equity	76	**2,539,470.98**	**5,836,611.25**
Total Liabilities & Owners' Equity	77	**4,289,197.85**	**15,128,878.67**

Responsible official of enterprise: Finance employee in charge: Principal of Accounting Firm:

Income Statement

Year 2020

会企02表 KQ Form 02

Prepared by: ASIAN TRAILS INTERNATIONAL TRAVEL SERVICES (BEIJING) LTD

Currency: Rmb

Items	Notes	Year-closing balance
I. Sales of operations	1	2,007,091.77
Less: Cost of operations	2	160,976.45
Sales tax and additions	3	5,756.03
Selling expenses	4	115,498.02
General and administrative expenses	5	5,498,206.93
Research and development expenses	6	-
Financial expenses	7	-30,963.15
Including:Interest expenses	8	-
Interest income	9	70,048.41
Add:Miscellaneous incomes	10	-
Investment income (loss expressed with "-")	11	-
Including:Income from associates and joint ventures	12	-
Income from changes in fair value (loss expressed with "-")	13	-
Impairment of assets	14	-
Disposal of assets(loss expressed with "-")	15	-
II. Operating income (loss expressed with "-")	16	**-3,742,382.51**
Add:Non-operating income	17	445,242.24
Less:Non-operating expense	18	-
III. Total income	19	**-3,297,140.27**
Less:Income tax	20	-
IV. Net income (loss expressed with "-")	21	**-3,297,140.27**
Continuous operation Profit/loss	22	-3,297,140.27
Terminate the operation Profit/loss	23	-
V. Each component of other comprehensive income, net of income tax effect	24	-
1. Other comprehensive income which will not be reclassified subsequently to profit or loss	25	-
1.1 Remeasure set benefit plan changes	26	-
1.2 Other comprehensive income that cannot be transferred to profit or loss under the equity method	27	-
……	28	-
2. Other comprehensive income which will be reclassified subsequently to profit or loss when specific conditions are met	29	-
2.1 Other comprehensive income under the equity method	30	-
2.2 Changes in fair value of financial assets available for sale	31	-
2.3 Investments held to maturity are reclassified as profits and losses of marketable financial assets	32	-
2.4 The effective part of cash flow hedging profit and loss	33	-
2.5 Translation differences arising on translation of foreign currency financial statements	34	-
……	35	-
VI. Total comprehensive earning	36	**-3,297,140.27**
VII. Earning Per Share		
1.Primary earnings per share	37	-
2.Diluted earnings per share	38	-

Legal Representative: Accounting Supervisor: Principal of Accounting Firm:

北京东审鼎立国际会计师事务所有限责任公司

Cash Flow Statement

Year 2020

会企03表 KQ Form 03

Prepared by: ASIAN TRAILS INTERNATIONAL TRAVEL SERVICES (BEIJIN   Currency: Rmb

Items	Notes	Year-closing balance
I. Cash Flows From Operating Activities		
Cash received from sale of goods or rendering of services	1	6,381,018.42
Refund of tax and levies	2	-
Other cash received relating to operating activities	3	1,158,302.67
Sub-total of cash inflows from operating activties	4	7,539,321.09
Cash paid for goods and services	5	6,630,735.59
Cash paid to and on behalf of employees	6	2,283,969.65
Payments of all types of taxes	7	76,608.29
Other cash paid relating to operating activities	8	3,716,699.12
Sub-total of cash outflows from operating activties	9	12,708,012.65
Net cash flows from operating activities	10	-5,168,691.56
II. Cash Flows From Investing Activities		
Cash received from recovery of investments	11	
Cash received from returns on investments	12	-
Net cash received from disposal of fixed assets, intangible assets & other long-term assets	13	-
Net cash from disposal of Subsidiary and other operating entitie	14	-
Other cash received relating to investing activities	15	
Sub-total of cash inflows from investing activities	16	-
Cash paid to acquire fixed assets, intangible assets & other long-term assets	17	407,463.39
Cash paid to acquire investments	18	
Net cash obtained from subsidiary and other operating entities	19	-
Other cash payments relating to investing activities	20	-
Sub-total of cash outflows from investing activities	21	407,463.39
Net cash flows from investing activities	22	-407,463.39
III.Cash Flows From Financing Activities		
Cash received from capital contribution	23	-
Cash received from borrowings	24	-
Other cash received relating to financing activities	25	-
Sub-total cash flows from financing activities	26	-
Cash repayments of amounts borrowed	27	-
Cash payments for interest expenses and distribution of dividends or profit	28	-
Other cash payments relating to financing activities	29	-
Sub-total cash flows from financing activities	30	-
Net cash flows from financing activities	31	-
IV. Effect Of Foreign Exchange Rate Changes On Cash	32	25,277.70
V. Net Increase/(Decrease) In Cash And Cash Equivalents	33	-5,550,877.25
Add：Cash and cash equivalents at the beginning of the year	34	8,506,396.92
VI.Cash and cash equivalents at the end of the year	35	2,955,519.67

北京东审鼎立国际会计师事务所有限责任公司

Legal Representative: Accounting Supervisor: Principal of Accounting Firm:

Statement of Changes in Equity

Year 2020

Prepared by: ASIAN TRAILS INTERNATIONAL TRAVEL SERVICES (BEIJING) LTD.

会企04表 KQ Form 04

Currency: Rmb

Items	Notes	Current Year										
		Paid in capital (or equity capital)	Other equity instruments			Capital surplus	Less: Treasury Stock	Other comprehensive income	Special reserve	Surplus Reserve	Undistributed Profits	Total owner's equity
			Preferred Stock	Perpetual debt	Others							
I. Closing balance last year	1	4,000,000.00	-	-	-	1,606.36	-	-	-	248,500.50	1,586,504.39	5,836,611.25
Add:Change in accounting policy	2											
Corrections of prior period errors	3											-
Others	4											-
II. Opening balance this year	5	4,000,000.00	-	-	-	1,606.36	-	-	-	248,500.50	1,586,504.39	5,836,611.25
III. Fluctuation amount this year (decrease expressed with "-")	6	-				-	-	-		-	-3,297,140.27	-3,297,140.27
1.Total comprehensive income	7										-3,297,140.27	-3,297,140.27
2.Owners' capital of input and decrease	8	-				-	-	-	-	-	-	-
2.1.Owner of the common shares	9											-
2.2.Holders of other equity instruments invested capital	10											
2.3.Shares included in the owners' equity	11											-
2.4.Others	12											-
3. Profit distribution	13	-				-	-	-	-	-	-	-
3.1.Appropriation of surplus reserve	14											-
3.2.Distribution to owners	15											-
3.3.Others	16											-
4. Internal transfer of owners' equity	17	-				-	-	-	-	-	-	-
4.1.Capital surplus to increase capital(or equity capital)	18											-
4.2.Surplus reserve to increase capital(or equity capital)	19											-
4.3.Surplus reserve making up losses	20											-
4.4.Setting up benefit plans to transfer retained Income	21											
4.5.Others	22										-	-
IV. Closing balance this year	23	4,000,000.00	-	-	-	1,606.36	-	-	-	248,500.50	-1,710,635.88	2,539,470.98

Legal Representative: Accounting Supervisor: Principal of Accounting Firm:

ASIAN TRAILS INTERNATIONAL TRAVEL SERVICES (BEIJING) LTD

Notes to Financial Statements

The year in 2020

(Unless otherwise especially specified, the amounts are stated in RMB)

Ⅰ.Company Profile

ASIAN TRAILS INTERNATIONAL TRAVEL SERVICES (BEIJING) LTD. (hereinafter referred to as the "Company") was established on September,2010, Uniform social credit code for enterprises: 91110105717884659B; Type of Company: limited liability company; Domicile: No.37 Mai Zidian Avenue, Chao yang Disteict, Beijing, China; Registered Capital: RMB 4,000,000; Paid-in Capital: RMB 4,000,000. Operation Period: 50 years; Legal Representative: Zhang Xiaolin.

Business scope: Domestic tourism business, Inbound tourism business, Conference Services (Market entities independently select business projects and carry out business activities in accordance with the law; domestic travel business, inbound travel business, and projects subject to approval in accordance with the law shall carry out business activities in accordance with the approved content after the approval of relevant departments; they shall not engage in the prohibition of national and municipal industrial policies and Operational activities of restricted projects.)

II. Basis of Preparation of the Financial Statements

1. Basis of preparation

Under the assumption of going concern, the Company recognizes and measures the actual events and transactions and prepares the financial statements in accordance with *the Accounting Standards for Business Enterprises*– Basic Standards enacted by the Ministry of Finance, 42 accounting standards, application guidelines and interpretations thereof, other relevant regulations, and the Notice of the Ministry of Finance on Revising and Printing the General Formal for the Financial Statements in 2018 (CK [2018] No.15) (hereinafter collectively referred to as the "*Accounting Standards for Business Enterprises*").

2. Going concern

The financial statements are presented based on the assumption of going concern. The Company has not engaged in any events or circumstances that challenge the Company's ability of going concern over the 12 months at the end of the reporting period.

III. Statements on Compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company conform to the requirements of the Accounting Standards for Business Enterprises, and have given true and complete views on the Company's financial position as of December 31, 2019, and other information related to operating results and cash flows for the year then ended.

IV. Significant Accounting Policies and Accounting Estimates of the Company

1. Accounting period

The Company's accounting year begins on January 1 and ends on December 31 of every Gregorian calendar year. This reporting period ends on December 31, 2020.

2. Business cycle

The normal business cycle refers to the period from the date when the Company purchases the assets for processing to the date when the cash or cash equivalents are realized. The Company counts 12 months as a normal business cycle, and regards the business cycle as the classification criteria of the liquidity of the assets and liabilities.

1. Functional currency

The Company's functional currency is Chinese Renminbi (RMB).

2. Accounting method of foreign-currency transactions

Any foreign-currency transactions are translated into the amounts in the functional currency at the spot exchange rate ruling on the transaction date. On the balance sheet date, the monetary items denominated in foreign currencies are translated at the spot exchange rate ruling on the balance sheet date, and the exchange difference is recorded in the current profit and loss. The non-monetary items denominated in foreign currencies are still translated at the spot exchange rate ruling on the transaction date. When the financial statements of overseas operation are translated, the asset and liability items in the balance sheet are translated at the spot exchange rate ruling on the balance sheet date, and the

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owners' equity item other than the "undistributed profits" item are translated at the spot exchange rate ruling when such items are incurred. The income and expense items in the income statements are translated at the spot exchange rate ruling on the transaction date (or approximate exchange rate). When the Company disposes of the overseas operation, the Company shall carry forward the translation difference of the foreign-currency financial statements that is presented under the owners' equity item in the balance sheet and related to such overseas operations to the current profit and loss of the disposal period from the owners' equity item; if the overseas operation is disposed in part, the translation difference of the foreign-currency financial statements in question shall be calculated in proportion to disposal, and carried forward to the current profit and loss.

3. Recognition criteria of the cash and cash equivalents

The Company cash and cash equivalents include the cash on hand, the cash in bank available for payment at any time, and the Company's short-term and high-liquidity investments that are readily convertible into cash of known amounts and have insignificant risks of change in value.

6. Receivables

The receivables include the accounts receivables and other receivables.

(1) Recognition criteria of the bad debt reserves

The Company assesses the carrying amounts of the accounts receivable on the balance sheet date. If there are following objective evidences that the accounts receivable are impaired, the impairment provision is calculated: ①The debtor has serious financial difficulty; ②The debtor violates the contract terms and conditions (e.g. default or overdue payment of interest or principal); ③The debtor is likely to be closed down or engages in other financial restructuring; ④There are other objective evidences that the accounts receivable are impaired.

(2) Calculation method of the bad debt reserves

① Calculation method of accounts receivable of significant single amount and single bad debt reserves: the accounts receivable of significant single amount are individually tested for impairment. If there is objective evidence that the accounts receivable are impaired, the bad debt reserves are calculated at the difference between the present value of their future cash flows and their carrying amount.

If the accounts receivable of significant single amount have not been impaired upon separate test, the bad debt reserves are calculated in combination.

②Accounts receivable of insignificant single amount and single bad debt reserves

Reasons for single calculation of the bad debt reserves	Accounts receivable involved in proceedings, and worsen client's credit status
Calculation method of the bad debt reserves	The bad debt reserves are calculated at the difference between the present value of their future cash flows and their carrying amount

③Accounts receivable whose bad debt reserves are calculated in combination

In respect of the accounts receivable that have not been impaired upon separate test (including accounts receivable of significant and insignificant single amounts), and the accounts receivables that have not been tested separately and have insignificant amount, the bad debt reserves are calculated in the combination of the following credit risk features:

Type of combination	Determination basis of combination	Calculation method of bad debt reserves in combination
Aging combination	Aging status	Aging analysis method

7. Long-term equity investments

For the purpose of this section, the long-term equity investments refer to the long-term equity investments through which the Company has control, common control or significant influence on the investee. The long-term equity investments through which the Company does not have control, common control or significant influence are recognized as the available-for-sale financial assets or the financial assets at FVTPL. See Note IV. 6 "Financial Instruments" for the accounting policies in detail.

Common control refers to the Company's control over certain arrangement in accordance with the relevant contracts, and the decisions on the related activities of such arrangements must be agreed by the participants of the control power. Significant influence is recognized when the Company has the power to participate in deciding the financial and operation policies of the investee, but does not control or jointly control with others formulation of these policies.

(1) Initial measurement of the long-term equity investments

① In respect of the business merger under common control, the carrying amounts of the owners' equity acquired from the merged party on the date of merger are the initial investment costs of the long-term equity investments. The difference between the initial investment costs of the long-term equity investments, and the carrying amounts of the cash payments, the transferred non-cash assets and the incurred liabilities eliminates the capital reserves; if the capital reserves are insufficient for offset, the retained earnings are adjusted. The direct relevant expenses incurred by merger are recognized in the current overhead expenses.

② In respect of the business merger under non-common control, the initial investment costs are the sum of the assets and liabilities paid and incurred or assumed by the acquirer, and the fair value of the equity securities issued by the acquirer. The direct relevant expenses incurred by merger are recognized in the current overhead expenses.

③ Long-term equity investments acquired by other means. The initial investment costs of the long-term equity investments acquired by cash payments are the actually paid purchase price; the initial investment costs of the long-term equity investments acquired by issuing the equity securities are the fair values of the issued equity securities; as to the long-term equity investments made by the investors, the initial investment cost is the value set out in the investment contract or agreement (deduction of the outstanding cash dividends or profits that have been announced), except that the value under the contract or agreement is unfair; to the extent that the non-monetary asset swap is of the business essential and the fair values of the swap-in assets or the swap-out assets can be measured reliably, the initial investment costs of the long-term equity investments arising from swap of the non-monetary assets are determined at the fair values of the swap-out assets, unless there is concrete evidence that the fair value of the swap-in asset is more reliable. In respect of the non-monetary asset swap that is inconsistent with the foregoing preconditions, the initial investment costs of the long-term equity investments equal to the carrying amounts of the swap-out assets and the payable taxes; in respect of the long-term equity investments arising from debt restructuring, the initial investment costs are determined at their fair values.

(2) Subsequent measurement of the long-term equity investments

The long-term equity investments in the subsidiaries are measured using the cost method.

The long-term equity investments that do not exert common control or significant influence on the investee, and do not have a quoted price in an active market, and reliable fair value are measured using the cost method.

The long-term equity investments that exert common control or significant influence on the investee are measured using the equity method.

The long-term equity investments that are subject to accounting under the cost method should be measured at the initial investment cost. The additional or returned investments shall eliminate the costs of the long-term equity investments. The cash dividends or profits announced to be distributed by the investee are recognized as the current investment income, whether the distribution of the relevant profits is the distribution of the net profits realized by the investee before or after investment.

As to the long-term equity investments under the equity method, if the initial investment costs exceed the fair value of the net identifiable assets of the investee at the time of investment, the initial investment costs of the long-term equity investments are not adjusted; if the initial investment costs are lower than the fair value of the net identifiable assets of the investee at the time of investment, the resulting difference should be recognized in the current profit and loss, and the costs of the long-term equity investments shall be adjusted at the same time. After the investor acquires the long-term equity investments, the investor shall recognize the investment gains or losses and adjust the carrying amounts of the long-term equity investments at the amounts of the net profits or losses to be shared or assumed in the investee. The investor accordingly reduces the carrying amounts of the long-term equity investments in proportion of the profits or cash dividends announced by the investee.

As to the long-term equity investments under the equity method, when the investor recognizes the net losses accrued in the investee, the carrying amounts of the long-term equity investments and other long-term equity that substantially constitutes net investments in the investee shall be written down to zero, except that the investor is obligated for the additional losses. If the investee realizes net profits subsequently, after the Company recovers the unrecognized losses with the gains sharing, the gains sharing is recognized upon recovery.

In respect of the long-term equity investments under the equity method, the investor shall adjust the carrying amounts of the long-term equity investments in connection with the changes to the owners' equity other than the net profits and losses of the investee, and recognize such changes in the owners' equity.

(3) Conversion and disposal of the long-term equity investments

When the long-term equity investments are disposed, the difference between their carrying amounts and the actual price payment shall be recognized in the current profit and loss. If the long-term equity investments under the equity method are recognized in the owners' equity due to other changes in the owners' equity than net profits and losses of the investee, the long-term equity investments that are previously recognized in the owners' equity should be reversed through profit or loss at the corresponding proportion when such investments are disposed.

8. Fixed assets

Fixed assets refer to the tangible assets that are held for the purposes of commodity production, labor service rendering, lease and operation management, and have useful life of more than one year.

(1) Initial measurement of the fixed assets

The costs of the purchased fixed asset include the purchase price, the relevant taxes, and the transportation costs, the handling charges, the installation costs and the professional service fees incurred before the fixed assets are ready for their intended use.

If payment for the purchase price of the fixed assets is delayed beyond the normal credit conditions, and is substantially of financing nature, the costs of the fixed assets are determined at the present value of the purchase price.

The costs of the self-built fixed assets are composed of the necessary expenditures incurred before such assets are ready for their intended use.

As to the fixed assets acquired by the debtors in the debt restructuring for debt repayment, their entry value is determined at their fair value, and the difference between the carrying amounts of the restructured debts and the fair value of such fixed assets for debt repayment is recognized in the current profit and loss;

(2) Subsequent measurement of the fixed assets

Depreciation method of the fixed assets: from the next month after the fixed assets are ready for their intended use, the depreciation of the fixed assets is calculated using the straight-line method over the useful life. The useful life, estimated net residual value and the annual depreciation rate of the fixed assets are as follows:

Type of asset	Useful life	Residual value rate (%)	Annual depreciation rate (%)
Office equipments	5	0．00	20.00
Electronic equipments	3-5	0．00	20.00-33.33

If the subsequent expenditures of the fixed assets meet the fixed asset recognition conditions, such expenditures shall be recognized in the costs of the fixed assets, and the carrying amounts of the replaced fixed assets shall be deducted at the same time; if the fixed asset recognition conditions are not met, such expenditures shall be recognized in the current profit and loss.

The fixed assets of the Company should be measured at the lower of the carrying amount and the recoverable amount at the end of the period. If the recoverable amount is lower than the carrying amount, the impairment provision of the fixed assets shall be calculated at the difference thereof. The impairment test method and the impairment provision calculation method of the fixed assets are set out in the Note IV. 16 “Impairment of long-term assets”.

(3) Disposal of the fixed assets

The proceeds from sale, transfer, retirement or disposal of the fixed assets, net of their carrying amounts and the relevant taxes, are recognized in the non-operating income or Proceeds from disposal of assets.

9. Intangible assets

(1) Initial measurement of the intangible assets

The costs of the purchased intangible assets include the purchase price, the relevant taxes and other expenditures directly attributable to such assets before such assets are ready for their intended use.

Intangible assets from the investors. The costs of the intangible assets from the investors shall be determined at the amount as set out in the investment contracts or agreements. If the amount under the investment contracts or agreements is unfair, the initial costs shall be the fair value of the intangible assets.

The acquired land use rights are generally recognized as the intangible assets. As to the self-built plants and buildings, the relevant land use right expenditures and the construction costs of the buildings are recognized as the intangible assets and the fixed assets respectively. In case of acquired houses and buildings, then the relevant prices are allocated between the land use rights and the buildings. If it is hard to make allocation, all prices shall be recognized as the fixed assets.

(2) Subsequent measurement of the intangible assets

The amortized amounts of the intangible assets of limited useful life shall be systematically and reasonably amortized over the useful life in the anticipated realization manner of the economic benefits related to such intangible assets. If it is impossible to determine the anticipated realization manner, the intangible assets shall be amortized using the straight-line method.

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The Company will test the intangible assets of indefinite useful life for impairment during each accounting period. If, upon impairment test, the intangible assets are impaired, then the corresponding impairment provisions shall be calculated.

(3) Disposal of the intangible assets

When the intangible assets are sold, the difference between the proceeds from sale and the carrying amounts of such intangible assets is recognized in the current profit and loss.

(4) Research and development expenditures

The Company's expenditures for the internal R&D projects are composed of the expenditures at the research stage and the expenditures at the development stage.

The expenditures at the research stage are recognized in the current profit and loss on accrual.

The expenditures at the development stage are recognized as the intangible assets when the following conditions are met. The expenditures at the development stage that are inconsistent with the following conditions are recognized in the current profit and loss:

Such intangible assets are completed, so that it is technologically feasible to use or sell such intangible assets;

The Company has intention to complete and use or sell such intangible assets;

The economic benefit generating mode of the intangible assets includes proving that the products made of such intangibles are marketable or the intangible assets have a market; if the intangible assets are used internally, the availability could be proved;

There are sufficient technological and financial resources and other resources to support development of such intangible assets, and the Company has ability to use or sell such intangible assets;

The expenditures of such intangible assets at the development stage can be measured reliably.

If the expenditures at the research stage and the expenditures at the development stage cannot be distinguished, the incurred R&D expenditures are recognized in the current profit and loss in full.

The impairment test method and the impairment provision calculation method of the intangible assets

The impairment test method and the impairment provision calculation method of the intangible assets are set out in the Note IV. 10 "Impairment of long-term assets".

10. Impairment of the long-term assets

As to the fixed assets, the construction in process, the intangible assets of limited useful life, the investment real estate measured at cost, the long-term equity investments in the subsidiaries, joint venture and associated enterprises, and other non-current non-financial assets, the Company judges whether there is impairment sign on the balance sheet date. If there is impairment sign, then their recoverable amount is estimated, and the impairment test is performed. The goodwill, the intangible assets of indefinite useful life, and the intangible assets that have not been ready for intended use are tested for impairment every year whether there is impairment sign or not.

If the impairment test results indicate that the recoverable amount of the assets is lower than their carrying amounts, the impairment provision is calculated at the resulting difference, and the difference is recognized in the impairment loss. The recoverable amount is the higher of the fair value of an asset net of the disposal expenses, and the present value of the estimated future cash flows of such asset. The fair value of an asset is determined at the price under the sales agreement in the arm's length transaction; if there is no sales agreement but there is active market, the fair value is determined at the purchase price of the buyer of such assets; in absence of both the sales agreement and the active market, the fair value of the asset may be estimated based on the best available information. The disposal expenses include the legal costs, the relevant taxes and the handling costs related to disposal of the assets, and the direct expenses incurred before such asset is ready for its intended use. The present value of the estimated future cash flows of the assets is determined by discounting the estimated future cash flows of the assets in the process of continuous use and final disposal at the appropriate discount rate. The asset impairment provision is calculated and determined based on the single asset. If it is hard to estimate the recoverable amount of the single asset, the recoverable amount of the asset group in which such asset is incorporated is determined. The asset group is the minimum asset combination that can independently generate cash inflows.

In respect of the goodwill that is independently stated in the financial statements, at the time of impairment test, the carrying amount of the goodwill is amortized to the asset group or the asset group combination that benefits from the synergistic effect of the business merger. If the test results indicate that the recoverable amount of the asset group or the asset group combination to which the goodwill is amortized is lower than their carrying amount, then the corresponding impairment loss is recognized. The impairment loss amount firstly eliminates the carrying amount of the goodwill amortized to such asset group or the asset group combination, and then eliminates the carrying amounts of other assets in proportion to the carrying amounts of other assets than goodwill in the asset group or the asset group combination.

Once the aforesaid asset impairment losses are recognized, the recovered value shall not be reversed during the subsequent periods.

11. Employee remuneration

The employee remuneration mainly includes short-term remuneration, post-separation benefits, dismissal benefits and [other long-term employee benefits].

The short-term remuneration mainly includes salary, bonus, allowances and subsidies, employee welfare expenses, medical insurance premium, maternity insurance premium, work-related injury insurance premium, housing provident fund, trade union dues and employee education funds, and non-monetary benefits. The Company recognizes the short-term remuneration payable during the accounting period when the employees offer services as liabilities, and records such remuneration in the current profit and loss or the costs of the relevant assets. The non-monetary benefits are measured at the fair value.

The post-separation benefits mainly include the basic pension insurance, the unemployment insurance and the annuity, etc. The post-separation benefit plans include the defined contribution plan. If the defined contribution plan is used, the corresponding payable amounts are recognized in the costs of the relevant assets or the current profit and loss on accrual. [The specific defined benefit plan of the Company is [described based on the actual situation]. The independent actuary engaged by the Company estimates the relevant demographic variable and financial variable using the expected accumulative benefit unit method under the unbiased and consistent actuarial assumptions, to measure the obligations arising from the defined benefit plan, and determine the period of the relevant obligations. On the balance sheet date, the Company presents the obligations arising from the defined benefit plan at the present value, and recognizes the current service costs in the current profit and loss.]

If the Company terminates the labor relationship with the employees before the labor contracts expire, or give compensations to the employees in order to encourage them to accept downsizing voluntarily, the employee remuneration liabilities incurred by dismissal benefits are recognized through profit or loss when the Company is unable to withdraw the dismissal benefits given for termination of the labor relationship or downsizing proposal unilaterally, or the Company recognizes the costs of the restructuring involving payment of the dismissal benefits, whichever is earlier. However, if it is anticipated that the dismissal benefits cannot be paid in full in 12 months at the end of the annual report period, such dismissal benefits are recognized as other long-term employee remunerations.

The employee internal retirement plan is subject to the same principles of the aforesaid dismissal benefits. The Company recognizes the salaries and the social insurance expenses for the internally retired personnel from the date when they stop providing services to the regular retirement date in the current profit and loss (dismissal benefits) when the recognition conditions of the estimated liabilities are met.

If other long-term employee benefits provided by the Company to the employees are consistent with the defined contribution plan, accounting is subject to the defined contribution plan. Otherwise, accounting is subject to the defined benefit plan.

12. Borrowing expenses

(1) Recognition principles of the borrowing expenses

Any borrowing expenses incurred by the Company that are directly attributable to acquisition, construction or production of qualifying assets are capitalized and added to the costs of those assets; other borrowing expenses are recognized as expenditures through profit or loss when they arise.

The qualifying assets refer to the fixed assets, investment real estate and inventories that are necessarily take a substantial period of time for acquisition, construction or production activities to get ready for their intended use or sale.

(2) Capitalization period of the borrowing expenses

① Commencement of capitalization: when the conditions are met, the interest on the special loans, amortization of the discount or premium and the exchange difference are capitalized: 1) The capital expenditures have been incurred; 2) The borrowing expenses have been incurred; and 3) The necessary acquisition and construction activities to get the assets ready for their intended use have been started.

② Suspension of capitalization: if the acquisition and construction activities of the fixed assets are abnormally interrupted, and the interruption exceeds 3 months or more, capitalization of the borrowing expenses is suspended, and is recognized as the current expenses, until the acquisition and construction activities of the assets are restarted.

③ Stopping of capitalization: when the acquired and constructed fixed assets are ready for their intended use, capitalization of the borrowing expenses is stopped.

(3) Determination of the capitalized amount of the loan interest

If the loans are especially used for acquisition, construction or production of the qualifying assets, the capitalized amount shall be determined at the actual interest expenses of the special loans, net of the interest income from deposit of the unused loans in the bank or the investment income from temporary investments of the loans.

If the general loans are used for acquisition, construction or production of the qualifying assets, the Company shall calculate and determine the interest amounts of the general loans that should be capitalized at the product of the excesses of the accumulated asset expenditures over the weighted asset expenditure means of the special loans multiplied by the capitalization rate of the general loans.

(4) Disposal of the foreign-currency loans

During the capitalization period, the exchange difference of the principal and interest of the special loans denominated in foreign currencies shall be capitalized. The exchange difference arising from the principal and interest of other foreign-currency loans than the special loans denominated in foreign currencies shall be recognized in the financial expenses through profit or loss.

13. Estimated liabilities

(1) Recognition principles

When the business related to external guarantee, pending proceeding or arbitration, product quality guarantee, downsizing plan, loss contract, restructuring obligations, fixed asset retirement obligations and other contingencies meets the following conditions, the Company recognizes it as liabilities:

① The obligations are the present obligations of the Company;

② Fulfillment of such obligation probably results in outflow of the economic benefits from the Company; and

③ The amount of such obligation can be measured reliably

(2) Measuring method

The estimated liabilities are initially measured at the best estimated amount of the necessary expenditures incurred for fulfillment of the relevant present obligations.

The best estimated amounts are subject to the following provisions:

① If the necessary expenditures have a continuous scope (or range), and the probability of various results in this range is the same, then, the best estimated amount is determined at the mean within this range, that is the average amount of the upper limit and the lower limit.

② If the necessary expenditures does not have a continuous scope (or range), or although there is a continuous range, but the probability of various results in this range is different, to the extent that the contingencies involve single item, then the best estimated amount is determined at the most possible amount; to the extent that the contingencies involve several items, then the best estimated amount is determined based on the possible results and the relevant probability.

14.Income

The Company recognizes the operating income, credits to the accounts at the realized income amount, and records in the current profit and loss according to the following provisions.

The operating income from sale of commodities are recognized when the Company has transferred the significant risks and rewards in the ownership of the commodities to the buyer; the Company does not exert continuous management power and actual control over such commodities; the relevant income has been received or the receipt has been obtained, and the costs related to sale of such commodities can be measured reliably.

In respect of labor services (excluding long-term contracts), ①if the labor services are started and completed in the same year, the income from the labor services is recognized when the labor services have been provided, and the consideration has been received or the receipt has been obtained; ②if the labor services are started and completed in different years, the income from the labor services is recognized using the completion percentage method when the total revenue of the labor contract and the completion progress of the labor services can be determined reliably; the price related to the transaction can be flowed into the Company, and the incurred costs and the possible expenses of the labor services can be measured reliably.

The income from transfer of the use right of the asset is recognized using the accrual method by taking into account the chargeable time under the relevant contracts and agreements.

The interest income is calculated and determined at the effective interest rate by taking into account the time of the Company's monetary capital spent by others.

15. Government subsidies

The government subsidies are the monetary assets or the non-monetary assets received by the Company from the governments at no cost, but exclude the capital invested by the governments in the capital of investor with entitlement for the corresponding owners' equity. The government subsidies are composed of the asset related government subsidies and the income related government subsidies.

If the government subsidies are monetary assets, such subsidies are measured at the received or receivable amount. If the government subsidies are non-monetary assets, such subsidies are measured at fair value. If the fair value is non-reliable, the subsidies are measured at nominal amount. The government subsidies measured at nominal amount are directly recognized in current profit and loss.

The government subsidies related to assets are recognized as deferred income, and allocated through profit or loss at average over the useful life of the relevant assets. The income related government subsidies are subject to the following accounting as appropriate:

① The income-related government subsidies are recognized as deferred income if such subsidies are used for repaying the relevant expenses and losses during the subsequent periods, and recorded in current profit and loss during the period when the relevant expenses are recognized;

② If the income related government subsidies are used for repaying the relevant expenses and losses that have been incurred, such subsidies are directly recorded in current profit and loss.

The government subsidies related to both assets and income shall be subject to accounting respectively if such government subsidies could be distinguished. If it is hard to distinguish the asset related government subsidies and the income related government subsidies, such government subsidies are classified as the income related government subsidies as a whole.

The government subsidies related to the daily activities of the Company are included in other income or eliminate the relevant costs and expenses based on the substance of the economic business; the government subsidies irrelevant to the daily activities are included in the non-operating revenue and expenditures.

16. Accounting method of the corporate income tax

The method of balance sheet debt is used to calculate the enterprise income tax expenses. The temporary differences of taxable and deductible are determined according to the time differences of tax clubs. The permanent differences of tax clubs are included in the current income tax expenses.

Final settlement method: prepaid on a quarterly basis, and finally settled at the end of the year.

VI. Changes to Significant Accounting Policies and Accounting Estimates, and Correction of Significant Accounting Errors

1. Changes to the accounting policies

During the reporting period, the Company does not involve any changes to the accounting policies.

2. Changes to accounting estimates

During this reporting period, the Company has not made any changes to the accounting estimates.

3. Significant accounting errors

During the reporting period, the Company has not engaged in correction of any significant accounting errors.

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VI. Taxes

1. Main tax items and tax rate:

Tax item	Tax rate

VAT	6%
Urban construction tax	7%
Educational surtax	3%
Local educational surtax	2%
Corporate income tax	25%
Individual income tax	---

Tax preferences policy

In accordance with Article 28 of the Law of the People's Republic of China on Enterprise Income Tax, Article 92 of the Implementation Regulations on the Law of the People's Republic of China on Enterprise Income Tax, and the Notice of the Ministry of Finance and the State Administration of Taxation on Expanding the Preferential Enterprise Income Tax Policy for Small Low-profit Enterprises (CS [2018] No.77), and the Announcement of the State Administration of Taxation on Implementation Relevant Collection and Management Issues in relation to Further Expansion of the Preferential Enterprise Income Tax Policy for Small Low-profit Enterprises (SAT Announcement No.40/2018), the Company is entitled to the preferential tax policy that "from January 1, 2018 to December 31, 2020, the ceiling of the annual taxable profits of the small low-profit enterprises is increased to RMB 1 million to RMB 500,000. If the small low-profit enterprises earn annual taxable profits lower than RMB 1 million (inclusive), the profits are recognized in the taxable profits by 50%, and the enterprise income tax is paid at the tax rate of 20%".

VII. Notes on Major Items of Accounting Statements

1. Monetary capital

Item	Year-closing balance	Year-opening balance
Cash	25,649.28	17,844.37
Cash in bank	1,929,870.39	5,488,552.55
Other monetary capital	1,000,000.00	3,000,000.00

Total	2,955,519.67	8,506,396.92

2. Accounts receivable

Item	Year-closing balance	Year-opening balance
Account receivable balance	175,993.44	4,168,795.96
Bad debt provision	0.00	0.00
Net accounts receivable	175,993.44	4,168,795.96

（1）Classification of accounts receivable

Item	Year-closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Percentage	
Accounts receivable with significant single amount and separate provision for bad debts	0.00	0.00%	0.00	0.00%	0.00
Accounts receivable with provision for bad debts according to the combination of credit risk characteristics	175,993.44	100.00%	0.00	0.00%	175,993.44
Among them: aging combination	175,993.44	100.00%	0.00	0.00%	175,993.44
Accounts receivable with insignificant single amount but with separate	0.00	0.00%	0.00	0.00%	0.00

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Item	Year-closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Percentage	
provision for bad debts					
Total	175,993.44	100.00%	0.00	0.00%	175,993.44

Item	Year-opening balance				
	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Percentage	
Accounts receivable with significant single amount and separate provision for bad debts	0.00	0.00%	0.00	0.00%	0.00
Accounts receivable with provision for bad debts according to the combination of credit risk characteristics	4,168,795.96	100.00%	0.00	0.00%	4,168,795.96
Among them: aging combination	4,168,795.96	100.00%	0.00	0.00%	4,168,795.96
Accounts receivable with insignificant single amount but with separate provision for bad debts	0.00	0.00%	0.00	0.00%	0.00
Total	4,168,795.96	100.00%	0.00	0.00%	4,168,795.96

(2) Aging analysis

Aging	Year-closing balance			Year-opening balance		
	Amount	Percentage	Bad debt reserves	Amount	Percentage	Bad debt reserves
Within 1 year	73,500.44	41.76%	0.00	4,168,795.96	100.00%	0.00
1-2 years	102,493.00	58.24%	0.00	0.00	0.00%	0.00
Total	175,993.44	100.00%	0.00	4,168,795.96	100.00%	0.00

(3) Details of the debtors

Name of Company	Year-closing balance	Percentage in accounts receivable	Nature of payments
Airontour S.R.L.	71,730.60	40.76%	1-2 years
I Viaggi Del Delfino	47,817.80	27.17%	Within 1 year
Total	119,548.40	67.93%	---

(4) The aggregate year-closing balance of the top 2 debtors accounts for 67.93% of the year-closing balance of the accounts receivable.

3. Prepayments

（1）Aging analysis

Aging	Year-closing balance		Year-opening balance	
	Amount	Bad debt reserves	Amount	Bad debt reserves
Within 1 year	91,082.33	100.00%	702,046.76	100.00%
Total	91,082.33	100.00%	702,046.76	100.00%

（2）Details of the debtors:

Name of Company	Year-closing balance	Percentage in prepayments	Nature of prepayments
Duck De Chine	50,000.00	54.90%	Within 1 year
Brickyard	20,669.00	22.69%	Within 1 year
new office rental deposit	20,413.33	22.41%	Within 1 year
Total	91,082.33	100.00%	---

The total year-end balance of the above units accounts for 100% of the year-closing balance of prepayments.

4. Other receivables

Item	Year-closing balance	Year-opening balance
Interest receivable	0.00	0.00
Dividends receivable	0.00	0.00
Other receivables	486,042.68	1,415,851.42
Total	486,042.68	1,415,851.42

Other receivables

(1) Classification of Other receivables

Item	Year-closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Percentage	
Accounts receivable with significant single amount and separate provision for bad debts	0.00	0.00%	0.00	0.00%	0.00

Item	Year-closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Percentage	
Accounts receivable with provision for bad debts according to the combination of credit risk characteristics	486,042.68	100.00%	0.00	0.00%	486,042.68
Among them: aging combination	396,042.68	81.48%	0.00	0.00%	396,042.68
Related party loans	90,000.00	18.52%	0.00	0.00%	90,000.00
Combination of deposit and guarantee amount	0.00	0.00%	0.00	0.00%	0.00
Accounts receivable with insignificant single amount but with separate provision for bad debts	0.00	0.00%	0.00	0.00%	0.00
Total	486,042.68	100.00%	0.00	0.00%	486,042.68

Item	Year-opening balance				
	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Percentage	
Accounts receivable with significant single amount and separate provision for bad	0.00	0.00%	0.00	0.00%	0.00

Item	Year-opening balance				
	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Percentage	
debts					
Accounts receivable with provision for bad debts according to the combination of credit risk characteristics	1,415,851.42	100.00%	0.00	0.00%	1,415,851.42
Among them: aging combination	131,157.84	9.26%	0.00	0.00%	131,157.84
Related party loans	1,090,000.00	76.99%	0.00	0.00%	1,090,000.00
Combination of deposit and guarantee amount	194,693.58	13.75%	0.00	0.00%	194,693.58
Accounts receivable with insignificant single amount but with separate provision for bad debts	0.00	0.00	0.00	0.00%	0.00
Total	1,415,851.42	100.00%	0.00	0.00%	1,415,851.42

(2) Aging analysis

Aging	Year-closing balance			Year-opening balance		
	Amount	Percentage	Bad debt reserves	Amount	Percentage	Bad debt reserves
Within 1 year	486,042.68	100.00%	0.00	1,415,851.42	100.00%	0.00
Total	486,042.68	100.00%	0.00	1,415,851.42	100.00%	0.00

(3) Classification of other receivables by nature

Item	Year-closing balance	Year-opening balance
Current payment	486,042.68	1,221,157.84
Deposit margin	0.00	194,693.58
Total	486,042.68	1,415,851.42
Bad debt provision	0.00	0.00
Net bal of Other receivable	486,042.68	1,415,851.42

5. Other current assets

Item	Year-closing balance	Year-opening balance
Income tax to be returned	0.00	36,139.44
Overpaid VAT	140,752.70	36,466.25
Total	140,752.70	72,605.69

6. Long-term equity investments

Item	Shareholding percentage	Year-opening balance	Increase of this period	Decrease of this period	Year-closing balance
ATC Travel Services (Beijing) Ltd.	70.00%	210,000.00	0.00	0.00	210,000.00
Total	---	210,000.00	0.00	0.00	210,000.00

7. Fixed assets

Type	Year-closing balance	Year-opening balance
Fixed assets	59,915.46	53,181.92
Fixed assets cleaning	0.00	0.00
Total	59,915.46	53,181.92

Type	Year-opening balance	Increase of this period	Decrease of this period	Year-closing balance
Original value of fixed assets	---	---	---	---
Office furniture	34,251.00	0.00	0.00	34,251.00
Electronic equipment	276,102.79	31,000.00	0.00	307,102.79
Total	310,353.79	31,000.00	0.00	341,353.79
Accumulated depreciation	---	---	---	---
Office furniture	31,820.42	2,430.58	0.00	34,251.00
Electronic equipment	225,351.45	21,835.88	0.00	247,187.33
Total	257,171.87	24,266.46	0.00	281,438.33
Net value	53,181.92	---	---	59,915.46

8. Intangible assets

Type	Year-opening balance	Increase of this period	Decrease of this period	Year-closing balance
Original value of intangible assets	---	---	---	---
Software	0.00	376,463.39	0.00	376,463.39
Total	0.00	376,463.39	0.00	376,463.39
Accumulated amortization	---	---	---	---
Software	0.00	206,571.82	0.00	206,571.82
Total	0.00	206,571.82	0.00	206,571.82

Net value	0.00	---	---	169,891.57

9. Accounts payable

Aging	Year-closing balance		Year-opening balance	
	Amount	Percentage	Amount	Percentage
Accounts payable-related parties	34,837.40	49.30%	97,548.01	1.64%
Accounts Payable-Third Party	35,823.82	50.70%	5,843,269.93	98.36%
Total	70,661.22	100.00%	5,940,817.94	100.00%

10. Advance collections

Aging	Year-closing balance		Year-opening balance	
	Amount	Percentage	Amount	Percentage
Advance payment-tour group service fee	598,861.44	100.00%	1,439,861.22	100.00%
Total	598,861.44	100.00%	1,439,861.22	100.00%

11. Payroll payable

Item	Year-opening balance	Year-closing balance
Wages Payable and Employee Bonus	585,470.76	98,169.80
Total	585,470.76	98,169.80

12. Taxes and dues payable

Item	Year-closing balance	Year-opening balance

Individual income tax	0.00	23,711.52
Stamp duty	0.00	1,855.35
Withholding and paying taxes	503.52	14,522.42
Total	503.52	40,089.29

13. Other payables

Item	Year-closing balance	Year-opening balance
Interest payable	0.00	0.00
Dividends payable	0.00	585,000.00
Other payables	981,530.89	701,028.21
Total	981,530.89	1,286,028.21

（2）Dividends payable

Item	Year-closing balance	Year-opening balance
Dividends payable	0.00	585,000.00
Total	0.00	585,000.00

（2）Other payables

Aging	Year-closing balance		Year-opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	1,069,279.90	100.00%	701,028.21	100.00%
Total	1,069,279.90	100.00%	701,028.21	100.00%

14. Paid-in capital (or equity capital)

Name of shareholder	Year-opening balance	Increase of this period	Decrease of this period	Year-closing balance
ASIAN TRAILS HOLDING	4,000,000.00	0.00	0.00	4,000,000.00

北京东审鼎立国际会计师事务所有限责任公司

LTD.				
Total	4,000,000.00	0.00	0.00	4,000,000.00

15. Capital reserves

Item	Year-opening balance	Increase of this period	Decrease of this period	Year-closing balance
Capital reserves	1,606.36	0.00	0.00	1,606.36
Total	1,606.36	0.00	0.00	1,606.36

16. Surplus reserves

Type	Year-opening balance	Increase of this period	Decrease of this period	Year-closing balance
Surplus reserves	248,500.50	0.00	0.00	248,500.50
Total	248,500.50	0.00	0.00	248,500.50

17. Undistributed profits

Item	Year-closing balance
Opening undistributed profits	1,586,504.39
Plus: adjustment to the opening undistributed profits	0.00
Opening undistributed profits after adjustment	0.00
Plus: net profits of this period	-3,297,140.27
Less: withdrawal of statutory surplus reserves	0.00
Withdrawal of discretionary surplus reserves	0.00
Dividends payable for ordinary shares	0.00
Conversion of ordinary share dividends into capital stock	0.00
Closing undistributed profits	-1,710,635.88

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18. Operating income and operating costs

Item	Accrual of this year	
	Income	Cost
Principal activities	2,007,091.77	160,976.45
Total	2,007,091.77	160,976.45

19. Taxes and additional

Item	Accrual of this year
Taxes and additional	5,756.03
Total	5,756.03

20. Sales costs

Item	Accrual of this year
Sales costs	115,498.02
Total	115,498.02

21. Administrative costs

Item	Accrual of this year
Administrative costs	5,498,206.93
Total	5,498,206.93

22. Financial Expenses

Item	Accrual of this year
Interest expenditures	0.00
Less: interest income	70,048.41
Exchange losses	25,277.70
Less: exchange gains	0.00
Handling charges	13,807.56

Total	-30,963.15

23. Non-operating income

Item	Accrual of this year
Subsidy	445,242.24
Total	445,242.24

VIII. Supplementary Information of the Cash Flow Statements

Supplementary information	Amount of this year
1.Convert net profits into cash flows of operating activities:	
Net profits	-3,297,140.27
Plus: asset impairment provision	0.00
Depreciation of fixed assets, oil and gas assets and productive biological assets	24,266.46
Amortization of intangible assets	206,571.82
Amortization of long-term deferred expenses	0.00
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains indicated with "-")	0.00
Losses from retirement of fixed assets (gains indicated with "-")	0.00
Losses from change in fair value (gains indicated with "-")	0.00
Financial expenses (gains indicated with "-")	25,277.70
Investment losses (income indicated with "-")	0.00
Decrease in deferred income tax assets (increase indicated with "-")	0.00
Increase in deferred income tax liabilities (decrease indicated with "-")	0.00
Decrease in inventories (increase indicated with "-")	0.00
Decrease in operating accounts receivable (increase indicated with "-")	5,397,281.67
Increase in operating accounts payable (decrease indicated with "-")	-7,524,948.94

Supplementary information	Amount of this year
Others	0.00
Net cash flows from operating activities	-5,168,691.56
2.Investment and financing activities without cash receipts and payments:	
Conversion of debts into capital	0.00
Convertible bonds due within one year	0.00
Fixed assets under financing lease	0.00
3.Net increase in cash and cash equivalents	
Closing balance of cash	2,955,519.67
Less: opening balance of cash	8,506,396.92
Plus: closing balance of cash equivalents	0.00
Less: opening balance of cash equivalents	0.00
Net increase in cash and cash equivalents	-5,550,877.25

IX. Related Parties and Related Party Transactions

(I) Related parties

1. Shareholders of the Company

Name of related party	Shareholding percentage in the Company	Voting power percentage in the Company
ASIAN TRAILS HOLDING LTD.	100.00%	100.00%

2. Subsidiaries of the Company

Name of subsidiary	Total shareholding percentage of the Company	Aggregate voting power percentage of the Company
ATC Travel Services (Beijing) Ltd.	70.00%	70.00%

北京东审鼎立国际会计师事务所有限责任公司

3. Related parties without control relationship

Name of Company	Relationship with the Company
Asian Trails Thailand	Controlled by the same parent company
Asian Trails Ltd.	Controlled by the same parent company
Travel Circle Mauritius	Controlled by the same parent company
Asian Trails Malaysia	Controlled by the same parent company
Zhang Xiaolin	Corporate

X. Contingencies

As of December 31, 2020, the Company has not involved in any pending litigations, external guarantee and other contingencies that shall be disclosed.

XI. Commitments

As of December 31, 2020, the Company has not made any commitments that shall be disclosed.

XII. Non-adjustment Events after the Balance Sheet Date

As of January 13, 2021 (date of the auditor's report), the Company has not engaged in any matters that shall be disclosed after the balance sheet date.

XIII. Other Important Matters

As of December 31, 2020, the Company has not engaged in any other important matters that shall be disclosed.

XIV. Approval for Publishing of the Accounting Statements

The accounting statements have been approved to be published by the Company's Board of Directors (Board of Shareholders) on January 13, 2021.

Asian Trails International Travel Services (Beijing) Ltd.

January 13, 2021

THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
中国注册会计师协会

姓 名 Full name	崔军胜
性 别 Sex	男
出生日期 Date of birth	1978.05.15
工作单位 Working unit	上海荣审会计师事务所有限责任公司
身份证号码 Identity card No.	410603197805152010

北京东审鼎立国际会计师事务所有限责任公司 1101080257427

证书编号：110000192378
No. of Certificate

批准注册协会：上海市注册会计师协会
Authorized Institute of CPAs

发证日期：二〇〇三 年 七 月 二十三 日
Date of Issuance /y /m /d

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年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

姓名：崔军胜
证书编号：110000192378

年 /y 月 /m 日 /d

9

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出 上海荣审
Agree the holder to be transferred from

事务所
CPAs

转出协会盖章
Stamp of the transfer-out Institute of CPAs

2014年 8月 7日
/y /m /d

同意调入
Agree the holder to be transferred to

北京 东审鼎立国际
注册会计师 转所专用章
BEIJING INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

事务所
CPAs

转入协会盖章
Stamp of the transfer-in Institute of CPAs

2014年 5月 3日
/y /m /d

10

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

事务所
CPAs

转出协会盖章
Stamp of the transfer-out Institute of CPAs

年 /y 月 /m 日 /d

同意调入
Agree the holder to be transferred to

事务所
CPAs

转入协会盖章
Stamp of the transfer-in Institute of CPAs

年 /y 月 /m 日 /d

11

姓　　名 Full name：宋东亚
性　　别 Sex：男
出生日期 Date of birth：1990-10-16
工作单位 Working unit：北京东审会计师事务所(普通合伙)
身份证号码 Identity card No.：411403199010165810

北京东审鼎立国际会计师事务所有限责任公司 1101080257427

THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
中国注册会计师协会

姓名：宋东亚
证书编号：110003950016

证书编号：No. of Certificate 110003950016

批准注册协会：Authorized Institute of CPAs 北京注册会计师协会

发证日期：Date of Issuance 2018年/y 02 月/m 23 日/d

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年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

年/y 月/m 日/d

5

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

事务所 CPAs

转出协会盖章
Stamp of the transfer-out Institute of CPAs
2018 年/y 11 月/m 27 日/d

同意调入
Agree the holder to be transferred to

事务所 CPAs

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Stamp of the transfer-in Institute of CPAs
2018 年/y 11 月/m 2 日/d

10

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

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同意调入
Agree the holder to be transferred to

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年/y 月/m 日/d

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会计师事务所

执业证书

名　　称：	北京东审鼎立国际会计师事务所有限责任公司
主任会计师：	崔军胜
办公场所：	北京市海淀区知春路113号B座16层1606室
组织形式：	有限责任
会计师事务所编号：	11000491
注册资本(出资额)：	110万元
批准设立文号：	京财会[2006]2908号
批准设立日期：	2006-12-22

证书序号：NO. 019630

说　明

1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。

2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。

3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。

4、会计师事务所终止，应当向财政部门交回《会计师事务所执业证书》。

仅供审计报告使用

发证机关：北京市财政局

二〇一[illegible]年　五月十八日

中华人民共和国财政部制

统一社会信用代码

91110108797552224X0

营业执照

（副 本）(1-1)

扫描二维码登录“国家企业信用信息公示系统”了解更多登记、备案、许可、监管信息

名　　称　北京东审鼎立国际会计师事务所有限责任公司

类　　型　有限责任公司(自然人投资或控股)

法定代表人　崔军胜

经营范围　审查企业会计报表、出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关的报告；基本建设年度财务决算审计；代理记帐；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其它业务。（市场主体依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事国家和本市产业政策禁止和限制类项目的经营活动。）

注册资本　110万元

成立日期　2006年12月27日

营业期限　2006年12月27日 至 2056年12月26日

住　　所　北京市海淀区知春路113号1幢17层2006-1

仅供审计报告使用

登记机关

北京市海淀区市场监督管理局

2020年07月28日

国家企业信用信息公示系统网址：http://www.gsxt.gov.cn

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制

2020 Auditor's Report
of
ATC Travel Services (Beijing) Ltd.
DDKZ [2021] No. A06－002

Contents

防伪编号:20210113A06000246

报告 文号: 鼎立会【2021】A06－002 号

委托 单位: 北京道成国际旅行社有限公司

被审验单位名称: 北京道成国际旅行社有限公司

事务所名称: 北京东审鼎立国际会计师事务所有限责任公司

报告 类型: 会计报表审计

签名注册会计师: 崔军胜,宋东亚

扫一扫查询真伪

北京道成国际旅行社有限公司

审计报告

事务所名称:北京东审鼎立国际会计师事务所有限责任公司

事务所电话:400-139-4131

事务所网址:http://www.tax861.com.cn

关注东审财税

通讯地址：北京市海淀区知春路 113 号银网中心 B 座 20 层/北京市东城区崇文门外大街 9 号正仁大厦 11-12 层/北京市朝阳区琨莎中心 3 座 3 层

Auditor's Report

DDKZ [2021] No. A06－002

To all shareholders of ATC Travel Services (Beijing) Ltd.,

I. Audit Opinions

We have audited the attached financial statements of ATC Travel Services (Beijing) Ltd. (hereinafter referred to as the Company), including the Balance Sheet as of December 31, 2020, and the Income Statement, the Cash Flow Statement and the Statement of Change in Owners' Equity for the year then ended, and the Notes to Financial Statements.

In our opinions, the attached financial statements have been prepared in accordance with the Accounting System for Business Enterprises in all significant aspects, and have given fair views on the Company's financial position as of December 31, 2020, and the operating results and cash flows for the year then ended.

II. Basis for Forming Audit Opinions

We conducted an audit in accordance with the Chinese Certified Public Accountants Auditing Standards. Our responsibilities under these Standards are further set forth in the Section "CPA's Responsibility for Auditing Financial Statements" hereunder. In accordance with the Code of Ethics for Chinese Certified Public Accountants, we are independent of the Company, and have fulfilled other responsibilities in respect of professional ethics. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinions.

Based on our audit, if we confirm that other information has material misstatement, we shall report such facts. In this respect, we have nothing to report.

IV. Responsibilities of the Management and the Executives on the Financial Statements

北京东审鼎立国际会计师事务所有限责任公司

The Company's management (hereinafter referred to as the management) is responsible for preparing the financial statements that give fair view in accordance with the Accounting System for Business Enterprises, and designing, executing and maintaining necessary internal control, so that the financial statements are free from material misstatement, whether due to fraud or errors.

In preparation of the financial statements, the management is responsible for evaluating the Company's ability of going concern, disclosing the matters related to going concern (if applicable), and utilizing the going concern assumptions, unless the management plans to liquidate the Company, or terminate operation or does not have any other practical choices.

The executives are responsible for supervising the process of the Company's financial reporting.

V. CPA's Responsibility for Auditing Financial Statements

Our goal is to obtain reasonable assurance as to whether the financial statements in the whole are free from material misstatement, whether due to fraud or errors, and to issue the auditor's report including the audit opinions. The reasonable assurance is at high level, but cannot guarantee that audit in line with the auditing standards will always discover certain material misstatement if any. Misstatement might be caused by fraud or errors. If it is reasonably anticipated that misstatement might independently or together affect the economic decisions made by the users of the financial statements based on the financial statements, then, it is generally assumed that the misstatement is material.

In the course of audit performed in accordance with the auditing standards, we make our professional judgment and maintain the professional skepticism. Meanwhile, we also perform the following work:

(I) To identify and evaluate the material misstatement risks of the financial statements whether due to fraud or errors, design and implement the audit procedures to cope with these risks, and obtain sufficient and appropriate audit evidences as the basis for the audit opinions. As fraud might involve collusion, forging, intentional omission or false statement or overrides the internal control, the risk in failure to discover the material misstatement due to fraud overrides the risk in failure to discover the material misstatement due to errors.

(II) To understand the audit related internal control, in order to design appropriate procedures, but not for the purpose of expressing opinions on the effectiveness of the internal control.

(III) To evaluate the appropriateness of the accounting policies used by the management, and the reasonableness of the accounting estimates and relevant disclosures made by the management.

(IV) To make conclusions on appropriateness of the going concern assumptions used by the management, and make conclusions on material uncertainty of the matters or circumstances that are likely to materially challenge the Company's ability of going concern based on the obtained audit evidences at the same time. If our conclusions hold that there is material uncertainty, the auditing standards require we remind the users of the statements of the relevant disclosures in the financial statements in our auditor's report; if the disclosures are insufficient, we should express unqualified opinions. Our conclusions are based on the information available as of the date of the auditor's report. However, the future matters or circumstances might disqualify the Company from going concern.

(V) To evaluate the overall presentation, structure and contents (including disclosures) of the financial statements, and evaluate whether the financial statements give fair view on the relevant transactions and matters.

We have communicated the planned audit scope, schedule and material audit discoveries with the executives, including the internal control defects that have been identified by us in the course of audit and should be paid attention to.

Beijing Dongshen Dingli International Certified Public Accountants Co., Ltd.

Beijing, China

January 13, 2021

Chinese CPA:

Chinese CPA:

Balance Sheet

December 31, 2020

会企01表 KQ Form 01

Prepared by: ATC Travel Services (Beijing) Ltd.

Currency: Rmb

Assets	Notes	Year-closing balance	Year-opening balance
Current Assets:			
Cash and cash equivalents	1	521,388.83	1,780,951.50
Financial assets measured at fair value through profit or loss for the current period	2	-	-
Derivative financial assets	3	-	-
Notes receivable	4	-	-
Accounts receivable	5	8,226.90	-
Advances to suppliers	6	3,562.00	7,200.00
Other receivables	7	83,610.70	40,837.70
Including:Interest receivable	8	-	-
Dividend receivable	9	-	-
Other receivables	10	83,610.70	40,837.70
Inventories	11	-	-
Hold for sale assets	12	-	-
Non-current assets due within one year	13	-	-
Other current assets	14	-	-
Total Current Assets	15	616,788.43	1,828,989.20
Non-current Assets:			
Financial assets available for sale	16	-	-
Held-to-maturity investment	17	-	-
Long-term accounts receivable	18	-	-
Long-term equity investments	19	-	-
Investment Properties	20	-	-
Fixed assets at net book value	21	-	-
Including:Fixed assets at net book value	22	-	-
Fixed assets pending disposal	23	-	-
Construction in progress	24	-	-
Including:Construction in progress	25	-	-
Construction supplies	26	-	-
Live stock assets	27	-	-
Oil and gas assets	28	-	-
Intangible assets	29	3,750.00	11,250.00
Capitalized research and development expenses	30	-	-
Goodwill	31	-	-
Long-term prepaid assets	32	-	-
Deferred income tax assets	33	-	-
Other non-current assets	34	-	-
Total Non-current Assets	35	**3,750.00**	**11,250.00**
Total Assets	36	**620,538.43**	**1,840,239.20**

北京东审鼎立国际会计师事务所有限责任公司

Responsible official of enterprise: **Finance employee in charge:** **Principal of Accounting Firm:**

Balance Sheet

December 31, 2020

会企01表 KQ Form 01

Prepared by: ATC Travel Services (Beijing) Ltd.

Currency: Rmb

Liabilities & Owners' Equity	Notes	Year-closing balance	Year-opening balance
Currents Liabilities:			
Short-term loans	37	-	-
Financial liabilities measured at fair value through profit or loss for the current period	38	-	-
Derivative financial liabilities	39	-	-
Including:Notes payable	40	-	-
Accounts payable	41	-	297,015.64
Accounts advanced from customers	42	87,346.00	-
Salary and wages payable	43	4,659.00	6,541.00
Taxes and dues payable	44	-	21,651.78
Other payables	45	210,981.09	69,914.32
Including:Interest payable	46	-	-
Dividend payable	47	-	-
Other payables	48	210,981.09	69,914.32
Held for sale debt	49	-	-
Non-current liabilities due within one year	50	-	-
Other current liabilities	51	-	-
Total Current Liabilities	52	**302,986.09**	**395,122.74**
None current liabilities:			
Long-term loans	53	-	1,000,000.00
Debentures payable	54	-	-
Debentures payable-Preferred Stock	55	-	-
Debentures payable-Perpetual debt	56	-	-
Payables due after one year	57	-	-
Including:Payables due after one year	58	-	-
Government grants payable	59	-	-
Provisions	60	-	-
Deferred income	61	-	-
Deferred income tax liabilities	62	-	-
Other non-current liabilities	63	-	-
Total Non-current Liabilities	64	-	**1,000,000.00**
Total Liabilities	65	**302,986.09**	**1,395,122.74**
Owners' Equity(or shareholder's equity):			
Paid in capital(or equity capital)	66	300,000.00	300,000.00
Other equity instruments	67	-	-
Including:Other equity instruments-Preferred Stock	68	-	-
Other equity instruments-Perpetual debt	69	-	-
Capital surplus	70	-	-
Minus:Retained stock	71	-	-
Other comprehensive income	72	-	-
Special reserve	73	-	-
Surplus reserve	74	14,511.65	14,511.65
Undistributed profit	75	3,040.69	130,604.81
Total Owners' Equity	76	**317,552.34**	**445,116.46**
Total Liabilities & Owners' Equity	77	**620,538.43**	**1,840,239.20**

Responsible official of enterprise: Finance employee in charge: Principal of Accounting Firm:

Income Statement

Year 2020

会企02表 KQ Form 02

Prepared by: ATC Travel Services (Beijing) Ltd. Currency: Rmb

Items	Notes	Year-closing balance
I. Sales of operations	1	1,177,647.87
Less: Cost of operations	2	960,147.61
Sales tax and additions	3	-
Selling expenses	4	-
General and administrative expenses	5	346,185.18
Research and development expenses	6	-
Financial expenses	7	-1,120.80
Including:Interest expenses	8	-
Interest income	9	4,668.10
Add:Miscellaneous incomes	10	-
Investment income (loss expressed with "-")	11	-
Including:Income from associates and joint ventures	12	-
Income from changes in fair value (loss expressed with "-")	13	-
Impairment of assets	14	-
Disposal of assets(loss expressed with "-")	15	-
II. Operating income (loss expressed with "-")	16	**-127,564.12**
Add:Non-operating income	17	-
Less:Non-operating expense	18	-
III. Total income	19	**-127,564.12**
Less:Income tax	20	-
IV. Net income (loss expressed with "-")	21	**-127,564.12**
Continuous operation Profit/loss	22	-127,564.12
Terminate the operation Profit/loss	23	-
V. Each component of other comprehensive income, net of income tax effect	24	-
1. Other comprehensive income which will not be reclassified subsequently to profit or loss	25	-
1.1 Remeasure set benefit plan changes	26	-
1.2 Other comprehensive income that cannot be transferred to profit or loss under the equity method	27	-
......	28	-
2. Other comprehensive income which will be reclassified subsequently to profit or loss when specific conditions are met	29	-
2.1 Other comprehensive income under the equity method	30	-
2.2 Changes in fair value of financial assets available for sale	31	-
2.3 Investments held to maturity are reclassified as profits and losses of marketable financial assets	32	-
2.4 The effective part of cash flow hedging profit and loss	33	-
2.5 Translation differences arising on translation of foreign currency financial statements	34	-
......	35	-
VI. Total comprehensive earning	36	**-127,564.12**
VII. Earning Per Share		
1.Primary earnings per share	37	-
2.Diluted earnings per share	38	-

Representative: Accounting Supervisor: Principal of Accounting

北京东审鼎立国际会计师事务所有限责任公司

Cash Flow Statement

Year 2020

会企03表 KQ Form 03

Prepared by: ATC Travel Services (Beijing) Ltd. Currency: Rmb

Items	Notes	Year-closing balance
I. Cash Flows From Operating Activities		
Cash received from sale of goods or rendering of services	1	2,478,890.88
Refund of tax and levies	2	-
Other cash received relating to operating activities	3	102,952.77
Sub-total of cash inflows from operating activties	4	2,581,843.65
Cash paid for goods and services	5	2,464,092.10
Cash paid to and on behalf of employees	6	69,515.70
Payments of all types of taxes	7	377.34
Other cash paid relating to operating activities	8	307,421.18
Sub-total of cash outflows from operating activties	9	2,841,406.32
Net cash flows from operating activities	10	-259,562.67
II. Cash Flows From Investing Activities		
Cash received from recovery of investments	11	
Cash received from returns on investments	12	-
Net cash received from disposal of fixed assets, intangible assets & other long-term assets	13	-
Net cash from disposal of Subsidiary and other operating entitie	14	-
Other cash received relating to investing activities	15	
Sub-total of cash inflows from investing activities	16	-
Cash paid to acquire fixed assets, intangible assets & other long-term assets	17	-
Cash paid to acquire investments	18	
Net cash obtained from subsidiary and other operating entities	19	-
Other cash payments relating to investing activities	20	-
Sub-total of cash outflows from investing activities	21	-
Net cash flows from investing activities	22	-
III.Cash Flows From Financing Activities		
Cash received from capital contribution	23	-
Cash received from borrowings	24	-
Other cash received relating to financing activities	25	-
Sub-total cash flows from financing activities	26	-
Cash repayments of amounts borrowed	27	1,000,000.00
Cash payments for interest expenses and distribution of dividends or profit	28	-
Other cash payments relating to financing activities	29	-
Sub-total cash flows from financing activities	30	1,000,000.00
Net cash flows from financing activities	31	-1,000,000.00
IV. Effect Of Foreign Exchange Rate Changes On Cash	32	
V. Net Increase/(Decrease) In Cash And Cash	33	-1,259,562.67
Add: Cash and cash equivalents at the beginning of the year	34	1,780,951.50
VI.Cash and cash equivalents at the end of the year	35	521,388.83

Legal Representative: Accounting Supervisor: Principal of Accounting Firm:

Statement of Changes in Equity

Year 2020

Prepared by: ATC Travel Services (Beijing) Ltd.

会企04表 KQ Form 04

Currency: Rmb

Items	Notes	Current Year										
		Paid in capital (or equity capital)	Other equity instruments			Capital surplus	Less: Treasury Stock	Other comprehensive income	Special reserve	Surplus Reserve	Undistributed Profits	Total owner's equity
			Preferred Stock	Perpetual debt	Others							
I. Closing balance last year	1	300,000.00	-	-	-	-	-	-	-	14,511.65	130,604.81	445,116.46
Add:Change in accounting policy	2											
Corrections of prior period errors	3											-
Others	4											-
II. Opening balance this year	5	300,000.00	-	-	-	-	-	-	-	14,511.65	130,604.81	445,116.46
III. Fluctuation amount this year (decrease expressed with "-")	6	-				-	-	-		-	-127,564.12	-127,564.12
1.Total comprehensive income	7										-127,564.12	-127,564.12
2.Owners' capital of input and decrease	8	-				-	-	-	-	-	-	-
2.1.Owner of the common shares	9											-
2.2.Holders of other equity instruments invested capital	10											
2.3.Shares included in the owners' equity	11											-
2.4.Others	12											-
3. Profit distribution	13	-				-	-	-	-	-	-	-
3.1.Appropriation of surplus reserve	14											-
3.2.Distribution to owners	15											-
3.3.Others	16											-
4. Internal transfer of owners' equity	17	-				-	-	-	-	-	-	-
4.1.Capital surplus to increase capital(or equity capital)	18											-
4.2.Surplus reserve to increase capital(or equity capital)	19											-
4.3.Surplus reserve making up losses	20											-
4.4.Setting up benefit plans to transfer retained Income	21											
4.5.Others	22										-	-
IV. Closing balance this year	23	300,000.00	-	-	-	-	-	-	-	14,511.65	3,040.69	317,552.34

Legal Representative: Accounting Supervisor: Principal of Accounting Firm:

北京东審鼎立國际会计師事务所有限責任公司

ATC Travel Services (Beijing) Ltd.

Notes to Financial Statements

The year in 2020

(Unless otherwise especially specified, the amounts are stated in RMB)

Ⅰ.Company Profile

ATC Travel Services (Beijing) Ltd. (hereinafter referred to as the "Company") was established on February 26, 2019, Uniform social credit code for enterprises: 91110105MA01HE2K5Q; Type of Company: limited liability company; Domicile: No.37 Mai Zi Dian Avenue, Chao yang Disteict, Beijing, China ; Registered Capital: RMB 300,000; Paid-in Capital: RMB 300,000. Operation Period: unspecified expiration date; Legal Representative: Zhang Xiaolin.

Business scope: Domestic tourism business, Inbound tourism business, Economic and Trade Consulting, Tourist information consultation, Organize exhibition activities, Conference Services, Organize cultural and artistic exchange activities (Excluding performance), Domestic travel business, Technology Import and Export, Agent import and export.(Market entities independently select business projects and carry out business activities in accordance with the law; domestic travel business, inbound travel business, and projects subject to approval in accordance with the law shall carry out business activities in accordance with the approved content after the approval of relevant departments; they shall not engage in the prohibition of national and municipal industrial policies and Operational activities of restricted projects.)

II. Basis of Preparation of the Financial Statements

1. Basis of preparation

Under the assumption of going concern, the Company recognizes and measures the actual events and transactions and prepares the financial statements in accordance with *the Accounting Standards for Business Enterprises*– Basic Standards enacted by the Ministry of Finance, 42 accounting standards, application guidelines and interpretations thereof, other relevant regulations, and the Notice of the Ministry of Finance on Revising and Printing the General Formal for the Financial Statements in 2018

(CK [2018] No.15) (hereinafter collectively referred to as the "*Accounting Standards for Business Enterprises*").

2. Going concern

The financial statements are presented based on the assumption of going concern. The Company has not engaged in any events or circumstances that challenge the Company's ability of going concern over the 12 months at the end of the reporting period.

III. Statements on Compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company conform to the requirements of the Accounting Standards for Business Enterprises, and have given true and complete views on the Company's financial position as of December 31, 2019, and other information related to operating results and cash flows for the year then ended.

IV. Significant Accounting Policies and Accounting Estimates of the Company

1. Accounting period

The Company's accounting year begins on January 1 and ends on December 31 of every Gregorian calendar year. This reporting period ends on December 31,2020.

2. Business cycle

The normal business cycle refers to the period from the date when the Company purchases the assets for processing to the date when the cash or cash equivalents are realized. The Company counts 12 months as a normal business cycle, and regards the business cycle as the classification criteria of the liquidity of the assets and liabilities.

1.Functional currency

The Company's functional currency is Chinese Renminbi (RMB).

2.Accounting method of foreign-currency transactions

Any foreign-currency transactions are translated into the amounts in the functional currency at the spot exchange rate ruling on the transaction date. On the balance sheet date, the monetary items denominated in foreign currencies are translated at the spot exchange rate ruling on the balance sheet date, and the exchange difference is recorded in the current profit and loss. The non-monetary items denominated in foreign currencies are still translated at the spot exchange rate ruling on the transaction date. When the financial statements of overseas operation are translated, the asset and liability items in the balance sheet are translated at the spot exchange rate ruling on the balance sheet date, and the owners' equity item other than the "undistributed profits" item are translated at the spot exchange rate ruling when such items are incurred. The income and expense items in the income statements are translated at the spot exchange rate ruling on the transaction date (or approximate exchange rate). When the Company disposes of the overseas operation, the Company shall carry forward the translation difference of the foreign-currency financial statements that is presented under the owners' equity item in the balance sheet and related to such overseas operations to the current profit and loss of the disposal period from the owners' equity item; if the overseas operation is disposed in part, the translation difference of the foreign-currency financial statements in question shall be calculated in proportion to disposal, and carried forward to the current profit and loss.

1.Recognition criteria of the cash and cash equivalents

The Company cash and cash equivalents include the cash on hand, the cash in bank available for payment at any time, and the Company's short-term and high-liquidity investments that are readily convertible into cash of known amounts and have insignificant risks of change in value.

6. Receivables

The receivables include the accounts receivables and other receivables.

(1) Recognition criteria of the bad debt reserves

The Company assesses the carrying amounts of the accounts receivable on the balance sheet date. If there are following objective evidences that the accounts receivable are impaired, the impairment provision is calculated: ①The debtor has serious financial difficulty; ②The debtor violates the contract terms and conditions (e.g. default or overdue payment of interest or principal); ③The debtor is likely to be closed down or engages in other financial restructuring; ④There are other objective evidences that the accounts receivable are impaired.

(2) Calculation method of the bad debt reserves

Calculation method of accounts receivable of significant single amount and single bad debt reserves: the accounts receivable of significant single amount are individually tested for impairment. If there is objective evidence that the accounts receivable are impaired, the bad debt reserves are calculated at the difference between the present value of their future cash flows and their carrying amount.

If the accounts receivable of significant single amount have not been impaired upon separate test, the bad debt reserves are calculated in combination.

Accounts receivable of insignificant single amount and single bad debt reserves

Reasons for single calculation of the bad debt reserves	Accounts receivable involved in proceedings, and worsen client's credit status
Calculation method of the bad debt reserves	The bad debt reserves are calculated at the difference between the present value of their future cash flows and their carrying amount

Accounts receivable whose bad debt reserves are calculated in combination

In respect of the accounts receivable that have not been impaired upon separate test (including accounts receivable of significant and insignificant single amounts), and the accounts receivables that have not been tested separately and have insignificant amount, the bad debt reserves are calculated in the combination of the following credit risk features:

Type of combination	Determination basis of combination	Calculation method of bad debt reserves in combination
Aging combination	Aging status	Aging analysis method

7. Fixed assets

Fixed assets refer to the tangible assets that are held for the purposes of commodity production, labor service rendering, lease and operation management, and have useful life of more than one year.

(1) Initial measurement of the fixed assets

The costs of the purchased fixed asset include the purchase price, the relevant taxes, and the transportation costs, the handling charges, the installation costs and the professional service fees incurred before the fixed assets are ready for their intended use.

If payment for the purchase price of the fixed assets is delayed beyond the normal credit conditions, and is substantially of financing nature, the costs of the fixed assets are determined at the present value of the purchase price.

The costs of the self-built fixed assets are composed of the necessary expenditures incurred before such assets are ready for their intended use.

As to the fixed assets acquired by the debtors in the debt restructuring for debt repayment, their entry value is determined at their fair value, and the difference between the carrying amounts of the restructured debts and the fair value of such fixed assets for debt repayment is recognized in the current profit and loss;

(2) Subsequent measurement of the fixed assets

Depreciation method of the fixed assets: from the next month after the fixed assets are ready for their intended use, the depreciation of the fixed assets is calculated using the straight-line method over the useful life.

If the subsequent expenditures of the fixed assets meet the fixed asset recognition conditions, such expenditures shall be recognized in the costs of the fixed assets, and the carrying amounts of the replaced fixed assets shall be deducted at the same time; if the fixed asset recognition conditions are not met, such expenditures shall be recognized in the current profit and loss.

The fixed assets of the Company should be measured at the lower of the carrying amount and the recoverable amount at the end of the period. If the recoverable amount is lower than the carrying amount, the impairment provision of the fixed assets shall be calculated at the difference thereof. The impairment test method and the impairment provision calculation method of the fixed assets are set out in the Note IV.9 “Impairment of long-term assets”.

(3) Disposal of the fixed assets

The proceeds from sale, transfer, retirement or disposal of the fixed assets, net of their carrying amounts and the relevant taxes, are recognized in the non-operating income or Proceeds from disposal of assets.

8. Intangible assets

(1) Initial measurement of the intangible assets

The costs of the purchased intangible assets include the purchase price, the relevant taxes and other expenditures directly attributable to such assets before such assets are ready for their intended use.

Intangible assets from the investors. The costs of the intangible assets from the investors shall be determined at the amount as set out in the investment contracts or agreements. If the amount under the investment contracts or agreements is unfair, the initial costs shall be the fair value of the intangible assets.

The acquired land use rights are generally recognized as the intangible assets. As to the self-built plants and buildings, the relevant land use right expenditures and the construction costs of the buildings are recognized as the intangible assets and the fixed assets respectively. In case of acquired houses and buildings, then the relevant prices are allocated between the land use rights and the buildings. If it is hard to make allocation, all prices shall be recognized as the fixed assets.

(2) Subsequent measurement of the intangible assets

The amortized amounts of the intangible assets of limited useful life shall be systematically and reasonably amortized over the useful life in the anticipated realization manner of the economic benefits related to such intangible assets. If it is impossible to determine the anticipated realization manner, the intangible assets shall be amortized using the straight-line method.

The Company will test the intangible assets of indefinite useful life for impairment during each accounting period. If, upon impairment test, the intangible assets are impaired, then the corresponding impairment provisions shall be calculated.

(3) Disposal of the intangible assets

When the intangible assets are sold, the difference between the proceeds from sale and the carrying amounts of such intangible assets is recognized in the current profit and loss.

(4) Research and development expenditures

The Company's expenditures for the internal R&D projects are composed of the expenditures at the research stage and the expenditures at the development stage.

The expenditures at the research stage are recognized in the current profit and loss on accrual.

The expenditures at the development stage are recognized as the intangible assets when the following conditions are met. The expenditures at the development stage that are inconsistent with the following conditions are recognized in the current profit and loss:

Such intangible assets are completed, so that it is technologically feasible to use or sell such intangible assets;

The Company has intention to complete and use or sell such intangible assets;

The economic benefit generating mode of the intangible assets includes proving that the products made of such intangibles are marketable or the intangible assets have a market; if the intangible assets are used internally, the availability could be proved;

There are sufficient technological and financial resources and other resources to support development of such intangible assets, and the Company has ability to use or sell such intangible assets;

The expenditures of such intangible assets at the development stage can be measured reliably.

If the expenditures at the research stage and the expenditures at the development stage cannot be distinguished, the incurred R&D expenditures are recognized in the current profit and loss in full.

(5) The impairment test method and the impairment provision calculation method of the intangible assets

The impairment test method and the impairment provision calculation method of the intangible assets are set out in the Note IV. 9 "Impairment of long-term assets".

9. Impairment of the long-term assets

As to the fixed assets, the construction in process, the intangible assets of limited useful life, the investment real estate measured at cost, the long-term equity investments in the subsidiaries, joint venture and associated enterprises, and other non-current non-financial assets, the Company judges whether there is impairment sign on the balance sheet date. If there is impairment sign, then their recoverable amount is estimated, and the impairment test is performed. The goodwill, the intangible assets of indefinite useful life, and the intangible assets that have not been ready for intended use are tested for impairment every year whether there is impairment sign or not.

If the impairment test results indicate that the recoverable amount of the assets is lower than their carrying amounts, the impairment provision is calculated at the resulting difference, and the difference is recognized in the impairment loss. The recoverable amount is the higher of the fair value of an asset net of the disposal expenses, and the present value of the estimated future cash flows of such asset. The fair value of an asset is determined at the price under the sales agreement in the arm's length transaction; if there is no sales agreement but there is active market, the fair value is determined at the purchase price of the buyer of such assets; in absence of both the sales agreement and the active market, the fair value of the asset may be estimated based on the best available information. The disposal expenses include the legal costs, the relevant taxes and the handling costs related to disposal of the assets, and the direct expenses incurred before such asset is ready for its intended use. The present value of the estimated future cash flows of the assets is determined by discounting the estimated future cash flows of the assets in the process of continuous use and final disposal at the appropriate discount rate. The asset impairment provision is calculated and determined based on the single asset. If it is hard to estimate the recoverable amount of the single asset, the recoverable amount of the asset group in which such asset is incorporated is determined. The asset group is the minimum asset combination that can independently generate cash inflows.

In respect of the goodwill that is independently stated in the financial statements, at the time of impairment test, the carrying amount of the goodwill is amortized to the asset group or the asset group combination that benefits from the synergistic effect of the business merger. If the test results indicate that the recoverable amount of the asset group or the asset group combination to which the goodwill is amortized is lower than their carrying amount, then the corresponding impairment loss is recognized. The impairment loss amount firstly eliminates the carrying amount of the goodwill amortized to such asset group or the asset group combination, and then eliminates the carrying amounts of other assets in proportion to the carrying amounts of other assets than goodwill in the asset group or the asset group combination.

Once the aforesaid asset impairment losses are recognized, the recovered value shall not be reversed during the subsequent periods.

10. Employee remuneration

The employee remuneration mainly includes short-term remuneration, post-separation benefits, dismissal benefits and [other long-term employee benefits].

The short-term remuneration mainly includes salary, bonus, allowances and subsidies, employee welfare expenses, medical insurance premium, maternity insurance premium, work-related injury insurance premium, housing provident fund, trade union dues and employee education funds, and non-monetary benefits. The Company recognizes the short-term remuneration payable during the accounting period when the employees offer services as liabilities, and records such remuneration in the current profit and loss or the costs of the relevant assets. The non-monetary benefits are measured at the fair value.

The post-separation benefits mainly include the basic pension insurance, the unemployment insurance and the annuity, etc. The post-separation benefit plans include the defined contribution plan. If the defined contribution plan is used, the corresponding payable amounts are recognized in the costs of the relevant assets or the current profit and loss on accrual. [The specific defined benefit plan of the Company is [described based on the actual situation]. The independent actuary engaged by the Company estimates the relevant demographic variable and financial variable using the expected accumulative benefit unit method under the unbiased and consistent actuarial assumptions, to measure the obligations arising from the defined benefit plan, and determine the period of the relevant obligations. On the balance sheet date, the Company presents the obligations arising from the defined benefit plan at the present value, and recognizes the current service costs in the current profit and loss.]

If the Company terminates the labor relationship with the employees before the labor contracts expire, or give compensations to the employees in order to encourage them to accept downsizing voluntarily, the employee remuneration liabilities incurred by dismissal benefits are recognized through profit or loss when the Company is unable to withdraw the dismissal benefits given for termination of the labor relationship or downsizing proposal unilaterally, or the Company recognizes the costs of the restructuring involving payment of the dismissal benefits, whichever is earlier. However, if it is anticipated that the dismissal benefits cannot be paid in full in 12 months at the end of the annual report period, such dismissal benefits are recognized as other long-term employee remunerations.

The employee internal retirement plan is subject to the same principles of the aforesaid dismissal benefits. The Company recognizes the salaries and the social insurance expenses for the internally retired personnel from the date when they stop providing services to the regular retirement date in the current profit and loss (dismissal benefits) when the recognition conditions of the estimated liabilities are met.

If other long-term employee benefits provided by the Company to the employees are consistent with the defined contribution plan, accounting is subject to the defined contribution plan. Otherwise, accounting is subject to the defined benefit plan.

11. Borrowing expenses

(1) Recognition principles of the borrowing expenses

Any borrowing expenses incurred by the Company that are directly attributable to acquisition, construction or production of qualifying assets are capitalized and added to the costs of those assets; other borrowing expenses are recognized as expenditures through profit or loss when they arise.

The qualifying assets refer to the fixed assets, investment real estate and inventories that are necessarily take a substantial period of time for acquisition, construction or production activities to get ready for their intended use or sale.

(2) Capitalization period of the borrowing expenses

Commencement of capitalization: when the conditions are met, the interest on the special loans, amortization of the discount or premium and the exchange difference are capitalized: 1) The capital expenditures have been incurred; 2) The borrowing expenses have been incurred; and 3) The necessary acquisition and construction activities to get the assets ready for their intended use have been started.

Suspension of capitalization: if the acquisition and construction activities of the fixed assets are abnormally interrupted, and the interruption exceeds 3 months or more, capitalization of the borrowing expenses is suspended, and is recognized as the current expenses, until the acquisition and construction activities of the assets are restarted.

Stopping of capitalization: when the acquired and constructed fixed assets are ready for their intended use, capitalization of the borrowing expenses is stopped.

(3) Determination of the capitalized amount of the loan interest

If the loans are especially used for acquisition, construction or production of the qualifying assets, the capitalized amount shall be determined at the actual interest expenses of the special loans, net of the interest income from deposit of the unused loans in the bank or the investment income from temporary investments of the loans.

If the general loans are used for acquisition, construction or production of the qualifying assets, the Company shall calculate and determine the interest amounts of the general loans that should be capitalized at the product of the excesses of the accumulated asset expenditures over the weighted asset expenditure means of the special loans multiplied by the capitalization rate of the general loans.

(4) Disposal of the foreign-currency loans

During the capitalization period, the exchange difference of the principal and interest of the special loans denominated in foreign currencies shall be capitalized. The exchange difference arising from the principal and interest of other foreign-currency loans than the special loans denominated in foreign currencies shall be recognized in the financial expenses through profit or loss.

12. Estimated liabilities

(1) Recognition principles

When the business related to external guarantee, pending proceeding or arbitration, product quality guarantee, downsizing plan, loss contract, restructuring obligations, fixed asset retirement obligations and other contingencies meets the following conditions, the Company recognizes it as liabilities:

The obligations are the present obligations of the Company;

Fulfillment of such obligation probably results in outflow of the economic benefits from the Company; and

The amount of such obligation can be measured reliably

(2) Measuring method

The estimated liabilities are initially measured at the best estimated amount of the necessary expenditures incurred for fulfillment of the relevant present obligations.

The best estimated amounts are subject to the following provisions:

If the necessary expenditures have a continuous scope (or range), and the probability of various results in this range is the same, then, the best estimated amount is determined at the mean within this range, that is the average amount of the upper limit and the lower limit.

If the necessary expenditures does not have a continuous scope (or range), or although there is a continuous range, but the probability of various results in this range is different, to the extent that the contingencies involve single item, then the best estimated amount is determined at the most possible amount; to the extent that the contingencies involve several items, then the best estimated amount is determined based on the possible results and the relevant probability.

13. Income

The Company recognizes the operating income, credits to the accounts at the realized income amount, and records in the current profit and loss according to the following provisions.

The operating income from sale of commodities are recognized when the Company has transferred the significant risks and rewards in the ownership of the commodities to the buyer; the Company does not exert continuous management power and actual control over such commodities; the relevant income has been received or the receipt has been obtained, and the costs related to sale of such commodities can be measured reliably.

In respect of labor services (excluding long-term contracts), ①if the labor services are started and completed in the same year, the income from the labor services is recognized when the labor services have been provided, and the consideration has been received or the receipt has been obtained; ②if the labor services are started and completed in different years, the income from the labor services is recognized using the completion percentage method when the total revenue of the labor contract and the completion progress of the labor services can be determined reliably; the price related to the transaction can be flowed into the Company, and the incurred costs and the possible expenses of the labor services can be measured reliably.

The income from transfer of the use right of the asset is recognized using the accrual method by taking into account the chargeable time under the relevant contracts and agreements.

The interest income is calculated and determined at the effective interest rate by taking into account the time of the Company's monetary capital spent by others.

14. Government subsidies

The government subsidies are the monetary assets or the non-monetary assets received by the Company from the governments at no cost, but exclude the capital invested by the governments in the capital of investor with entitlement for the corresponding owners' equity. The government subsidies are composed of the asset related government subsidies and the income related government subsidies.

If the government subsidies are monetary assets, such subsidies are measured at the received or receivable amount. If the government subsidies are non-monetary assets, such subsidies are measured at fair value. If the fair value is non-reliable, the subsidies are measured at nominal amount. The government subsidies measured at nominal amount are directly recognized in current profit and loss.

The government subsidies related to assets are recognized as deferred income, and allocated through profit or loss at average over the useful life of the relevant assets. The income related government subsidies are subject to the following accounting as appropriate:

The income-related government subsidies are recognized as deferred income if such subsidies are used for repaying the relevant expenses and losses during the subsequent periods, and recorded in current profit and loss during the period when the relevant expenses are recognized;

If the income related government subsidies are used for repaying the relevant expenses and losses that have been incurred, such subsidies are directly recorded in current profit and loss.

The government subsidies related to both assets and income shall be subject to accounting respectively if such government subsidies could be distinguished. If it is hard to distinguish the asset related government subsidies and the income related government subsidies, such government subsidies are classified as the income related government subsidies as a whole.

The government subsidies related to the daily activities of the Company are included in other income or eliminate the relevant costs and expenses based on the substance of the economic business;

the government subsidies irrelevant to the daily activities are included in the non-operating revenue and expenditures.

15. Accounting method of the corporate income tax

The method of balance sheet debt is used to calculate the enterprise income tax expenses. The temporary differences of taxable and deductible are determined according to the time differences of tax clubs. The permanent differences of tax clubs are included in the current income tax expenses.

Final settlement method: prepaid on a quarterly basis, and finally settled at the end of the year.

VI. Changes to Significant Accounting Policies and Accounting Estimates, and Correction of Significant Accounting Errors

1. Changes to the accounting policies

During the reporting period, the Company does not involve any changes to the accounting policies.

2. Changes to accounting estimates

During this reporting period, the Company has not made any changes to the accounting estimates.

3. Significant accounting errors

During the reporting period, the Company has not engaged in correction of any significant accounting errors.

VI. Taxes

1. Main tax items and tax rate:

Tax item	Tax rate
VAT	3%
Urban construction tax	7%
Educational surtax	3%
Local educational surtax	2%
Corporate income tax	25%
Individual income tax	---

1. Tax preferences policy

In accordance with Article 28 of the Law of the People's Republic of China on Enterprise Income

Tax, Article 92 of the Implementation Regulations on the Law of the People's Republic of China on Enterprise Income Tax, and the Notice of the Ministry of Finance and the State Administration of Taxation on Expanding the Preferential Enterprise Income Tax Policy for Small Low-profit Enterprises (CS [2018] No.77), and the Announcement of the State Administration of Taxation on Implementation Relevant Collection and Management Issues in relation to Further Expansion of the Preferential Enterprise Income Tax Policy for Small Low-profit Enterprises (SAT Announcement No.40/2018), the Company is entitled to the preferential tax policy that "from January 1, 2018 to December 31, 2020, the ceiling of the annual taxable profits of the small low-profit enterprises is increased to RMB 1 million to RMB 500,000. If the small low-profit enterprises earn annual taxable profits lower than RMB 1 million (inclusive), the profits are recognized in the taxable profits by 50%, and the enterprise income tax is paid at the tax rate of 20%".

Ⅶ.Notes on Major Items of Accounting Statements

1. Monetary capital

Item	Year-closing balance	Year-opening balance
Cash	6,801.62	9,433.00
Cash in bank	514587.21	1,771,480.03
Total	521,388.83	1,780,951.50

2. Accounts receivable

Item	Year-closing balance	Year-opening balance
Account receivable balance	8,226.90	0.00
Bad debt provision	0.00	0.00
Net accounts receivable	8,226.90	0.00

（1）Classification of accounts receivable

Item	Year-closing balance		
	Book balance	Bad debt provision	Book value

	Amount	Percentage	Amount	Percentage	
Accounts receivable with significant single amount and separate provision for bad debts	0.00	0.00%	0.00	0.00%	0.00
Accounts receivable with provision for bad debts according to the combination of credit risk characteristics	8,226.90	100.00%	0.00	0.00%	8,226.90
Among them: aging combination	8,226.90	100.00%	0.00	0.00%	8,226.90
Accounts receivable with insignificant single amount but with separate provision for bad debts	0.00	0.00%	0.00	0.00%	0.00
Total	8,226.90	100.00%	0.00	0.00%	8,226.90

Aging analysis

Aging	Year-closing balance			Year-opening balance		
	Amount	Percentage	Bad debt reserves	Amount	Percentage	Bad debt reserves
Within 1 year	8,226.90	100.00%	0.00	0.00	100.00%	0.00
Total	8,226.90	100.00%	0.00	0.00	100.00%	0.00

3. Prepayments

（1）Aging analysis

Aging	Year-closing balance		Year-opening balance	
	Amount	Bad debt reserves	Amount	Bad debt reserves
Within 1 year	3,562.00	100.00%	7,200.00	100.00%
Total	3,562.00	100.00%	7,200.00	100.00%

4. Other receivables

Item	Year-closing balance	Year-opening balance
Interest receivable	0.00	0.00
Dividends receivable	0.00	0.00
Other receivables	83,610.70	40,837.70
Total	83,610.70	40,837.70

Other receivables

Aging analysis

Aging	Year-closing balance			Year-opening balance		
	Amount	Percentage	Bad debt reserves	Amount	Percentage	Bad debt reserves
Within 1 year	0.00	0.00%	0.00	40,837.70	100.00%	0.00
Total	0.00	0.00%	0.00	40,837.70	100.00%	0.00

5. Intangible assets

Type	Year-opening balance	Increase of this period	Decrease of this period	Year-closing balance
Original value of intangible assets	---	---	---	---
Software	15,000.00	0.00	0.00	15,000.00

Total	15,000.00	0.00	0.00	15,000.00
Accumulated amortization	---	---	---	---
Software	3,750.00	7,500.00	0.00	11,250.00
Total	3,750.00	7,500.00	0.00	11,250.00
Net value	11,250.00	---	---	3,750.00

6. Accounts payable

Aging analysis:

Aging	Year-closing balance		Year-opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	0.00	0.00%	297,015.64	100.00%
Total	0.00	0.00%	297,015.64	100.00%

7. Advance collections

Aging analysis:

Aging	Year-closing balance		Year-opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	87,346.00	100.00%	0.00	0.00%
Total	87,346.00	100.00%	0.00	0.00%

8. Payroll payable

Item	Year-opening balance	Year-closing balance
Wages payable	6,541.00	4,659.00
Total	6,541.00	4,659.00

9. Taxes and dues payable

Item	Year-closing balance	Year-opening balance
9. Taxes and dues payable	0.00	21,651.78
Total	0.00	21,651.78

10. Other payables

Item	Year-closing balance	Year-opening balance
Interest payable	0.00	0.00
Dividends payable	0.00	0.00
Other payables	210,981.09	69,914.32
Total	210,981.09	69,914.32

Other payables

Aging analysis:

Aging	Year-closing balance		Year-opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	215,640.09	100.00%	69,914.32	100.00%
Total	215,640.09	100.00%	69,914.32	100.00%

11. Long-term loans

Type of loans	Year-closing balance	Year-opening balance
Credit loans	0.000	1,000,000.00
Total	0.000	1,000,000.00

北京东审鼎立国际会计师事务所有限责任公司

12. Paid-in capital (or equity capital)

Name of shareholder	Year-opening balance	Increase of this period	Decrease of this period	Year-closing balance
Asian Trails International Travel Services (Beijing) Ltd.	210,,000.00	0.00	0.00	210,,000.00
Zhang Xiaolin	90,000.00	0.00	0.00	90,000.00
Total	300,000.00	0.00	0.00	300,000.00

13. Surplus reserves

Type	Year-opening balance	Increase of this period	Decrease of this period	Year-closing balance
Surplus reserves	14,511.65	0.00	0.00	14,511.65
Total	14,511.65	0.00	0.00	14,511.65

14. Undistributed profits

Item	Year-closing balance
Opening undistributed profits	130,604.81
Plus: adjustment to the opening undistributed profits	0.00
Opening undistributed profits after adjustment	0.00
Plus: net profits of this period	-127,564.12
Less: withdrawal of statutory surplus reserves	0.00
Withdrawal of discretionary surplus reserves	0.00
Dividends payable for ordinary shares	0.00
Conversion of ordinary share dividends into capital stock	0.00
Closing undistributed profits	3,040.69

15. Operating income and operating costs

Item	Accrual of this year	
	Income	Cost
Principal activities	1,177,647.87	960,147.61
Total	1,177,647.87	960,147.61

16. Administrative costs

Item	Accrual of this year
Administrative costs	346,185.18
Total	346,185.18

17. Financial Expenses

Item	Accrual of this year
Interest expenditures	0.00
Less: interest income	4,668.10
Exchange losses	0.00
Less: exchange gains	0.00
Handling charges	3,547.30
Total	-1,120.80

VIII. Supplementary Information of the Cash Flow Statements

Supplementary information	Amount of this year
1.Convert net profits into cash flows of operating activities:	
Net profits	-127,564.12
Plus: asset impairment provision	0.00
Depreciation of fixed assets, oil and gas assets and productive biological assets	0.00
Amortization of intangible assets	7,500.00

Supplementary information	Amount of this year
Amortization of long-term deferred expenses	0.00
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains indicated with "-")	0.00
Losses from retirement of fixed assets (gains indicated with "-")	0.00
Losses from change in fair value (gains indicated with "-")	0.00
Financial expenses (gains indicated with "-")	0.00
Investment losses (income indicated with "-")	0.00
Decrease in deferred income tax assets (increase indicated with "-")	0.00
Increase in deferred income tax liabilities (decrease indicated with "-")	0.00
Decrease in inventories (increase indicated with "-")	0.00
Decrease in operating accounts receivable (increase indicated with "-")	-47,361.90
Increase in operating accounts payable (decrease indicated with "-")	-92,136.65
Others	-259,562.67
Net cash flows from operating activities	0.00
2.Investment and financing activities without cash receipts and payments:	
Conversion of debts into capital	0.00
Convertible bonds due within one year	0.00
Fixed assets under financing lease	0.00
3.Net increase in cash and cash equivalents	
Closing balance of cash	521,388.83
Less: opening balance of cash	1,780,951.50
Plus: closing balance of cash equivalents	0.00
Less: opening balance of cash equivalents	0.00
Net increase in cash and cash equivalents	1,259,562.67

北京东审鼎立国际会计师事务所有限责任公司

IX. Related Parties and Related Party Transactions

(I) Related parties

1. Shareholders of the Company

Name of related party	Shareholding percentage in the Company	Voting power percentage in the Company
Asian Trails International Travel Services (Beijing) Ltd.	70.00%	70.00%
Zhang Xiaolin	30.00%	30.00%

X. Contingencies

As of December 31, 2020, the Company has not involved in any pending litigations, external guarantee and other contingencies that shall be disclosed.

XI. Commitments

As of December 31, 2020, the Company has not made any commitments that shall be disclosed.

XII. Non-adjustment Events after the Balance Sheet Date

As of January 13, 2021 (date of the auditor's report), the Company has not engaged in any matters that shall be disclosed after the balance sheet date.

XIII. Other Important Matters

As of December 31, 2020, the Company has not engaged in any other important matters that shall be disclosed.

XIV. Approval for Publishing of the Accounting Statements

The accounting statements have been approved to be published by the Company's Board of

Directors (Board of Shareholders) on January 13, 2021.

ATC Travel Services (Beijing) Ltd.

January 13, 2021

北京东审鼎立国际会计师事务所有限责任公司

姓名 Full name：崔军胜

性别 Sex：男

出生日期 Date of birth：1978 05 15

工作单位 Working unit：上海荣审会计师事务所有限责任公司

身份证号码 Identity card No.：410603197805152010

北京东审鼎立国际会计师事务所有限责任公司 1101080257427

THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

中国注册会计师协会

证书编号：110000192378
No. of Certificate

批准注册协会：上海市注册会计师协会
Authorized Institute of CPAs

发证日期：二〇〇三 年 七 月 二十三 日
Date of Issuance /y /m /d

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4

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

姓名：崔军胜

证书编号：110000192378

年 /y 月 /m 日 /d

9

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出 上海荣审
Agree the holder to be transferred from

事务所
CPAs

转出协会盖章
Stamp of the transfer-out Institute of CPAs

2014年 04月 08日
/y /m /d

上海市注册会计师协会 转所专用章

同意调入
Agree the holder to be transferred to

东审鼎立国际
事务所
CPAs

BEIJING INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS 北京 注册会计师 转所专用章

转入协会盖章
Stamp of the transfer-in Institute of CPAs

2014年 5 月 3 日
/y /m /d

10

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

事务所
CPAs

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年 /y 月 /m 日 /d

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年 /y 月 /m 日 /d

11

姓　　名 Full name：宋东亚
性　　别 Sex：男
出生日期 Date of birth：1990-10-16
工作单位 Working unit：北京东审会计师事务所（普通合伙）
身份证号码 Identity card No.：411403199010165810

北京东审鼎立国际会计师事务所有限责任公司 1101080257427

THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
中国注册会计师协会

姓名：宋东亚
证书编号：110003950016

证书编号：
No. of Certificate 110003950016

批准注册协会：
Authorized Institute of CPAs 北京注册会计师协会

发证日期：
Date of Issuance 2018年/y 02月/m 23日/d

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年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

年/y　月/m　日/d

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
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事务所
CPAs

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2018年/y 11月/m 27日/d

同意调入
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CPAs

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2018年/y 11月/m 2日/d

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

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年/y　月/m　日/d

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年/y　月/m　日/d

会计师事务所

执业证书

名　　称：	北京东审鼎立国际会计师事务所有限责任公司
主任会计师：	崔军胜
办公场所：	北京市海淀区知春路113号B座16层1606室
组织形式：	有限责任
会计师事务所编号：	11000491
注册资本(出资额)：	110万元
批准设立文号：	京财会[2006]2908号
批准设立日期：	2006-12-22

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证书序号：NO. 019630

说　明

1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。

2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。

3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。

4、会计师事务所终止，应当向财政部门交回《会计师事务所执业证书》。

发证机关：北京市财政局

二〇一年　五月十八日

中华人民共和国财政部制

统一社会信用代码

91110108797552224X0

营业执照

(副 本) (1-1)

扫描二维码登录“国家企业信用信息公示系统”了解更多登记、备案、许可、监管信息

名　　称　北京东审鼎立国际会计师事务所有限责任公司

类　　型　有限责任公司(自然人投资或控股)

法定代表人　崔军胜

经营范围　审查企业会计报表、出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关的报告；基本建设年度财务决算审计；代理记帐；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其它业务。（市场主体依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事国家和本市产业政策禁止和限制类项目的经营活动。）

注册资本　110万元

成立日期　2006年12月27日

营业期限　2006年12月27日 至 2056年12月26日

住　　所　北京市海淀区知春路113号1幢17层2006-1

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北京东审鼎立国际会计师事务所有限责任公司 1101080257477

登记机关　北京市海淀区市场监督管理局

2020年07月28日

国家企业信用信息公示系统网址: http://www.gsxt.gov.cn

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制

SUBMISSION FORM

Financial Services Commission

Mauritius

Online Data Capture System

Date: 23-Jul-21

1. Licensee Name: Asian Trails Holdings Ltd.

2. **Licence No, FSC Code & Activity**

Licence No.	FSC Code	Activity
C107004017	FS-4.1	Investment Holding

3. **Reporting Entity Relationship with Licensee**

   Management Company: Ocorian Corporate Services (Mauritius) Limited

4. Period: 01-Jan-20 To 31-Dec-20

5. Number of pages attached: 31 Pages *(excluding this page)*

6. Declaration

   I, the undersigned, hereby declare that the documents attached to this Submission Sheet are true copies of the originals and I agree to submit originals to the Financial Services Commission upon request.

   Signature: ....

   Responsible Officer: Kenny Naraidoo

   Position: Unit Head - Client Accounting

   Contact No.: 4036000

   Email Address: Kenny.naraidoo@ocorian.com

Asian Trails Holding Ltd.

Financial statements

For the year ended 31 December 2020

Contents **Page**

Asian Trails Holding Ltd.

Corporate data

			Date of appointment	Date of resignation
Directors	:	Misitsakul Lersan (Luzi Matzig)	13 May 2008	-
		Laurent Künzle	13 April 2010	-
		Marcel Jordi Grifoll	29 June 2017	-
		Madhavan Menon	20 March 2018	-
		Rishal Tanee	11 January 2019	-
		Devananda Naraidoo (alternate to Rishal Tanee)	11 January 2019	-
		Rishikesh Batoosam	15 December 2020	-
		Devananda Naraidoo (alternate to Venkatesen Chetty)	11 January 2019	15 December 2020
		Venkatesen Saminada Chetty	16 May 2007	15 December 2020

Administrator And secretary : Ocorian Corporate Services (Mauritius) Ltd
6th Floor, Tower A
1, CyberCity
Ebène
Mauritius

Registered office : 6th Floor, Tower A
1, CyberCity
Ebène
Mauritius

Auditors : RSM (Mauritius) LLP
109 Moka Business Centre
Mount Ory Road
Bon Air
Moka
Mauritius

Asian Trails Holding Ltd.

Directors' report

The directors present their report and the financial statements of Asian Trails Holding Ltd. (the "Company") for the year ended 31 December 2020.

Principal activity

The principal activity of the Company is that of investment holding.

Results and dividend

The Company's loss for the year ended 31 December 2020 is **USD 328,817** (2019: profit of USD 216,882).

The directors have not recommended any payment of dividend for the year under review (2019 – USD 330,000).

Statement of directors' responsibilities in respect of the financial statements

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed and complied with, 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 Mauritian Companies Act 2001. 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.

During the year under review, there has been no impact of COVID 19 on the results of the Company. The significant doubt associated with the current uncertainties related to COVID 19 currently, does not result in a material uncertainty that may cause significant doubt on the entity's ability to continue as a going concern or cause any disruption in relation to its business activity.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

Asian Trails Holding Ltd.

Directors' report

Auditors

RSM (Mauritius) LLP have indicated their willingness to continue in office and will be automatically reappointed at the Annual Meeting.

By order of the Board

Fayaz DOOBARRY, ACCA
FOR
OCORIAN CORPORATE
SERVICES (MAURITIUS) LIMITED

Ocorian Corporate Services (Mauritius) Limited
Corporate Secretary

Date: 9 July 2021

Ocorian Corporate Services (Mauritius) Limited
6th Floor, Tower A
1 CyberCity
Ebène
Republic of Mauritius

SECRETARY'S CERTIFICATE

TO THE MEMBERS OF ASIAN TRAILS HOLDING LTD.

SECRETARY'S CERTIFICATE UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT

In accordance with section 166 (d) of the Mauritius Companies' Act, we certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, all such returns as are required of the Company under the Mauritius Companies' Act 2001 for the Audited Financial Statements for the year ended 31 December 2020.

Dated 9 July 2021

Fayaz DOOBARRY, ACCA
FOR
OCORIAN CORPORATE
SERVICES (MAURITIUS) LIMITED

Ocorian Corporate Services (Mauritius) Limited
Secretary

RSM (Mauritius) LLP
109 Moka Business Centre
Mount Ory Road, Bon Air
Moka, Mauritius

BRN: LLP1900014
VAT: 31070808

T +230 4335776
F +230 4335723
E rsm@rsmmu.mu

www.rsmmu.mu

Independent Auditors' Report
To the shareholders of Asian Trails Holding Ltd.

This report is made solely to the shareholders of Asian Trails Holding Ltd. (the "Company"), as a body, in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinion we have formed.

Opinion
We have audited the financial statements of Asian Trails Holding Ltd. set out on pages 8 to 31, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

The Company has claimed for exemption from consolidation under the fourteenth schedule of the Mauritius Companies Act 2001. In our opinion, the financial statements present fairly, in all material respects, the financial position of Asian Trails Holding Ltd. as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and 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 Accountant's 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. We have fulfilled our other ethical responsibilities in accordance with these requirements and to 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 Directors' Report as required by the Mauritius Companies Act 2001. The other information 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 an audit opinion or 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. Else, we have nothing to report in this regard.

Responsibilities of the 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 the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, 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.

Auditor's 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 the directors.

- Conclude on the appropriateness of the 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 the directors 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

The Mauritius Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- We have no relationship with, or interests in, the Company, other than in our capacity as auditor;
- We have obtained all information and explanations we have required; and
- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

RSM (Mauritius) LLP
Chartered Accountants
Moka, Mauritius

Parvishsing Bisnauthsing, FCCA
Licensed by FRC

Date: 09th July 2021

Asian Trails Holding Ltd.

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2020

	Note	**2020 USD**	2019 USD
Income			
Royalty fees		**71,678**	457,692
Dividend income		**682,000**	1,469,000
Other income		**980,241**	654,442
		1,733,919	2,581,134
Expenses			
Management fees	12	**550,277**	769,608
Directors' fees		**3,000**	3,000
Secretarial fees		**1,600**	1,600
Administration fees		**76,000**	43,875
Licence fees		**2,350**	2,350
Consultancy fees		**522,717**	558,759
Audit fees		**6,000**	5,500
Accountancy fees		**3,500**	3,661
Tax fees		**31,060**	5,400
Amortisation	6	**269,820**	214,092
Impairment of joint venture	8	-	250,200
Impairment on loan receivables	9	**284,000**	-
Sundry expenses		**3,797**	2,728
Travel and entertainment expenses		**82,476**	106,962
		1,836,597	1,967,735
(Loss)/profit from operating activities		**(102,678)**	613,399
Net finance cost	5	**(166,739)**	(244,023)
(Loss)/profit before taxation		**(269,417)**	369,376
Taxation	4	**(59,400)**	(152,494)
(Loss)/profit for the year		**(328,817)**	216,882
Other comprehensive income		-	-
Total comprehensive income for the year		**(328,817)**	216,882

The notes on pages 12 to 31 form part of these financial statements.

Asian Trails Holding Ltd.

Statement of financial position
At 31 December 2020

	Note	**2020 USD**	2019 USD
ASSETS			
Non-current assets			
Intangible assets	6	**943,052**	852,920
Investment in subsidiaries	7	**27,804,203**	27,729,241
Investment in joint venture	8	**-**	-
Loans and other receivables	9	**2,007,000**	1,250,000
		30,754,255	29,832,161
Current assets			
Loans and other receivables	9	**884,767**	1,353,111
Cash and cash equivalents		**165,210**	450,138
		1,049,977	1,803,249
Total assets		**31,804,232**	31,635,410
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	10	**2,271,142**	2,271,142
Retained earnings		**15,551,540**	15,880,357
		17,822,682	18,151,499
Liabilities			
Current liabilities			
Trade and other payables	11	**13,981,550**	13,483,911
Total equity and liabilities		**31,804,232**	31,635,410

Approved by the Board of Directors and authorised for issue on

9 July 2021

DocuSigned by:
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Director

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Director

The notes on pages 12 to 31 form part of these financial statements.

Asian Trails Holding Ltd.

Statement of changes in equity
For the year ended 31 December 2020

	Stated capital USD	Retained earnings USD	Total USD
Balance at 01 January 2019	2,271,142	15,993,475	18,264,617
Total comprehensive income for the year	-	216,882	216,882
Transactions with owners			
Payment of dividend	-	(330,000)	(330,000)
Balance at 31 December 2019	**2,271,142**	**15,880,357**	**18,151,499**
Total comprehensive income for the year	**-**	**(328,817)**	**(328,817)**
Balance at 31 December 2020	**2,271,142**	**15,551,540**	**17,822,682**

Asian Trails Holding Ltd.

Statement of cash flows
For the year ended 31 December 2020

	2020 USD	2019 USD
Cash flows from operating activities		
(Loss)/profit before taxation	**(269,417)**	369,376
Adjustments for:		
Dividend income	**(682,000)**	(1,469,000)
Amortisation and impairment	**553,820**	464,292
Interest expense	**592,851**	233,535
Operating profit/(loss) before working capital changes	**195,254**	(401,797)
Change in trade and other receivables	**(122,656)**	(86,337)
Change in trade and other payables	**(1,145,212)**	(270,458)
Cash used in operating activities	**(1,072,614)**	(758,592)
Tax paid	**(59,400)**	(152,494)
Net cash used in operating activities	**(1,132,014)**	(911,086)
Cash flows from investing activities		
Purchase of intangible assets	**(359,952)**	(553,814)
Acquisition of investments	**(74,962)**	-
Dividend received	**682,000**	1,469,000
Loan granted	**(450,000)**	(300,000)
Load repaid	**1,050,000**	146,496
Net cash generated from investing activities	**847,086**	761,682
Cash flows from financing activities		
Dividend paid	-	(330,000)
Loan received	-	100,000
Net cash used in financing activities	-	(230,000)
Net movement in cash and cash equivalents	**(284,928)**	(379,404)
Cash and cash equivalents at the beginning of the year	**450,138**	829,542
Cash and cash equivalents at the end of the year	**165,210**	450,138

The notes on pages 12 to 31 form part of these financial statements.

1. General information

The Company was incorporated as a private limited company in the Republic of Mauritius on 16 May 2007. The principal activity of the Company is that of investment holding.

The Company is the holder of a Category 1 Global Business Licence under the Financial Services Act 2007. Since the Company operates in an international environment and conducts most of its transactions in foreign currencies the Company has chosen to retain the United States dollar (USD) as its functional currency.

2. Basis of preparation

(a) Statement of compliance

The Company has subsidiaries and a joint venture and in accordance with International Financial Reporting Standards is required to present consolidated financial statements. In accordance with the Fourteenth Schedule of the Mauritius Companies Act, Section 12, the Company may not prepare group financial statements as it is a wholly owned subsidiary of another company and, in accordance with Section 211 of the Mauritius Companies Act, Content and form of financial statements, these financial statements present the financial position, financial performance and cash flow of the Company. Because the Company is a holder of a Category I Global Business Licence and is a wholly owned subsidiary of another company, these financial statements are prepared in accordance with Mauritius Companies Act which allows the use of International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board (IASB), except for the standard applicable to Consolidated Financial Statements (IFRS 10).

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for financial assets and financial liabilities that are measured at fair value.

(c) Functional and presentation currency

The financial statements are presented in the United States Dollar (USD) which is the Company's functional currency. The USD is the currency that most faithfully reflects the underlying transactions, events and conditions that are relevant to the Company.

(d) Use of the estimates and judgement

The preparation of financial statements requires management to make judgements, 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 those 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.

2. Basis of preparation (Continued)

(d) Use of the estimates and judgement (Continued)

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising there on are dependent on the functional currency selected. As described in 2(c), the directors have considered those factors therein and have determined that the functional currency of the Company is the USD.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise stated.

(a) Revenue recognition

Revenue is recognised in the statement of profit or loss and other comprehensive income as follows:

- Dividend income: when the Company's right to receive payment is established.
- Interest income: as it accrues (taking into account the effective yield on the assets).
- Royalty fees are recognised in accordance with the substance of the relevant agreements in place.

(b) Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised on all 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 the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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 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 realised simultaneously

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. 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 realised.

3. Significant accounting policies (Continued)

(c) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into USD at the foreign exchange rate at the financial reporting date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost are translated to USD at the foreign exchange rate at the date of transactions. Foreign exchange differences arising on translation are recognised in the statement of profit or loss and other comprehensive income.

(d) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(e) Investment in subsidiaries

Subsidiaries are entities controlled by the Company. 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.

Investment in subsidiary is shown at cost and provision is only made where, in opinion of the directors, there is a diminution in value which is other than temporary. Where there has been such a diminution in value of an investment, it is recognised as an expense in the year in which the diminution is identified.

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

(f) Investment in joint venture

The Company has an interest of 49.5% in a jointly controlled entity, Thomas Cook In Destination Management (Thailand) Ltd., an unquoted company incorporated in Thailand.

Investment in jointly venture is shown at cost and provision is only made where, in opinion of the directors, there is a diminution in value which is other than temporary. Where there has been such a diminution in value of an investment, it is recognised as an expense in the year in which the diminution is identified.

Asian Trails Holding Ltd.

Notes to and forming part of the financial statements
For the year ended 31 December 2020

3. Significant accounting policies (Continued)

(f) Investment in joint venture (Continued)

The Company has an interest of 49.5% in a jointly controlled entity, Thomas Cook In Destination Management (Thailand) Ltd., an unquoted company incorporated in Thailand.

Investment in jointly venture is shown at cost and provision is only made where, in opinion of the directors, there is a diminution in value which is other than temporary. Where there has been such a diminution in value of an investment, it is recognised as an expense in the year in which the diminution is identified.

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

(g) Non-derivative financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories, as set out in IFRS 9:

- those to be measured subsequently at fair value (either through OCI (FVOCI) or through profit or loss (FVPL)), and;
- those to be measured at amortised cost

The basic classification and measurement category is FVPL unless restrictive criteria are met for classifying the asset at FVOCI or amortised cost. Whether an entity can classify and subsequently measure financial assets at FVOCI or amortised cost depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Equity instruments

Equity investments are classified as held at FVPL. However, at initial recognition, the Company may irrevocably elect to classify an investment in an equity instrument at FVOCI if that investment is not held for trading.

The Company subsequently measures all equity investments at fair value. Where the Company has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

3. Significant accounting policies (Continued)

(g) Non-derivative financial assets (Continued)

(ii) Measurement (continued)

Equity instruments (Continued)

Changes in fair value of equity investments at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company may classify its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(iii) Impairment

From 1 January 2018, the Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

3. Significant accounting policies (Continued)

(g) Non-derivative financial assets (Continued)

(iii) Impairment (Continued)

The Company's loans and other receivables measured at amortised cost are subject to the expected credit loss model.

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9. Cash comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(iv) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(h) Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

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

The Company has the following non-derivative financial liabilities: trade and other payables.

Other payables

Other payables are initially recognised at fair value, net of transaction costs incurred and subsequently at amortised cost using the effective interest method. Other payables are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

(i) Stated capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3. Significant accounting policies (Continued)

(j) Expenses

All expenses are recognised in the statement of profit or loss and other comprehensive income on the accrual basis.

(k) 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.

(l) Intangible assets

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Computer software is amortised over its useful economic life of three years and assessed for impairment whenever there is an indication that it may be impaired. The amortisation period and the amortisation method are reviewed at least at the end of each reporting period. The amortisation expense and impairment are recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

(m) New and amended standards

In the current year, the following new and revised standards and interpretation issued by the IASB became mandatory for the first time for the financial year beginning on 01 January 2020.

IAS 1 and IAS 8 - Amendments to IAS 1 and IAS 8

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and

- the meaning of ‘primary users of general-purpose financial statements’ to whom those financial statements are directed, by defining them as ‘existing and potential investors, lenders and other creditors’ that must rely on general purpose financial statements for much of the financial information they need.

3. Significant accounting policies (Continued)

(m) New and amended standards (Continued)

Definition of a Business – Amendments to IFRS 3

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

The amendments will likely result in more acquisitions being accounted for as asset acquisitions.

Interest rate benchmark reform – Amendment to IFRS 7, IFRS 9 and IAS 39

The amendments modify some specific hedge accounting requirements to provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries

Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

Management has assessed the impact of these new and revised standards and interpretation and concluded none of these has an impact on the disclosures of these financial statements.

3. Significant accounting policies (Continued)

(n) Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Company

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 01 January 2021, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

4. Taxation

The Company, being resident in Mauritius, is liable to income tax in Mauritius on its chargeable income at the rate of 15%. The Company has received its Category 1 Global Business Licence ("GBL1") on or before 16th October 2017 and is grandfathered under the provisions of the Finance (Miscellaneous Provisions) Act 2018 ("FA 2018"). As from 1st July 2021, the Company's GBL1 licence will be automatically converted to a Global Business Licence ("GBL"). The Company will therefore operate under the current tax regime up to 30th June 2021.

Until 30th June 2021, the Company's foreign sourced income is eligible for a foreign tax credit which is computed as the higher of the Mauritian tax and the foreign tax on the respective foreign sourced income. The foreign tax for a GBL1 company is based on either the actual foreign tax charged by the foreign jurisdiction or a deemed foreign tax. The deemed amount of foreign tax is based on 80% of the Mauritian tax on the relevant foreign sourced income. In computing its total actual foreign tax credit, the Company is allowed to pool all of its foreign sourced income.

The Company's GBL1 licence will convert to a GBL licence on 1st July 2021 and will operate under the new tax regime. Under the new regime, the Company will be able to claim an 80% partial exemption on specific types of income (including foreign dividends and interest), subject to meeting pre-defined substance conditions. Other types of income not falling within the categories of income benefitting from the partial exemption will be taxed at 15%. As an alternative to the partial exemption, the Company can claim a tax credit against its Mauritius tax liability based on the foreign tax charged on the income in the foreign jurisdiction. Capital gains are exempt from tax in Mauritius.

Income tax expense:	**2020** **USD**	2019 USD
Withholding tax	**59,400**	152,494
Charge for the year	**59,400**	152,494

Asian Trails Holding Ltd.

Notes to and forming part of the financial statements
For the year ended 31 December 2020

4. Taxation (continued)

Tax reconciliation:

A reconciliation of the income tax expense based on accounting profit and actual income tax expense is as follows:

	2020 USD	2019 USD
(Loss)/profit before taxation	**(269,417)**	369,376
Income tax at 15%	**(40,413)**	55,406
Income not subject to tax	**(51,373)**	(48,738)
Expenses not allowed	**190,534**	165,743
Foreign tax credit	**(71,819)**	(137,929)
Deferred tax asset	**(26,929)**	(34,482)
Current income tax		
Withholding tax suffered	**59,400**	152,494
Income tax charge	**59,400**	152,494
Current income tax liability	-	-
Withholding tax liability		
At beginning of year	-	-
Charge for the year	**59,400**	152,494
Paid during the year	**(59,400)**	(152,494)
At end of year	-	-
Total tax liability	-	-

Asian Trails Holding Ltd.

Notes to and forming part of the financial statements
For the year ended 31 December 2020

5. Finance cost

	2020 USD	2019 USD
Interest expense	**(158,865)**	(233,535)
Exchange difference	**501**	(1,375)
Bank charges	**(8,375)**	(9,113)
Net finance cost	**(166,739)**	(244,023)

6. Intangible assets

Computer Software	2020 USD	2019 USD
Cost:		
At beginning of year	**1,388,150**	834,336
Addition during the year	**359,952**	553,814
At end of year	**1,748,102**	1,388,150
Amortisation and impairment:		
At beginning of year	**535,230**	321,138
Charge for the year	**269,820**	214,092
At end of year	**805,050**	535,230
Net book value	**943,052**	852,920

7. Investment in subsidiaries

	2020 USD	2019 USD
At beginning of year	**27,729,241**	27,729,241
Addition during the year	**74,962**	-
At end of year	**27,804,203**	27,729,241

7. Investment in subsidiaries (continued)

During the year 31 December 2018, USD 2,171,142 of the share-based payment has been capitalised as investment in subsidiaries since the key management personnel directly to the subsidiaries would render the services. It is deemed a non-refundable payment made on their behalf.

Name of company	*Number and type of shares held*	*% held*	*Country of Incorporation*
Asian Trails Ltd.	117,600 ordinary shares	*49%*	*Thailand*
PT Asian Trails Indonesia	1,320 ordinary shares	*66 %*	*Indonesia*
Asian Trails (M) Sdn. Bhd	500,000 ordinary shares	*100 %*	*Malaysia*
Asian Trails (Laos) Ltd.	14,000 ordinary shares	*70%*	*Laos*
Asian Trails Ltd (Cambodia)	9,500 ordinary shares	*95%*	*Cambodia*
Asian Trails Tour Ltd.	8,500 ordinary shares	*85%*	*Myanmar*
Asian Trails Vietnam	21,000 ordinary shares	*70%*	*Vietnam*
Kuoni Destination Management China	N/A	*100%*	*China*
Asian Trails (M) Sdn. Bhd	5,000,000 redeemable and convertible preference shares	*100 %*	*Malaysia*
Asian Trails Singapore Pte. Ltd.	100,000 Ordinary shares	*100 %*	*Singapore*

8. Investment in joint venture

	2020 USD	2019 USD
At cost:		
At start and end of the year	**250,200**	250,200
	=========	=========
Impairment:		
At start and end of the year	**(250,200)**	(250,200)
	=========	=========
Net book value:		
At end of year	-	-
	=========	=========

Name of company	*Number and type of shares held*	*% held*	*Country of incorporation*
Thomas Cook In Destination Management (Thailand) Ltd.	118,800 Class B preference shares of THB 100 each	*49.5%*	*Thailand*

The Company has appointed Mr Lersan Misitsakul, a citizen of Thailand as nominee shareholder to hold these shares on its behalf. The Company is entitled to 34.5% voting rights and 34.5% dividend rights in the joint venture. At 31 December 2019, the investment was fully impaired.

9. Loans and other receivables

	2020 USD	2019 USD
Royalty receivable (note 12)	**770,788**	671,837
Amount due from subsidiaries (note12)	**2,007,000**	1,802,590
Other receivables	**90,742**	54,559
Prepayments	**23,237**	74,125
	2,891,767	2,603,111

The directors have considered the probability of default over 12 months given that the loan receivables and amount receivable are repayable on demand. The expected loss given default has been derived considering the possible recovery options together with the likelihood of their occurrence. The probability of default rate has been set at 32% and 28% for the loan receivables and amount receivable respectively.

The calculated 12 month expected credit loss of USD 243,000 and USD 41,000 have been credited from the loan receivables and amount receivable respectively.

The classification of trade and other receivable are as follows:

	2020 USD	2019 USD
Non-current assets	**2,007,000**	**1,250,000**
Current assets	**884,767**	**1,353,111**
	2,891,767	**2,603,111**

USD 1,600,000 of amount due from subsidiary is unsecured, carries interest at 3.5% (6 month USD LIBOR of 2.5% plus margin of 1%) per annum. Pursuant to the loan agreement dated 20 November 2020 the loan shall be repaid in three instalments, USD 250,000 on 20 November 2021, USD 500,000 on 20 November 2022 and USD 750,000 on 20 November 2023.

USD 75,000 of amount due from Asian Trail Laos is unsecured, carried interest at 3.9%. Both principal and interest are repayable by 18 December 2023.

10. Stated capital

	2020 USD	2019 USD
Issued and fully paid:		
125,000 (2019 - 125,000) ordinary shares of no par value	**2,271,142**	2,271,142

Holders of the Ordinary shares have the right to attend and to vote at any meeting of shareholders of the Company and shall have one vote per share.

11. Trade and other payables

	2020 USD	2019 USD
Amounts due to holding entity (note 12)	**5,302,717**	4,952,717
Amount due to subsidiaries (note 12)	**2,600,000**	2,100,000
Management fees due to related parties (note 12)	**5,693,592**	5,583,700
Other management fees payable	**65,665**	360,708
Management bonus (note 12)	**255,816**	255,816
Accrued expenses	**63,760**	230,970
	13,981,550	13,483,911

Amounts due to holding entity is unsecured, interest-free and repayable on demand.

Amount due to subsidiary PT Asian Trails Indonesia USD 850,000 is unsecured, carries interest at 6 month USD LIBOR plus margin of 1% per annum and are repayable by 01 January 2023.

Amount due to subsidiary PT Asian Trails Indonesia USD 250,000 is unsecured, carries interest at 6 month USD LIBOR plus margin of 1% per annum and are repayable by 01 19 August 2021.

Amount due to subsidiary Asian Trails Vietnam USD 1,200,000 is unsecured, carries interest at 6 month USD LIBOR plus margin of 1% per annum. Both principal and interest are repayable by 30 April 2023.

12. Related party transactions

During the year ended 31 December 2020, the Company transacted with related parties. The nature, volume of transactions and balances are as follows:

Name	**Nature of relationship**	**Nature of transactions**	**2020 USD**	2019 USD
Transactions during the year:				
Travel Circle International (Mauritius) Limited	Holding entity	Loan refunded	**-**	146,496
		Loan advanced to	**-**	200,000

12. Related party transactions (continued)

Name	Nature of relationship	Nature of transactions	2020 USD	2019 USD
Asian Trails Vietnam	Subsidiary	Loan received	**100,000**	100,000
		Interest expense	-	-
Asian Trails Ltd.	Subsidiary	Loan advanced	**100,000**	100,000
		Interest income		-
Management personnel	Managers	Bonus expense	**255,816**	255,816
		Bonus paid	-	180,016
Desert Adventures	Affiliate	Management fees	**5,985**	34,903
Kuoni Travel Management Ltd	Affiliate	Management fees	-	-
Thomas Cook India Ltd.	Affiliate	Management fees	**82,243**	30,447
Asian Trails Ltd.	Subsidiary	Management fees	-	-
SOTC Travel Ltd.	Affiliate	Management fees	**4,295**	962
			========	========

Name	Nature of relationship	Nature of transactions	2020 USD	2019 USD
At end of year:				
Travel Circle International	Holding entity	Loan received	**5,302,717**	4,952,717
		Interest payable	**109,892**	208,815
		Management fees	**5,583,700**	5,374,885
Asian Trails (M) Sdn. Bhd	Subsidiary	Loan advanced to		2,590
		Loan advanced to	**275,000**	200,000

12. Related party transactions (continued)

Name	**Nature of relationship**	**Nature of transactions**	**2020 USD**	2019 USD
At end of year:				
PT Asian Trails Indonesia	Subsidiary	Loan received	**1,300,000**	1,100,000
Asian Trails Vietnam	Subsidiary	Loan received	**1,200,000**	1,000,000
Asian Trails Ltd.	Subsidiary	Loan advanced	-	1,500,000
		Loan advanced	**100,000**	100,000
Management personnel	Managers	Bonus payable	**9,270**	255,816
Desert Adventures	Affiliate	Management fees	**5,985**	34,903
Asian Trail Tour (Myanmar)	Subsidiary	Management fees	**80,338**	294,396
Thomas Cook India Ltd.	Affiliate	Management fees	**82,243**	30,447
SOTC Travel Ltd.	Affiliate	Management fees	**4,295**	962
			========	========

Royalties

Royalty income and royalty receivable from subsidiaries for the year ended 31 December 2020 were **USD 71,678** (2019 – USD 457,692) and **USD 770,788** (2019 – USD 671,837), respectively.

Administrator fees

Professional fees paid to administrator for the year ended 31 December 2020 was **USD 86,450** (2019 – USD 61,430), including directors' remuneration of **USD 3,000** (2019 – USD 3,000).

13. Financial risk management

Introduction and preview

Financial instruments carried on the statement of financial position include loans and other receivables, cash and cash equivalents and trade and other payables. The recognition method adopted is disclosed in the individual policy statement associated with each item. The most important types of risk are credit risk, liquidity risk and market risk.

The Company's activities expose them to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews its risk management policies and systems to reflect changes in markets and emerging best practices.

Risk management is carried out by the Board of directors through board minutes. The Company provides principles for the overall risk management.

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.

When measuring the fair value of an asset or a liability, the Company uses market observable 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 might be categorised in 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.

13. Financial risk management (continued)

Financial instruments not at fair value

The carrying amounts of loans and other receivables, cash and cash equivalents and trade and other payables approximate their fair values and hence no fair value table has been disclosed.

Credit risk

Credit risk represents the potential loss that the Company would incur if counter-parties fail to perform pursuant to the terms of their obligations to the Company. At the reporting date, the maximum exposure of the Company to credit risk was as follows:

	2020	2019
	USD	USD
Trade and other receivables	**2,891,767**	2,528,986
Cash and cash equivalents	**165,210**	450,138
	=========	=========

The Company has adopted the credit risk management approach of IFRS 9 as described in note 3(g)(iii). Accordingly, the identified impairment loss on the loans and other receivables and cash and cash equivalents were immaterial.

Liquidity risk

This refers to availability of funds for the Company to meet its financial obligations as they fall due. The Company pays out its obligations from finance received from its related companies. Thus, it is not exposed to liquidity risk.

Contractual cash flows

The following are the contractual maturities of financial liabilities:

At 31 December 2020

Non-derivative financial liabilities	**Carrying amount USD**	**Within 1 year USD**	**On demand USD**	**More than 1 year USD**
Trade and other payables	**13,981,550**	**5,874,973**	**8,106,577**	-
	========	========	========	========

At 31 December 2019

Non-derivative financial liabilities	Carrying amount USD	Within 1 year USD	On demand USD	More than 1 year USD
Trade and other payables	13,483,911	2,100,000	11,383,911	-
	========	========	========	========

Asian Trails Holding Ltd.

Notes to and forming part of the financial statements
For the year ended 31 December 2020

13. Financial risk management (continued)

Interest rate risk

The Company's finance and operating expenses are met by equity finance and advances from its related companies. These advances are unsecured, interest free with no fixed terms of repayment, and as such the Company is not exposed to any such risk.

The interest rate profile of the Company's interest-bearing financial instruments is as follows:

Financial asset	**Carrying amount**	
	2020	2019
	USD	USD
Variable rate instruments		
Cash and cash equivalents	**165,210**	450,138
	========	========

Sensitivity analysis for variable rate instruments

No sensitivity analysis for variable rate instruments has been disclosed since interest income earned for the year ended 31 December 2020 was insignificant.

Currency risk

The Company is exposed to foreign currency risk on its transactions that are denominated in currencies other than the USD.

Currency profile

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

	Financial assets 2020 USD	**Financial liabilities 2020 USD**	Financial assets 2019 USD	Financial liabilities 2019 USD
United States Dollars	**3,056,777**	**13,816,709**	2,979,124	13,337,411
Euro	-	**78,303**	-	115,091
AED	-	-	-	31,409
INR	-	**86,538**		
	---------	---------	---------	---------
	3,056,777	**13,981,550**	2,979,124	13,483,911
	=========	=========	=========	=========

Intangible assets **USD 943,052** (2019 – USD 852,920) investment in subsidiaries **USD 27,804,203** (2019 – USD 27,729,241**)** and prepayments **USD 23,239** **(**2019 – USD 74,125) have not been included in financial assets.

13. Financial risk management (continued)

Currency sensitivity analysis

The following table indicates the approximate change in the Company's reserves in response to an approximate, reasonable possible change in the foreign exchange rates by 5% at the reporting date. The analysis is performed on the same basis for 2019.

	Change in reserves	
	USD	USD
	2020	2019
Euro	**3,915**	5,755
AED	-	1,570
INR	**4,327**	
	========	========

14. Capital management

The Company actively and regularly reviews and manages its capital position to maintain a balance between its liability and equity level.

The management of the Company's capital position is undertaken by the management team of its holding Company. The management team ensures that the Company is adequately capitalised to meet economic and regulatory requirements. Capital injections and repatriations of funds are executed in a timely fashion, working closely with the business and infrastructure groups. The management team meets on a regular basis and manages capital by taking into account key considerations, which may include business developments, regulatory requirements, gap profitability and market movements such as foreign exchange and interest rate.

15. Holding and ultimate holding entities

The holding entity of the Company is Travel Circle International (Mauritius) Limited, an unquoted company incorporated in Mauritius and the ultimate holding entity is Fairfax Financial Holdings Limited, a listed company incorporated in Canada.

16. Subsequent events

There are no material events after the reporting date which require amendments to or additional disclosures in the financial statements for the year ended 31 December 2020.

PT. ASIAN TRAILS INDONESIA

LAPORAN KEUANGAN/
FINANCIAL STATEMENTS

UNTUK TAHUN YANG BERAKHIR 31 DESEMBER 2020
FOR THE YEAR ENDED DECEMBER 31, 2020

DAN LAPORAN AUDITOR INDEPENDEN/
AND INDEPENDENT AUDITORS' REPORT

asian trails

SURAT PERNYATAAN DIREKSI/*DIRECTORS' STATEMENT LETTER*
TENTANG TANGGUNG JAWAB ATAS LAPORAN KEUANGAN/
RELATING TO THE RESPONSIBILITY ON THE FINANCIAL STATEMENTS
UNTUK TAHUN YANG BERAKHIR 31 DESEMBER 2020/
FOR THE YEAR ENDED DECEMBER 31, 2020

PT. ASIAN TRAILS INDONESIA

Kami yang bertanda tangan dibawah ini: *We, the undersigned:*

1. Nama/*Name* : Rocky Wisuda Praputranto
   Alamat kantor/*Office address* : Jl By Pass Ngurah Rai No. 260
   Alamat domisili/*Domicile* : Jl Jakarta D 5 Buana Gubug, Jimbaran Kuta Selatan - Bali
   Nomor Telepon/*Phone Number* : (0261) 285771
   Jabatan/*Position* : Direktur Utama/ *President Director*
2. Nama/*Name* : Bjorn Schimanski
   Alamat kantor/*Office address* : Jl By Pass Ngurah Rai No. 260
   Alamat domisili/*Domicile* : Jl Batursari Gang Villa Mimba No. 02, Sanur - Denpasar
   Nomor Telepon/*Phone Number* : (0261) 285771
   Jabatan/*Position* : Direktur Keuangan/ *Finance Director*

menyatakan bahwa:

1. Bertanggung jawab atas penyusunan dan penyajian laporan keuangan Perusahaan;
2. Laporan keuangan Perusahaan telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia;
3. a. Semua informasi dalam laporan keuangan Perusahaan telah dimuat secara lengkap dan benar;

   b. Laporan keuangan Perusahaan tidak mengandung informasi atau fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material;
4. Kami bertanggung jawab atas sistem pengendalian intern dalam Perusahaan.

Demikian pernyataan ini dibuat dengan sebenarnya.

state that:

1. *We are responsible for the preparation and presentation of the financial statements of the Company;*
2. *The financial statements of the Company have been prepared and presented in accordance with Indonesia Financial Accounting Standards;*
3. *a. All information contain in the financial statements of the Company is complete and correct;*

   b. The financial statements of the Company do not contain misleading material information or facts, and do not omit material information and facts.
4. *We are responsible for the Company internal control system.*

This statement letter is made truthfully.

Denpasar, 14 Januari 2021/*January 14, 2021*
Atas nama dan mewakili Direksi/
On behalf and represent Board of Director

METERAI TEMPEL 6822BAHF813806604 6000 ENAM RIBU RUPIAH

METERAI TEMPEL 07969AHF813806605 6000 ENAM RIBU RUPIAH

Rocky Wisuda Praputranto
Direktur Utama/
President Director

Bjorn Schimanski
Direktur/
Director

PT. Asian Trails Indonesia, Jalan Bypass Ngurah Rai No.260 Sanur Denpasar - Bali 80228 - Indonesia
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Laporan Auditor Independen

No.00018/3.0330/AU.1/05/0596-1/1/I/2021

Pemegang Saham, Dewan Komisaris dan Direksi
PT. Asian Trails Indonesia

Kami telah mengaudit laporan keuangan PT. Asian Trails Indonesia ("Perusahaan") terlampir, yang terdiri dari laporan posisi keuangan pada tanggal 31 Desember 2020 serta laporan laba rugi komprehensif, perubahan ekuitas dan arus kas untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

Tanggung jawab manajemen atas laporan keuangan

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan tersebut sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

Tanggung jawab auditor

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan tersebut berdasatkan audit kami. Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami untuk mematuhi ketentuan etika serta merencanakan dan melaksanakan audit untuk memperoleh keyakinan memadai tentang apakah laporan keuangan tersebut bebas dari kesalahan penyajian material.

Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan. Prosedur yang dipilih bertanggung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan, baik yang disebabkan oleh kecurangan maupun kesalahan.

Independent Auditors' Report

No.00018/3.0330/AU.1/05/0596-1/1/I/2021

The Stockholders, Boards of Commissioners and Directors
PT. Asian Trails Indonesia

We have audited the accompanying financial statements of PT. Asian Trails Indonesia ("the Company"), which comprise the statement of financial position as of December 31, 2020 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the presentation and fair presentation of such financial statements in accordance with Indonesian Financial 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.

Auditors' responsibility

Our responsibility is to express an opinion on such financial statements based on our audit. We conducted our audits in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements

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Dalam melakukan penilaian risiko tersebut, auditor mempertimbangkan pengendalian internal yang relevan dengan penyusunan dan penyajian wajar laporan keuangan entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektivitasan pengedalian internal entitas. Suatu audit juga mencakup pengevaluasian atas ketepatan kebijakan akuntansi yang digunakan dan kewajaran estimasi akuntansi yang dibuat oleh manajemen, serta pengevaluasian atas penyajian laporan keuangan secara keseluruhan.

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 entity's internal control .An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Opini

Menurut opini kami, laporan keuangan terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan PT. Asian Trails Indonesia pada tanggal 31 Desember 2020, serta kinerja keuangan dan arus kasnya untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT. Asian Trails Indonesia as of December 31, 2020, and its financial performance and cash flows for the year then ended in accordance with Indonesian Financial Accounting Standards.

Penekanan suatu hal

Kami menaruh perhatian pada Catatan 27 atas laporan keuangan pada tanggal 31 Des 2020. Lebih jauh, di awal tahun 2020, ekonomi dunia menghadapi ketidakpastian akibat dari pandemi Covid-19. Kondisi ini, bersama dengan hal-hal ini yang dijelaskan dalam Catatan 27 bahwa dampak spesifik terhadap bisnis, pendapatan dan nilai terpulihkan dari aset dan liabilitas Perusahaan belum memungkinkan untuk ditentukan pada tahap ini. Dampak-dampak tersebut akan dilaporkan dalam laporan keuangan saat dampak tersebut dapat diketahui dan diestimasi.

Emphasis of matter

We draw attention to Note 27 to the financial statement as of December 31, 2020. Furthemore, in the beginning of 2020, the world economy faces uncertainty as a result of the Covid-19 pandemic. These conditions, together with these are explained in Note 27 that the spesific impact on the business, income and recoverable value of assets and liabilities of the Company is not yet possible to be determined at this stage. These impacts will be reported in the financial statements when they are known and can be estimated.

Drs. Abdul Muntalib, Akt., CA., CPA., CPI., ACPA
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Izin Usaha/*License* No. KEP-183/KM.1/2008

14 Januari 2021/*January 14, 2021*

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(Presented in Rupiah, unless otherwise stated)

	Catatan/ *Notes*	2020	2019	
ASET				***ASSETS***
ASET LANCAR				***CURRENT ASSETS***
Kas dan bank	4	2.170.084.320	20.858.807.530	*Cash on hand and in banks*
Piutang usaha	5			*Trade receivable*
Pihak berelasi	23	-	122.731.919	*Related parties*
Pihak ketiga		1.669.563.327	7.243.320.014	*Third parties*
Piutang lain-lain				*Other receivable*
Pihak berelasi	23	18.265.000.000	15.818.000.002	*Related parties*
Pihak ketiga	6	1.777.707.352	1.054.349.586	*Third parties*
Uang muka ke pemasok	8	2.447.308.523	3.906.793.865	*Advances payment to supplier*
Biaya dibayar dimuka	7	954.934.242	1.430.406.004	*Prepaid expenses*
Jumlah Aset Lancar		**27.284.597.764**	**50.434.408.920**	***Total Current Assets***
ASET TIDAK LANCAR				***NON CURRENT ASSET***
Aset tetap - bersih	9	1.175.540.610	1.908.642.160	*Property and equipment - net*
JUMLAH ASET		**28.460.138.374**	**52.343.051.080**	***TOTAL ASSETS***
LIABILITAS DAN EKUITAS				***LIABILITIES AND EQUITY***
LIABILITAS JANGKA PENDEK				***CURRENT LIABILITIES***
Utang usaha	10			*Trade payables*
Pihak berelasi	23	6.802.167	99.111.706	*Related parties*
Pihak ketiga		250.508.550	2.424.939.696	*Third parties*
Utang lain-lain		162.604.214	-	*Others payable*
Utang pajak	13	848.640.654	497.655.642	*Taxes payable*
Biaya yang masih harus dibayar	11	3.307.771.268	11.939.038.818	*Accrued expenses*
Uang muka pelanggan	12	7.491.436.537	7.458.872.898	*Deposit from customer*
Jumlah Liabilitas Jangka Pendek		**12.067.763.389**	**22.419.618.760**	***Total Current Liabilities***
LIABILITAS JANGKA PANJANG				***NON CURRENT LIABILITY***
Liabilitas imbalan kerja karyawan	14	864.182.763	869.369.983	*Post-employment benefits obligation*
JUMLAH LIABILITAS		**12.931.946.152**	**23.288.988.743**	***TOTAL LIABILITIES***
EKUITAS				***EQUITY***
Modal saham - nilai nominal Rp 720.000 per saham				*Capital stock - IDR 720,000 par value per share*
Modal dasar - 2.000 saham				*Authorized - 2,000 shares*
Modal ditempatkan dan disetor - 2.000 saham	15	1.440.000.000	1.440.000.000	*Issued and fully paid - 2,000 shares*
Selisih kurs modal		138.248.000	138.248.000	*Difference rate on capital*
Saldo laba		13.949.944.222	27.475.814.337	*Retained earnings*
Jumlah Ekuitas		**15.528.192.222**	**29.054.062.337**	***Total Equity***
JUMLAH LIABILITAS DAN EKUITAS		**28.460.138.374**	**52.343.051.080**	***TOTAL LIABILITIES AND EQUITY***

Lihat catatan atas laporan keuangan yang merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

See accompaying notes to financial statements which are an integral part of the financial statements.

(Presented in Rupiah, unless otherwise stated)

	Catatan/ *Notes*	2020	2019	
PENDAPATAN USAHA	17	1.916.450.477	148.112.007.678	***REVENUES***
BEBAN POKOK PENDAPATAN	18	(10.891.760.353)	(117.171.190.623)	***COST OF REVENUES***
LABA (RUGI) KOTOR		**(8.975.309.876)**	**30.940.817.055**	***GROSS PROFIT (LOSS)***
Beban penjualan	19	(3.594.359.093)	(7.420.824.909)	*Selling expense*
Beban umum dan administrasi	20	(12.332.733.619)	(20.634.324.065)	*General and administrative expense*
Beban lainnya	21	(111.251.412)	(3.931.416.680)	*Other expense*
Pendapatan lainnya	22	17.810.283.885	15.293.694.834	*Other income*
LABA (RUGI) SEBELUM BEBAN PAJAK PENGHASILAN		**(7.203.370.115)**	**14.247.946.235**	***INCOME (LOSS) BEFORE TAX***
BEBAN PAJAK PENGHASILAN	13	-	(1.274.517.000)	***INCOME TAX EXPENSE***
Pendapatan komprehensif lain		-	-	***Other comprehensif income***
LABA (RUGI) BERSIH KOMPREHENSIF		**(7.203.370.115)**	**12.973.429.235**	***NET COMPREHENSIVE INCOME (LOSS)***

Lihat catatan atas laporan keuangan yang merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

See accompaying notes to financial statements which are an integral part of the financial statements.

(Presented in Rupiah, unless otherwise stated)

	Catatan/ *Notes*	**Modal Ditempatkan dan Disetor/ *Issued and Fully Paid-in Capital***	**Selisih Kurs Modal/ *Difference rate capital***	**Saldo Laba/ *Retained earnings***	**Jumlah Ekuitas/ *Total Equity***	
Saldo per 1 Januari 2019		**1.440.000.000**	**138.248.000**	**26.996.635.109**	**28.574.883.110**	***Balance as of January 1, 2019***
Dividen tunai	16	-	-	(12.494.250.007)	(12.494.250.007)	*Cash dividens*
Laba bersih tahun berjalan		-	-	12.973.429.235	12.973.429.235	*Net income for the year*
Saldo per 31 Desember 2019		**1.440.000.000**	**138.248.000**	**27.475.814.337**	**29.054.062.338**	***Balance as of December 31, 2019***
Dividen tunai	16	-	-	(6.322.500.000)	(6.322.500.000)	*Cash dividens*
Rugi bersih tahun berjalan		-	-	(7.203.370.115)	(7.203.370.115)	*Net loss for the year*
Saldo per 31 Desember 2020		**1.440.000.000**	**138.248.000**	**13.949.944.222**	**15.528.192.223**	***Balance as of December 31, 2020***

Lihat catatan atas laporan keuangan yang merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

See accompaying notes to financial statements which are an integral part of the financial statements.

(Presented in Rupiah, unless otherwise stated)

	2020	2019	
ARUS KAS DARI AKTIVITAS OPERASI			***CASH FLOW FROM OPERATING ACTIVITIES***
Penerimaan kas dari pelanggan	10.952.065.737	165.958.347.954	*Cash receipt from customers*
Pembayaran kas kepada pemasok dan karyawan	(21.027.590.626)	(153.757.030.755)	*Cash paid to suppliers and employees*
Pembayaran pajak	-	94.027.576	*Payment of taxes*
Pembayaran beban keuangan	(111.251.413)	(371.763.470)	*Payments of financial charges*
Kas Bersih Diperoleh (Digunakan) dari Aktivitas Operasi	**(10.186.776.301)**	**11.923.581.305**	***Net Cash Provided by (Used in) Operating Activities***
ARUS KAS DARI AKTIVITAS INVESTASI			***CASH FLOWS FROM INVESTING ACTIVITIES***
Penerimaan bunga	369.556.588	585.024.973	*Interest income*
Perolehan aset tetap	(9.693.960)	(1.422.344.500)	*Acquisition of property and equipment*
Kas Bersih Diperoleh (Digunakan) untuk Aktivitas Investasi	**359.862.628**	**(837.319.527)**	***Net Cash Provided by (Used in) Investing Activities***
ARUS KAS DARI AKTIVITAS PENDANAAN			***CASH FLOWS FROM FINANCING ACTIVITIES***
Pembayaran (penurunan) utang pihak berelasi	(92.309.539)	40.510.618	*Payment (decrease) of due to related parties*
Penambahan piutang lain-lain pihak berelasi	(2.446.999.998)	-	*Increase of other receivable related parties*
Dividen tunai	(6.322.500.000)	(12.494.250.007)	*Cash dividends*
Kas Bersih Digunakan untuk Aktivitas Pendanaan	**(8.861.809.537)**	**(12.453.739.389)**	***Net Cash Used in Financing Activities***
PENURUNAN BERSIH KAS DAN BANK	**(18.688.723.210)**	**(1.367.477.611)**	***NET DECREASE CASH IN BANKS***
KAS DAN BANK AWAL TAHUN	20.858.807.530	22.226.285.141	***CASH ON HAND AND IN BANKS AT BEGINNNIG OF YEAR***
KAS DAN BANK AKHIR TAHUN	**2.170.084.320**	**20.858.807.530**	***CASH ON HAND AND IN BANKS AT END OF YEAR***

Lihat catatan atas laporan keuangan yang merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

See accompaying notes to financial statements which are an integral part of the financial statements.

(Presented in Rupiah, unless otherwise stated)

1. UMUM

a. Pendirian dan Informasi Umum

PT. Asian Trails Indonesia didirikan berdasarkan akta notaris Silvia Veronica, S.H. No. 26 tanggal 24 Desember 1999. Akta pendirian ini disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dalam Surat Keputusan No. C-88884 HT.01.04.TH.1999 yang ditetapkan tanggal 24 Mei 1999. Akta Perusahaan telah mengalami beberapa kali perubahan, terakhir kali berdasarkan akta notaris Buntario Tigris Darmawa NG, SH., SE, No. 169 tanggal 30 Juli 2019, mengenai perubahan anggaran dasar Perusahaan. Akta perubahan tersebut telah disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dalam Surat Keputusan No. AHU-0051435.AH.01.02TAHUN 2019 pada tanggal 14 Agustus 2019.

Perusahaan berdomisili di Denpasar Bali dan berkedudukan di Jl. By Pass Ngurah Rai No. 260. Sanur, Denpasar, Bali.

Sesuai dengan pasal 3 anggaran dasar Perusahaan, ruang lingkup kegiatan Perusahaan adalah bergerak di bidang biro perjalanan wisata. Perusahaan mulai beroperasi pada tahun 2007. Perusahaan memiliki karyawan pada tanggal 31 Desember 2020 sebanyak 63 orang.

Susunan dewan komisaris dan direksi Perusahaan pada tanggal 31 Desember 2020 dan 2019 adalah sebagai berikut:

1. GENERAL

a. Establishment and General Information

PT. Asian Trails Indonesia was established based on notarial deed No. 26 of Silvia Veronica, S.H., dated December 24, 1999. The deed of establishment was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. C-88884 HT.01.04.TH.1999 dated May 24, 1999. The Company's articles of association have been amended several times, most recently by notarial deed No. 169 of Buntario Tigris Darmawa NG, SH., SE, dated July 30, 2019, regarding changes to the Company's articles of association. The deed of amendment was approved by the Minister of Law and Human Rights of the Republic of Indonesia in a Decree No. AHU-0051435.AH.01.02TAHUN 2019 on August 14, 2019.

The Company is domiciled in Denpasar Bali and located at Jl. By Pass Ngurah Rai No.260. Sanur, Denpasar, Bali.

In accordance with article 3 of the Company's articles of association, the scope of its activities are tour and traveling business. The Company started its operations in 2007. The Company had total number of employees of 63 as of December 31, 2020.

The Company's management as of December 31, 2020 and 2019 consisted of the following:

	31 Desember 2020/ *December 31, 2020*	31 Desember 2019/ *December 31, 2019*	
Presiden Komisaris	Mr. Luzi Andrea Matzig/Lersan Misitsakul	Mr. Luzi Andrea Matzig/Lersan Misitsakul	*President Commissioner*
Komisaris	Mr. Dharmayanto Tirtawisata	Mr. Dharmayanto Tirtawisata	*Commissioners*
	Mr. Laurent Kunzle	Mr. Laurent Kunzle	
Presiden Direktur	Mr. Rocky Wisuda Praputranto	Mr. Rocky Wisuda Praputranto	*President Director*
Direktur	Mr. Bjorn Schimanski	Mr. Bjorn Schimanski	*Directors*
	Mr. Marcel Jordi Grifoll	Mr. Marcel Jordi Grifoll	

2. IKHTISAR KEBIJAKAN AKUNTANSI

a. Dasar penyusunan laporan keuangan

Laporan keuangan telah disusun sesuai dengan Standar Akuntansi Keuangan di Indonesia ("SAK"), yang mencakup Pernyataan dan Interpretasi yang diterbitkan oleh Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia.

Laporan keuangan, kecuali laporan arus kas, disusun berdasarkan konsep akrual dan biaya perolehan historis, kecuali beberapa akun tertentu yang diukur dengan cara sebagaimana yang diuraikan dalam kebijakan akuntansi di akun yang bersangkutan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis preparation of financial statements

The financial statements have been prepared in accordance with Financial Accounting Standards in Indonesia ("SAK"), which include the Statement and Interpretation issued by the Financial Accounting Standards Board of the Indonesian Accountants Association.

The financial statements, except for the statement of cash flows, are prepared using the accrual basis and based on historical costs, except for certain accounts which are measured on the bases described in the related accounting policies of those accounts.

2. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)

a. Dasar penyusunan laporan keuangan (lanjutan)

Laporan arus kas disajikan dengan menggunakan metode langsung yang mengelompokkan penerimaan dan pengeluaran kas dan bank ke dalam aktivitas operasi, investasi dan pendanaan. Untuk tujuan penyajian laporan arus kas, kas dan bank terdiri dari kas dan bank, simpanan yang sewaktu-waktu bisa dicairkan dan investasi likuid jangka pendek lainnya yang jatuh tempo dalam waktu 3 (tiga) bulan atau kurang, dikurangi dengan cerukan.

Seluruh angka dalam laporan keuangan ini, disajikan dalam Rupiah (“Rp”), kecuali dinyatakan lain.

b. Kas dan bank

Kas dan bank terdiri dari kas dan kas di bank, dan tidak digunakan sebagai jaminan atau dibatasi penggunaannya.

c. Instrumen keuangan

i. Aset keuangan

Pengakuan awal

Aset keuangan diklasifikasikan sebagai aset keuangan yang diukur pada nilai wajar melalui laba rugi, pinjaman yang diberikan dan piutang, investasi dimiliki hingga jatuh tempo, dan aset keuangan tersedia untuk dijual, mana yang sesuai. Perusahaan menetapkan klasifikasi aset keuangan setelah pengakuan awal dan, jika diperbolehkan dan sesuai, akan melakukan evaluasi atas klasifikasi ini pada setiap tanggal pelaporan.

Aset keuangan Perusahaan yang meliputi kas dan bank, piutang usaha, aset keuangan lancar lainnya, piutang pihak berelasi dan aset keuangan tidak lancar lainnya diklasifikasikan sebagai pinjaman yang diberikan dan piutang, sementara investasi pada saham dengan persentase kepemilikan di bawah 20% diklasifikasikan sebagai aset keuangan tersedia untuk dijual.

Pada tanggal 31 Desember 2020 dan 2019, Perusahaan tidak memiliki aset keuangan yang diukur pada nilai wajar melalui laba rugi dan investasi dimiliki hingga jatuh tempo.

Pada saat pengakuan awalnya, aset keuangan diukur pada nilai wajar ditambah dengan biaya transaksi yang dapat diatribusikan secara langsung.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis preparation of financial statements (continued)

The statement of cash flows is presented using the direct method by classifying the receipts and disbursements of cash and cash equivalents into operating, investing and financing activities. For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, deposits held at call with banks and other short-term highly liquid investments with original maturities of 3 (three) months or less, net of bank overdrafts.

All figures in the financial statements are rounded to and expressed in millions of Indonesian Rupiah (“IDR”), unless otherwise stated.

b. Cash and banks

Cash and banks are cash dan cash in banks, and which are not used as collateral or not restricted.

c. Financial instruments

i. Financial assets

Initial recognition

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each reporting date.

The Company’s financial assets which include cash and cash equivalents, trade receivables, other current financial assets, due from related parties and other non-current financial assets are classified as loans and receivables, while investments in shares with percentage of ownership interest less than 20% are classified as available-for-sale financial assets.

As of December 31, 2020 and 2019, the Company does not have any financial assets at fair value through profit or loss and held-to-maturity investments.

When financial assets are recognized initially, they are measured at fair value plus directly attributable transaction costs.

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

c. Instrumen keuangan (lanjutan)

i. Aset keuangan (lanjutan)

Pengukuran setelah pengakuan awal

Pinjaman yang diberikan dan piutang adalah aset keuangan non-derivatif dengan pembayaran tetap atau telah ditentukan dan tidak memiliki kuotasi di pasar aktif. Setelah pengakuan awal, aset tersebut dicatat pada biaya perolehan yang diamortisasi dengan menggunakan metode suku bunga efektif (SBE) dan keuntungan atau kerugian terkait diakui dalam laba rugi ketika aset tersebut mengalami penurunan nilai atau melalui proses amortisasi. Arus kas terkait dengan pinjaman yang diberikan dan piutang jangka pendek tidak didiskontokan apabila efek diskonto tidak material.

Aset keuangan tersedia untuk dijual adalah aset keuangan non-derivatif yang ditetapkan sebagai tersedia untuk dijual atau yang tidak diklasifikasikan dalam 3 (tiga) kategori lainnya. Setelah pengukuran awal, aset keuangan tersedia untuk dijual diukur dengan nilai wajar dengan keuntungan atau kerugian yang belum terealisasi diakui dalam ekuitas sampai aset tersebut dihentikan pengakuannya.

Penghentian pengakuan

Penghentian pengakuan atas suatu aset keuangan, atau, bila dapat diterapkan untuk bagian dari aset keuangan atau bagian dari kelompok aset keuangan serupa, terjadi bila:

i. hak kontraktual atas arus kas yang berasal dari aset keuangan tersebut berakhir; atau
ii. Perusahaan mentransfer hak kontraktual untuk menerima arus kas yang berasal dari aset keuangan tersebut atau menanggung kewajiban untuk membayar arus kas yang diterima tersebut tanpa penundaan yang signifikan kepada pihak ketiga melalui suatu kesepakatan penyerahan dan apabila (a) secara substansial mentransfer seluruh risiko dan manfaat atas kepemilikan aset keuangan tersebut, atau (b) secara substansial tidak mentransfer dan tidak mempertahankan seluruh risiko dan manfaat atas kepemilikan aset keuangan tersebut, namun telah mentransfer pengendalian atas aset keuangan tersebut.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

i. Financial assets (continued)

Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, such assets are carried at amortized cost using the effective interest (EIR) method and the related gains or losses are recognized in profit or loss when the assets are impaired or through amortization process. Cash flows relating to short-term loans and receivables are not discounted if the effect of discounting is immaterial.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the 3 (three) preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealized gains or losses recognized in equity until the assets are derecognized.

Derecognition

A financial asset, or, where applicable a part of a financial asset or part of a group of similar financial assets, is derecognized when:

i. the contractual rights to receive cash flows from the financial asset have expired; or
ii. The Company has transferred its contractual rights to receive cash flows from the financial asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement and either (a) has transferred substantially all the risks and rewards of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

c. Instrumen keuangan (lanjutan)

i. Aset keuangan (lanjutan)

Apabila Perusahaan mentransfer hak untuk menerima arus kas yang berasal dari aset keuangan atau mengadakan kesepakatan penyerahan, atau tidak mentransfer maupun tidak mempertahankan secara substansial seluruh risiko dan manfaat atas aset keuangan tersebut namun telah mentransfer pengendalian atas aset keuangan tersebut, maka suatu aset keuangan baru diakui oleh Perusahaan sebesar keterlibatannya yang berkelanjutan dengan aset keuangan tersebut.

Pada saat penghentian pengakuan atas aset keuangan secara keseluruhan, maka selisih antara nilai tercatat dan jumlah dari (i) pembayaran yang diterima, termasuk aset baru yang diperoleh dikurangi dengan liabilitas baru yang ditanggung; dan (ii) keuntungan atau kerugian kumulatif yang telah diakui secara langsung dalam ekuitas, harus diakui dalam laba rugi.

<u>Penurunan nilai</u>

Pada setiap tanggal pelaporan, Perusahaan mengevaluasi apakah terdapat bukti yang obyektif bahwa aset keuangan atau kelompok aset keuangan mengalami penurunan nilai.

Penurunan nilai atas aset keuangan atau kelompok aset keuangan dianggap telah terjadi, jika dan hanya jika, terdapat bukti yang obyektif mengenai penurunan nilai sebagai akibat dari satu atau lebih peristiwa yang terjadi setelah pengakuan awal aset tersebut ("peristiwa kerugian"), dan peristiwa kerugian tersebut berdampak pada estimasi arus kas masa depan aset keuangan atau kelompok aset keuangan yang dapat diestimasi secara andal.
Bukti penurunan nilai dapat meliputi indikasi pihak peminjam atau kelompok peminjam mengalami kesulitan keuangan signifikan, wanprestasi atau tunggakan pembayaran bunga atau pokok, terdapat kemungkinan bahwa pihak peminjam akan dinyatakan pailit atau melakukan reorganisasi keuangan lainnya, dan pada saat data yang dapat diobservasi mengindikasikan adanya penurunan yang dapat diukur atas estimasi arus kas masa depan, seperti meningkatnya tunggakan atau kondisi ekonomi yang berkorelasi dengan wanprestasi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

i. Financial assets (continued)

Where the Company has transferred its rights to receive cash flows from a financial asset or has entered into a pass-through arrangement, or has neither transferred nor retained substantially all the risks and rewards of the financial asset but has transferred control of the financial asset, a new financial asset is recognized to the extent of the Company's continuing involvement in the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (i) the consideration received, including any new asset obtained less any new liability assumed; and (ii) any cumulative gain or loss that has been recognized directly in equity, is recognized in profit or loss.

<u>Impairment</u>

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

c. Instrumen keuangan (lanjutan)

i. Aset keuangan (lanjutan)

Untuk pinjaman yang diberikan dan piutang yang dicatat pada biaya perolehan yang diamortisasi, Perusahaan pertama kali secara individual menentukan bahwa terdapat bukti obyektif mengenai penurunan nilai atas aset keuangan yang signifikan secara individual, atau secara kolektif untuk aset keuangan yang tidak signifikan secara individual. Jika Perusahaan menentukan tidak terdapat bukti obyektif mengenai penurunan nilai atas aset keuangan yang dinilai secara individual, terlepas aset keuangan tersebut signifikan atau tidak, maka Perusahaan memasukkan aset tersebut ke dalam kelompok aset keuangan yang memiliki karakteristik risiko kredit yang sejenis dan menilai penurunan nilai kelompok tersebut secara kolektif. Aset yang penurunan nilainya dinilai secara individual dan untuk itu kerugian penurunan nilai diakui atau tetap diakui, tidak termasuk dalam penilaian atau penurunan nilai secara kolektif.

Jika terdapat bukti obyektif bahwa kerugian penurunan nilai telah terjadi, maka jumlah kerugian tersebut diukur berdasarkan selisih antara nilai tercatat aset dengan nilai kini estimasi arus kas masa depan (tidak termasuk ekspektasi kerugian kredit masa depan yang belum terjadi).

Nilai kini estimasi arus kas masa depan didiskonto menggunakan SBE awal dari aset keuangan tersebut. Jika pinjaman yang diberikan atau piutang memiliki suku bunga variabel, tingkat diskonto untuk mengukur kerugian penurunan nilai adalah SBE terkini.

Nilai tercatat aset keuangan dikurangi melalui penggunaan akun penyisihan dan jumlah kerugian tersebut diakui secara langsung dalam laba rugi. Pendapatan bunga terus diakui atas nilai tercatat yang telah dikurangi tersebut berdasarkan suku bunga yang digunakan untuk mendiskontokan arus kas masa depan dengan tujuan untuk mengukur kerugian penurunan nilai. Pinjaman yang diberikan dan piutang beserta dengan penyisihan terkait dihapuskan jika tidak terdapat kemungkinan yang realistis atas pemulihan di masa mendatang dan seluruh agunan, jika ada, sudah direalisasi atau ditransfer kepada Perusahaan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

i. Financial assets (continued)

For loans and receivables carried at amortized cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a the Company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment or impairment.

When there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred).

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan or receivable has a variable interest rate, the discount rate for measuring impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is directly recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Loans and receivables, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Company.

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

c. Instrumen keuangan (lanjutan)

i. Aset keuangan (lanjutan)

Ketika penurunan nilai wajar aset keuangan tersedia untuk dijual telah diakui dalam ekuitas dan terdapat bukti obyektif bahwa aset tersebut mengalami penurunan nilai, maka kerugian kumulatif yang sebelumnya diakui dalam ekuitas harus dikeluarkan dari ekuitas dan diakui dalam laba rugi meskipun aset keuangan tersebut belum dihentikan pengakuannya. Jumlah kerugian kumulatif yang dikeluarkan dari ekuitas dan diakui dalam laba rugi merupakan selisih antara biaya perolehan dengan nilai wajar kini, dikurangi kerugian penurunan nilai aset keuangan yang sebelumnya telah diakui dalam laba rugi.

Jika, dalam periode pelaporan berikutnya, nilai estimasi kerugian penurunan nilai aset keuangan bertambah atau berkurang yang dikarenakan peristiwa yang terjadi setelah penurunan nilai diakui, maka kerugian penurunan nilai yang sebelumnya diakui ditambahkan atau dikurangi (dipulihkan) dengan menyesuaikan akun penyisihan. Pemulihan tersebut tidak boleh mengakibatkan nilai tercatat aset keuangan melebihi biaya perolehan yang diamortisasi yang seharusnya jika penurunan nilai tidak diakui pada tanggal pemulihan dilakukan. Jika penghapusan nantinya terpulihkan, jumlah pemulihan aset keuangan diakui dalam laba rugi.

ii. Liabilitas keuangan

Pengakuan awal

Perusahaan mengklasifikasikan semua liabilitas keuangannya ke dalam kategori liabilitas keuangan yang diukur pada biaya perolehan diamortisasi, yang pada awalnya diakui sebesar nilai wajar dan termasuk biaya transaksi yang dapat diatribusikan secara langsung.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

i. Financial assets (continued)

When a decline in the fair value of an available-for-sale financial asset has been recognized in equity and there is objective evidence that the assets are impaired, the cumulative loss that had been recognized in equity will be reclassified from equity to profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

If, in the subsequent reporting period, the amount of the estimated impairment loss increases or decreases because of event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. If a future write-off is later recovered, the recovery is recognized in profit or loss.

ii. Financial liabilities

Initial recognition

The Company classifies all its Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

c. Instrumen keuangan (lanjutan)

ii. Liabilitas keuangan (lanjutan)

Pengukuran setelah pengakuan awal

Setelah pengakuan awal, utang dan pinjaman diukur pada biaya perolehan yang diamortisasi dengan menggunakan metode SBE dan keuntungan atau kerugian terkait diakui dalam laba rugi melalui proses amortisasi. Biaya perolehan yang diamortisasi diukur dengan menggunakan metode SBE dikurangi penyisihan penurunan nilai dan pembayaran atau pengurangan pokok. Perhitungan ini mencakup seluruh premi atau diskonto pada saat perolehan dan mencakup biaya transaksi serta komisi yang merupakan bagian tak terpisahkan dari SBE. Arus kas terkait dengan pinjaman dan utang jangka pendek tidak didiskontokan apabila efek diskonto tidak material.

Penghentian pengakuan

Suatu liabilitas keuangan dihentikan pengakuannya pada saat kewajiban yang ditetapkan dalam kontrak dihentikan, dibatalkan atau kadaluwarsa.

Ketika suatu liabilitas keuangan ditukar dengan liabilitas keuangan lain dari pemberi pinjaman yang sama atas persyaratan yang secara substansial berbeda, atau bila persyaratan dari liabilitas keuangan tersebut dimodifikasi secara substansial, pertukaran atau modifikasi persyaratan tersebut dicatat sebagai penghentian pengakuan liabilitas keuangan awal dan pengakuan liabilitas keuangan baru, dan selisih antara nilai tercatat masing-masing liabilitas keuangan tersebut diakui dalam laba rugi.

iii. Saling hapus instrumen keuangan

Aset keuangan dan liabilitas keuangan saling hapus dan nilai netonya disajikan dalam laporan posisi keuangan jika, dan hanya jika, terdapat hak yang berkekuatan hukum untuk melakukan saling hapus atas jumlah yang telah diakui dari aset keuangan dan liabilitas keuangan tersebut dan terdapat intensi untuk menyelesaikan dengan menggunakan dasar neto, atau untuk merealisasikan aset dan menyelesaikan liabilitasnya secara bersamaan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

ii. Financial liabilities (continued)

Subsequent measurement

Subsequent to initial recognition, loans and borrowings are measured at amortized costs using the EIR method and the related gains and losses are recognized in profit or loss through amortization process. Amortized cost is computed using the EIR method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the EIR. Cash flows relating to short-term loans and borrowings are not discounted if the effect of discounting is immaterial.

Derecognition

A financial liability is derecognized when the obligation under the contract is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

c. Instrumen keuangan (lanjutan)

iv. Nilai wajar instrumen keuangan

Nilai wajar instrumen keuangan yang tidak diperdagangkan di pasar aktif ditentukan dengan menggunakan teknik penilaian. Teknik penilaian tersebut meliputi penggunaan transaksi pasar terkini yang dilakukan secara wajar oleh pihak-pihak yang berkeinginan dan memahami (*recent arm's-length market transaction*), referensi atas nilai wajar terkini dari instrumen lain yang secara substansial sama, analisis arus kas yang didiskonto, atau model penilaian lainnya.

d. Transaksi dan saldo dalam mata uang asing

i. Mata uang fungsional dan penyajian

Pos-pos dalam laporan keuangan dari setiap entitas dalam Perusahaan diukur dalam mata uang pada lingkungan ekonomi utama dimana entitas beroperasi ("mata uang fungsional"). Laporan keuangan disajikan dalam Rupiah, yang merupakan mata uang fungsional dan penyajian Perusahaan.

ii. Transaksi dan saldo dalam mata uang asing

Transaksi dalam mata uang selain mata uang Rupiah dijabarkan menjadi mata uang Rupiah dengan menggunakan kurs yang berlaku pada tanggal transaksi.

Nilai tukar mata uang asing terhadap Rupiah pada tanggal 31 Desember 2020 dan 2019 (berdasarkan kurs yang ditetapkan oleh Thomas Cook Group) adalah sebagai berikut:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

iv. Fair value of financial instruments

The fair value of financial instruments that are not traded in active markets is determined using valuation techniques. Such techniques may include using recent arm's-length market transaction, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models.

d. Transactions and balances in foreign currencies

i. Functional and presentation currency

Items included in the consolidated financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Rupiah, which is the Company's functional and presentation currency.

ii. Transactions and balances in foreign currencies

Transactions denominated in currencies other than Rupiah are converted into Rupiah at the rates prevailing as of the date of the transaction.

The exchange rate of foreign currency against Rupiah on December 31, 2020 and 2019 (based on the exchange rate set by the Thomas Cook Group) were as follows:

	31 Desember 2020/ *December 31, 2020*	31 Desember 2019/ *December 31, 2019*	
1 Dolar Amerika Serikat	14.050,00	13.882,50	*United States of America Dollar 1*
1 Euro	16.718,63	15.583,08	*Euro 1*

Keuntungan atau kerugian dari selisih kurs, yang sudah terealisasi maupun yang belum, baik yang berasal dari transaksi dalam mata uang asing maupun penjabaran aset dan liabilitas moneter dibebankan dalam laba rugi, kecuali jika ditangguhkan dalam penghasilan komprehensif lain sebagai lindung nilai arus kas dan lindung nilai investasi neto yang memenuhi syarat.

Realized or unrealized foreign exchange gains or losses arising from transactions in foreign currency and from the translation of foreign currency monetary assets and liabilities are recognized in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

e. Transaksi dengan pihak-pihak berelasi

Pihak berelasi adalah orang atau entitas yang terkait dengan entitas yang menyiapkan laporan keuangannya.

i. Orang atau anggota keluarga terdekat mempunyai relasi dengan entitas pelapor jika orang tersebut:

1). Memiliki pengendalian atau pengendalian bersama atas entitas pelapor;
2). Memiliki pengaruh signifikan atas entitas pelapor; atau
3). Personil manajemen kunci entitas pelapor atau entitas induk entitas pelapor.

ii. Suatu entitas berelasi dengan entitas pelapor jika memenuhi salah satu hal berikut:

1). Entitas dan entitas pelapor adalah anggota dari Perusahaan yang sama (artinya entitas induk, entitas anak dan entitas anak berikutnya terkait dengan entitas lain);
2). Satu entitas adalah entitas asosiasi atau ventura bersama dari entitas lain (atau entitas asosiasi atau ventura bersama yang merupakan anggota suatu Perusahaan, yang mana entitas lain tersebut adalah anggotanya);
3). Kedua entitas tersebut adalah ventura bersama dari pihak ketiga yang sama;
4). Satu entitas adalah ventura bersama dari entitas ketiga dan entitas yang lain adalah entitas asosiasi dari entitas ketiga;
5). Entitas tersebut adalah suatu program imbalan pasca-kerja untuk imbalan kerja dari salah satu entitas pelapor atau entitas yang terkait dengan entitas pelapor. Jika entitas pelapor adalah entitas yang menyelenggarakan program tersebut, maka entitas sponsor juga berelasi dengan entitas pelapor;
6). Entitas yang dikendalikan atau dikendalikan bersama oleh orang yang diidentifikasi dalam huruf i);
7). Orang yang diidentifikasi dalam huruf i) 1) memiliki pengaruh signifikan atas entitas atau personil manajemen kunci entitas (atau entitas induk dari entitas); dan
8). Entitas, atau anggota dari kelompok yang mana entitas merupakan bagian dari kelompok tersebut, menyediakan jasa personil manajemen kunci kepada entitas pelapor atau kepada entitas induk dari entitas pelapor.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Transactions with related parties

A related party is a person or entity that is related to the entity preparing its financial statements.

i. A person or a close member of that person's family is related to reporting entity if that person:

1). Has control or joint control over the reporting entity;
2). Has significant influence over the reporting entity; or
3). Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

ii. An entity is related to a reporting entity if any the following conditions applies:

1). The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
2). One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
3). Both entities are joint ventures of the third party.
4). One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
5). The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
6). The entity is a controlled or jointly controlled by a person identified in i).
7). A person identified in i) 1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
8). An entity, or member of a group where the entity is part of the group, provides services to key management personnel to the reporting entity or to the parent entity of the reporting entity.

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

e. Transaksi dengan pihak-pihak berelasi (lanjutan)

Transaksi ini dilakukan berdasarkan persyaratan yang disetujui oleh kedua belah pihak, dimana persyaratan tersebut mungkin tidak sama dengan transaksi lain yang dilakukan dengan pihak-pihak yang tidak berelasi.

f. Biaya dibayar dimuka

Biaya dibayar dimuka diamortisasi berdasarkan masa manfaatnya dengan menggunakan metode garis lurus (*straight-line method*).

g. Aset tetap

Seluruh aset tetap awalnya diakui sebesar biaya perolehan, yang terdiri atas harga perolehan dan biaya-biaya tambahan yang dapat diatribusikan langsung untuk membawa aset ke lokasi dan kondisi yang diinginkan supaya aset tersebut siap digunakan sesuai dengan maksud manajemen.

Aset tetap dinyatakan sebesar biaya perolehan dikurangi dengan akumulasi penyusutan dan penyisihan penurunan nilai. Tanah tidak disusutkan. Termasuk juga ke dalam biaya perolehan adalah biaya-biaya penggantian bagian dari aset tetap jika biaya itu terjadi, dan apabila terdapat kemungkinan yang besar bahwa Perusahaan akan mendapat manfaat ekonomis di masa depan dari bagian aset tersebut serta biaya perolehannya dapat diukur secara andal.

Demikian pula, pada saat inspeksi yang signifikan dilakukan, biaya inspeksi itu diakui ke dalam jumlah tercatat *(carrying amount)* aset tetap sebagai suatu penggantian jika memenuhi kriteria pengakuan. Semua biaya pemeliharaan dan perbaikan yang tidak memenuhi kriteria pengakuan diakui dalam laba rugi pada saat terjadinya.

Biaya legal awal yang terjadi untuk memperoleh hak atas tanah diakui sebagai bagian dari biaya akuisisi.

Penyusutan dihitung dengan menggunakan metode garis lurus selama estimasi masa manfaat aset tetap yang bersangkutan yaitu sebagai berikut:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Transactions with related parties (continued)

This transaction is carried out based on terms agreed by both parties, where such requirements may not be the same as other transactions conducted with unrelated parties.

f. Prepaid expenses

Prepaid expenses are amortized over their beneficial periods using the straight-line method.

g. Fixed assets

All fixed assets are initially recognized at cost, which comprises the purchase price and any costs directly attributable in bringing the assets to the location and condition necessary for the assets to be capable of operating in the manner intended by management.

Fixed assets are stated at cost less accumulated depreciation and allowance for impairment. Land is not depreciated. The cost includes the cost of replacing part of the fixed assets when that cost is incurred, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs that do not meet the recognition criteria are recognized in profit or loss as incurred.

Initial legal costs incurred to obtain legal rights of land are recognized as part of the acquisition costs.

Depreciation is calculated using the straight-line method over the estimated useful lifes of the assets as follows:

	Tahun/*Year*	
Lisensi	4	*Licence*
Instalasi	4	*Instalation*
Furnitur kantor	4	*Office furniture*
Kendaraan	4	*Vehicles*
Perlengkapan kantor	4	*Office supplies*

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

g. Aset tetap (lanjutan)

Aset dalam penyelesaian merupakan biaya-biaya yang berhubungan langsung dengan pembangunan dan akuisisi aset tetap, termasuk biaya pendanaan, jika ada. Biaya-biaya tersebut akan dipindahkan ke aset tetap yang bersangkutan pada saat pembangunannya telah selesai. Penyusutan mulai dibebankan pada saat aset tersebut siap digunakan.
Jumlah tercatat aset tetap dihentikan pengakuannya pada saat dilepaskan atau saat tidak ada manfaat ekonomis di masa depan yang diharapkan dari penggunaan atau pelepasannya. Laba atau rugi yang timbul dari penghentian pengakuan aset, yang merupakan perbedaan antara jumlah neto hasil pelepasan dengan jumlah tercatatnya, disajikan dalam laba rugi.

Nilai residu, umur manfaat dan metode penyusutan ditinjau ulang dan, jika diperlukan, akan disesuaikan secara prospektif pada setiap tanggal pelaporan.

h. Penurunan nilai aset non-keuangan

Aset yang memiliki umur manfaat tidak terbatas, sebagai contoh goodwill atau aset tak berwujud yang belum siap digunakan, tidak diamortisasi dan dilakukan pengujian penurunan nilai secara tahunan, atau lebih sering apabila terdapat peristiwa atau perubahan pada kondisi yang mengindikasikan kemungkinan penurunan nilai.

Aset yang diamortisasi atau disusutkan ditinjau ulang ketika *terdapat* indikasi bahwa jumlah tercatatnya mungkin tidak dapat dipulihkan. Penurunan nilai diakui jika jumlah tercatat aset melebihi jumlah terpulihkan. Jumlah terpulihkan adalah nilai yang lebih tinggi antara nilai wajar aset dikurangi biaya untuk menjual dan nilai pakai aset. Dalam menentukan penurunan nilai, aset dikelompokkan sampai tingkat yang paling rendah dimana arus kasnya dapat diidentifikasi ("UPK"). Aset non-keuangan selain *goodwill* yang mengalami penurunan nilai ditinjau ulang pada setiap tanggal pelaporan untuk menentukan apakah terdapat kemungkinan pemulihan penurunan nilai.

Pemulihan kerugian penurunan nilai untuk aset selain *goodwill*, diakui jika, terdapat perubahan estimasi yang digunakan dalam menentukan jumlah terpulihkan aset sejak peninjauan ulang penurunan nilai yang terakhir. Pembalikan kerugian penurunan nilai tersebut diakui segera dalam laba rugi, kecuali untuk aset yang disajikan pada jumlah revaluasian yang diatur PSAK lain. Kerugian penurunan nilai yang diakui atas *goodwill* tidak dibalik kembali.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Fixed assets (continued)

Construction in progress represents costs directly attributable to the construction and acquisition of fixed assets, including financial costs, if any. These costs are transferred to the relevant asset account when the construction is complete. Depreciation is charged from the date the assets are ready for use.

An item of fixed asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in profit or loss.

The residual values, useful lifes and methods of depreciation are reviewed, and adjusted prospectively, if appropriate, at each reporting date.

h. Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready for use - are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("CGU"). Non-financial assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

Reversal on impairment loss for assets other than goodwill would be recognized if there had been a change in the estimates used to determine the asset's recoverable amount since the last impairment test was carried out. Reversal on impairment loss will be immediately recognized in profit or loss, except for assets measured using the revaluation model as required by other PSAK. Impairment loss relating to goodwill would not be reversed.

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

i. Modal saham

Biaya tambahan yang secara langsung dapat diatribusikan kepada penerbitan saham biasa atau opsi disajikan pada ekuitas sebagai pengurang penerimaan, setelah dikurangi pajak.

Ketika Perusahaan membeli modal saham ekuitas entitas (saham treasuri), imbalan yang dibayar, termasuk biaya tambahan yang secara langsung dapat diatribusikan (dikurangi pajak penghasilan) dikurangkan dari ekuitas yang diatribusikan kepada pemilik ekuitas entitas sampai saham tersebut dibatalkan atau diterbitkan kembali. Ketika saham biasa tersebut selanjutnya diterbitkan kembali, imbalan yang diterima, dikurangi biaya tambahan transaksi yang terkait dan dampak pajak penghasilan yang terkait dimasukkan pada ekuitas yang dapat diatribusikan kepada pemilik Entitas Induk.

j. Imbalan kerja

i. Program imbalan pasti

Liabilitas program pensiun imbalan pasti yang diakui dalam laporan posisi keuangan adalah nilai kini kewajiban imbalan pasti pada tanggal pelaporan dikurangi nilai wajar aset program. Perhitungan tersebut dilakukan oleh aktuaris independen dengan menggunakan metode *projected unit credit*. Nilai kini kewajiban imbalan pasti ditentukan dengan mendiskontokan estimasi arus kas keluar di masa depan menggunakan tingkat bunga obligasi pemerintah dengan pertimbangan bahwa pada saat ini tidak terdapat pasar aktif untuk obligasi korporasi yang berkualitas tinggi yang memiliki periode jatuh temponya berdekatan dengan periode liabilitas tersebut.
Beban yang diakui di laba rugi termasuk biaya jasa kini, beban/pendapatan bunga, biaya jasa lalu dan keuntungan/kerugian penyelesaian.

Pengukuran kembali program imbalan pasti diakui dalam penghasilan komprehensif lain. Pengukuran kembali terdiri dari keuntungan dan kerugian aktuaria, imbal hasil aset program (diluar pendapatan bunga yang sudah diakumulasi dalam perhitungan bunga neto/aset) dan setiap perubahan atas dampak batas atas aset (diluar pendapatan bunga yang sudah diakumulasi dalam perhitungan bunga neto/aset).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Capital stock

Additional costs that are directly attributable to the issuance of ordinary shares or options are presented in equity as deduction from income, net of tax.

When the Company purchases the entity's equity capital (treasury shares), the benefits paid, including additional costs that are directly attributable (less income tax) are deducted from equity attributable to the owners of the equity until the shares are canceled or reissued. When the ordinary shares are subsequently reissued, the benefits received, less the related transaction costs and the related income tax effects are included in equity which can be attributed to the owners of the Parent Entity.

j. Employee benefits

i. Defined benefit plans

The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The calculation is performed by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using government bond interest rates considering currently there is no deep market for high quality corporate bonds that have terms to maturity approximating the terms of the related liability.

Expense charged to profit or loss includes current service costs, interest expense/income, past-service cost and gains and losses on settlements.

Remeasurements of defined benefit plans are recognized in other comprehensive income. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability/asset) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability/asset).

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

j. Imbalan kerja (lanjutan)

i. Program imbalan pasti (lanjutan)

Biaya jasa lalu diakui segera dalam laba rugi, kecuali perubahan pada program pensiun tergantung pada kondisi karyawan memberikan jasanya selama periode tertentu (periode *vesting*). Dalam hal ini, biaya jasa lalu diamortisasi dengan menggunakan metode garis lurus sepanjang periode *vesting*.

Keuntungan dan kerugian atas kurtailmen diakui ketika terdapat komitmen untuk mengurangi jumlah karyawan yang tercakup dalam suatu program secara signifikan atau ketika terdapat perubahan ketentuan dalam program imbalan pasti yang menyebabkan bagian yang material dari jasa masa depan, karyawan tidak lagi memberikan imbalan atau memberikan imbalan yang lebih rendah.

Program imbalan pasti yang diselenggarakan oleh Perusahaan meliputi pensiun imbalan pasti dan kewajiban imbalan pasti berdasarkan Undang-Undang ("UU") Ketenagakerjaan No. 13/2003 atau Kontrak Kerja Bersama ("KKB"), mana yang lebih tinggi.

ii. Program iuran pasti

Program iuran pasti merupakan program imbalan pasca kerja, dimana entitas membayar iuran tetap kepada suatu entitas terpisah dan tidak memiliki kewajiban hukum ataupun konstruktif untuk membayar iuran lebih lanjut. Kewajiban untuk membayar iuran secara reguler merupakan biaya imbalan kerja karyawan untuk tahun dimana jasa diberikan oleh karyawan.

iii. Imbalan kerja jangka panjang lainnya

Karyawan Perusahaan memiliki hak untuk menerima penghargaan masa kerja untuk jangka waktu tertentu dalam bentuk kas dalam jumlah tertentu atau barang, yang disebut Ulang Tahun Dinas ("UTD") atau cuti berimbalan jangka panjang ("cuti besar") dalam bentuk jumlah hari cuti berdasarkan periode jasa yang dipersyaratkan.

Kewajiban terkait dengan UTD dihitung oleh aktuaris independen dengan menggunakan metode *projected unit credit* dan dibayarkan pada saat karyawan mencapai UTD tertentu selama masa kerjanya.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Employee benefits (continued)

i. Defined benefit plans (continued)

Past-service costs are recognized immediately in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

Gains and losses on curtailment are recognized when there is a commitment to make a material reduction in the number of employees covered by a plan or when there is an amendment of defined benefit plan terms such as that a material element of future services to be provided by current employees will no longer qualify for benefits, or will qualify only for reduced benefits.

The defined benefit plans provided by the Company cover defined benefit pension and defined benefit obligation under Labour Law No. 13/2003 ("Labour Law") or the Collective Labour Agreement (the "CLA"), whichever is higher.

ii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for the regular contributions constitute employee benefit costs for the year during which services are rendered by employees.

iii. Other long-term benefits

Employees of the Company are entitled to receive long service awards, namely Ulang Tahun Dinas ("UTD") in the form of certain cash awards or goods and long-service paid leave ("LSL") in the form of a certain number of days of leave benefits based on the length of service requirements.

The obligation with respect to UTD is calculated by an independent actuary using the projected unit credit method, and paid at the time the employees reach certain anniversary dates during employment.

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

j. Imbalan Kerja (lanjutan)

iii. Imbalan kerja jangka panjang lainnya (lanjutan)

Cuti besar merupakan imbalan sejumlah hari cuti tertentu, yang tergantung pada persetujuan manajemen, diberikan kepada karyawan yang telah memenuhi persyaratan jumlah tahun memberikan jasa.

Biaya jasa lalu dan keuntungan atau kerugian aktuarial yang timbul dari penyesuaian akibat perbedaan antara asumsi aktuarial dan kenyataan dan perubahan asumsi-asumsi aktuarial dibebankan secara langsung ke laba rugi.

k. Pengakuan pendapatan dan beban

i. Penjualan jasa

Pendapatan dari penjualan jasa diakui dalam laba rugi pada saat jasa diberikan. Untuk penjualan jasa yang mengacu pada tingkat penyelesaian dari transaksi pada tanggal pelaporan, tingkat penyelesaian transaksi ditentukan dengan memperhatikan survei pekerjaan yang telah dilaksanakan.

Pendapatan dari penjualan jasa diakui pada saat terpenuhinya seluruh kondisi berikut:

- jumlah pendapatan dapat diukur secara andal;
- besar kemungkinan manfaat ekonomi sehubungan dengan transaksi tersebut akan mengalir ke Perusahaan;
- tingkat penyelesaian dari suatu transaksi pada tanggal pelaporan dapat diukur secara andal; dan
- biaya yang timbul untuk transaksi dan biaya untuk menyelesaikan transaksi tersebut dapat diukur dengan andal.

Bila hasil transaksi penjualan jasa tidak dapat diestimasi dengan andal, pendapatan yang diakui hanya sebesar beban yang telah diakui yang dapat diperoleh kembali. Taksiran rugi pada jasa segera diakui dalam laba rugi.

ii. Beban

Beban diakui pada saat terjadinya berdasarkan konsep akrual.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Employee Benefits (continued)

iii. Other long-term benefits (continued)

LSL is a certain number of days leave benefit, subject to approval by management, provided to employees who have met the requisite number of years of service.

Past service cost and actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged immediately to profit or loss.

k. Revenues and expenses recognition

i. Sales of services

Revenue from sales of services is recognized in profit or loss when the services are rendered. For sales of services in which the service are rendered by reference to the stage of completion of the transaction at the reporting date, the stage of completion is assessed by reference to surveys of work performed.

Revenue from rendering of services is recognized when all of the following conditions are met:

- *the amount of revenue can be measured reliably;*
- *it is probable that the economic benefits associated with the transaction will flow to the Company;*
- *the stage of completion of the transaction at the reporting date can be measured reliably; and*
- *the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.*

When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable. An expected loss on a service is recognized immediately in profit or loss.

ii. Expenses

Expenses are recognized when incurred on an accrual basis.

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

l. Perpajakan

Pajak kini

Aset dan liabilitas pajak kini untuk periode berjalan diukur sebesar jumlah yang diharapkan dapat direstitusi dari atau dibayarkan kepada otoritas perpajakan. Beban pajak kini ditentukan berdasarkan estimasi penghasilan kena pajak periode berjalan yang dihitung berdasarkan tarif pajak yang berlaku.

Kekurangan pembayaran pajak penghasilan dicatat sebagai bagian dari beban pajak kini dalam laba rugi. Perusahaan juga menyajikan bunga/denda, jika ada, sebagai bagian dari beban pajak kini.
Koreksi terhadap liabilitas perpajakan diakui pada saat surat ketetapan pajak diterima atau, jika diajukan keberatan, pada saat keputusan atas keberatan ditetapkan.

Pajak tangguhan

Aset dan liabilitas pajak tangguhan diakui menggunakan metode liabilitas atas konsekuensi pajak pada masa mendatang yang timbul dari perbedaan jumlah tercatat aset dan liabilitas menurut laporan keuangan dengan dasar pengenaan pajak aset dan liabilitas pada setiap tanggal pelaporan. Liabilitas pajak tangguhan diakui untuk semua perbedaan temporer kena pajak dan aset pajak tangguhan diakui untuk semua perbedaan temporer yang boleh dikurangkan dan akumulasi rugi fiskal, sepanjang besar kemungkinan perbedaan temporer yang boleh dikurangkan dan akumulasi rugi fiskal tersebut dapat dimanfaatkan untuk mengurangi penghasilan kena pajak pada masa depan.

Jumlah tercatat aset pajak tangguhan ditelaah ulang pada akhir setiap periode pelaporan dan diturunkan apabila penghasilan kena pajak mungkin tidak memadai untuk mengkompensasi sebagian atau semua manfaat aset pajak tangguhan tersebut. Pada akhir setiap periode pelaporan, Perusahaan menilai kembali aset pajak tangguhan yang tidak diakui. Perusahaan mengakui aset pajak tangguhan yang sebelumnya tidak diakui apabila besar kemungkinan bahwa penghasilan kena pajak pada masa depan akan tersedia untuk pemulihannya.

Pajak tangguhan dihitung dengan menggunakan tarif pajak yang berlaku atau secara substansial telah berlaku pada tanggal pelaporan. Perubahan nilai tercatat aset dan liabilitas pajak tangguhan yang disebabkan oleh perubahan tarif pajak dibebankan pada laba rugi periode berjalan, kecuali untuk transaksi-transaksi yang sebelumnya telah langsung dibebankan atau dikreditkan ke ekuitas.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Taxation

Current tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority. Current tax expense is determined based on the estimated taxable income for the period computed using the prevailing tax rates.

Underpayment of income tax are presented as part of current tax expense in profit or loss. The Company also presented interest/penalty, if any, as part of current tax expense.

Amendments to tax obligations are recorded when a tax assessment letter is received or, if appealed against, when the result of the appeal is determined.

Deferred tax

Deferred tax assets and liabilities are recognized using the liability method for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the consolidated financial statements and their respective tax bases at each reporting date. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and accumulated fiscal losses to the extent that it is probable that taxable income will be available in future years against which the deductible temporary differences and accumulated fiscal losses can be utilized.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of part or all of that deferred tax asset to be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax assets to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the reporting date. Changes in the carrying amount of deferred tax assets and liabilities due to a change in tax rates are charged to current period profit or loss, except to the extent that they relate to items previously charged or credited to equity.

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

l. Perpajakan (lanjutan)

Aset dan liabilitas pajak tangguhan disajikan secara saling hapus dalam laporan posisi keuangan konsolidasian, kecuali aset dan liabilitas pajak tangguhan untuk entitas yang berbeda, sesuai dengan penyajian aset dan liabilitas pajak kini.

m. Provisi

Provisi diakui jika, sebagai akibat peristiwa masa lalu, Perusahaan memiliki kewajiban kini, baik bersifat hukum maupun bersifat konstruktif yang dapat diukur secara andal dan kemungkinan besar penyelesaian kewajiban tersebut mengakibatkan arus keluar sumber daya yang mengandung manfaat ekonomi. Jika dampak nilai waktu uang cukup material, maka provisi dinyatakan pada estimasi nilai kini dari jumlah kewajiban yang harus diselesaikan.

n. Peristiwa setelah periode pelaporan

Peristiwa setelah periode pelaporan yang memberikan informasi tambahan atas posisi Perusahaan pada akhir periode pelaporan (peristiwa yang memerlukan penyesuaian) tercermin dalam laporan keuangan.

Peristiwa setelah periode pelaporan yang tidak memerlukan penyesuaian diungkapkan dalam catatan atas laporan keuangan apabila material.

o. Standar, Amendemen/Penyesuaian dan Interpretasi Standar yang Berlaku Efektif pada Tahun Berjalan

Dalam tahun berjalan, Perusahaan telah menerapkan standar dan sejumlah amendemen/ penyesuaian/interpretasi PSAK yang relevan dengan operasinya dan efektif untuk periode akuntansi yang dimulai pada atau setelah 1 Januari 2019.

Penerapan mandemen/penyesuaian/interpretasi PSAK berikut tidak menimbulkan dampak material terhadap pengungkapan atau jumlah yang diakui dalam laporan keuangan tahun berjalan dan sebelumnya tetapi dapat mempengaruhi transaksi di masa depan:

- PSAK 22 (penyesuaian) Kombinasi Bisnis
- PSAK 24 (amendemen) Imbalan Kerja: Amendemen, Kurtailmen, atau Penyelesaian Program
- PSAK 26 (penyesuaian) Biaya Pinjaman
- PSAK 46 (penyesuaian) Pajak Penghasilan
- PSAK 66 (penyesuaian) Pengaturan Bersama
- ISAK 33 Transaksi Valuta Asing dan Imbalan Dimuka
- ISAK 34 Ketidakpastian dalam Perlakuan Pajak Penghasilan

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Taxation (continued)

Deferred tax assets and liabilities are offset in the consolidated statement of financial position, except if they are for different legal entities, consistent with the presentation of current tax assets and liabilities.

m. Provision

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. Where the time value of money is material, provision is stated at the present value of the expenditure expected to be required to settle the obligation.

n. Events after the reporting period

Events after the reporting period that provide additional information on the Company's position at the end of the reporting period (events that require adjustments) are reflected in the financial statements.

Events after the reporting period that do not require adjustments are disclosed in the notes to the financial statements if material.

o. Standards, Amendments/Improvements and Interpretation to Standards Effective in the Current Year

In the current year, the Company has applied standards and a number of amendments/ improvements to PSAK that are relevant to its operations and effective for accounting period beginning on or after January 1, 2019.

The application of the following amendments/ improvements/interpretation to PSAK have not resulted to material impact to disclosures or amounts recognized in the current and prior year financial statements but may affect future transactions:

- *PSAK 22 (improvement) Business Combinations*
- *PSAK 24 (amendment) Employee Benefits: Plan Amendment, Curtailment or Settlement*
- *PSAK 26 (improvement) Borrowing Costs*
- *PSAK 46 (improvement) Income Taxes*
- *SAK 66 (improvement) Joint Arrangements*
- *ISAK 33 Foreign Currency Transactions and*
- *Advance Consideration*
- *SAK 34 Uncertainty over Income Tax*
- *Treatments*

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

p. Standar, Amendemen/Penyesuaian dan Interpretasi Standar Telah Diterbitkan Tapi Belum Diterapkan

Standar dan amendemen standar berikut efektif untuk periode yang dimulai pada atau setelah tanggal 1 Januari 2020, dengan penerapan dini diperkenankan yaitu:

- PSAK 15 (amendemen) Investasi pada Entitas Asosiasi dan Ventura Bersama: Kepentingan Jangka Panjang pada Entitas Asosiasi dan Ventura Bersama
- PSAK 71 Instrumen Keuangan
- PSAK 71 (amendemen), Instrumen Keuangan: Fitur Percepatan Pelunasan dengan Kompensasi Negatif
- PSAK 72 Pendapatan dari Kontrak dengan Pelanggan
- PSAK 73 Sewa
- PSAK 1 (amendemen) Penyajian Laporan Keuangan: Definisi Material dan PSAK 25 (amendemen) Kebijakan Akuntansi, Perubahan Estimasi Akuntansi, dan Kesalahan: Definisi Material
- PSAK 1 (amendemen) Penyajian Laporan Keuangan: Judul Laporan Keuangan
- PSAK 1 (Penyesuaian Tahunan 2019) Penyajian Laporan Keuangan

Standar dan amandemen berikut efektif untuk periode yang dimulai pada atau setelah tanggal 1 Januari 2021, dengan penerapan dini diperkenankan yaitu:

Sampai dengan tanggal penerbitan laporan keuangan, dampak dari penerapan standar, amendemen dan interpretasi tersebut terhadap laporan keuangan tidak dapat diketahui atau diestimasi oleh manajemen.

3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI SIGNIFIKAN

Penyusunan laporan keuangan konsolidasian sesuai dengan Standar Akuntansi Keuangan di Indonesia mewajibkan manajemen untuk membuat estimasi dan asumsi yang mempengaruhi jumlah-jumlah yang dilaporkan dari pendapatan, beban, aset dan liabilitas, dan pengungkapan liabilitas kontinjensi pada tanggal pelaporan. Ketidakpastian mengenai asumsi dan estimasi tersebut dapat mengakibatkan penyesuaian nilai tercatat aset dan liabilitas dalam periode pelaporan berikutnya.

a. Pertimbangan

Pertimbangan-pertimbangan berikut dibuat oleh manajemen dalam proses penerapan kebijakan akuntansi Perusahaan yang memiliki dampak yang paling signifikan terhadap jumlah-jumlah yang diakui dalam laporan keuangan:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Standards, Amendments/Improvements and Interpretations to Standards Issued not yet Adopted

Standards and amendments to standards effective for periods beginning on or after January 1, 2020, with early application permitted are as follows:

- *PSAK 15 (amendment) Investments in Associates and Joint Ventures: Long-term Interests in Associate and Joint Ventures*
- *PSAK 71 Financial Instruments*
- *PSAK 71 (amendment) Financial Instruments: Prepayment Features with Negative Compensation*
- *PSAK 72 Revenue from Contracts with Customers*
- *PSAK 73 Leases*
- *PSAK 1 (amendment) Presentation of Financial Statements: Definition of Material and PSAK 25 (amendment) Accounting Policies, Changes in Accounting Estimates, and Errors: Definition of Material*
- *PSAK 1 (amendment) Presentation of Financial Statements: Titles of Financial Statements*
- *PSAK 1 (Annual improvements 2019) Presentation of Financial Statements*

Standard and amendment effective for periods beginning on or after January 1, 2021, with early application permitted are as follows:

As of the issuance date of the financial statements, the effects of adopting these standards, amendments and interpretations on the financial statements are not known nor reasonably estimable by management.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements, in conformity with Indonesian Financial Accounting Standards, requires management to make judgments of estimations and assumptions that affect the amounts reported on income, expenses, assets and liabilities and disclosures of Contingent liabilities at the reporting date. The estimation uncertainty may cause adjustment to the carrying amounts of assets and liabilities within the next reporting period.

a. Judgements

The following judgements, made by management in the process of applying the Company's accounting policies, have the most significant effects on the amounts recognized in the consolidated financial statements:

3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI SIGNIFIKAN (lanjutan)

a. Pertimbangan (lanjutan)

Penentuan Mata Uang Fungsional

Berdasarkan substansi ekonomis dari kondisi yang sesuai dengan Perusahaan, mata uang fungsional telah ditentukan berupa Rupiah, karena hal ini berkaitan dengan fakta bahwa mayoritas bisnis Perusahaan dipengaruhi oleh lingkungan ekonomi utama dimana Perusahaan beroperasi dan harga jual jasa dan barang dalam mata uang Rupiah.

Klasifikasi aset keuangan dan liabilitas keuangan

Perusahaan menetapkan klasifikasi atas aset dan liabilitas tertentu sebagai aset keuangan dan liabilitas keuangan dengan mempertimbangkan apakah definisi yang ditetapkan PSAK No. 55 (Revisi 2014) dipenuhi. Dengan demikian, aset keuangan dan liabilitas keuangan diakui sesuai dengan kebijakan akuntansi Perusahaan seperti diungkapkan pada Catatan 2c.

b. Estimasi dan asumsi

Asumsi utama mengenai masa depan dan sumber utama lain dalam mengestimasi ketidakpastian pada tanggal pelaporan yang mempunyai risiko signifikan yang dapat menyebabkan penyesuaian material terhadap jumlah tercatat aset dan liabilitas dalam periode pelaporan berikutnya diungkapkan di bawah ini. Perusahaan mendasarkan asumsi dan estimasi pada parameter yang tersedia saat laporan keuangan disusun. Kondisi yang ada dan asumsi mengenai perkembangan masa depan dapat berubah karena perubahan situasi pasar yang berada di luar kendali Perusahaan. Perubahan tersebut tercermin dalam asumsi ketika keadaan tersebut terjadi.

Penurunan nilai aset keuangan

Penyisihan dibentuk berdasarkan pengalaman penagihan masa lalu dan faktor-faktor lainnya yang mungkin mempengaruhi kolektibilitas, antara lain kemungkinan kesulitan likuiditas atau kesulitan keuangan yang signifikan yang dialami oleh debitur atau penundaan pembayaran yang signifikan.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

a. Judgements (continued)

Determination of functional currency

Based on the economic substance of conditions that are in accordance with the Company, the functional currency has been determined in the form of Rupiah, because this relates to the fact that the majority of the Company's business is affected by the main economic environment in which the Company operates and the selling price of services and goods in Rupiah.

Classification of financial assets and financial liabilities

The Company determines the classification of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK No. 55 (Revised 2014). Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Company's accounting policies disclosed in Notes 2c.

b. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation 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 reporting period are disclosed below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes on circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of financial assets

The level of allowance is based on past collection experience and other factors that may affect collectability such as the probability of insolvency or significant financial difficulties of the debtor or significant delay in payments.

3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI SIGNIFIKAN (lanjutan)

b. Estimasi dan asumsi (lanjutan)

Jika terdapat bukti obyektif penurunan nilai, maka saat dan besaran total yang dapat ditagih diestimasi berdasarkan pengalaman kerugian masa lalu. Penyisihan penurunan nilai dibentuk atas akun-akun yang diidentifikasi secara spesifik telah mengalami penurunan nilai. Akun pinjaman dan piutang dihapusbukukan berdasarkan keputusan manajemen bahwa aset keuangan tersebut tidak dapat ditagih atau direalisasi meskipun segala cara dan tindakan telah dilaksanakan. Suatu evaluasi atas piutang, yang bertujuan untuk mengindentifikasi total penyisihan yang harus dibentuk, dilakukan secara berkala sepanjang tahun. Oleh karena itu, saat dan besaran total penyisihan penurunan nilai yang tercatat pada setiap tahun dapat berbeda tergantung pada pertimbangan dan estimasi yang digunakan.

Penentuan nilai wajar dikurangi biaya untuk menjual atau nilai pakai mengharuskan manajemen untuk membuat estimasi dan asumsi mengenai pendapatan, biaya operasi, dan pengeluaran modal di masa depan. Estimasi dan asumsi ini mengandung risiko dan ketidakpastian; sehingga ada kemungkinan perubahan situasi dapat mengubah proyeksi ini, yang dapat mempengaruhi nilai aset yang dapat dipulihkan kembali. Dalam keadaan seperti itu, sebagian atau seluruh jumlah tercatat aset mungkin akan mengalami penurunan nilai lebih lanjut atau terjadi pengurangan penyisihan penurunan nilai.

<u>Penyusutan, estimasi nilai sisa dan masa manfaat aset tetap</u>

Masa manfaat aset tetap Perusahaan diestimasi berdasarkan jangka waktu aset tersebut diperkirakan dapat digunakan. Estimasi tersebut didasarkan pada penilaian kolektif berdasarkan bidang usaha yang sama, evaluasi teknis internal dan pengalaman terhadap aset sejenis. Taksiran masa manfaat setiap aset ditelaah secara berkala dan diperbarui jika estimasi berbeda dari perkiraan sebelumnya yang disebabkan karena pemakaian, usang secara teknis atau komersial serta keterbatasan hak atau pembatasan lainnya terhadap penggunaan aset.

Hasil operasi di masa mendatang mungkin dapat terpengaruh secara signifikan oleh perubahan dalam waktu dan biaya yang terjadi karena perubahan yang disebabkan oleh faktor-faktor yang disebutkan di atas. Penurunan taksiran masa manfaat ekonomis setiap aset tetap akan menyebabkan kenaikan beban penyusutan dan penurunan nilai tercatat aset tetap.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

b. Estimates and assumptions (continued)

If there is objective evidence of impairment, timing and collectible amounts are estimated based on historical loss data. Allowance for impairment is provided on accounts specifically identified as impaired. Loans and receivables written off are based on management's decisions that the financial assets are uncollectible or cannot be realized regardless of actions taken. Evaluation of receivables to determine the total allowance to be provided is performed periodically during the year. Therefore, the timing and amount of allowance for impairment recorded in each year might differ based on the judgements and estimates that have been used.

The determination of fair value less costs to sell or value in use requires management to make estimates and assumptions about expected revenue, operating costs and future capital expenditure. These estimates and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may have an impact on the recoverable amount of the assets. In such circumstances, some or all of the carrying amount of the assets may be further impaired, or the allowance for impairment may be reduced.

<u>Depreciation, estimate of residual values and useful lives of fixed assets and investment properties</u>

The useful lifes of the Company's fixed assets and investment properties are estimated based on the period over which the assets are expected to be available for use. Such estimation is based on a collective assessment of similar businesses, internal technical evaluations and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset.

It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of fixed assets and investment properties would increase the recorded depreciation and decrease the carrying values of fixed assets and investment properties.

3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI SIGNIFIKAN (lanjutan)

b. Estimasi dan asumsi (lanjutan)

Imbalan kerja

Penentuan liabilitas imbalan kerja Perusahaan bergantung pada pemilihan asumsi yang digunakan oleh aktuaris independen dalam menghitung jumlah-jumlah tersebut. Asumsi tersebut termasuk antara lain, tingkat diskonto, tingkat kenaikan gaji, tingkat kematian, usia pensiun dan tingkat pengunduran diri. Hasil aktual yang berbeda dari asumsi yang ditetapkan Perusahaan diakui dalam penghasilan komprehensif lain. Sementara Perusahaan berkeyakinan bahwa asumsi tersebut adalah wajar dan sesuai, perbedaan signifikan pada hasil aktual atau perubahan signifikan dalam asumsi yang ditetapkan Perusahaan dapat mempengaruhi secara material liabilitas imbalan kerja dan beban imbalan kerja neto yang diakui dalam laba rugi dan penghasilan komprehensif lain.

Beban pajak kini

Perusahaan mengakui beban pajak kini berdasarkan estimasi penghasilan kena pajak periode berjalan yang dihitung berdasarkan tarif pajak yang berlaku.

Aset pajak tangguhan

Aset pajak tangguhan diakui untuk semua perbedaan temporer yang boleh dikurangkan dan akumulasi rugi fiskal, sepanjang besar kemungkinan perbedaan temporer yang boleh dikurangkan dan akumulasi rugi fiskal tersebut dapat dimanfaatkan untuk mengurangi penghasilan kena pajak pada masa depan. Estimasi signifikan oleh manajemen disyaratkan dalam menentukan total aset pajak tangguhan yang dapat diakui, berdasarkan saat penggunaan dan tingkat penghasilan kena pajak serta strategi perencanaan pajak masa depan.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

b. Estimates and assumptions (continued)

Employee benefits

The determination of the Company's employee benefits liability is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, salary increase rate, mortality rate, retirement age and resignation rate. Actual results that differ from the Company's assumptions are recognized in other comprehensive income. While the Company believes that its assumptions are reasonable and appropriate, significant differences in the Company actual results or significant changes in the Company's assumptions may materially affect its estimated liabilities for employee benefits and net employee benefits expense recognized in profit or loss and other comprehensive income.

Current tax expense

The Company recognizes current tax expense based on the estimated taxable income for the period computed using the prevailing tax rates.

Deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences and accumulated fiscal losses to the extent that it is probable that taxable income will be available in future years against which the deductible temporary differences and accumulated fiscal losses can be utilized. Significant management estimates are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of the future taxable income together with future tax planning strategies.

(Presented in Rupiah, unless otherwise stated)

4. KAS DAN BANK / *4. CASH ON HAND AND IN BANKS*

	2020	2019	
Kas			*Cash on hand*
Rupiah	63.247.480	122.987.709	*Indonesian Rupiah*
Dolar Amerika Serikat	26.723.100	8.301.818	*US Dollar*
Bank			*Cash in banks*
Rupiah			*Indonesian Rupiah*
PT. Bank Negara Indonesia (Persero) Tbk.	447.220.773	1.063.981.022	*PT Bank Negara Indonesia (Persero) Tbk.*
PT. Bank ANZ Indonesia	457.688.866	351.060.544	*PT Bank ANZ Indonesia*
PT. Bank CIMB Niaga Tbk.	620.753.868	790.756.752	*PT.Bank CIMB Niaga Tbk.*
Dolar Amerika Serikat			*US Dollar*
PT. Bank ANZ Indonesia	500.721.206	13.747.529.355	*PT Bank ANZ Indonesia*
PT. Bank DBS Indonesia	53.720.737	4.301.427.935	*PT Bank DBS Indonesia*
Euro			*Euro*
PT. Bank ANZ Indonesia	8.290	472.762.395	*PT Bank ANZ Indonesia*
Jumlah	**2.170.084.320**	**20.858.807.530**	***Total***

Tidak terdapat saldo pihak berelasi di dalam saldo kas dan bank.

There are no balance of cash and bank held by related parties.

5. PIUTANG USAHA / *5. TRADE RECEIVABLE*

	2020	2019	
Berdasarkan Pelanggan :			***By Customers:***
Pihak berelasi			*Related parties*
Asian Trails Malaysia	-	3.859.393	*Asian Trails Malaysia*
Asian Trails Thailand	-	118.872.526	*Asian Trails Thailand*
Jumlah pihak berelasi	**-**	**122.731.919**	***Total related parties***
Berdasarkan Pelanggan :			***By Customers:***
Pihak ketiga			*Third parties*
Tui Germany Optional	523.910.169	594.511.428	*Tui Germany Optional*
Tui Deutschland Gmbh	214.011.146	1.634.117.691	*Tui Deutschland Gmbh*
Tourasia Switzerland	131.583.870	522.674.831	*Tourasia Switzerland*
Turismo VCT LTDA	113.130.600	111.781.890	*Turismo VCT LTDA*
Tourasia Polska S.A.	111.852.050	-	*Tourasia Polska S.A.*
Kuoni Travel Investment	-	645.251.659	*Kuoni Travel Investment*
Sun Trade Travel	-	534.040.340	*Sun Trade Travel*
The New Dutch Travel Company B.V.	-	390.758.112	*The New Dutch Travel Company B.V.*
Kuoni SA	-	317.773.202	*Kuoni SA*
Kuoni S.A Spain	-	301.232.064	*Kuoni S.A Spain*
Tang Dynasty Travel Co., Ltd	-	252.964.733	*Tang Dynasty Travel Co., Ltd*
Transhotel	-	240.896.081	*Transhotel*
Travel Circle International Mauritius	-	199.815.094	*Travel Circle International Mauritius*
De Reisplammers	-	163.646.910	*De Reisplammers*
Lain-lain (dibawah Rp 100 juta)	575.075.492	1.333.855.979	*Others (below IDR 100 million)*
Jumlah pihak ketiga	**1.669.563.327**	**7.243.320.014**	***Total third parties***
Jumlah Piutang Usaha	**1.669.563.327**	**7.366.051.933**	**Total Trade Receivable**

5. PIUTANG USAHA (lanjutan) / ***5. TRADE RECEIVABLE (continued)***

	2020	2019	
Berdasarkan Umur :			***By Aging:***
Pihak berelasi			*Related parties*
Kurang dari 30 hari	-	66.603.791	*Less than 30 days*
31 s/d 60 hari	-	56.128.128	*31 s/d 60 days*
61 s/d 90 hari	-	-	*61 s/d 90 days*
Lebih dari 90 hari	-	-	*More than 90 days*
Jumlah	**-**	**122.731.919**	***Total***
Pihak ketiga			*Third parties*
Kurang dari 30 hari	22.508.100	2.472.890.120	*Less than 30 days*
31 s/d 60 hari	-	2.638.995.554	*31 s/d 60 days*
61 s/d 90 hari	-	504.275.777	*61 s/d 90 days*
Lebih dari 90 hari	1.647.055.227	1.627.158.563	*More than 90 days*
Jumlah	**1.669.563.327**	**7.243.320.014**	***Total***

Seluruh piutang usaha didenominasi dalam mata uang Dolar Amerika Serikat. Perusahaan tidak memiliki jaminan atas saldo tersebut.

All outstanding trade accounts receivable are denominated in US Dollar. The Company does not hold any collateral over these balance.

Berdasarkan hasil penelaahan keadaan akun piutang usaha masing-masing pelanggan pada tanggal 31 Desember 2020 dan 2019, Manajemen Perusahaan berpendapat bahwa seluruh saldo piutang usaha dapat ditagih sehingga tidak membentuk cadangan penurunan nilai.

Based on review of the condition of each receivable at the end of December 31, 2020 and 2019, the Management of the Company believes, that all of the receivables balances are collectible hence no allowance for doubtful accounts were provided.

6. PIUTANG LAIN-LAIN / ***6. OTHERS RECEIVABLE***

	2020	2019	
Pihak berelasi:			*Related parties:*
Asian Trails Holding Ltd.	18.265.000.000	15.818.000.002	*Asian Trails Holding Ltd.*
Jumlah Pihak berelasi	**18.265.000.000**	**15.818.000.002**	***Total Related parties***

	2020	2019	
Pihak ketiga:			*Third parties:*
Kontribusi biaya brosur	281.931.234	863.313.527	*Brochure cost contributions*
Lain-lain	1.495.776.118	191.036.059	*Others*
Jumlah Pihak ketiga	**1.777.707.352**	**1.054.349.586**	***Total Third parties***

Pada tanggal 31 Desember 2020 dan 2019 total piutang kepada Asian Trails Holding Ltd. sebesar USD 1.300.000 dan USD 1.100.000.

As of December 31, 2020 and 2019, total receivables from Asian Trails Holding Ltd. Amounting to USD 1,300,000 and USD 1,100,000.

7. BIAYA DIBAYAR DIMUKA / ***7. PREPAID EXPENSE***

	2020	2019	
Sewa kantor	544.319.199	929.939.076	*Office rental*
Asuransi	15.324.054	79.983.020	*Insurance*
Lain-lain (dibawah Rp 50 juta)	395.290.989	420.483.908	*Others (below IDR 50 million)*
Jumlah	**954.934.242**	**1.430.406.004**	***Total***

(Presented in Rupiah, unless otherwise stated)

8. UANG MUKA KE PEMASOK

8. ADVANCE PAYMENT TO SUPPLIERS

	2020	2019	
The Royal Pita Maha	525.812.539	129.941.072	*The Royal Pita Maha*
Ayana Resort Komodo	259.626.578	119.279.367	*Ayana Resort Komodo*
Alaya Resort Ubud	201.587.574	-	*Alaya Resort Ubud*
W Retreat & Spa Bali	171.071.676	167.433.803	*W Retreat & Spa Bali*
Melia Bali Villas & Spa	165.229.827	522.843.048	*Melia Bali Villas & Spa*
WakaLand Cruise	107.113.828	-	*WakaLand Cruise*
Nusa Dua Beach Hotel & Spa	-	1.569.439.746	*Nusa Dua Beach Hotel & Spa*
ATI Generic Supplier	-	122.869.859	*ATI Generic Supplier*
Lain-lain (dibawah Rp 50 juta)	1.016.866.502	1.274.986.970	*Others (below IDR 50 million)*
Jumlah	**2.447.308.523**	**3.906.793.865**	***Total***

9. ASET TETAP

9. PROPERTY AND EQUIPMENT

	1 Januari 2020/ *January 1, 2020*	Penambahan/ *Additions*	Pengurangan/ Reklasifikasi *Deduction/ Recrasification*	31 Desember 2020/ *December 31, 2020*	
Biaya perolehan:					*Cost:*
Pemilikan langsung					*Direct acquisition*
Lisensi	1.284.504.212	-	(13.000.000)	1.271.504.212	*License*
Instalasi	1.078.619.600	-	-	1.078.619.600	*Instalation*
Furniture kantor	655.941.837	-	2.405.643	658.347.480	*Office furniture*
Kendaraan	5.238.920.545	-	(154.280.545)	5.084.640.000	*Vehicles*
Perlengkapan kantor	2.296.826.474	9.693.960	129.893.562	2.436.413.996	*Office supplies*
Jumlah	10.554.812.668	9.693.960	(34.981.340)	10.529.525.288	*Total*
Akumulasi penyusutan:					*Accumulated depreciation:*
Pemilikan langsung					*Direct acquisition*
Lisensi	1.284.504.212	-	13.000.000	1.271.504.212	*License*
Instalasi	1.035.761.282	19.918.811	-	1.055.680.093	*Instalation*
Furniture kantor	637.119.319	14.635.578	(691.076)	652.445.973	*Office furniture*
Kendaraan	3.495.104.234	558.275.016	(13.967.017)	4.067.346.267	*Vehicles*
Perlengkapan kantor	2.193.681.461	114.952.058	1.625.386	2.307.008.133	*Office supplies*
Jumlah	8.646.170.508	707.781.463	(32.707)	9.353.984.678	*Total*
Jumlah tercatat	**1.908.642.160**			**1.175.540.610**	*Net book value*

	1 Januari 2019/ *January 1, 2019*	Penambahan/ *Additions*	Pengurangan/ *Deduction*	31 Desember 2019/ *December 31, 2019*	
Biaya perolehan:					*Cost:*
Pemilikan langsung					*Direct acquisition*
Lisensi	1.284.504.212	-	-	1.284.504.212	*License*
Instalasi	1.078.619.600	-	-	1.078.619.600	*Instalation*
Furniture kantor	646.604.480	19.408.000	10.070.643	655.941.837	*Office furniture*
Kendaraan	4.913.107.922	1.290.200.000	964.387.377	5.238.920.545	*Vehicles*
Perlengkapan kantor	2.184.089.974	112.736.500	-	2.296.826.474	*Office supplies*
Jumlah	10.106.926.188	1.422.344.500	974.458.020	10.554.812.668	*Total*
Akumulasi penyusutan:					*Accumulated depreciation:*
Pemilikan langsung					*Direct acquisition*
Lisensi	1.284.504.212	-	-	1.284.504.212	*License*
Instalasi	1.018.653.322	17.107.960	-	1.035.761.282	*Instalation*
Furniture kantor	629.975.802	7.143.517	-	637.119.319	*Office furniture*
Kendaraan	3.410.936.042	634.578.391	550.410.199	3.495.104.234	*Vehicles*
Perlengkapan kantor	2.060.786.648	132.894.813	-	2.193.681.461	*Office supplies*
Jumlah	8.404.856.026	791.724.681	550.410.199	8.646.170.508	*Total*
Jumlah tercatat	**1.702.070.162**			**1.908.642.160**	*Net book value*

(Presented in Rupiah, unless otherwise stated)

9. ASET TETAP (lanjutan)

Pada tanggal 31 Desember 2020 dan 2019, aset kendaraan telah di asuransikan kepada PT. Asuransi Astra Buana dengan nilai pertanggungan masing-masing sebesar Rp 8.562.500.000 dan Rp 3.704.150.000.

Manajemen Perusahaan berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutupi kemungkinan timbulnya kerugian atas aset yang dipertanggungkan.

Beban penyusutan dicatat pada akun "Beban Umum dan Administrasi" sebesar Rp 707.781.463 dan Rp 791.724.681 masing-masing untuk tahun yang berakhir 31 Desember 2020 dan 2019 dalam laporan laba rugi komprehensif (Catatan 20).

9. PROPERTY AND EQUIPMENT (continued)

On December 31, 2020 and 2019, vehicles were insured with PT. Asuransi Astra Buana with coverage amounting to IDR 8,562,500,000 and IDR 3,704,150,000.

The Company management believes that the insurance coverage are adequate to cover possible losses on the assets insured.

Depreciation expense is recorded in "General and Administrative Expenses" amounting to IDR 707,781,463 and IDR 791.724.681 respectively, for the year ended December 31, 2020 and 2019 in the statement of comprehensive income. (Notes 20).

10. UTANG USAHA / ***10. TRADE PAYABLE***

	2020	2019	
Berdasarkan pemasok:			***By Supplier:***
Pihak berelasi	6.802.167	99.111.706	*Related Parties*
Pihak ketiga	250.508.550	2.424.939.696	*Third Parties*
Jumlah	**257.310.717**	**2.524.051.402**	***Total***
Berdasarkan Mata Uang:			***By Currencies:***
Pihak berelasi			*Related parties*
Dolar Amerika Serikat	6.802.167	99.111.706	*US Dollar*
Pihak ketiga			*Third parties*
Rupiah	250.508.550	2.424.939.696	*Indonesian Rupiah*
Jumlah	**257.310.717**	**2.524.051.402**	***Total***

11. BIAYA YANG MASIH HARUS DIBAYAR / ***11. ACCRUED EXPENSES***

	2020	2019	
Harga pokok penjualan	2.090.602.768	8.277.687.072	*Cost of sales*
Komisi penjualan	1.160.410.294	1.241.190.578	*Commissions of sales*
Tiket pesawat untuk cuti tahunan	28.658.206	121.849.110	*Air ticket for annual leave*
Jasa audit	28.100.000	150.489.830	*Audit Fee*
Bonus	-	1.774.687.861	*Bonus*
Lain-lain (dibawah Rp 100 juta)	-	373.134.367	*Others (below IDR 100 million)*
Jumlah	**3.307.771.268**	**11.939.038.818**	***Total***

12. UANG MUKA PELANGGAN

Akun ini merupakan pembayaran dari pelanggan atas biaya tiket wisata dan jasa wisata lainnya sebesar Rp 7.491.436.537 dan Rp 7.458.872.898 masing-masing pada tanggal 31 Desember 2020 dan 2019.

12. DEPOSIT FROM CUSTOMER

This account was a payment from the customer for the costs of tickets and other tourist services amounting to IDR 7,491,436,537 and IDR 7,458,872,898, respectively as of December 31, 2020 and 2019.

(Presented in Rupiah, unless otherwise stated)

13. PERPAJAKAN / *13. TAXATION*

a) Utang pajak terdiri dari: / *a) Tax payables consists of:*

	2020	2019	
Pajak penghasilan			*Income taxes*
Pasal 21	14.070.653	131.330.277	*Article 21*
Pasal 23	834.570.000	-	*Article 23**
Pasal 25	-	87.270.708	*Article 25*
Pasal 29	-	243.514.317	*Article 29*
Pajak pertambahan nilai	-	35.540.340	*Value added taxes*
Jumlah	**848.640.653**	**497.655.642**	***Total***

b) Pajak penghasilan / *b) Income taxes*

	2020	2019	
Laba (rugi) sebelum beban pajak penghasilan per laporan laba rugi	(7.203.208.630)	14.264.710.023	*Profit (loss) before income taxes per statements of income*
Perbedaan tetap	(16.383.602.539)	(9.166.642.981)	*Permanent differences*
Taksiran penghasilan kena pajak Perusahaan	(23.586.811.169)	5.098.067.042	***Estimated Corporate taxable income***
Pembulatan	**-**	**5.098.068.000**	**Rounded**
Beban pajak kini	N I H I L	1.274.517.000	*Income tax expense*
Dikurangi pembayaran pajak dibayar dimuka PPh pasal 25	-	1.031.002.683	*Less prepaid tax Income tax art 25*
Utang pajak penghasilan pasal 29	**N I H I L**	**243.514.317**	*Income tax payable art 29*

14. LIABILITAS IMBALAN KERJA KARYAWAN / *14. POST-EMPLOYEMENT BENEFITS OBLIGATION*

Perusahaan telah menghitung sendiri liabilitas imbalan pasca kerjanya.

Jumlah liabiitas imbalan kerja Perusahaan pada tanggal 31 Desember 2020 dan 2019, masing-masing sebesar Rp 864.182.763 dan Rp 869.369.983.

The Company has calculated itself the employee benefit liability.

As of December 31, 2020 and 2019, amount of post-employement benefits obligation the Company amounting to IDR 864,182,763 and IDR 869,369,983, respectively.

15. MODAL SAHAM / *15. CAPITAL STOCK*

Rincian pemegang saham Perusahaan dan persentase pemilikannya pada tanggal 31 Desember 2020 dan 2019 adalah sebagai berikut:

The breakdown of the Company's shareholders and their ownership percentage as per December 31, 2020 and 2019 are as follows:

Nama Pemegang Saham/ *Name of shareholders*	Jumlah saham/ *Number of shares*	Persentase kepemilikan/ *Percentage of ownership*	Jumlah Modal disetor/ *Paid-up capital stock*
Asian Trails Holding Ltd	1.320	66%	950.400.000
PT. Panorama Tirta Investama	680	34%	489.600.000
Jumlah/*Total*	**2.000**	**100,00%**	**1.440.000.000**

(Presented in Rupiah, unless otherwise stated)

16. DIVIDEN TUNAI

Berdasarkan Rapat Umum Pemegang Saham Tahunan yang diadakan pada tanggal 1 April 2020, pemegang saham menyetujui pembagian deviden tunai untuk tahun 2020 sebesar USD 450.000 (atau setara dengan Rp 6.322.500.000).

Berdasarkan Rapat Umum Pemegang Saham Tahunan yang diadakan pada tanggal 5 Juni 2019, pemegang saham menyetujui pembagian deviden tunai untuk tahun 2018 sebesar USD 900.000 (atau setara dengan Rp 12.494.250.007).

16. CASH DIVIDEND

Based on Annual General Stockholders' Meeting, held on April 1, 2020, the stockholders approved the distribution of cash dividends for year 2020 amounting to USD 450,000 (equivalent to IDR 6,322,500,000).

Based on Annual General Stockholders' Meeting, held on June 5, 2019, the stockholders approved the distribution of cash dividends for year 2018 amounting to USD 900,000 (equivalent to IDR 12.494.250.007).

17. PENDAPATAN USAHA / *17. REVENUES*

	2020	2019	
Pendapatan	2.025.155.889	148.579.681.158	*Revenue*
Komisi penjualan	(108.705.412)	(467.673.480)	*Commisio on sales*
Penjualan bersih	**1.916.450.477**	**148.112.007.678**	***Net sales***

18. BEBAN POKOK PENDAPATAN

Akun ini merupakan beban pokok pendapatan sebesar Rp 10.891.760.353 dan Rp 117.171.190.623 masing-masing pada tanggal 31 Desember 2020 dan 2019.

18. COST OF REVENUE

This account was cost of revenue amounting to IDR 10,891,760,353 and IDR 117,171,190,623, respectively, as of December 31, 2020 and 2019.

19. BEBAN PENJUALAN / *19. SELLING EXPENSE*

	2020	2019	
Charge Kuoni Group	2.811.011.600	3.304.812.276	*Charge Kuoni Group*
Royalti	214.795.838	2.220.195.047	*Royalty*
Iklan lokal	366.991.760	1.360.585.936	*Advertising local*
Pameran	82.187.442	271.969.426	*Trade shows*
Iklan internasional	10.200.721	126.924.990	*Advertising international*
Lain-lain (dibawah Rp 100 juta)	109.171.732	136.337.234	*Others (below IDR 100 million)*
Jumlah	**3.594.359.093**	**7.420.824.909**	***Total***

(Presented in Rupiah, unless otherwise stated)

20. BEBAN UMUM DAN ADMINISTRASI

20. GENERAL AND ADMINISTRATIVE EXPENSE

	2020	2019	
Gaji dan kesejahteraan karyawan	8.306.801.170	14.651.855.478	*Salary and employee benefit*
Beban PPN*	918.713.202	1.485.796.761	*VAT expense**
Penyusutan (Catatan 9)	707.781.463	791.724.681	*Depreciation (Note 9)*
Sewa kantor	657.346.672	860.196.733	*Office rental*
Penghapusan piutang	549.371.579	-	*Bad debt*
Surat elektronik	231.424.856	367.386.874	*E-mail*
Transportasi	149.107.592	468.623.885	*Transportation*
Pemeliharaan dan perbaikan	98.462.962	216.624.070	*Repairs and maintenance*
Listrik & air	97.405.138	144.150.044	*Electricity & water*
Telepon	94.267.913	248.569.704	*Telephone*
Perlengkapan kantor	71.641.231	269.513.803	*Office supplies*
Jasa tenaga ahli	29.713.081	139.510.501	*Profesional fees*
Percetakan dan alat kantor	12.184.160	107.534.479	*Printing and stationeries*
Perjalanan dinas	-	100.421.243	*Business trip*
Lain-lain (dibawah Rp 100 juta)	408.512.600	782.415.809	*Others (below IDR 100 million)*
Jumlah	**12.332.733.619**	**20.634.324.065**	***Total***

* Beban PPN pada tahun 2020 dan 2019 sejumlah Rp 918.713.202 dan Rp 1.485.796.761 merupakan PPN yang dipungut sendiri (dari penyerahan jasa) dan perusahaan membayar sendiri PPN tersebut.

** VAT expense in the year 2020 and 2019 amounted IDR 918,713,202 and IDR 1,485,796,761 VAT is levied itself (from the delivery of services) and the company's own pay VAT.*

21. BEBAN LAINNYA

21. OTHER EXPENSE

	2020	2019	
Beban administrasi bank	111.251.412	371.763.470	*Bank administration expenses*
Kerugian kurs mata uang asing	-	3.559.653.210	*Loss on foreign exchange*
Jumlah	**111.251.412**	**3.931.416.680**	***Total***

22. PENDAPATAN LAINNYA

22. OTHER INCOME

	2020	2019	
Keuntungan kurs mata uang asing	4.618.546.558	13.535.726.464	*Gain on foreign exchange*
Pendapatan bunga pinjaman	369.556.588	585.024.973	*Interest income loans*
Lainnya	12.822.180.739	1.172.943.397	*Others*
Jumlah	**17.810.283.885**	**15.293.694.834**	***Total***

23. SIFAT DAN TRANSAKSI PIHAK BERELASI

a. Sifat hubungan

- Asian Trails Holding Ltd., merupakan pemegang saham Perusahaan.
- Travel Circle International Mauritius merupakan perusahaan entitas sepengendali.
- Asian Trails Malaysia, Asian Trails Thailand, Asian Trails Holding FI, merupakan perusahaan atau agen yang berada dalam satu grup.

23. NATURE OF RELATIONSHIP AND TRANSACTION WITH RELATED PARTIES

a. Nature of relationship

- *Asian Trails Holding Ltd., are the shareholders of the Company.*
- *Travel Circle International Mauritius is an entity under common control.*
- *Asian Trails Malaysia, Asian Trails Thailand, Asian Trails Holding FI, is a joint Company or agency that are in one group.*

(Presented in Rupiah, unless otherwise stated)

23. SIFAT DAN TRANSAKSI PIHAK BERELASI (lanjutan)

23. NATURE OF RELATIONSHIP AND TRANSACTION WITH RELATED PARTIES (continued)

b. Transaksi-transaksi dengan pihak berelasi

b. Transactions with related parties

Berikut ini disajikan saldo aset dan liabilitas atas transaksi dengan pihak berelasi:

Here in below is the balance of assets and liabilities for the transaction with related parties:

	2020	2019	
Piutang usaha			***Trade accounts receivable***
Asian Trails Thailand	-	118.872.526	*Asian Trails Thailand*
Asian Trails Malaysia	-	3.859.393	*Asian Trails Malaysia*
Jumlah	**-**	**122.731.919**	***Total***
Persentase terhadap jumlah aset	0,00%	0,23%	*Percentage of total assets*
Piutang lain-lain			***Other receivable***
Asian Trails Holding Ltd	18.265.000.000	15.818.000.002	*Asian Trails Holding Ltd*
Jumlah	**18.265.000.000**	**15.818.000.002**	***Total***
Persentase terhadap jumlah aset	64,18%	31,23%	*Percentage of total assets*
Utang usaha			***Trade accounts payable***
Asian Trails Thailand	6.802.167	99.111.706	*Asian Trails Thailand*
Jumlah	**6.802.167**	**99.111.706**	***Total***
Persentase terhadap jumlah liabilitas	0,05%	0,43%	*Percentage of total liabilities*

Transaksi-transaksi dan akun-akun yang signifikan dengan pihak-pihak berelasi adalah sebagai berikut:

The significant transactions and account balanca with related parties are as follows:

Pada tanggal 31 Desember 2020 dan 2019 total piutang kepada Asian Trails Holding Ltd. masing-maing sebesar USD 1.300.000 dan USD 1.100.000.

As of December 31, 2020 and 2019, total receivables from Asian Trails Holding Ltd. USD 1,300,000 and USD 1,100,000, respectively.

24. NILAI WAJAR DARI INSTRUMEN KEUANGAN

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

Nilai wajar aset dan liabilitas keuangan sebagai berikut:

The fair value of financial assets and liabilities is as follows:

	31 Desember 2020/ *Desember 31, 2020*		**31 Desember 2019/ *Desember 31, 2019***		
	Nilai Tercatat/ *Carrying Value*	**Nilai Wajar*/ *Fair Value****	**Nilai Tercatat/ *Carrying Value***	**Nilai Wajar*/ *Fair Value****	
Aset Keuangan					***Financial Assets***
Kas dan bank	2.170.084.320	2.170.084.320	20.858.807.530	20.858.807.530	*Cash and bank*
Piutang usaha-pihak ketiga	1.669.563.327	1.669.563.327	7.243.320.014	7.243.320.014	*Trade receivable-Third parties*
Piutang lain-lain-pihak ketiga	1.777.707.352	1.777.707.352	1.054.349.586	1.054.349.586	*Other receivable-Third parties*

(Presented in Rupiah, unless otherwise stated)

24. NILAI WAJAR DARI INSTRUMEN KEUANGAN (lanjutan)

24. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	31 Desember 2020/ *Desember 31, 2020*		31 Desember 2019/ *Desember 31, 2019*		
	Nilai Tercatat/ *Carrying Value*	Nilai Wajar*/ *Fair Value**	Nilai Tercatat/ *Carrying Value*	Nilai Wajar*/ *Fair Value**	
Liabilitas Keuangan					***Financial Liabilities***
Utang Usaha-pihak ketiga	250.508.550	250.508.550	2.424.939.696	2.424.939.696	*Trade payable-Third parties*
Utang lain-lain-pihak ketiga	162.604.214	162.604.214	-	-	*Other payable-Third parties*
Biaya yang masih harus dibayar	3.307.771.268	3.307.771.268	11.939.038.818	11.939.038.818	*Accrued expenses*
Uang muka pelanggan	7.491.436.537	7.491.436.537	7.458.872.898	7.458.872.898	*Deposit from customer*

*) Diukur dengan hirarki pengukuran nilai wajar Tingkat 3

**) Measured by Level 3 fair value measurement hierarchy*

Manajemen Perusahaan menetapkan bahwa nilai tercatat (berdasarkan jumlah nosional) aset dan liabilitas keuangan yang meliputi kas dan bank, piutang usaha – pihak ketiga, piutang lain-lain - pihak ketiga, utang usaha - pihak ketiga, beban akrual dan uang muka pelanggan kurang lebih sebesar nilai wajarnya karena dampak dari diskonto yang tidak signifikan.

The Company's management stipulates that the carrying amount (based on notional amount) of financial assets and liabilities which includes cash and banks, trade receivables - third parties, other receivables - third parties, trade payables - third parties, accrued expenses and customer advances of approximately third fair value because the impact of discount is not significant.

25. TUJUAN DAN KEBIJAKAN MANAJEMEN RISIKO KEUANGAN

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Aktivitas Perusahaan mengandung berbagai macam risiko keuangan yaitu risiko tingkat bunga, risiko kredit dan risiko likuiditas. Dewan direksi menelaah secara informal dan menyetujui kebijakan untuk mengelola masing-masing risiko, dari tahun sebelumnya seperti yang diungkapkan di bawah ini:

Company activities contain various types of financial risks, namely interest rate risk, credit risk and liquidity risk. The board of directors reviews informally and approves policies for managing each risk, from the previous year as stated below:

a. Manajemen risiko tingkat bunga

Eksposur risiko tingkat bunga berhubungan dengan aset dan liabilitas dimana perubahan tingkat bunga dapat mempengaruhi laba sebelum pajak. Risiko pendapatan bunga terbatas dikarenakan Perusahaan hanya mempertahankan kecukupan saldo kas untuk keperluan operasional. Dalam beban bunga, keseimbangan optimal antara utang dengan tingkat bunga tetap dan mengambang telah ditentukan di awal. Persetujuan dari Dewan Komisaris dan Direksi harus diperoleh sebelum Perusahaan menggunakan instrumen keuangan tersebut untuk mengelola eksposur risiko suku bunga. Perusahaan memiliki eksposur tingkat suku bunga atas aset dan liabilitas keuangan sebagaimana yang dijabarkan dibawah ini:

a. Interest rate risk management

Exposure to interest rate risk relates to assets and liabilities where changes in interest rates can affect pre-tax profit. The risk of interest income is limited because the Company only maintains sufficient cash balance for operational purposes. In interest expense, the optimal balance between debt with a fixed and floating interest rate has been determined at the outset. Approval from the Board of Commissioners and Directors must be obtained before the Company uses these financial instruments to manage interest rate risk exposures. The company has interest rate exposures on financial assets and liabilities as outlined below:

(Presented in Rupiah, unless otherwise stated)

25. TUJUAN DAN KEBIJAKAN MANAJEMEN RISIKO KEUANGAN (lanjutan) / *25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)*

a. Manajemen risiko tingkat bunga (lanjutan) / *a. Interest rate risk management (continued)*

	31 Desember 2020/ *December 31, 2020*				
	Bunga mengambang/ *Floating interest*	Bunga tetap/ *Fixed interest*	Tanpa bunga/ *Without interest*	Jumlah/ *Total*	
Aset Keuangan					***Financial Assets***
Kas dan bank	-	2.080.113.740	89.970.580	2.170.084.320	*Cash and bank*
Piutang usaha-pihak ketiga	-	-	1.669.563.327	1.669.563.327	*Trade receivable-Third parties*
Piutang lain-lain-pihak ketiga	-	-	1.777.707.352	1.777.707.352	*Other receivable-Third parties*
Jumlah Aset Keuangan	-	2.080.113.740	3.537.241.259	5.617.354.999	*Total Financial Assets*
Liabilitas Keuangan					***Financial Liabilities***
Utang Usaha-pihak ketiga	-	-	250.508.550	250.508.550	*Trade payable-Third parties*
Utang lain-lain-pihak ketiga	-	-	162.604.214	162.604.214	*Other payable-Third parties*
Biaya yang masih harus dibayar	-	-	3.307.771.268	3.307.771.268	*Accrued expenses*
Uang muka pelanggan	-	-	7.491.436.537	7.491.436.537	*Deposit from customer*
Jumlah Liabilitas Keuangan	-	-	11.212.320.569	11.212.320.569	*Total Financial Liabilities*
Jumlah Aset (Liabilitas) Keuangan - Bersih	-	2.080.113.740	(7.675.079.310)	(5.594.965.570)	*Total Financial Assets (Liabilities) - Net*

	31 Desember 2019/ *December 31, 2019*				
	Bunga mengambang/ *Floating interest*	Bunga tetap/ *Fixed interest*	Tanpa bunga/ *Without interest*	Jumlah/ *Total*	
Aset Keuangan					***Financial Assets***
Kas dan bank	-	20.727.518.002	131.289.528	20.858.807.530	*Cash and bank*
Piutang usaha-pihak ketiga	-	-	6.910.336.868	6.910.336.868	*Trade receivable-Third parties*
Piutang lain-lain-pihak ketiga	-	-	1.054.349.586	1.054.349.586	*Other receivable-Third parties*
Jumlah Aset Keuangan	-	20.727.518.002	8.095.975.982	28.823.493.984	*Total Financial Assets*
Liabilitas Keuangan					***Financial Liabilities***
Utang Usaha-pihak ketiga	-	-	2.424.939.696	2.424.939.696	*Trade payable-Third parties*
Biaya yang masih harus dibayar	-	-	11.939.038.818	11.939.038.818	*Accrued expenses*
Uang muka pelanggan	-	-	7.458.872.898	7.458.872.898	*Deposit from customer*
Jumlah Liabilitas Keuangan	-	-	21.822.851.412	21.822.851.412	*Total Financial Liabilities*
Jumlah Aset (Liabilitas) Keuangan - Bersih	-	20.727.518.002	(13.726.875.430)	7.000.642.572	*Total Financial Assets (Liabilities) - Net*

(Presented in Rupiah, unless otherwise stated)

25. TUJUAN DAN KEBIJAKAN MANAJEMEN RISIKO KEUANGAN (lanjutan)

b. Manajemen risiko kredit

Risiko kredit adalah risiko kerugian yang timbul atas saldo instrumen keuangan dalam hal konsumen tidak dapat memenuhi kewajibannya untuk membayar utang terhadap Perusahaan.

Perusahaan mengelola dan mengendalikan risiko kredit dengan hanya berurusan dengan pihak yang diakui dan layak kredit, menetapkan kebijakan internal atas verifikasi dan otorisasi kredit, dan secara teratur memonitor kolektibilitas piutang untuk mengurangi risiko tersebut.

Pada tanggal 31 Desember 2020 dan 2019, maksimum eksposur Perusahaan untuk risiko kredit disajikan sebesar nilai tercatat setiap aset keuangan yang diakui dalam laporan posisi keuangan.

c. Manajemen risiko likuiditas

Risiko likuiditas adalah risiko dimana Perusahaan akan mengatasi kesulitan yang berasal dari pemenuhan kewajiban keuangan dikarenakan kekurangan dana.

Tabel berikut menampilkan jatuh tempo dari liabilitas keuangan Perusahaan pada akhir tahun pelaporan berdasarkan pembayaran kontraktual yang tidak didiskontokan.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b. Credit risk management

Credit risk is the risk of losses arising from the balance of financial instruments in the event that the consumer cannot fulfill his obligation to pay the debt to the Company.

The company manages and controls credit risk by only dealing with recognized and creditworthy parties, establishing internal policies for verification and authorization of credit, and regularly monitoring collectibility of receivables to reduce these risks.

As of December 31, 2020 and 2019, the Company's maximum exposure to credit risk is stated at the carrying amount of each financial asset recognized in the statement of financial position.

c. Liquidity risk management

Liquidity risk is the risk that the Company will overcome difficulties arising from fulfilling financial obligations due to lack of funds.

The following table shows the maturity of the Company's financial liabilities at the end of the reporting year based on contractual, undiscounted payments.

	31 Desember 2020/ *December 31, 2020*			
	Nilai Tercatat/ *Carrying Value*	Kurang dari satu tahun/ *less than one year*	Lebih dari satu tahun/ *More than one year*	
Liabilitas Keuangan				***Financial Liabilities***
Utang usaha-pihak ketiga	250.508.550	250.508.550	-	*Trade payable-third parties*
Utang lain-lain-pihak ketiga	162.604.214	162.604.214	-	*Others payable-third parties*
Biaya yang masih harus dibayar	3.307.771.268	3.307.771.268	-	*Accrued expenses*
Uang muka pelanggan	7.491.436.537	7.491.436.537	-	*Deposit from customer*
Jumlah	11.212.320.569	11.212.320.569	-	***Total***

	31 Desember 2019/ *December 31, 2019*			
	Nilai Tercatat/ *Carrying Value*	Kurang dari satu tahun/ *less than one year*	Lebih dari satu tahun/ *More than one year*	
Liabilitas Keuangan				***Financial Liabilities***
Utang usaha-pihak ketiga	2.424.939.696	2.424.939.696	-	*Trade payable-third parties*
Biaya yang masih harus dibayar	11.939.038.818	11.939.038.818	-	*Accrued expenses*
Uang muka pelanggan	7.458.872.898	7.458.872.898	-	*Deposit from customer*
Jumlah	21.822.851.412	21.822.851.412	-	***Total***

25. TUJUAN DAN KEBIJAKAN MANAJEMEN RISIKO KEUANGAN (lanjutan)

d. Manajemen risiko modal

Tujuan utama manajemen permodalan Perusahaan adalah untuk memastikan pemeliharaan tingkat kredit yang kuat dan rasio permodalan yang sehat untuk mendukung usaha dan memaksimalkan nilai pemegang saham.

Perusahaan mengelola struktur permodalan dan melakukan penyesuaian berdasarkan strategi dan kondisi keuangan Perusahaan, serta kondisi ekonomi global dan domestik. Untuk memelihara atau menyesuaikan struktur permodalan, Perusahaan dapat menyesuaikan pembayaran dividen kepada pemegang saham, pengembalian modal kepada pemegang saham atau menerbitkan saham baru.

Selanjutnya, Perusahaan memiliki kebijakan kas manajemen untuk mengelola modal. Perusahaan menerapkan manajemen keuangan terpusat untuk menjaga fleksibilitas pembiayaan dan mengurangi risiko likuiditas. Perusahaan juga berusaha untuk mempertahankan kebutuhan modal kerja yang memadai.

Selanjutnya, Perusahaan memiliki kebijakan kas manajemen untuk mengelola modal. Perusahaan menerapkan manajemen keuangan terpusat untuk menjaga fleksibilitas pembiayaan dan mengurangi risiko likuiditas. Perusahaan juga berusaha untuk mempertahankan kebutuhan modal kerja yang memadai.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

d. Capital risk management

The main objective of the Company's capital management is to ensure the maintenance of a strong credit level and a healthy capital ratio to support the business and maximize shareholder value.

The company manages the capital structure and makes adjustments based on the Company's strategy and financial conditions, as well as global and domestic economic conditions. To maintain or adjust the capital structure, the Company can adjust dividend payments to shareholders, return capital to shareholders or issue new shares.

Furthermore, the Company has a management cash policy to manage capital. The company implements centralized financial management to maintain financing flexibility and reduce liquidity risk. The company also strives to maintain adequate working capital needs.

Furthermore, the Company has a management cash policy to manage capital. The company implements centralized financial management to maintain financing flexibility and reduce liquidity risk. The company also strives to maintain adequate working capital needs.

26. PERIKATAN

Berdasarkan perjanjian "Trademark License Agreement" tanggal 3 Februari 2000 antara Asian Trails Holding Ltd. ("ATH") dengan PT. Asian Trails Indonesia ("ATI"), bahwa ATH telah menyetujui penggunaan merk dagang "Asian Trail" atau "Asian Trails" ("nama") dan atau nama-nama lain, logo dan lain-lain milik ATH dalam nama Perusahaan, nama bisnis dan produk dalam wilayah Republik di Indonesia.

Atas perjanjian tersebut ATI membayar iuran royalty kepada ATH sebesar 1,5% dari omset pada akhir setiap laporan keuangan tahunan.

26. COMMITMENT

Based on the "Trademark License Agreement" dated February 3, 2000 between Asian Trails Holding Ltd. ("ATH") with PT. Asian Trails Indonesia ("ATI"), that the ATH has approved the use of the trademark "Asian Trail" or "Asian Trails" ("the name") and/ or other names, logos, etc, belonging to ATH in its Company name, business names and products within Republic of Indonesia.

For such agreement, the ATI shall pay a royalty of 1.5% of turnover to ATH at the end of each financial year.

27. KETIDAKPASTIAN KONDISI EKONOMI

Sejak awal tahun 2020, perlambatan perekonomian global dan dampak negatif yang terjadi pada pasar finansial utama di dunia yang diakibatkan oleh penyebaran pandemic virus Corona (Covid-19) pada tahun 2020 telah menimbulkan volatilitas yang tinggi pada nilai wajar instrumen keuangan, terhentinya perdagangan, gangguan operasional perusahaan, Pasar saham yang tidak stabil, dan likuiditas yang ketat pada sektor-sektor ekonomi tertentu di Indonesia, termasuk industri perjalanan wisata, yang dapat berkelanjutan dan berdampak terhadap keuangan dan operasional Perusahaan.

27. UNCERTAINTY OF ECONOMIC CONDITIONS

Since the beginning of 2020, the global economic slowdown and the negative impact on major financial markets in the world as a result of the spread of the Corona virus (Covid-19) pandemic in 2020 have caused high volatility in the fair value of financial instruments, trade cessation, operational disruption companies, volatile stock markets, and tight liquidity in certain economic sectors in Indonesia, including the travel industry, which can be sustainable and have an impact on the Company's finances and operations.

27. KETIDAKPASTIAN KONDISI EKONOMI (lanjutan)

Kemampuan Indonesia untuk meminimalkan dampak perlambatan perekonomian global terhadap perekonomian nasional sangat tergantung pada tindakan pemberantasan ancaman Covid-19 tersebut, selain kebijakan fiskal dan kebijakan lainnya yang diterapkan oleh Pemerintah. Kebijakan tersebut, termasuk pelaksanaannya dan kejadian yang timbul, berada di luar kontrol Perusahaan.

Perusahaan yang bergerak dibidang jasa perjalanan wisata, mulai terkena dampak atas pandemik Covid19 pada bulan Maret 2020, dimana pada bulan tersebut Covid-19 mulai merebak secara global dan diikuti oleh penerapan lockdown di beberapa negara yang merupakan pangsa pasar dari tamu pari wisata yang ditangani oleh Perusahaan. Secara finansial, Perusahaan mulai mengalami penurunan pendapatan atas penjualan tiket yang signifikan di bulan Juni 2020. Manajemen berpendapat Perusahaan akan mengalami penurunan pendapatan atas kegiatan paket perjalanan wisata sebesar 75% pada tahun 2020.

Perusahaan melaporkan penurunan pendapatan yang signifikan dan membukukan kerugian bersih sebesar Rp 7.203.370.115 untuk tahun yang berakhir 31 Desember 2020. Untuk mengatasi ketidakpastian kondisi ekonomi tersebut, manajemen melakukan langkah-langkah sebagai berikut:

a. Perusahaan melakukan penyesuaian rencana bisnis terhadap situasi yang terjadi;
b. mengutamakan arus kas Perusahaan;
c. bekerjasama dengan semua airlines guna mendapatkan harga tiket untuk grup dengan mendapatkan harga khusus;
d. bekerjasama dengan semua vendor tur untuk negosiasi harga land arrangement dengan harga khusus, serta menegosiasikan harga hotel untuk menegosiasikan harga kamar hotel;
e. efisiensi seluruh biaya operasional semaksimal mungkin sehingga terjadi penurunan biaya yang signifikan.

Laporan keuangan disusun dengan anggapan bahwa Perusahaan mempunyai kemampuan untuk mempertahankan kelangsungan usahanya. Manajemen berpendapat bahwa langkah-langkah tersebut dapat secara efektif dilakukan dan Perusahaan dapat terus beroperasi sesuai prinsip kelangsungan usaha di masa mendatang.

27. UNCERTAINTY OF ECONOMIC CONDITIONS (continued)

Indonesia's ability to minimize the impact of the global economic slowdown on the national economy is highly dependent on measures to eradicate the threat of Covid-19, in addition to fiscal and other policies implemented by the Government. These policies, including their implementation and events that arise, are beyond the Company's control.

Companies engaged in tourism travel services, began to be affected by the Covid19 pandemic in March 2020, where in that month Covid-19 began to spread globally and was followed by the implementation of lockdowns in several countries which were the market share of tourist stingrays handled by the Company. . Financially, the Company began to experience a significant decline in revenue from ticket sales in June 2020. Management believes that the Company will experience a 75% decrease in revenue from travel package activities in 2020.

The Company reported a significant decrease in income and booked a net loss of IDR 7,203,370,115 for the year ended 31 December 2020. To resolve the uncertain economic condition, management took the following steps:

a. Company adjusts the business plan toward the current condition;
b. prioritize the Company's cash flow;
c. collaborate with all airlines in order to get special ticket prices for groups;
d. collaborate with all tour vendors to negotiate land arrangement special prices, and negotiate room hotel prices;
e. efficiency of operational expenses to the maximum level resulting in significant reduction in expenses.

The financial statements are prepared assuming that the Company has the ability to sustain its business continuity. Management believes that these steps can be taken effectively and the Company can continue to operate in accordance with the principles of business continuity in the future.

28. PENYELESAIAN LAPORAN KEUANGAN

Manajemen Perusahaan bertanggung jawab atas penyusunan laporan keuangan dan telah menyetujui untuk menerbitkan laporan keuangan perusahaan untuk tahun yang berakhir 31 Desember 2020 pada tanggal 14 Januari 2021.

28. COMPLETION OF FINANCIAL STATEMENTS

The Company's Management is responsible forthe preparation of the Company's financial statements and approve to issue the Company's financial statements for the year ended December 31, 2020 on January 14, 2021.

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ASIAN TRAILS TOUR LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020

Currency – United States dollar

WIN THIN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

ASIAN TRAILS TOUR LIMITED
FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2020

CONTENTS **Page**

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ASIAN TRAILS TOUR LIMITED

It is the responsibility of the management to prepare the financial statements which give a true and fair view of the financial position of Asian Trails Tour Limited (the Company) as of 31 December 2020 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. In preparing these financial statements, the management is required to:

- Select suitable accounting policies and then apply them consistently; and
- Make judgments and estimates that are reasonable and prudent.

The management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. We have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of Management

Thomas Carnevale

Mr. Thomas Markus Carnevale
Managing Director
Asian Trails Tour Limited

14 January 2021

Ref: /A-61/ December 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Asian Trails Tour Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Asian Trails Tour Limited**, which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Myanmar Financial Reporting Standard for Small and Medium-sized Entities (MFRS for SMEs) and the provisions of the Myanmar Companies Law. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Myanmar Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of **Asian Trails Tour Limited** as of 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with MFRS for SMEs.

Saw Nelson (PA PP - 400)
Engagement Partner
WIN THIN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

14 January 2021

ASIAN TRAILS TOUR LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	**2020** **USD**	2019 USD
ASSETS			
Non-current assets			
Property and equipment	3	**10,115**	22,827
Loan to shareholder	4	**50,000**	50,000
		60,115	72,827
Current assets			
Cash and cash equivalents	5	**87,266**	354,384
Trade and other receivables	6	**12,617**	654,195
Advances and prepayments	7	**52,198**	138,844
Suspense	8	**100,000**	100,000
		252,081	1,247,423
		312,196	1,320,250
EQUITY AND LIABILITIES			
Equity			
Share capital		**49,950**	49,950
Accumulated loss		**(696,227)**	(527,644)
		(646,277)	(477,694)
Current liabilities			
Trade and other payables	9	**426,173**	842,309
Intercompany loan	10	**275,000**	200,000
Accrued expenses	11	**257,300**	755,635
		958,473	1,797,944
		312,196	1,320,250

The accompanying notes form an integral part of the Financial Statements.

Thomas Carnevale

Mr. Thomas Markus Carnevale
Managing Director

U Min Kun Htaw
Director

ASIAN TRAILS TOUR LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	**2020**	2019
		USD	USD
Revenue-net	12	**1,619,322**	4,081,731
Cost of sales	13	**(1,275,013)**	(3,436,492)
Gross profit		**344,309**	645,239
Other income		**232,220**	216,912
Expenses			
Sales & marketing expenses	13	**(8,962)**	(42,719)
Administration expenses	13	**(571,777)**	(884,300)
Finance expenses	13	**(164,373)**	(202,105)
Net loss before tax		**(168,583)**	(266,973)
Tax expenses		–	(34,500)
Net loss for the year		**(168,583)**	(301,473)
Other comprehensive income for the year		–	–
Total comprehensive income for the year		**(168,583)**	(301,473)

The accompanying notes form an integral part of the Financial Statements.

ASIAN TRAILS TOUR LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Accumulated loss	Total
	USD	USD	USD
At 1 January 2020	**49,950**	**(527,644)**	**(477,694)**
Loss for the year	–	**(168,583)**	**(168,583)**
Other comprehensive income for the year	–	–	–
At 31 December 2020	**49,950**	**(696,227)**	**(646,277)**
At 1 January 2019	49,950	(226,171)	(176,221)
Loss for the year	–	(301,473)	(301,473)
Other comprehensive income for the year	–	–	–
At 31 December 2019	49,950	(527,644)	(477,694)

The accompanying notes form an integral part of the Financial Statements.

ASIAN TRAILS TOUR LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	**2020 USD**	2019 USD
Cash flows from operating activities			
Net loss before tax		**(168,583)**	(266,973)
Adjustments for:			
Add:			
- Depreciation		**12,712**	14,588
- Interest expenses		**3,882**	–
Operating loss before working capital changes		**(151,989)**	(252,385)
Changes in working capital			
- Trade and other receivables		**641,578**	16,864
- Advances and prepayments		**86,646**	106,833
- Suspense		–	2,466
- Trade and other payables		**(369,411)**	77,187
- Accrued expenses		**(498,335)**	86,139
Cash (used in) / generated from operations		**(291,511)**	37,104
Income tax paid		**(49,216)**	(117,744)
Interest paid		**(1,391)**	–
Net cash used in operating activities		**(342,118)**	(80,640)
Cash flow from investing activities			
Purchase of property and equipment		–	(1,717)
Net cash used in investing activities		–	(1,717)
Cash flows from financing activities			
Proceeds from loan / to change amount		**75,000**	200,000
Net cash provided by financing activities		**75,000**	200,000
Net (decrease) / increase in cash and cash equivalents		**(267,118)**	117,643
Cash and cash equivalents at beginning of year		**354,384**	236,741
Cash and cash equivalents at end of year	4	**87,266**	354,384

The accompanying notes form an integral part of the Financial Statements.

ASIAN TRAILS TOUR LIMITED
NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. **General information**

Asian Trails Tour Limited ("the Company") was incorporated in the Union of Myanmar as a foreign company in the Republic of the Union of Myanmar under The Myanmar Companies Act, as per Certificate of Incorporation No. 31FC of 1999-2000 dated November 10, 1999 issued by the Ministry of National Planning and Economic Development. As per certificate of registration number 106909822, the Company has been re-registered with the new Myanmar Companies Law.

The principal activity of the Company is to operate as travel agency, tour operator, reservation service and related activities.

The equity shares of the Company are currently owned as follows:

Asian Trails Holding Limited	60%
U Min Kun Htaw	40%

The following are the current directors/managers of the Company:

(i)	Mr. Thomas Markus Carnevale	(Managing Director)
(ii)	Mr. Laurent Kuenzle	(Director)
(iii)	Mr. Lersan Misitsakul	(Director)
(iv)	U Min Kun Htaw	(Director)
(v)	Mr. Marcel Jordi Grifoll	(Director)

The Company was subsequently issued Tour Business Licence No. Kha – 0740 dated 14 December 1999 by the Ministry of Hotels and Tourism.

The registered office of the Company is 635 (J) Yoma Yeikthar, Pyay Road, Kamayut Township, Yangon, Myanmar.

2. **Summary of significant accounting policies**

The Principal accounting policies which has been applied consistently throughout the financial years are summarized below:

A. **Basis of preparation**

The accompanying financial statements have been prepared in accordance with Myanmar Financial Reporting Standard for Small and Medium-sized Entities (MFRS for SMEs) and are based on historical cost convention.

(i) Going concern

The holding company, Asian Trails Holding Limited, has confirmed its intention to provide financial support to the Company so as to enable the Company to meet its liabilities as and when they fall due for the next 12 months from the date of the financial statements.

2. Summary of significant accounting policies (continued)

A **Basis of preparation** (continued)

(i) Going concern

In view of the foregoing, the directors consider that it is appropriate to prepare the financial statements on a going concern basis. Accordingly, the financial statements have not included any adjustments relating to the recoverability and classification of recorded assets amounts or the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

B. **Foreign currency translation**

(1) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in United States dollars, which is the functional currency of the Company.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at monthly-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

C. **Use of estimates and judgments**

The preparation of the financial statements in conformity with MFRS for SMEs requires management to make judgments, estimates and assumption 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 accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

D. **Property and equipment**

Property and equipment are stated at cost less accumulated depreciation. Depreciation has been charged for assets under straight-line method. Depreciation rates are as follows;

Furniture and fixture	20%
Vehicles (Motor Cycle)	20%
PC, screens, office machines and installation	20%-33.33%

2.**Summary of significant accounting policies** (continued)

E. Cash and cash equivalent

Cash and cash equivalent comprise cash in hand and deposits with local and foreign banks.

F. Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

G. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made.

H. Revenue

Revenue from services is recognized when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company.

I. Income tax

Income tax expense represents the tax based on estimated taxable profit for the period.

J. Related party

A party is related to an entity if:

(a) directly, or indirectly through one or more intermediaries, the party:
   - (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
   - (ii) has an interest in the entity that gives it significant influence over the entity; or
   - (iii) has joint control over the entity;

(b) the party is an associate of the entity;

(c) the party is a joint venture in which the entity is a venture;

(d) the party is a member of key management personnel of the entity or its parents;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of employees of the entity, or if any entity that is a related party of the entity.

K. Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3. Property and equipment

	Furniture and fixture	Vehicles	PC, screens, office machines, installation	Total
	USD	USD	USD	USD
Cost				
At January 2020	**31,387**	**807**	**166,603**	**198,797**
Additions	–	–	–	–
At 31 December 2020	**31,387**	**807**	**166,603**	**198,797**
Accumulated depreciation and impairment losses				
At 1 January 2020	**30,696**	**807**	**144,467**	**175,970**
Depreciation	**370**	–	**12,342**	**12,712**
At 31 December 2020	**31,066**	**807**	**156,809**	**188,682**
Net book value				
At 31 December 2020	**321**	–	**9,794**	**10,115**
Cost				
At 1 January 2019	31,387	807	164,886	197,080
Additions	–	–	1,717	1,717
At 31 December 2019	31,387	807	166,603	198,797
Accumulated depreciation and impairment losses				
At 1 January 2019	29,885	807	130,690	161,382
Depreciation	811	–	13,777	14,588
At 31 December 2019	30,696	807	144,467	175,970
Net book value				
At 31 December 2019	691	–	22,136	22,827

4. Loan to shareholder (USD 50,000)

The above comprises the principle loan amount to U Min Kun Htaw who is one of the shareholders of the Company.

5. Cash and cash equivalents

	2020	2019
	USD	USD
Cash on hand	**8,682**	74,459
Cash at banks	**78,584**	279,925
	87,266	354,384

6. Trade and other receivables

	2020 USD	2019 USD
Trade receivables	**1,848**	605,015
Intercompany receivables {Note-14(a)}	**60**	32,683
Other receivables	**10,709**	16,497
	12,617	654,195

7. Advances and prepayments

	2020 USD	2019 USD
Advance and prepayments	**26,798**	79,085
Advance payments to suppliers	**25,400**	59,759
	52,198	138,844

8. Suspense

	2020 USD	2019 USD
Fraudulent	100,000	100,000
	100,000	100,000

*A fraudulent individual / organization gained access (hacked) to the E-mail account of the General Manager of supplier and sent out incorrect bank information for a subsequent supplier payment. As a result, USD 100,000 were approved for payment and transferred into a fraudulent US bank account. The management concluded that the loss had to be charged to cost of sales and to record as suspense.

9. Trade and other payables

	2020 USD	2019 USD
Trade payables	**310,048**	616,208
Intercompany payables {Note-14(b)}	**54,728**	9,216
Deposits	**51,725**	157,997
Income tax payable	**9,672**	58,888
	426,173	842,309

ASIAN TRAILS TOUR LIMITED
NOTES TO THE FINANCIAL STATEMENTS

10. **Intercompany loan** {Note 14(b)}

The Company acquired additional loan from Asian Trails Holding Limited during the financial year. The details are as follows:

	2020 USD	2019 USD
Opening balance	**200,000**	200,000
Additions	**75,000**	–
	275,000	200,000

11. **Accrued expenses**

	2020 USD	2019 USD
Accrued other	**118,467**	134,820
Accrued standard cost	**138,833**	620,815
	257,300	755,635

12. **Net Revenue**

	2020 USD	2019 USD
Revenue	**1,696,433**	4,276,099
5% commercial tax	**(77,111)**	(194,368)
Net revenue	**1,619,322**	4,081,731

13. Expenses by nature

The total of cost of sales, sales and marketing expenses, administrative expenses and finance expense are as follows:

	2020 USD	2019 USD
Direct costs	**1,275,013**	3,436,492
Staff costs {Note 14(c)}	**417,234**	659,749
Office expenses	**7,695**	13,005
Rent and utility expenses	**73,302**	110,878
Lease and maintenance	**125**	474
Information technology expenses	**8,769**	12,166
Travel / entertainment	**14,539**	32,934
Miscellaneous	**30,926**	36,883
Charges kuoni group	**163,705**	200,067
Depreciation	**12,712**	14,588
Realized and unrealized exchange loss	**3,261**	–
Marketing and advertising	**8,962**	42,719
Interest expenses IC	**3,882**	5,661
	2,020,125	4,565,616

14. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and the related parties at terms agreed between the parties;

(a) Sales and purchase of goods and services

	2020 USD	2019 USD
Sales of tour package (Note-5)	**60**	32,683

(b) Other

	2020 USD	2019 USD
Expenses incurred on behalf of the Company (Note-9)	**54,729**	9,216
Loan from Holding (Note-10)	**275,000**	200,000

14. Related party transactions (continued)

(c) Key management personnel and director remuneration (Note 13)

Staff cost included key management personnel and director remuneration as follows;

	2020 USD	2019 USD
Remuneration	**51,392**	72,560
Bonus	**8,000**	8,820
	59,382	81,380

15. **Significant impact of COVID 19 at the reporting date**

The is no business till end of December 2020 due to impact on COVID 19.

16. **Authorization of financial statements**

The financial statements of the Company for the year ended 31 December 2020 were authorized for issue on 14 January 2021.

Signature Certificate

Document Ref.: Y7YUS-FNEAF-VZUZU-FM6PS

Document signed by:

Thomas Carnevale

E-mail:
thomas.carnevale@gmail.com

Signed via link

IP: 213.55.244.18 | Date: 30 May 2021 08:12:22 UTC

Thomas Carnevale

Document completed by all parties on:
30 May 2021 08:12:22 UTC

ASIAN TRAILS (M) SDN. BHD.

Registration No. 200001012196 (514802-A)
Incorporated in Malaysia

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31ST DECEMBER 2020

Registration No.
200001012196 (514802-A)

ASIAN TRAILS (M) SDN. BHD.

Incorporated in Malaysia

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020

Contents	Pages

Registration No.
200001012196 (514802-A)

ASIAN TRAILS (M) SDN. BHD.
Incorporated in Malaysia

CORPORATE INFORMATION

DIRECTORS	Lersan Misitsakul Laurent Kunzle Emir Cherif Marcel Jordi Grifoll
COMPANY SECRETARY	Chong Ai Ling (MIA 29380)
AUDITORS	Peter Chong & Co. Chartered Accountants
PRINCIPAL BANKERS	Deutsche Bank (Malaysia) Berhad Malayan Banking Berhad Standard Chartered Bank Malaysia Berhad
IMMEDIATE HOLDING COMPANY	Asian Trails Holding Ltd
ULTIMATE HOLDING COMPANY	Fairfax Financial Holdings Limited
REGISTERED OFFICE	SOHO Suites @ KLCC Block A2, Level 32-3A No. 20, Jalan Perak 50450 Kuala Lumpur
PRINCIPAL PLACE OF BUSINESS	Suite 7.01, 7th Floor Wisma Mirama Jalan Wisma Putra 50460 Kuala Lumpur

ASIAN TRAILS (M) SDN. BHD.

Incorporated in Malaysia

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31st December 2020.

PRINCIPAL ACTIVITIES
The Company is principally engaged in the business of providing holidays, tours and travel services to overseas and local clientele. There have been no significant changes in the nature of these principal activities during the financial year.

FINANCIAL RESULTS

	RM
Loss for the financial year	(2,959,197)

DIVIDENDS
No dividend has been paid, declared or proposed by the Company since the end of the previous financial year. The Directors also do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS
There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES
The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS
No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any options to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS IN OFFICE

The following Directors served on the Board since the date of the last report:

Lersan Misitsakul
Laurent Kunzle
Emir Cherif
Marcel Jordi Grifoll

In accordance with the Company's Constitution, Mr. Marcel Jordi Grifoll retires by rotation, and being eligible, offers himself for re-election.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than Directors' remuneration as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has substantial financial interest except for:

(i) certain Directors who received remuneration from related corporations in their capacities as directors and/or executives of those related corporations; and

(ii) any deemed benefits which may arise from the related party transactions as disclosed in Note 17 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTEREST

None of the Directors in office at the end of the financial year held or dealt in shares of the Company and its related corporations during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Company were made out, the Directors took reasonable steps:

a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

OTHER STATUTORY INFORMATION (cont'd)

At the date of this report, the Directors are not aware of any circumstances:

a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or

b) which would render the values attributed to the current assets in the financial statements of the Company misleading; or

c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

d) not otherwise dealt with in this report or financial statements, which would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

a) any charge on the assets of the Company which has arisen since the end of the financial year to secure the liability of any other person; or

b) any contingent liability of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the year of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors,

a) the results of the Company's operations during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and

b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

HOLDING COMPANIES
The immediate holding company of the Company is Asian Trails Holding Ltd, incorporated in Mauritius and the ultimate holding company of the Company is Fairfax Financial Holdings Limited, incorporated in Ontario, Canada.

INDEMNITIES TO DIRECTORS OR OFFICERS
There has been no indemnity given to or insurance effected for any director or officer of the Company during the financial year.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR - COVID-19 PANDEMIC
The World Health Organisation declared the 2019 Novel Coronavirus outbreak ("COVID-19") a pandemic on 11st March 2020. This was followed by Federal Government ("FG") issuing a Gazetted Order known as the Movement Control Order ("MCO") which was effective for the period from 18th March 2020 to 12th May 2020. Subsequently the Government issued various movement control orders. As at the date of report, the movement control orders are still in place which business operation is required to adhere to strict standard operating procedures imposed by the Government.

The COVID-19 has caused an unprecedented crisis for the travel and tourism industry which impacted the business operations of the Company particularly on the Company's revenue due to the implementation of travel and other restrictions locally and globally. The Company has performed assessments of the overall impact of the situation on the Company's operations and financial implications, including the recoverability of the carrying amount of assets and measurements of assets and liabilities.

The degree of the impact depends on the situation of the pandemic preventive measures and the duration of the pandemic. The Company will continue to monitor the development of COVID-19 situation closely and implement proactive measures to control costs, capital expenditure and streamline its operations to mitigate the consequences of COVID-19.

The Company has obtained continuous financial support from its immediate holding company, Asian Trails Holding Ltd to continue its business as a going-concern. At this juncture, the management is not in a position to quantify the potential impact to be suffered due to the uncertainties prevailing within and outside the country.

Registration No.
200001012196 (514802-A)

ASIAN TRAILS (M) SDN. BHD.
Incorporated in Malaysia

DIRECTORS' REPORT (Cont'd)

AUDITORS
Auditors' remuneration is set out in Note 14 to the financial statements. No payment has been made to indemnify auditors during or since the financial year.

The auditors, Messrs. Peter Chong & Co., Chartered Accountants, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board in accordance with a resolution of the Directors,

....

LAURENT KUNZLE
Director

....

EMIR CHERIF
Director

Dated: 0 3 MAR 2021

Kuala Lumpur

Registration No.
200001012196 (514802-A)

ASIAN TRAILS (M) SDN. BHD.

Incorporated in Malaysia

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

The Directors of **ASIAN TRAILS (M) SDN. BHD.** state that, in the opinion of the Directors, the financial statements are set out on pages 13 to 68 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Company as at 31st December 2020 and of its financial performance and of its financial performance and cash flow of the Company for the financial year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors,

LAURENT KUNZLE
Director

EMIR CHERIF
Director

Dated: 0 3 MAR 2021

Kuala Lumpur

Registration No.
200001012196 (514802-A)

ASIAN TRAILS (M) SDN. BHD.

Incorporated in Malaysia

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **EMIR CHERIF**, being the Director primarily responsible for the financial management of **ASIAN TRAILS (M) SDN. BHD.**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 13 to 68 are correct.

And I make this solemn declaration, conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed **EMIR CHERIF**)
at **KUALA LUMPUR** in the)
FEDERAL TERRITORY this day of) ....
) **EMIR CHERIF**

0 3 MAR 2021

Before me

PESURUHJAYA SUMPAH
W390
RAJINDER SINGH
A/L GURDEV SINGH
BC/R/118
01/01/2019-12/7/2021
MALAYSIA

....
Commissioner for Oaths

568-8-39, Tkt 8
Kompleks Mutiara
Batu 3½ Jalan Ipoh
51200 Kuala Lumpur

Peter Chong & Co. AF 0165
Chartered Accountants

SOHO Suites @ KLCC
Block A2, Level 31-3
No. 20 Jalan Perak
50450 Kuala Lumpur, Malaysia
Tel : 603-21817447
Fax : 603-21818522
Email : info@peterchongco.com
Website : www.peterchongco.com

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ASIAN TRAILS (M) SDN. BHD.

Registration No: 200001012196 (514802-A)
Incorporated in Malaysia

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of **ASIAN TRAILS (M) SDN. BHD.**, which comprise the statement of financial position as at 31st December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 13 to 68.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion
We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. 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 2.1 to the financial statements which disclosed the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred a loss of RM2,959,197 during the financial year ended 31st December 2020, and as at that date, the Company's current liabilities exceeded its current assets by RM2,512,173 and capital deficiency of RM1,958,157, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The outbreak of coronavirus disease 2019 ("COVID-19") and the Movement Control Order ("MCO") imposed by the Government is likely to adversely affect the Company's cash flows. Our opinion is not modified in respect of this matter.

The preparation of the financial statements of the Company on a going concern basis is dependent upon the continuous financial support from its immediate holding company.

Independence and Other Ethical Responsibilities
We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon
The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company 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 of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company 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 Statements
The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, 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.

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements of the Company 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 approved standards on auditing in Malaysia and 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 approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, 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 the 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 auditors' report to the related disclosures in the financial statements of the Company 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ASIAN TRAILS (M) SDN. BHD.
Registration No: 200001012196 (514802-A)
Incorporated in Malaysia
(Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Other Matters
This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Peter Chong & Co.
No. AF 0165
Chartered Accountants

Chong Ton Nen @ Peter Chong
No. 00394/03/2022 J
Chartered Accountant

Dated: 0 3 MAR 2021

Kuala Lumpur

Registration No.
200001012196 (514802-A)

ASIAN TRAILS (M) SDN. BHD.
Incorporated in Malaysia

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2020

	Note	2020 RM	2019 RM
ASSETS			
Non-current assets			
Property, plant and equipment	5	502,620	707,638
Right-of-use asset	6	51,396	246,727
		554,016	954,365
Current assets			
Receivables	7	626,287	3,467,291
Cash and bank balances		662,777	2,161,176
		1,289,064	5,628,467
TOTAL ASSETS		1,843,080	6,582,832
EQUITY AND LIABILITIES			
Equity attributable to owner of the Company			
Share capital	8	5,500,000	5,500,000
Accumulated losses		(7,458,157)	(4,498,960)
Total equity		(1,958,157)	1,001,040
Non-current liability			
Lease liabilities	9	-	75,496
Current liabilities			
Lease liabilities	9	60,397	176,145
Payables	10	3,740,840	5,219,151
Tax liability	11	-	111,000
		3,801,237	5,506,296
Total liabilities		3,801,237	5,581,792
TOTAL EQUITY AND LIABILITIES		1,843,080	6,582,832

The attached notes form an integral part of these financial statements.

Registration No.
200001012196 (514802-A)

ASIAN TRAILS (M) SDN. BHD.

Incorporated in Malaysia

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020

	Note	2020 RM	2019 RM
REVENUE	12	6,766,462	31,728,721
COST OF SALES	13	(4,850,592)	(24,730,415)
GROSS PROFIT		1,915,870	6,998,306
OTHER OPERATING INCOME		232,313	371,443
MARKETING COSTS		(141,587)	(592,963)
ADMINISTRATIVE EXPENSES		(5,019,452)	(6,229,195)
(LOSS)/ PROFIT FROM OPERATIONS	14	(3,012,856)	547,591
FINANCE COSTS	15	(5,244)	(18,414)
(LOSS)/ PROFIT BEFORE TAXATION		(3,018,100)	529,177
TAXATION	11	58,903	(118,950)
(LOSS)/ PROFIT FOR THE FINANCIAL YEAR		(2,959,197)	410,227
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		-	-
TOTAL COMPREHENSIVE (LOSS)/ INCOME ATTRIBUTABLE TO OWNER OF THE COMPANY		(2,959,197)	410,227

The attached notes form an integral part of these financial statements.

Registration No.
200001012196 (514802-A)

ASIAN TRAILS (M) SDN. BHD.
Incorporated in Malaysia

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020

	Attributable to owners of the Company		
	Share capital RM	Accumulated losses RM	Total RM
As at 1st January 2019	5,500,000	(4,909,187)	590,813
Total comprehensive income	-	410,227	410,227
As at 31st December 2019/ 1st January 2020	5,500,000	(4,498,960)	1,001,040
Total comprehensive loss	-	(2,959,197)	(2,959,197)
As at 31st December 2020	5,500,000	(7,458,157)	(1,958,157)

The attached notes form an integral part of these financial statements.

ASIAN TRAILS (M) SDN. BHD.
Incorporated in Malaysia

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020

	Note	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/ profit before taxation		(3,018,100)	529,177
Adjustments for:-			
Allowance for impairment loss on trade receivables		-	182,979
Bad debts written off		113,271	141,180
Depreciation of property, plant and equipment		206,609	129,137
Depreciation of right-of-use asset		131,819	174,161
Gain on disposal of property, plant and equipment		-	(806)
Interest expenses		5,244	18,414
Unrealised loss/ (gain) on foreign exchange		63,482	(28,286)
Operating (loss)/ profit before working capital changes		(2,497,675)	1,145,956
Receivables		2,727,977	(1,063,226)
Payables		(1,555,400)	464,701
Cash (used in)/ generated from operations		(1,325,098)	547,431
Tax paid	11	(52,097)	(7,950)
Repayment of interest on lease liability		(5,244)	(13,153)
Net cash (used in)/ generated from operating activities		(1,382,439)	526,328
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		-	810
Purchase of property, plant and equipment		(1,591)	(524,521)
Net cash used in investing activities		(1,591)	(523,711)

The above statement of cash flows is to be read in conjunction with the notes to the financial statements.

Registration No.
200001012196 (514802-A)

ASIAN TRAILS (M) SDN. BHD.

Incorporated in Malaysia

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020 (Cont'd)

	Note	2020 RM	2019 RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		-	(5,261)
Payments for the principal portion of lease liability		(127,732)	(169,247)
Net cash used in financing activities		(127,732)	(174,508)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,511,762)	(171,891)
Effect of exchange rate changes on cash and cash equivalents		13,363	-
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		2,161,176	2,333,067
CASH AND CASH EQUIVALENTS CARRIED FORWARD	16	662,777	2,161,176

The reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities is as follows:

	Lease liability (Note 9)	
	2020 RM	2019 RM
As at 1st January	251,641	420,888
Non-cash changes	(63,512)	-
Cash flows	(127,732)	(169,247)
As at 31st December	60,397	251,641

The above statement of cash flows is to be read in conjunction with the notes to the financial statements.

1. GENERAL INFORMATION

The Company is principally engaged in the business of providing holidays, tours and travel services to overseas and local clientele. There have been no significant changes in the nature of these principal activities during the financial year.

The Company is a private limited company, incorporated and domiciled in Malaysia.

The immediate holding company of the Company is Asian Trails Holding Ltd, incorporated in Mauritius and the ultimate holding company of the Company is Fairfax Financial Holdings Limited, incorporated in Ontario, Canada.

The address of the registered office of the Company is SOHO Suites @ KLCC, Block A2, Level 32-3A, No. 20, Jalan Perak, 50450 Kuala Lumpur.

The principal place of business of the Company is at Suite 7.01, 7th Floor, Wisma Mirama, Jalan Wisma Putra, 50460 Kuala Lumpur.

The Board has authorised the issuance of financial statements on 0 3 MAR 2021

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention, except as disclosed in this summary of significant accounting policies.

During the financial year, the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred a loss of RM2,959,197 during the financial year ended 31st December 2020, and as at that date, the Company's current liabilities exceeded its current assets by RM2,512,173 and capital deficiency of RM1,958,157, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The outbreak of coronavirus disease 2019 ("COVID-19") and the Movement Control Order ("MCO") imposed by the Government is likely to adversely affect the Company's cash flows.

The preparation of the financial statements of the Company on a going concern basis is dependent upon the continuous financial support from its immediate holding company.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.1 Basis of preparation (cont'd)

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on Directors' best knowledge of current events and actions, actual results may differ. 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 4.

The financial statements are presented in Ringgit Malaysia (RM).

The new accounting standards, amendments and improvements to published standards and interpretations that are effective and applicable for the Company's financial year beginning on or after 1st January 2020 are as follows:

(i) Amendments to MFRS 9, MFRS 139 and MFRS 7 "Interest Rate Benchmark Reform"
(ii) Amendments to MFRS 16 "Covid-19 Related Rent Concession"
(iii) Amendments to MFRS 119 "Plan Amendment, Curtailment or Settlement"
(iv) Amendments to MFRS 101 and MFRS 108 "Definition of Material"
(v) Amendments to MFRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors"
(vi) Amendments to IC Interpretation 19 "Extinguishing Financial Liabilities With Equity''
(vii) Amendments to IC Interpretation 22 "Foreign Currency Transaction and Advance Consideration''

The adoption of these amendments and interpretation does not result in any significant change to the accounting policies and do not have a material impact on the financial report of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. 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 of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

All property, plant and equipment are depreciated on a straight line basis to write off the carrying amounts of each asset to its remaining useful lives. The useful lives of the property, plant and equipment of the Company are as follows:

	Number of years
Motor vehicles	5
Computers	3
Furniture and fittings	5
Office equipment	5
Renovation	5

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the profit or loss.

2.3 Impairment of non-financial assets

The carrying amount of the Company's assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Impairment of non-financial assets (cont'd)

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in the profit or loss in the period in which it arises. Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the profit or loss.

2.4 Financial instruments

(i) Financial assets

(a) Recognition and initial measurement

Financial assets are recognised in the statements of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Financial instruments (cont'd)

(i) Financial assets (cont'd)

(a) Recognition and initial measurement (cont'd)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or if the period between performance and payment is 1 year or less under practical expedient of MFRS 15, are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place ("regular way trades") are recognised on the trade date, that is the date that the Company commits to purchase or sell the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Financial instruments (cont'd)

(i) Financial assets (cont'd)

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

(a) Financial assets at amortised cost (debt instruments)
(b) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
(c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
(d) Financial assets at fair value through profit or loss

The financial assets of the Company are subsequently measured under (a) financial assets at amortised cost.

Financial assets at amortised cost

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

(i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

(ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Financial instruments (cont'd)

(i) Financial assets (cont'd)

(c) Derecognition
A financial asset is derecognised when:

(i) The rights to receive cash flows from the asset have expired, or

(ii) The Company has transferred its rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) The Company has transferred substantially all the risks and rewards of the asset; or

(b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company would require to repay.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Financial instruments (cont'd)

(i) Financial liabilities

(a) Recognition and initial measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities includes trade, other payables, amounts owing to immediate holding company and related companies.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in the hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Financial instruments (cont'd)

(ii) Financial liabilities (cont'd)

(b) Subsequent measurement (cont'd)

The measurement of financial liabilities depends on their classification, as described below:

Payables, loans and borrowings

This is the category most relevant to the Company. After initial recognition, payables, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

(c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

(iii) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Financial instruments (cont'd)

(iv) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company has the following of financial instruments that are subject to the ECL model:

- Trade receivables
- Other receivables
- Deposits
- Amount owing from related companies

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Company expects to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Financial instruments (cont'd)

(iv) Impairment of financial assets (cont'd)

(a) Simplified approach for trade receivables
The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Note 7 sets out the measurement details of ECL.

(b) General 3-stage approach other than trade receivables
As of the end of each reporting period, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. It considers available reasonable and supportive forward-looking information, where available. Note 7 sets out the measurement details of ECL.

Amount owing from related companies in the financial statements is assessed on group basis for ECL measurement, as credit risk information is obtained and monitored closely.

Significant increase in credit risk
The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information, where available.

A significant increase in credit risk is presumed if a debtor is more than 90 days past due in making a contractual payment.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Financial instruments (cont'd)

(v) **Offsetting of financial instruments**
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.5 Revenue and other income recognition

Revenue from contracts with customers upon adoption of MFRS 15
The Company recognises revenue from contracts with customers for the sale of goods based on the five-step model as set out in MFRS 15 Revenue from Contracts with Customers:

(a) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(b) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

(c) 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.

(d) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Company allocates 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.

(e) Recognise revenue when (or as) the Company satisfies a performance obligation.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Revenue and other income recognition (cont'd)

Revenue from contracts with customers upon adoption of MFRS 15 (cont'd)
The Company satisfies a performance obligation and recognises revenue over time if the Company's performance:

(a) Does not create an asset with an alternative use to the Company and has an enforceable right to payment for performance completed to-date; or

(b) Creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) Provides benefits that the customer simultaneously receives and consumes as the Company performs.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods or services, it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Performance obligations are as follows:

(i) **Tourism services**
Fees from hotel room booking, tours and travel services are recognised when services are rendered.

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Revenue and other income recognition (cont'd)

Revenue from contracts with customers upon adoption of MFRS 15 (cont'd)
Performance obligations are as follows:

(ii) Other revenues
Brochures and collaterals are recognised when services are rendered.

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Support service fee is recognised when service is rendered.

2.6 Government subsidy

Prihatin Wage Subsidy Programme
Subsidy from the Government is recognised at its fair value where there is a reasonable assurance that the subsidy will be received and the Company will comply with all attached conditions. Government subsidy relating to income shall be presented as other operating income.

2.7 Taxation and deferred taxation
Income tax on the results for the financial year comprises current and deferred tax. Current tax is the expected amount of income tax payable in respect of the taxable profits for the financial year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax liabilities and assets are provided using the liability method at the current tax rate in respect of all temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base including unused tax losses and capital allowances.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 Taxation and deferred taxation (cont'd)

Deferred tax liabilities and assets are measured at the tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient future taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient future taxable profit will be available, such reductions will be reversed.

2.8 Leases

(a) Definition of a lease

A contract is, or contains, a lease if the contract conveys a 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:

(i) 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;

(ii) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Leases (cont'd)

(a) Definition of a lease (cont'd)

(iii) the customer has the right to direct the use of the asset. The customer 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 customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

(b) The Company as lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Company is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Leases (cont'd)

(b) The Company as lessee (cont'd)

(i) Lease term

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to 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 to be terminated).

The Company reasseses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company and affects whether the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities (refer to (iv) below).

(ii) ROU assets

The ROU assets are initially measured at cost comprising the following:

a. the amount of the initial measurement of lease liability;
b. any lease payments made a at or before the commencement date less any lease incentive received;
c. any initial direct costs incurred by the Company; and
d. an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

ROU assets are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Leases (cont'd)

(b) The Company as lessee (cont'd)

(ii) ROU assets (cont'd)

The ROU assets are depreciated over the useful lives as follows:

	Number of years
Office	3

(iii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

a. Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
b. Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
c. Amounts expected to be payable by the Company under residual value guarantees;
d. The exercise price of a purchase and extension options if the Company is reasonably certain to exercise that option; and
e. Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Leases (cont'd)

(b) The Company as lessee (cont'd)

(iii) Lease liabilities (cont'd)
Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Company presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in the statement of profit or loss.

(iv) Remeasurement of lease liabilities
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 revision of in-substance fixed lease payments, or of 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. When adjustments to lease payments take effect, the lease liability is remeasured and adjusted against the ROU assets.

(v) Short-term leases and leases of low-value assets
The Company has elected not to recognise ROU assets and lease liabilities for short-term leases with a lease term of 12 months or less and leases of low-value assets. Payments associated with these leases are recognised on a straight-line basis as an expense in profit or loss.

(c) The Company as lessor
The Company classified its leases as either operating leases or finance leases. Leases where the Company retains substantially all the risks and rewards of ownership of the leased assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2.5 (ii).

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Leases (cont'd)

(c) The Company as lessor (cont'd)
If the Company transfers substantially all the risks and rewards incidental to ownership of the leased assets, leases are classified as finance leases and are capitalised at an amount equal to the net investment in the lease.

2.9 Foreign currencies
In preparing the financial statements of the individual entities, transactions in currencies other than entity's functional currency are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the profit or loss for the period except for the differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

2.10 Provisions
Provisions are recognised when the Company has a present obligation as a result of a past event and 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. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Employee benefits

Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leaves are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leaves are recognised when the absences occur.

Defined contribution plans

As required by law, companies in Malaysia make contributions for local employees to the state pension scheme, the Employees' Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.13 Contingent liabilities and contingent assets

The Company does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company. The Company does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.14 Fair value measurements

Fair value is 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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows: -

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

3. MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRSs"), AMENDMENTS TO MFRSs, ISSUES COMMITTEE INTERPRETATIONS ("IC INTERPRETATIONs") AND AMENDMENT TO IC INTERPRETATIONs

New and revised MFRSs, Amendments to MFRSs, IC Interpretations and Amendment to IC Interpretations which have been issued but not yet effective and relevant to the Company:

Amendments to MFRSs and IC Interpretations:		**Effective dates**
Amendments to:		
- MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2	1st January 2021
- MFRS 9	Financial Instruments (Annual Improvements to MFRS Standards 2018 – 2020)	1st January 2022
- MFRS 16	Leases (Annual Improvements to MFRS Standards 2018 – 2020)	1st January 2022
- MFRS 101	Classification of Liabilities as Current or Non-Current	1st January 2023
- MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1st January 2022
- MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1st January 2022

It is anticipated that the adoption of the abovementioned amendments will not have significant impact on the financial statements of the Company.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements involved making certain estimates, judgements and assumptions concerning the future. They affect the accounting policies applied, amounts of assets, liabilities, income and expenses reported and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Changes in these estimates and assumptions by management may have an effect on the balances as reported in financial statements. Significant accounting estimates and judgements, where used, have been disclosed in the relevant notes to the financial statements.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

(i) Depreciation of property, plant and equipment

Property, plant and equipment is depreciated on a straight-line basis over their estimated useful lives. The Company estimates the useful lives of these assets to be within 3 to 5 years. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

(ii) Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) Lease term and incremental borrowing rate of leases

The Company assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Company considers all facts and circumstances including past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to determine the lease term.

The Company also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Company first determines the closest available borrowings rate before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

5. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles RM	Computers RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Total RM
Cost						
As at 1st January 2019	156,176	659,674	61,911	145,340	47,083	1,070,184
Additions	302,601	73,689	16,699	30,426	101,106	524,521
Disposal	-	-	(13,380)	(18,931)	-	(32,311)
As at 31st December 2019/ 1st January 2020	458,777	733,363	65,230	156,835	148,189	1,562,394
Additions	-	1,591	-	-	-	1,591
As at 31st December 2020	458,777	734,954	65,230	156,835	148,189	1,563,985

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Motor vehicles RM	Computers RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Total RM
Accumulated depreciation						
As at 1st January 2019	15,619	549,103	56,617	90,558	46,029	757,926
Charged for the year	41,322	58,309	4,940	18,911	5,655	129,137
Disposal	-	-	(13,378)	(18,929)	-	(32,307)
As at 31st December 2019/ 1st January 2020	56,941	607,412	48,179	90,540	51,684	854,756
Charged for the year	91,754	69,828	4,004	20,351	20,672	206,609
As at 31st December 2020	148,695	677,240	52,183	110,891	72,356	1,061,365
Net carrying amounts						
As at 31st December 2020	310,082	57,714	13,047	45,944	75,833	502,620
As at 31st December 2019	401,836	125,951	17,051	66,295	96,505	707,638

6. RIGHT-OF-USE ASSET

	2020 RM	2019 RM
Office		
Cost		
As at 1st January	420,888	420,888
Remeasurement	(63,512)	-
As at 31st December	357,376	420,888
Accumulated depreciation		
As at 1st January	174,161	-
Depreciation charge	131,819	174,161
As at 31st December	305,980	174,161
Net carrying amount		
As at 31st December	51,396	246,727

The additional information about its leasing activities are as follows:

		2020 RM	2019 RM
Office			
(i)	Lease term	3 years	3 years
(ii)	Renewal option	1 year	1 year
(iii)	Termination option	No	No
(iv)	Restriction imposed	No	No
(v)	Lease term determined by the management	3 years	3 years

The maturity analysis of lease liability is presented in Note 9.

7. RECEIVABLES

	2020 RM	2019 RM
Trade receivables	132,240	2,321,011
Less: Allowance for impairment loss (Note 7(v))	-	(231,275)
	132,240	2,089,736
Other receivables	23,130	23,310
Deposits	179,990	209,020
Prepayment	153,724	330,979
Goods and Services Tax claimable	128,988	210,159
Amount owing from related companies - non-trade	8,215	604,087
	626,287	3,467,291

(i) The currency exposure profile of the receivables (exclude prepayment and goods and services tax claimable) is as follows (foreign currency balances are unhedged):

	2020 RM	2019 RM
Ringgit Malaysia	306,193	1,061,894
Singapore Dollar	20,513	178,513
US Dollar	16,869	1,112,606
Euro	-	573,140
	343,575	2,926,153

(ii) The Company's normal trade receivables credit periods granted is 90 days (2019: 90 days).

7. RECEIVABLES (cont'd)

(iii) The ageing analysis of the Company's trade receivables is as follows:

	2020 RM	2019 RM
Neither past due nor impaired	553	381,961
Past due but not impaired		
- 1 to 30 days	15,579	606,555
- 31 to 60 days	38,331	514,587
- 61 to 90 days	-	441,006
- 91 days and above	77,777	145,627
	131,687	1,707,775
Impaired	-	231,275
	132,240	2,321,011

(iv) **Measurement of Expected Credit Loss ("ECL") – simplified approach**
The Company applies the MFRS 9 simplified approach to measure ECL which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. The expected loss rates are based on historical credit losses experienced by the Company. The historical loss rates are adjusted to reflect current and forward–looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables that are individually determined to be credit impaired at the financial year end related to trade receivables who are in significant financial difficulties and have defaulted on payments.

On that basis, the identified individual impairment loss of the Company is Nil (2019: RM182,979) for the financial year ended 31st December 2020.

7. RECEIVABLES (cont'd)

(v) As at the current financial year end, there is no significant increase in credit risk for trade receivables since initial recognition. The allowance account in respect of the trade receivables is used to record expected credit losses and individual impairment loss. The movement of the allowance for impairment loss is as follows:

	2020 RM	2019 RM
Allowance for impairment loss - Trade receivables		
As at 1st January	(231,275)	(48,296)
Addition	-	(182,979)
Written off against allowance	231,275	-
As at 31st December	-	(231,275)

(vi) **Measurement of ECL – general 3-stage approach**
Other financial assets include other receivables, deposits and amount owing from related companies.

The Company considers the probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information, where available.

Based on the above, loss allowance is measured on either 12-month ECL or lifetime ECL.

Other receivables
Other receivables represent sundry receivables, which is unsecured, interest-free and repayable upon demand. Allowance for impairment loss is assessed for other receivables individually. The estimated impairment loss was immaterial.

Deposits
Deposits mainly represents deposit paid for premises occupied and utility. They will be received at the end of the leasing terms or upon termination of utility. No allowance for impairment loss is recognised.

7. RECEIVABLES (cont'd)

(vi) Measurement of ECL – general 3-stage approach (cont'd)

Amount owing from related companies
The amount owing from related companies is unsecured, interest-free and repayable upon demand. The Company has assessed the allowance for impairment loss for amount owing from related companies on a group basis. As at reporting date, the management is of the view that no allowance is to be recognised.

The related party transaction is disclosed in Note 17.

8. SHARE CAPITAL

	2020 No. of shares	2019 No. of shares	2020 RM	2019 RM
Issued and fully paid:				
Ordinary shares with no par value	500,000	500,000	500,000	500,000
Redeemable and convertible preference shares ("RCPS")	5,000,000	5,000,000	5,000,000	5,000,000
	5,500,000	5,500,000	5,500,000	5,500,000

The salient features of the RCPS are as follows:

(a) Holders of the RCPS shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited accounts and attending general meetings of the Company provided always that holders of the RCPS shall not have the right to vote or to move or second any resolutions at any general meeting of the Company except on each of the following circumstances:

- on a proposal to reduce or increase the Company's share capital;
- on a proposal for the disposal of the whole of the Company's property, business and undertaking;
- on a proposal that directly or indirectly varies or affects rights, privileges or conditions attached to the RCPS, or the exercise of any of those rights, privileges or conditions;
- on a proposal to wind up the Company; and
- during the winding up of the Company.

8. SHARE CAPITAL (cont'd)

The salient features of the RCS are as follows: (cont'd)

(b) In any such case a holder shall have one vote for each RCPS held. Any holder may demand a poll at a general meeting of the Company on any resolution on which that holder may vote.

(c) Each RCPS shall on a winding-up or upon a reduction of capital or other return capital (other than on the redemption or conversion of the RCPS) rank pari passu with each other and confer on the holder thereof the right to receive a pro rata share of the Company's net assets after the payment and discharge of all debts and liabilities of the Company and the costs of winding up or such capital reduction exercise.

(d) The RCPS shall be entitled to receive any dividends out of the profits of the Company and to participate in the profits of the Company at the discretion of the Company.

(e) In the event of winding up or upon reduction of capital beyond such rights as are expressly set out in this Article, an RCPS holder shall be entitled to a pro rata share thereof to participate in the profits or surplus assets of the Company.

(f) The RCPS shall rank pari passu among themselves.

(g) The RCPS in the present capital shall be liable to be redeemed in accordance with the following provisions:

- Subject to the Act, each RCPS shall at the option of the Company be redeemed by payment by the Company in cash to the holder thereof on any date within a period of thirty days from the date of the audited accounts of the Company is accepted by the ordinary shareholders of the Company (the "Redemption Date").

- In the event of the Company determining to redeem a part only of the RCPS those to be redeemed shall be selected by drawings in such manner as the directors shall approve or a rate able proportion (as nearly as practicable without involving fractions of share) of each holding of such shares on the Redemption Date.

8. SHARE CAPITAL (cont'd)

The salient features of the RCS are as follows: (cont'd)

(g) The RCPS in the present capital shall be liable to be redeemed in accordance with the following provisions:

- No RCPS shall be redeemed otherwise than out of distributable profits or the proceeds of fresh issue of shares made for the purpose of the redemption, but the premium payable on redemption shall be paid either out of distributable profits or, to the extent permitted by law, out of the share premium account of the Company. All the provisions of the Act relating to the redemption of shares and the creation or increase where requisite of a capital redemption reserve shall be duly observed.

- Upon the Company giving notice of its intention to redeem, the Company will be obliged to redeem the RCPS the subject of the notice, on the Redemption Date as specified in the notice.

- Until all the RCPS have been redeemed no further shares may be created and/or issued by the Company ranking in priority to the RCPS unless all the holders consent thereto in writing.

- Until all the RCPS have been redeemed no further shares may be issued ranking in any respect pari passu with the RCPS unless the holders of not less than three-quarters of the redeemable preference shares in each class consent thereto in writing.

- At the option of the RCPS holders and by notification in writing, convertible shares may be converted into ordinary shares.

- Notwithstanding anything to the contrary expressed or implied in these Articles there shall be no restriction on the transfer of RCPS and the directors shall be obliged to register any transfer of any RCPS.

Capital management

The primary objective of the Company's capital management is to ensure that the Company would be able to continue as a going concern while maximising the return to shareholders.

No changes were made in the objectives, policies or processes during the financial years ended 31st December 2020 and 31st December 2019.

9. LEASE LIABILITY

	2020 RM	2019 RM
Lease liability:		
- Non-current	-	75,496
- Current	60,397	176,145
	60,397	251,641

(i) The lease liability carried discount rate at 4.002% (2019: 4.002%) per annum and is repayable within 3 years.

(ii) The movements of lease liabilities during the financial year are as follows:

	2020 RM	2019 RM
As at 1st January	251,641	420,888
Remeasurement	(63,512)	-
Principal payment	(127,732)	(169,247)
As at 31st December	60,397	251,641

(iii) Lease liability obligations:

	2020 RM	2019 RM
Minimum lease payments:		
- Not later than 1 year	60,800	182,400
- Later than 1 year and not later than 5 years	-	76,000
	60,800	258,400
Less: unexpired finance charges	(403)	(6,759)
	60,397	251,641

9. LEASE LIABILITY (cont'd)

(b) Lease liability (cont'd)

(iii) Lease liability obligations: (cont'd)

	2020 RM	2019 RM
Present value of lease liabilities:		
- Not later than 1 year	60,397	176,145
- Later than 1 year and not later than 5 years	-	75,496
	60,397	251,641

(iv) There is no expense relating to variable lease payments not included in the measurement of lease liability.

(v) The corresponding right-of-use assets of the lease liabilities are as disclosed in Note 6.

10. PAYABLES

	2020 RM	2019 RM
Trade payables	762,529	1,210,263
Contract liabilities (Note 12)	2,784,003	3,080,979
Other payables	171,603	471,723
Accruals	-	407,853
Amount owing to immediate holding company		
- non-trade	9,460	45,447
Amount owing to related companies - non-trade	13,245	2,886
	3,740,840	5,219,151

10. PAYABLES (cont'd)

(i) The currency exposure profile of the payables (exclude contract liabilities) are as follows:

	2020 RM	2019 RM
Ringgit Malaysia	934,041	2,110,136
Singapore Dollar	91	-
US Dollar	22,705	-
Euro	-	28,036
	956,837	2,138,172

(ii) The normal trade credit periods granted to the Company range from 30 to 90 days (2019: 30 to 90 days) or such other period as negotiated with the suppliers.

(iii) The amount owing to immediate holding company represents unsecured, with interest bearing of 3.85% (2019: 3.85%) and repayable upon demand.

(iv) The amount owing to related companies is unsecured, interest- free and repayable upon demand.

(v) The related party transactions are disclosed in Note 17.

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11. TAXATION

	2020 RM	2019 RM
Tax liability as at 1st January	111,000	-
Taxation charge for the financial year	(58,903)	118,950
Tax paid	(52,097)	(7,950)
Tax liability as at 31st December	-	111,000

	2020 RM	2019 RM
The taxation expenses comprise:		
Malaysian taxation		
- Based on results for the current financial year	-	111,000
- (Over)/ under provision in prior year	(58,903)	7,950
	(58,903)	118,950

Reconciliation of tax (income)/ expenses with accounting (loss)/ profit:

	2020 RM	2019 RM
(Loss)/ profit before taxation	(3,018,100)	529,177
Tax at current income tax rate at 24%	(724,344)	127,002
Tax effects in respect of:		
- Depreciation of non-qualifying property, plant and equipment	20,217	8,159
- Non-allowable expenses	167,407	114,470
- Unrealised loss/ (gain) on foreign exchange	15,236	(6,789)
- Deferred tax assets not recognised	521,484	40,413
- Tax saving on utilisation business losses and unused capital allowances brought forward	-	(172,255)
(Over)/ under provision of income tax in prior year	(58,903)	7,950
	(58,903)	118,950

11. TAXATION (cont'd)

The Company has the following that are available to set off against future taxable profits:

	2020 RM	2019 RM
Unused business losses	2,250,000	-
Unused capital allowances	124,000	-
Timing difference between accounting depreciation and capital allowance	10,700	13,000
Contract liabilities	-	201,000
	2,384,700	214,000
Potential deferred tax asset not recognised at 24%	572,000	51,000

Deferred tax assets have not been recognised as it is not probable that sufficient future taxable profits will be available to offset against the deferred tax assets.

Pursuant to new law gazetted under the Budget 2019, the ability to carry forward unused tax losses is restricted to a maximum period of seven consecutive Year of Assessment ("YA"), effective YA 2019.

The estimated unused tax losses and unused capital allowances of the Company are available for offsetting against future taxable profits as follows:

	2020 RM	2019 RM
Utilisation period		
Indefinite	124,000	-
Within 7 years	2,250,000	-
	2,374,000	-

12. REVENUE

	2020 RM	2019 RM
Revenue from contracts with customers, recognised at point in time		
- Tourism service fee	6,766,462	31,728,721

The following information reflects the typical transactions of the Company:

Nature of services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable elements in consideration
Tourism service fee	Revenue is recognised upon service rendered.	Credit period is 90 days from invoice date.	N/A

	2020 RM	2019 RM
Geographical market		
Asia	983,690	3,200,120
Europe	5,441,825	24,373,539
North Africa	25,033	1,745,980
North America	2,032	1,243,046
Others	313,882	1,166,036
	6,766,462	31,728,721

12. REVENUE (cont'd)

The following table provides information about receivables and contract liabilities from contracts with customers.

	2020 RM	2019 RM
Trade receivables (Note 7)	132,240	2,321,011
Contract liabilities (Note 10)	2,784,003	3,080,979

The contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognised upon satisfaction of performance obligation by rendering services.

The movement in the contract liabilities balances during the year are as follows:

	2020 RM	2019 RM
Contract liabilities		
At 1st January	3,080,979	1,854,122
Revenue recognised	(1,690,136)	(3,587,530)
Refund to customers	(986,655)	-
Cash received, excluding amount recognised as revenue during the year	2,379,815	4,814,387
At 31st December	2,784,003	3,080,979

No information provided about the remaining performance obligations at 31st December 2020 and 31st December 2019 that have an original expected duration of one year or less, as allowed by MFRS 15.

13. COST OF SALES

Cost of sales consists of expenses incurred related to purchase or procurement of hotel, transport, flight and other tourism related services.

14. (LOSS)/ PROFIT FROM OPERATIONS

The following items have been (credited)/ charged in arriving at (loss)/ profit from operations:

	2020 RM	2019 RM
Auditors' remuneration		
- current year	19,000	16,500
- under provision in prior year	-	500
Allowance for impairment loss on trade receivables	-	182,979
Bad debts written off	113,271	141,180
Depreciation of property, plant and equipment	206,609	129,137
Depreciation of right-of-use asset	131,819	174,161
Directors' remuneration (Note 17(iii))	603,452	704,141
Gain on disposal of property, plant and equipment	-	(806)
Loss/ (gain) on foreign exchange		
- realised	79,697	(261,546)
- unrealised	63,482	(28,286)
Staff costs		
- Salary, allowance, wages and bonus	2,839,390	3,724,884
- Employees' Provident Fund	256,688	314,545
- Other employee benefits	104,751	105,065

The number of employees (excluding Directors) of the Company at the end of the financial year was 40 (2019: 67).

15. FINANCE COSTS

	2020 RM	2019 RM
Interest charged by immediate holding company	-	5,261
Interest in lease liability	5,244	13,153
	5,244	18,414

16. CASH AND CASH EQUIVALENTS

	2020 RM	2019 RM
Represented by:		
Cash in hand	2,870	32,015
Bank balances	659,907	2,129,161
	662,777	2,161,176

The currency exposure profile of the cash and bank balances are as follows:

	2020 RM	2019 RM
Ringgit Malaysia	589,883	1,310,788
Singapore Dollar	1,675	204,337
US Dollar	3,265	243,972
Euro	67,954	402,079
	662,777	2,161,176

17. SIGNIFICANT RELATED PARTIES DISCLOSURES

In addition to related party disclosure mentioned elsewhere in the financial statements, set out below are the other significant related party disclosures:

(i) **Related parties**

Related parties are parties in which one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company has related party relationships with the following:

(a) Immediate and ultimate holding companies as disclosed in Note 1 to the financial statements.

(b) Subsidiary companies held by Fairfax Financial Holdings Limited:

Fairbridge Capital Mauritius Limited
Thomas Cook (India) Ltd.
SOTC Travel Limited
Travel Circle International (Mauritius) Limited
Asian Trails Holding Ltd.
Desert Adventures Tourism LLC.

17. SIGNIFICANT RELATED PARTIES DISCLOSURES (cont'd)

(i) Related parties (cont'd)

(c) Subsidiary companies held by Asian Trails Holding Ltd.:

Asian Trails Ltd.
Asian Trails (Cambodia) Ltd.
Asian Trails (Laos) Ltd.
Asian Trails (Vietnam) Co. Ltd.
Asian Trails Tour Ltd.
P.T. Asian Trails Indonesia
Chang Som Ltd.
Asian Trails International Travel Services (Beijing) Ltd.

(ii) Related party transactions

In the normal course of business, the Company undertakes on agreed terms and prices, transactions with its related parties as follows:

	2020 RM	2019 RM
Professional fee charged by:		
- Asian Trails Ltd.	139,533	375,709
- Asian Trails Holding Ltd.	176,488	-
- Asian Trails (Vietnam) Co. Ltd.	6,784	-
- Desert Adventures Tourism LLC.	19,927	-
Interest expenses charged by:		
- Asian Trails Holding Ltd.	-	5,260
Sales to related companies:		
- Asian Trails Ltd.	200,814	883,341
- Asian Trails (Laos) Ltd.	-	1,030
- P.T. Asian Trails Indonesia	-	13,471

17. SIGNIFICANT RELATED PARTIES DISCLOSURES (cont'd)

(ii) Related party transactions (cont'd)

	2020 RM	2019 RM
Support service fee charged to:		
- Asian Trails International Travel Services (Beijing) Ltd.	5,246	-
- Asian Trails Tour Ltd.	5,246	-
- Asian Trails (Cambodia) Ltd.	5,246	-
- Asian Trails (Laos) Ltd.	5,246	-
- P.T. Asian Trails Indonesia	15,781	-
- Asian Trails (Vietnam) Co. Ltd.	15,781	-
- Asian Trails Ltd.	21,028	-

(iii) Compensation of key management personnel

The members of key management are also the Directors of the Company. The key management's remuneration includes fees, salaries, bonuses, allowances and other benefits computed based on the cost incurred by the Company. The Directors did not receive other benefits-in-kind. The key managements' remuneration is as follows:

	2020 RM	2019 RM
Directors' remuneration		
- Salaries, bonuses and allowances	603,452	704,141

18. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The table below provides an analysis is of financial instruments categorised as follows:

(i) Financial assets measured at amortised cost ("AC")
(ii) Financial liabilities measured at amortised cost ("FL")

	Carrying amount RM	AC/ (FL) RM
2020		
Financial assets		
Receivables *	343,575	343,575
Cash and bank balances	662,777	662,777
	1,006,352	1,006,352
Financial liabilities		
Payables #	(956,837)	(956,837)
Lease liability	(60,397)	(60,397)
	(1,017,234)	(1,017,234)
2019		
Financial assets		
Receivables *	2,926,153	2,926,153
Cash and bank balances	2,161,176	2,161,176
	5,087,329	5,087,329
Financial liabilities		
Payables #	(2,138,172)	(2,138,172)
Lease liability	(251,641)	(251,641)
	(2,389,813)	(2,389,813)

* Receivables exclude Goods and Services Tax claimable and prepayment as they do not meet the definition of financial instrument.

\# Payables exclude contract liabilities as it does not meet the definition of a financial instrument.

18. FINANCIAL INSTRUMENTS (cont'd)

(b) Net loss arising from financial instruments

	2020 RM	2019 RM
Net loss on:		
Financial assets at amortised cost	113,271	324,159
Financial liabilities at amortised cost	5,244	18,414
	118,515	342,573

(c) Financial risk management

The Company's financial risk management objective is to ensure that there are adequate financial resources available to meet its operating requirements and managing the associated risks effectively. The Company does not use derivative financial instruments to hedge its risks and trade in financial instruments during the financial year.

The main risks arising from the Company's financial instruments are credit risk, market risk and liquidity risk.

(i) 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. The Company is exposed to credit risk mainly from trade receivables, amount owing from related companies, cash and bank balances.

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

Analysis of the Company's trade receivables is reflected in Note 7.

Amount owing from related companies

The credit risk arising from amount owing from related companies is managed on a group basis by the management of the Company to ensure that risk of losses incurred by the Company due to non-repayment by related companies is minimal.

At the end of the reporting period, there was no indication that the balance owing from related companies is not recoverable.

Cash and bank balances

Cash and bank balances are placed with banks and financial institutions which are regulated.

18. FINANCIAL INSTRUMENTS (cont'd)

(c) Financial risk management (cont'd)

(ii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other priccs that will affect the Company's financial position or cash flows.

Foreign currency risk

The Company incurs foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. Foreign currency risk is monitored closely and managed to an acceptable level.

The net carrying amounts of financial assets and financial liabilities stated at currencies other than the functional currencies are as follows:

	2020 RM	2019 RM
Financial assets		
- Receivables	37,382	1,864,259
- Cash and bank balances	72,894	850,388
	110,276	2,714,647
Financial liabilities		
- Payables	22,796	28,036

5% and 10% (2019: 5% and 10%) weakening of the Malaysian Ringgit ("RM") against the other currencies at the end of the reporting period would have decreased profit net of tax by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

18. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(ii) Market risk (cont'd)

Foreign currency risk (cont'd)

Effect of changes in foreign currency against RM	Decrease/ (Increase) in profit after tax RM	Decrease/ (Increase) in equity RM
2020		
- Weakened by 5%	4,199	4,199
- Weakened by 10%	8,398	8,398
2019		
- Weakened by 5%	112,296	112,296
- Weakened by 10%	224,592	224,592

Conversely, a strengthening of RM against the other currencies at the end of the reporting period would have the equal but opposite effect on the above currency to the amounts shown above assuming that all other variables remained constant.

(iii) Liquidity risk

The Company practices prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

18. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(iii) Liquidity risk (cont'd)

	Carrying amount RM	Discount rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM
2020					
Payables classified as financial liabilities (Note 18(a))	956,837	-	956,837	956,837	-
Lease liability	60,397	4.00	60,800	60,800	-
	1,017,234		1,017,637	1,017,637	-
2019					
Payables classified as financial liabilities (Note 18(a))	2,138,172	-	2,138,172	2,138,172	-
Lease liability	251,641	4.00	258,400	182,400	76,000
	2,389,813		2,396,572	2,320,572	76,000

19. FAIR VALUE OF ASSETS AND LIABILITIES

(i) Fair values information

The following methods and assumptions are used to determine the fair value of each of the financial assets or liabilities for which it is practicable to estimate their values:

(i) Cash and cash equivalents, other receivables, other payables and amounts owing from/to immediate holding company and related companies

The carrying values of these amounts approximate their fair values due to their short term nature.

(ii) Trade receivables and trade payables

The carrying values of these amounts approximate their fair values because these are subject to normal trade credit terms and their short term nature.

(ii) Fair value measurement hierarchy

At 31st December 2020 and 31st December 2019, no financial assets and liabilities were carried at fair value.

20. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR - COVID-19 PANDEMIC

The World Health Organisation declared the 2019 Novel Coronavirus outbreak ("COVID-19") a pandemic on 11st March 2020. This was followed by Federal Government ("FG") issuing a Gazetted Order known as the Movement Control Order ("MCO") which was effective for the period from 18th March 2020 to 12th May 2020. Subsequently the Government issued various movement control orders. As at the date of report, the movement control orders are still in place which business operation is required to adhere to strict standard operating procedures imposed by the Government.

The COVID-19 has caused an unprecedented crisis for the travel and tourism industry which impacted the business operations of the Company particularly on the Company's revenue due to the implementation of travel and other restrictions locally and globally. The Company has performed assessments of the overall impact of the situation on the Company's operations and financial implications, including the recoverability of the carrying amount of assets and measurements of assets and liabilities.

20. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR - COVID-19 PANDEMIC (cont'd)

The degree of the impact depends on the situation of the pandemic preventive measures and the duration of the pandemic. The Company will continue to monitor the development of COVID-19 situation closely and implement proactive measures to control costs, capital expenditure and streamline its operations to mitigate the consequences of COVID-19.

The Company has obtained continuous financial support from its immediate holding company, Asian Trails Holding Ltd to continue its business as a going-concern. At this juncture, the management is not in a position to quantify the potential impact to be suffered due to the uncertainties prevailing within and outside the country.

21. COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to conform with current year's presentation.

22. CURRENCY

All amounts are stated in Ringgit Malaysia, unless otherwise indicated.

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Registration No.
200001012196 (514802-A)

ASIAN TRAILS (M) SDN. BHD.

Incorporated in Malaysia

DETAILED PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020

	2020 RM	2019 RM
REVENUE		
Tourism service fee	6,766,462	31,728,721
COST OF SALES		
Hotel, ticketing and tour package	(4,850,592)	(24,730,415)
GROSS PROFIT	1,915,870	6,998,306
OTHER OPERATING INCOME		
Brochures and collaterals	50,139	80,805
Gain on disposal of property, plant and equipment	-	806
Gain on foreign exchange		
- realised	-	261,546
- unrealised	-	28,286
Prihatin wage subsidy programme	108,000	-
Rental income	600	-
Support service fee	73,574	-
	232,313	371,443
	2,148,183	7,369,749
MARKETING COSTS	(141,587)	(592,963)
ADMINISTRATIVE EXPENSES	(5,019,452)	(6,229,195)
(LOSS)/ PROFIT FROM OPERATIONS	(3,012,856)	547,591
FINANCE COSTS	(5,244)	(18,414)
(LOSS)/ PROFIT BEFORE TAXATION	(3,018,100)	529,177

The above detailed profit or loss was prepared for management purposes only and does not form part of the audited financial statements.

Registration No.
200001012196 (514802-A)

ASIAN TRAILS (M) SDN. BHD.

Incorporated in Malaysia

SCHEDULE OF EXPENSES
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020

	2020 RM	2019 RM
MARKETING COSTS		
Marketing survey expenses	78,402	269,579
Travelling and accommodation	63,185	323,384
	141,587	592,963
ADMINISTRATIVE EXPENSES		
Advertisement	-	12,079
Allowance for impairment loss on trade receivables	-	182,979
Auditors' remuneration		
- current year	19,000	16,500
- under provision in prior year	-	500
Bad debts written off	113,271	141,180
Bank charges	17,437	25,822
Depreciation of property, plant and equipment	206,609	129,137
Depreciation of right-of-use asset	131,819	174,161
Directors' remuneration	603,452	704,141
Electricity and water	13,441	23,681
Electronic data processing maintenance fee	17,193	57,580
Gift and donation	357	6,103
Insurance and road tax	79,204	67,360
Licence fee	13,479	2,600
Loss on foreign exchange:		
- realised	79,697	-
- unrealised	63,482	-
Miscellaneous expenses	-	4,289
Office expenses	14,437	27,000
Postage and courier	1,246	2,332
Printing and stationery	6,366	25,901
Professional fees	366,774	387,610
Balance carried forward	1,747,264	1,990,955

The above detailed profit or loss was prepared for management purposes only and does not form part of the audited financial statements.

Registration No.
200001012196 (514802-A)

ASIAN TRAILS (M) SDN. BHD.

Incorporated in Malaysia

SCHEDULE OF EXPENSES
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020 (Cont'd)

	2020 RM	2019 RM
ADMINISTRATIVE EXPENSES (cont'd)		
Balance brought forward	1,747,264	1,990,955
Repair and maintenance	1,425	2,577
Staff costs		
- Salary, allowance, wages and bonus	2,839,390	3,724,884
- Employees' Provident Fund	256,688	314,545
- SOCSO	39,837	37,622
- Staff training	21,890	3,119
- Medical expenses	20,791	57,157
- Staff welfare and refreshment	22,233	7,167
Subscription fee	6,423	5,172
Telephone and fax	59,538	77,298
Upkeep of computers	649	3,118
Worker's permit	3,324	5,581
	5,019,452	6,229,195
FINANCE COSTS		
Interest charged by immediate holding company	-	5,261
Interest in lease liability	5,244	13,153
	5,244	18,414

The above detailed profit or loss was prepared for management purposes only and does not form part of the audited financial statements.

ASIAN TRAILS SINGAPORE PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No: 201940406M)

AUDITED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 29TH NOVEMBER 2019 (DATE OF INCORPORATION)
TO 31ST DECEMBER 2020

JACHIN PUBLIC ACCOUNTING CORPORATION
PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS, SINGAPORE

ASIAN TRAILS SINGAPORE PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No: 201940406M)

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited financial statements of the Company for the financial period from 29th November 2019 (date of incorporation) to 31st December 2020.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the financial statements set out on pages 6 to 19 are drawn up so as to give a true and fair view of the financial position of the Company as at 31st December 2020 and of the financial performance, changes in equity and cash flows of the Company for the period ended on that date; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

The directors in office at the date of this report are:-

EMIR CHERIF	(Appointed on 02/12/2019)
LAURENT KUNZLE	(Appointed on 02/12/2019)
LIM GEOK THYE	(Appointed on 02/12/2019)
MARCEL JORDI GRIFOLL	(Appointed on 02/12/2019)
MISITSAKUL LERSAN	(Appointed on 02/12/2019)

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of the financial period nor at any time during that period was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors holding office at the end of the financial period and their interests in the share capital or debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Companies Act, Chapter 50 was as follows:-

Name of Directors and Companies in which interests are held	Number of Ordinary Shares	
	At 29/11/2019 or date of appointment	At 31/12/2020
The Company		
ASIAN TRAILS SINGAPORE PTE. LTD.		
TAN TECK LEE (CHEN DELI) (Appointed on 29/11/2019, Resigned 02/12/2019)	-	-
EMIR CHERIF	-	-
LAURENT KUNZLE	-	-
LIM GEOK THYE	-	-
MARCEL JORDI GRIFOLL	-	-
MISITSAKUL LERSAN	-	-
The Ultimate Holding Company		
FAIRFAX FINANCIAL HOLDINGS LIMITED		
TAN TECK LEE (CHEN DELI) (Appointed on 29/11/2019, Resigned 02/12/2019)	-	-
EMIR CHERIF	-	-
LAURENT KUNZLE	-	-
LIM GEOK THYE	-	-
MARCEL JORDI GRIFOLL	-	-
MISITSAKUL LERSAN	-	-

5. SHARE OPTIONS

During the period, no option to take up unissued shares of the Company has been granted, and there were no shares issued by virtue of the exercise of options. As at 31st December 2020, there were no unissued shares under option outstanding.

6. INDEPENDENT AUDITORS

The independent auditors, JACHIN PUBLIC ACCOUNTING CORPORATION, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

EMIR CHERIF
Director

LAURENT KUNZLE
Director

SINGAPORE
0 5 APR 2021

JACHIN PUBLIC ACCOUNTING CORPORATION
PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS, SINGAPORE
(Company Registration No: 201200048H)

3 Shenton Way #12-06 Shenton House Singapore 068805 Tel: (65) 62227275 Fax: (65) 62226926

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ASIAN TRAILS SINGAPORE PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No: 201940406M)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ASIAN TRAILS SINGAPORE PTE. LTD., which comprise the statement of financial position as at 31st December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31st December 2020 and of the financial performance, changes in equity and cash flows of the Company for the period ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). 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 Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA 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 Statement by Director 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 and will 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 identified above 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.

JACHIN PUBLIC ACCOUNTING CORPORATION
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(Company Registration No: 201200048H)

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ASIAN TRAILS SINGAPORE PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No: 201940406M)

(2)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

…/3

JACHIN PUBLIC ACCOUNTING CORPORATION
PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS, SINGAPORE
(Company Registration No: 201200048H)

3 Shenton Way #12-06 Shenton House Singapore 068805 Tel: (65) 62227275 Fax: (65) 62226926

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASIAN TRAILS SINGAPORE PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No: 201940406M)

(3)

- 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 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 the directors 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

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

JACHIN PUBLIC ACCOUNTING CORPORATION
PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS

SINGAPORE
05 APR 2021

ASIAN TRAILS SINGAPORE PTE. LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No: 201940406M)

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2020

	NOTE	2020 S$
CURRENT ASSETS		
Trade and other receivables	4	3,010
Cash and cash equivalents	5	66,661
		69,671
LESS: **CURRENT LIABILITIES**		
Trade and other payables	6	4,251
		4,251
NET CURRENT ASSETS		65,420
		65,420
REPRESENTING:		
EQUITY		
Share capital	7	100,000
Accumulated loss		(34,580)
		65,420

The annexed notes form an integral part of and should be read in conjunction with the financial statements.

ASIAN TRAILS SINGAPORE PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No: 201940406M)

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 29TH NOVEMBER 2019 (DATE OF INCORPORATION) TO 31ST DECEMBER 2020

	NOTE	2020 S$
REVENUE	8	-
Administrative expenses		(34,580)
LOSS BEFORE TAX	9	(34,580)
Income tax	10	-
LOSS FOR THE PERIOD		(34,580)
Other comprehensive loss for the period, net of tax		-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(34,580)

The annexed notes form an integral part of and should be read in conjunction with the financial statements.

ASIAN TRAILS SINGAPORE PTE. LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No: 201940406M)

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 29TH NOVEMBER 2019 (DATE OF INCORPORATION) TO 31ST DECEMBER 2020

	SHARE CAPITAL	ACCUMULATED LOSS	TOTAL
	S$	S$	S$
2020			
BALANCE AS AT 29TH NOVEMBER 2019	1	-	1
Total comprehensive loss			
Net loss for the period	-	(34,580)	(34,580)
Other comprehensive loss for the period, net of tax	-	-	-
Total comprehensive loss for the period	-	(34,580)	(34,580)
Contributions by and distributions to owner			
Issue of 99,999 ordinary shares	99,999	-	99,999
Total transactions with owners	99,999	-	99,999
			-
BALANCE AS AT 31ST DECEMBER 2020	100,000	(34,580)	65,420

The annexed notes form an integral part of and should be read in conjunction with the financial statements.

ASIAN TRAILS SINGAPORE PTE. LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No: 201940406M)

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 29TH NOVEMBER 2019 (DATE OF INCORPORATION)
TO 31ST DECEMBER 2020

	NOTE	2020 S$
CASH FLOWS FROM OPERATING ACTIVITIES		
LOSS BEFORE TAX		(34,580)
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES		(34,580)
Trade and other receivables		(3,010)
Trade and other payables		4,251
NET CASH USED IN OPERATIONS		(33,339)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	7	100,000
NET CASH GENERATED FROM FINANCING ACTIVITIES		100,000
NET INCREASE IN CASH AND CASH EQUIVALENTS		66,661
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5	66,661

The annexed notes form an integral part of and should be read in conjunction with the financial statements.

ASIAN TRAILS SINGAPORE PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No: 201940406M)

NOTES ON THE FINANCIAL STATEMENTS – 31ST DECEMBER 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

The Company is an exempt private company incorporated in Singapore with its registered office address and principal place of business at 4 Robinson Road #05-01, Singapore 048543. With effect from 1st January 2020, its registered office and principal place of business is located at 105 Cecil Street, #22-00 The Octagon, Singapore 069534.

The principal activities of the Company are those of travel agencies and tour operators.

The immediate holding company is Asian Trails Holding Ltd, incorporated in Mauritius and the ultimate holding company is Fairfax Financial Holdings Ltd, a listed company, incorporated in Canada.

The financial statements of the Company for the period ended 31st December 2020, were authorised for issue by the director on 0 5 APR 2021 .

2. SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies adopted in the preparation of these financial statements:-

(a) BASIS OF PREPARATION

These financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS) including related interpretations, and the provisions of the Singapore Companies Act.

The financial statements are presented in Singapore Dollar. They are prepared on the historical cost basis except for certain financial assets and financial liabilities which are stated at their fair values.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates are based on management's best knowledge of current events and actions and the actual results may ultimately differ from those estimates.

The 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, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

In the current financial period, the Company had adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective in the current financial period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) BASIS OF PREPARATION (CONT'D)

New or Revised Accounting Standards and Interpretations

The directors do not anticipate that the adoption in future periods of FRSs, INT FRSs and amendment to FRSs that were issued at the date of authorisation of these financial statements but not yet effective, to have a significant impact on these financial statements in the period of their initial adoption.

(b) FINANCIAL ASSETS

(i) CLASSIFICATION AND MEASUREMENT

The Company classifies its financial assets namely, trade and other receivables, if any, and cash and cash equivalents at amortised cost.

The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Company reclassifies financial assets when and only when its business model for managing those assets changes.

(ii) AT INITIAL RECOGNITION

At initial recognition, the Company measures a financial asset at its fair value and transaction costs that are directly attributable to the acquisition of the financial asset.

(iii) AT SUBSEQUENT MEASUREMENT

The subsequent measurement depends on the Company's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a financial asset that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(c) TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) CASH AND CASH EQUIVALENTS

Cash consists of cash on hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

(e) FINANCIAL LIABILITIES

(i) INITIAL RECOGNITION AND MEASUREMENT

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

(ii) SUBSEQUENT MEASUREMENT

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(iii) DE-RECOGNITION

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss

(f) TRADE AND OTHER PAYABLES

Trade and other payables and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) REVENUE RECOGNITION

Revenue, if any, is measured based on the 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.

Revenue, if any, is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(i) SALE OF TOURS

Sale of tours - revenue from sale of tours is recognised at a point in time when the Company has performed the services to the customer and the customer has accepted the services.

(ii) INTEREST INCOME

Interest income is recognised using the effective interest method.

(h) PROVISIONS

Provisions, if any, are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(i) SHARE 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 from the proceeds.

(j) INCOME TAXES

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit or loss statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

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

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) INCOME TAXES (CONT'D)

Deferred tax liabilities are recognised for all deductible temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted at the balance sheet date.

(k) RELATED PARTIES

A related party is a person or entity that is related to the Company.

Parties are considered to be related if (a) a person or a close member of that person's family is related to a reporting entity, if that person (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to a reporting entity if (i) the entity and the reporting entity are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity; (iv) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity; (v) the entity is controlled or jointly controlled by a person identified in (a); (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity.

(l) FUNCTIONAL AND PRESENTATION CURRENCY

The company's accounting records are maintained in Singapore Dollar. The functional currency of the Company is the Singapore Dollar as it reflects the economic substance of the underlying events and circumstances of the Company's transaction. Transactions in foreign currencies that are not denominated in Singapore Dollar are recorded using the rates ruling at the dates of the transactions. At each balance sheet date, recorded monetary balances and balances carried at fair value that are not denominated in Singapore Dollar are reported at the rates ruling at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. All realised and unrealised exchange adjustment gains and losses are dealt with in the profit or loss statement.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

CRITICAL JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

In the process of applying the Company's accounting policies, the management is of the opinion that there is no instance of application of judgements which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations described below.

<u>Functional Currency</u>

FRS 21 The Effects of Changes in Foreign Exchange Rates requires the Company determine its functional currency to prepare the financial statements. When determining its functional currency, the Company considers the primary economic environment in which it operates i.e. the one in which it primarily generates and expends cash. The Company may also consider the funds from financing activities are generated. Management applied its judgement and determined that the functional currency of the Company is Singapore dollar on the basis that its funding is denominated in Singapore dollar and it expects its transactions to be in Singapore dollar.

4. TRADE AND OTHER RECEIVABLES

	2020 S$
Office rental deposits	2,697
GST receivables	313
	3,010

Trade and other receivables are denominated in Singapore dollar.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are denominated in Singapore dollar and comprise the following:-

	2020 S$
Cash at bank	66,661

6. TRADE AND OTHER PAYABLES

	2020 S$
Other payables:	
- Amount due to related party	200
- Third party	51
Accrued expenses	4,000
	4,251

Trade and other payables are denominated in Singapore dollar.

7. SHARE CAPITAL

	2020 No. of Shares	2020 S$
Issued and fully paid:-		
Balance at date of incorporation	1	1
Issue of 99,999 ordinary shares	99,999	99,999
Balance at end of period	100,000	100,000

During the financial period, the Company issued 100,000 ordinary shares to the shareholder for cash consideration of S$100,000 for incorporating the Company and working capital.

The Company has one class of ordinary shares with no par value and carry no right to fixed income.

8. REVENUE

	2020 S$
Sale of tour packages	-

The Company did not trade during the financial period.

9. LOSS FROM OPERATIONS

This is arrived at after charging the following:-

	2020 S$
Auditors' remuneration	3,000
Rental expenses	10,249
Legal and professional fees	18,944

10. TAXATION

	2020 S$
Current taxation	-

Reconciliation of effective tax rate:-

	2020 S$
Loss before tax	(34,580)
Income tax using Singapore tax rate of 17%	(5,878)
Expenses disallowed	544
Losses disallowed	5,334
	-

11. RELATED PARTY TRANSACTION AND BALANCE

	2020 S$
<u>Related Party Transaction</u>	
Tourism license requirement paid by a related party on 25th September 2020 and fully repaid on 23rd December 2020	30,000
	======
<u>Related Party Balance</u>	
Amount due to related party	
- payment of expenses on behalf of the Company	200
	======

12. FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies and procedures for the management of the risks.

(a) FOREIGN CURRENCY RISK

The Company manages its foreign currency risk arising from cash flows from anticipated transactions denominated in foreign currencies by maintaining adequate foreign currencies balances.

The Company has no significant foreign currency transactions exposure for the financial period.

(b) INTEREST RATE RISK

The Company has no significant exposure to interest rate risk through the impact of interest rates changes on interest-bearing assets and liabilities.

The Company has cash balances placed with creditworthy financial institutions as follows:-

	Variables rates		
	Less than 12 months	1 to 5 years	Over 5 years
<u>At 31st December 2020</u>	S$	S$	S$
<u>Assets</u>			
Cash and cash equivalents	66,661	-	-

(c) CREDIT RISK

The Company has no significant concentrations of credit risk. Cash and bank balance are placed with the reputable institutions. The maximum exposure to credit risk is represented by the carrying amount of each financial asset presented on the balance sheet. The Company adopts the policy of dealing only with high credit quality counterparties. In addition, receivables balance are monitored on an on-going basis with the result that the Company's exposure to the bad debts is not significant.

12. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) LIQUIDITY RISK

The Company monitors its liquidity risk and maintains a level of cash & cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

The analysis of maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows is as follows:-

		Contracted undiscounted cash flows			
	Carrying amount	Total	Less than 1 year	Between 1 and 5 Years	Over 5 years
	S$	S$	S$	S$	S$
At 31st December 2020					
Trade and other payables	4,251	4,251	4,251	-	-
	=======	======	======	======	======

(e) FAIR VALUES

The carrying amount of financial assets and financial liabilities recorded in the financial statements represent their respective net fair values.

13. CLASSIFICATION OF FINANCIAL INSTRUMENTS

Comparisons by category of carrying amounts of the Company's financial instruments that are carried in the financial statements are as follows:-

	Financial assets at amortised cost
At 31st December 2020	S$
Assets	
Trade and other receivables	2,697
Cash and cash equivalents	66,661

	69,358
	=======

	Financial liabilities at amortised cost
	S$
Liabilities	
Trade and other payables	4,251
	=======

14. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit standing and healthy capital ratios in order to support its business and maximize shareholder's value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares, adjust the dividend payment to shareholder or return capital to shareholder.

The Company is not subject to any externally imposed capital requirements.

15. COMPARATIVE FIGURES

As this is the first set of financial statements since incorporation on 29th November 2019, there are no comparative figures.

16. SUBSEQUENT EVENTS - COVID-19 OUTBREAK IMPACT

With the recent coronavirus outbreak, many countries have required entities to limit or suspend business operations and implemented travel restrictions and quarantine measures subsequent to the period ended 31st December 2020. These measures and policies have significantly disrupted the activities of many entities to a certain extent. This may affect the financial performance, ongoing contracts, and carrying value of assets of the Company after the reporting period. As the outbreak continues to progress and evolve, the estimate of the financial impact cannot be reasonably determined at this juncture.

THE FOLLOWING SCHEDULE DOES NOT FORM PART OF
THE AUDITED STATUTORY FINANCIAL STATEMENTS

ASIAN TRAILS SINGAPORE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No: 201940406M)

DETAILED PROFIT OR LOSS ACCOUNT
FOR THE PERIOD FROM 29TH NOVEMBER 2019 (DATE OF INCORPORATION) TO 31ST DECEMBER 2020

	Period from 29/11/2019 (Date of Incorporation) to 31/12/2020 S$
REVENUE	-
LESS: ADMINISTRATIVE EXPENSES	
Audit fee	3,000
Bank charges	61
Legal and professional fees	18,944
License fee	200
Miscellaneous expenses	300
Network	600
Office expenses	51
Postage and courier	25
Rental of office	10,249
Software maintenance	100
Telecommunication expenses	105
Travel and entertainment	945
	34,580
NET LOSS FOR THE PERIOD	(34,580)

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED 31 DECEMBER 2020

ASIAN TRAILS CO., LTD

ASIAN TRAILS CO., LTD.

28D1, Sai Gon Pearl Villas, 92 Nguyen Huu Canh, Ward 22, Binh Thanh District, Ho Chi Minh City

Ho Chi Minh City, 07 January 2021

To: **Thuy Chung Auditing Company Limited**

97 Nguyen Cong Tru, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City

RE: LETTER OF REPRESENTATION

This representation is provided in connection with your audit of the financial statements for the fiscal year ended 31 December 2020 of Asian Trails Company Limited for the purpose of expressing an opinion as to whether the financial statements give a true and fair view, in all material respects, in accordance with International Accounting Standards and accounting system, relevant legal regulations on preparation and presentation of financial statements.

We confirm that ***(to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves):***

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit contract for the preparation of the financial statements in accordance with Vietnamese Accounting Standards and accounting system (for enterprises), and relevant legal regulations on preparation and presentation of financial statements; in particular the financial give a true and fair view in accordance therewith.
2) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
3) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Vietnamese Accounting Standards and accounting system (for enterprises), and relevant legal regulations on preparation and presentation of financial statements.
4) All events subsequent to the date of the financial statements and for which the framework for preparation and presentation of financial statements require adjustment or disclosure have been adjusted or disclosed.

Information Provided

1) We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2) All transactions have been recorded in the accounting records and are reflected in the financial statements.
3) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4) We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
    - Management;
    - Employees who have significant roles in internal control; or
    - Others where the fraud could have a material effect on the financial statements.
5) We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
6) We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
7) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Yours faithfully,

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BUI VIET THUY TIEN
Director

ASIAN TRAILS CO., LTD

CONTENTS

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REPORT OF THE DIRECTORS

The Directors of Asian Trails Co., Ltd ('the company') present this report together with the audited financial statements for the fiscal year ended 31 December 2020.

Business highlights

- Asian Trails Co. Ltd is established under the business license No. 4102003844 granted by Planning and Investment Department on 22 February 2001 and the 10th changing of certificate business registration on 16 July 2020.
- Charter capital: VND 3,000,000,000 (three billion Vietnam Dong).
- Structure of charter capital as follows:

Members	As certificate of business registration	Rate
– Bui Viet Thuy Tien	VND 2,400,000,000	80%
– Bui Viet Hong Duc	VND 600,000,000	20%
Total	**VND 3,000,000,000**	**100%**

- Head office
  - Address: 28D1, Sai Gon Pearl Villas, 92 Nguyen Huu Canh, Ward 22
    Binh Thanh District, Ho Chi Minh City.
  - Tax code:
- Principal activities and significant changes to the business
  - Domestic and international tourist service, trading souvenir, handicraft products, commercial services, goods consignment agent.

Financial position and business results

The financial position as of Asian Trails Co., Ltd, the business results and the cash flows for the year then ended of the company have been expressed in the financial statements attached to this report (from page 04 to page 15).

Current assets

At the date of this report, the Directors are not aware of any circumstances, which would render the values attributed to current assets in the financial statements as misleading.

Contingent liabilities

At the date of this report, no contingent liabilities have arisen since the end of the fiscal year against the assets of the Company.

Subsequent events

The Directors of the company hereby confirm that there have been no events after 31 December 2020 to the date of this report, which need any adjustments on the figures or the disclosures in the financial statements.

The Board of Directors

The Board of Directors of the company during the year and as of the date of this report include:

Full name	Position
– Ms Bui Viet Thuy Tien	Director

Auditors

Thuy Chung Auditing Co., Ltd have performed the audit on the company's financial statements for the fiscal year ended 31 December 2020 and have expressed their willingness to be appointed the company's external auditors in the coming years.

Confirmations of the Directors

The Directors of the company are responsible for the preparation of the financial statements to give a true and fair view of the financial position as of the balance sheet date, the business results and the cash flows of the company for each of the company's fiscal year. In order to prepare these financial statements, the Directors must:

- Select the appropriate accounting policies and apply them consistently;
- Make judgments and estimates prudently;
- Announce the accounting standards to be followed for the material issues to be disclosed and explained in the financial statements; and
- Prepare the financial statements of the company on the basis of the going-concern assumption, except for the cases that the going-concern assumption is considered inappropriate.

The Directors hereby ensure that all the requirements mentioned above have been followed when the financial statements are prepared, that all the accounting books of the company have been fully recorded and can fairly reflect the financial position of the company at any time, and that all the financial statements have been prepared in compliance with the Vietnamese accounting system and standards.

The Directors are also responsible to protect the assets of the company, and consequently have proceeded appropriate measures to prevent and to detect frauds and other irregularities.

We, the Directors of the company, confirm that all the accompanying financial statements and the notes to the financial statements have been properly prepared and have given a true and fair view of the financial position as of 30 September 2020, the business results and the cash flows for the year then ended of the company in compliance with the Vietnamese accounting system and standards as well as other related regulations.

For and on behalf of the Directors

BUI VIET THUY TIEN
Director
07 January 2021

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INDEPENDENT AUDITOR'S REPORT

TO: THE DIRECTOR OF ASIAN TRAILS CO., LTD

We have audited the accompanying financial statements of Asian Trails Co., Ltd for the fiscal year ended 31 December 2020 prepared on 07 January 2021 on pages from 4 to 15 including Balance Sheet, Income statement, Cash flow and Notes to the Financial Statements of your Company attached with hereafter.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese accounting standards and systems and statutory regulations relevant to preparation and presentation of financial statements; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material mis-statement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, in the all material respects, these financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of the results of its operations and its cash flow for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory regulations relevant to preparation and presentation of financial statements.

THUY CHUNG AUDITING CO., LTD

PhD Phung Thi Thanh Thuy – General Director
Audit Practicing Registration
Certificate No. 0126-2019-013-1
Ho Chi Minh City, …… January 2021

Pham Gia Bao Ngoc – Auditor
Audit Practicing Registration
Certificate No. 1267-2018-013-1

BALANCE SHEET
As at 31 December 2020

UNIT : USD

Description	Note	As at 31 December 2020		As at 31 December 2019	
ASSETS					
Fixed assets					
– Historical cost	V.8	32.751,81		268.974,56	
– Accumulated depreciation	V.8	(22.896,90)		(249.419,00)	
			9.854,91		***19.555,56***
Current assets					
– Short-term deposits	V.3	29.442,92		48.665,39	
– Receivables from customers	V.4	7.944,69		2.432.289,53	
– Advance to suppliers	V.5	76.187,64		91.272,14	
– Other receivable	V.6	57.463,07		118.768,69	
– Prepaid expenses	V.7	4.174,78		7.655,64	
– Investments in other entities	V.10	41.203,20		41.203,20	
– Loan receivable	V.9	1.549.383,00		1.000.000,00	
			1.765.799,30		***3.739.854,59***
– Cash on hand	V.1	6.724,54		101.495,99	
– Cash at bank	V.2	1.259.679,41		3.002.314,18	
			1.266.403,95		***3.103.810,17***
TOTAL ASSETS			**3.042.058,16**		**6.863.220,32**
EQUITY					
– Paid-in capital	V.12	143.540,00		143.540,00	
– Undistributed earnings		246.700,80		1.096.634,66	
+ Retained earning of the previous years	***V.12***	***510.531,35***		***483.508,90***	
+ Profit/ losses of the current year	***V.12***	***(263.830,55)***		***613.125,76***	
			390.240,80		***1.240.174,66***
– Bonus and welfare funds		135.614,03		135.607,00	
– Payable to suppliers	V.13	10.570,97		897.997,42	
– Advance from customers	V.14	830.450,22		1.720.821,80	
– Lease liability		-		-	
– Personal income tax	V.15	499,91		893,93	
– Corporate income tax	V.15	158.233,01		158.490,60	
– Value added tax payable	V.15	580.038,69		598.187,62	
			1.715.406,83		***3.511.998,37***
– Others payable	V.16	100.818,49		45.780,50	
– Provision for unemployment	V.17	265.728,17		272.385,59	
– Accrual expenses	V.11	569.863,87		1.792.881,20	
			936.410,53		***2.111.047,29***
TOTAL EQUITY			**3.042.058,16**		**6.863.220,32**

Ho Chi Minh City, 07 January 2021

Chief accountant ***Director***

PHAM THI KIM KHANH **BUI VIET THUY TIEN**

PROFIT AND LOSS STATEMENT
For the year 2020

UNIT : USD

Description	Note	Year 2020	Year 2019
INCOME		**4.033.278,40**	**14.529.794,04**
– Sales from rendering services	VI.1	3.780.279,16	15.117.999,73
– Financial income	VI.2	23.722,22	36.589,91
– Sales returns	VI.1	-	(799.698,81)
– Others income	VI.3	229.277,02	174.903,21
EXPENSES		**4.297.108,95**	**13.916.668,28**
– Cost of tours	VI.4	3.062.857,47	11.706.586,50
– Sales and marketing expenses	VI.5	54.304,42	124.014,32
– Depreciation expenses		9.700,65	10.324,26
– Personnel expenses	VI.6	598.177,76	1.034.084,44
– Management expenses	VI.7	420.238,81	568.289,10
– Bad debt		16.314,00	-
– Financial expenses	VI.8	-	(3,66)
– Bank charges	VI.8	5.403,07	14.974,38
– Taxes	VI.9	64.715,75	248.999,99
– Management fees paid		55.187,54	209.398,95
– Other expenses		10.209,48	-
PROFITS		**(263.830,55)**	**613.125,76**

	Ho Chi Minh City, 07 January 2021
Chief Accountant	***Director***
PHAM THI KIM KHANH	**BUI VIET THUY TIEN**

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2020

These notes are integral part of and should be read in conjunction with the financial statements for the fiscal year ended 31 December 2020 of Asian Trails Co., Ltd ("the Company").

I. OPERATION FEATURES

1. **Form of owner:** Asian Trails Co. Ltd is established under the business license No. 4102003844 granted by Planning and Investment Department on 22 February 2001 and the 10th changing of certificate business registration on 16 July 2020 has allowed the company to move the head quarter to 28D1, Sai Gon Pearl Villas, 92 Nguyen Huu Canh, Ward 22,Binh Thanh District, Ho Chi Minh City.
2. **Business lines:** Domestic and international tourist service, trading souvenir, handicraft products, commercial services, goods consignment agent.
3. **Material effects on the Company's operation:**
   - There have not any fluctuations which can cause material effects on the Company's operations during the year.

II. ACCOUNTING PERIOD AND STANDARD CURRENCY UNIT USED IN ACCOUNTING

1. **Fiscal year**
   The fiscal year is from 01 January to 31 December annual.
2. **Standard currency unit used in accounting and method of foreign currency transaction**
   The standard currency unit used is USD, other currencies are converted into USD at the time the business transactions happen with the exchange rate issued by State Bank or real exchange ruling at the date of the transaction.

III. ACCOUNTING SYSTEM AND STANDARDS

1. **Accounting system**
   The company adopt the International Accounting Standards.
2. **Accounting form:**
   General Journal.
3. **Fixed assets and depreciation of fixed assets**

   Evaluation method

   Historical costs of fixed assets include the buying prices and other directly related costs to put the fixed assets into use.

   When the assets are disposed or liquidated, their historical costs and accumulated depreciation are written off then any profit or loss generated from the liquidation is included in the Income Statement.

   Depreciation method

   Fixed assets are depreciated in accordance with the straight-line method to write off their historical costs during their estimated useful lives as stipulated in the Decision No. 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance.

The annual depreciation periods applied are as follows:

Fixed assets	Years
Office equipment	03
Means of transportation	10
Intangible fixed assets	03

4. **Method of sales and expenditure recognition**

Revenue of sales is recognized in the income statement when service is performed.
Expenses are recorded corresponding to the sales at the transaction dates.

5. **Principles of recognized accruals and unemployment funds.**

Accrued tours cost made by invoices received up to the date signed financial report and estimated by the managers
Unemployment fund made by 50% of one month salaries

6. **Principles for recognized provision for bad debts.**

Provision for bad debts made for all trade receivables over due 3 months

IV. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE BALANCE SHEET

Unit: USD

1. Cash on hand

	Ending balance	Beginning balance
– Cash on hand at Ho Chi Minh Office	**1.765,18**	**50.988,76**
+ Cash in hand (USD)	425,33	23.133,47
+ Cash in hand (VND)	3.649,07	27.855,29
(equivalent in VND)	*84.235.193*	*645.545.609*
– Cash on hand – Da Nang Branch	**43,28**	**24.532,12**
+ Cash in hand (USD)	43,28	4.980,13
(equivalent in VND)	*998.985*	*115.414.409*
+ Cash in hand (VND)	**-**	19.551,99
– Cash on hand – Ha Noi Branch	**2.606,86**	**25.586,98**
+ Cash in hand (USD)	327,53	4.687,65
(equivalent in VND)	*7.560.801*	*108.636.108*
+ Cash in hand (VND)	2.279,33	20.899,33
– Cash on hand – Phu Quoc Branch	**-**	**388,13**
+ Cash in hand (USD)	-	388,13
(equivalent in VND)		*8.994.898*
TOTAL	**6.724,54**	**101.495,99**

2. Cash in bank

	Ending balance	Beginning balance
– Cash at bank - Ho Chi Minh Office	**1.231.457,08**	**2.019.462,43**
At Viecombank	***1.192.403,50***	***2.000.801,00***
+ Cash at bank (VND)	35.034,10	26.705,53
(equivalent in VND)	***808.723.514***	*618.840.617*
+ Cash at bank (USD)	1.127.615,05	1.917.850,42
+ Cash at bank (EUR)	29.754,35	56.245,05
At ACB	***39.053,58***	***18.661,43***
+ Cash at bank (VND)	38.401,83	17.822,20
(equivalent in VND)	***886.473.490***	*413.028.935*
+ Cash at bank (USD)	651,75	839,23
– Cash at bank - Da Nang Branch	**874,88**	**2.096,87**
(equivalent in VND)	***20.195.692***	***48.594.873***
– Cash at bank - Ha Noi Branch	**89,70**	**101,96**
(equivalent in VND)	***2.070.726***	***2.362.810***
– Cash at bank - Phu Quoc Branch	**-**	**22,01**
(equivalent in VND)	**-**	***510.090***
– Cash at DBS BANK (Singapore)	**21.865,49**	**457.733,87**
– Saving account in Vietcombank	**5.392,26**	**522.897,04**
+ Saving account in USD	-	329.000,00
+ Saving account in VND	5.392,26	193.897,04
(equivalent in VND)	***124.475.154***	***4.493.445.064***
TOTAL	**1.259.679,41**	**3.002.314,18**

3. Short-term deposits

	Ending balance	Beginning balance
– Deposit for office rental in Hanoi	-	2.000,00
– Deposit for office rental in Saigon	11.622,63	27.544,28
– Deposit for office rental in Phu Quoc	-	1.552,06
– Deposit for Onepay	6.250,78	5.999,54
– Deposit for International Tourism	11.210,76	11.210,76
– Deposit for Vinasun taxi card	134,53	134,53
– Deposit for roaming fees	224,22	224,22
TOTAL	**29.442,92**	**48.665,39**

4. Receivables from customers

	Ending balance	Beginning balance
– Receivables from customers	7.944,69	2.432.289,53
Total	**7.944,69**	**2.432.289,53**

5. Advance to suppliers

	Ending balance	Beginning balance
– Advance to suppliers	76.187,64	91.272,14
Total	**76.187,64**	**91.272,14**

6. Other receivables

	Ending balance	Beginning balance
– Other receivables	57.463,07	118.768,69
Total	**57.463,07**	**118.768,69**

7. Prepaid expenses

	Ending balance	Beginning balance
– Prepaid expenses – Insurance expenses	2.225,13	2.067,48
– Prepaid expenses – Others expenses	1.452,06	1.063,51
– Prepaid expenses – Rental fees	473,58	4.500,64
– Prepaid expenses - Internet & Software License	24,01	24,01
TOTAL	**4.174,78**	**7.655,64**

8. Fixed assets

Items	Office equipment	Transportation	Software, communication line	Total
Historical costs				
Beginning balance	**192.913,06**	**1.503,56**	**74.557,94**	**268.974,56**
– Increases	**-**	**-**	**-**	**-**
In Which:				
New purchases	**-**	**-**	**-**	**-**
– Decreases	161.664,81	-	-	161.664,81
Ending balance	**31.248,24**	**1.503,56**	**74.557,94**	**107.309,74**
Depreciation				
Beginning balance	**173.357,50**	**1.503,56**	**74.557,94**	**249.419,00**
– Increases	9.700,64	-	-	9.700,64
– Decreases	161.664,81	-		161.664,81
Ending balance	**182.290,73**	**1.503,56**	**74.557,94**	**258.352,23**
Net book values				**-**
– Beginning balance	19.555,56	**-**	**-**	**19.555,56**
– Ending balance	**9.854,91**	**-**	**-**	**9.854,91**

9. Loan receivable

	Ending balance	**Beginning balance**
– Loan receivable	1.549.383,00	1.000.000,00
Total	**1.549.383,00**	**1.000.000,00**

10. Investments in other entities

	Ending balance	**Beginning balance**
– Investments in other entities	41.203,20	41.203,20
TOTAL	**41.203,20**	**41.203,20**

11. Accrued expenses

	Ending balance	Beginning balance
– Accrued liabilities - Cost of sales (NetSuite)	176.164,00	1.302.126,74
– Accrued liabilities - Cost of sales (Passion)	120.455,44	236.580,39
– Accrued liabilities - Sales Commission	61.964,77	57.108,63
– Accrued liabilities - Audit Fee	6.327,40	3.327,40
– Accrued liabilities - Non current ROU Lease Liability	4.583,31	-
– Accrued liabilities - Others	200.368,95	193.738,04
TOTAL	**569.863,87**	**1.792.881,20**

12. Paid-in capital

Statement of fluctuations in owner's equity

	Capital	Retained earnings	Total
Beginning balance of the previous year	**143.540,00**	**1.733.508,90**	**1.877.048,90**
– Capital increased in the previous year	-		-
– Profit of the previous year	-	613.125,76	613.125,76
– Profit sharing of the previous year	-	(1.250.000,00)	(1.250.000,00)
Ending balance of the current year	**143.540,00**	**1.096.634,66**	**1.240.174,66**
Beginning balance of the current year	**143.540,00**	**1.096.634,66**	**1.240.174,66**
– Capital increased in the year	-		
– Profit of the current year	-	(263.830,55)	(263.830,55)
– Profit sharing of the current year	-	(586.103,31)	(550,000.00)
Ending balance of the current year	**143.540,00**	**246.700,80**	**390.240,80**

13. Payable to suppliers

	Ending balance	Beginning balance
– Payable to suppliers	10.570,97	897.997,42
TOTAL	**10.570,97**	**897.997,42**

14. Advance from customers

	Ending balance	Beginning balance
– Advance from customers	829.146,75	1.720.821,80
TOTAL	**829.146,75**	**1.720.821,80**

15. Tax payable

	Ending balance	Beginning balance
– Personal income tax	499,91	893,93
– Corporate income tax	158.233,01	158.490,60
– Value added tax payable	580.038,69	598.187,62
TOTAL	**738.771,61**	**757.572,15**

16. Other payable

	Ending balance	Beginning balance
– Other payable	100.818,49	45.780,50
TOTAL	**100.818,49**	**45.780,50**

17. Provision for unemployment

	Ending balance	Beginning balance
– Provision for unemployment	265.728,17	272.385,59
TOTAL	**265.728,17**	**272.385,59**

V. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE INCOME STATEMENT

1. Sales from rendering services

	Current year	Previous year
– Sales from tours	3.780.279,16	15.117.999,73
– Sales returns	-	(799.698,81)
TOTAL	**3.780.279,16**	**14.318.300,92**

2. Financial income

	Current year	Previous year
– Interest income	23.722,22	36.589,91
– Other financial operation income	-	-
TOTAL	**23.722,22**	**36.589,91**

3. Other income

	Current year	Previous year
– Brochure Income	-	20.000,00
– Gains from realized foreign exchange	-	2.662,63
– Other income	229.277,02	152.240,58
TOTAL	**229.277,02**	**174.903,21**

4. Cost of sales

	Current year	Previous year
– Cost of tours	3.062.857,47	11.706.586,50
TOTAL	**3.062.857,47**	**11.706.586,50**

5. Sales & marketing expenses

	Current year	Previous year
– Gift to customer	343,15	1.548,30
– Inspection trips	1.245,90	10.876,83
– Trade shows expenses	1.849,64	8.090,65
– Advertising local	141,06	284,15
– Commission of sales	20.651,51	65.061,99
– Other	30.073,16	38.152,33
TOTAL	**54.304,42**	**124.014,25**

6. Personnel expenses

	Current year	Previous year
– Salaries & wages	520.102,81	886.253,93
– Social security fund	58.904,68	68.760,53
– Medical	4.339,28	3.230,66
– Training & recruitment	1.388,12	4.883,88
– Staff Uniform	-	3.441,00
– Others personnel expenses	13.442,87	67.514,44
TOTAL	**598.177,76**	**1.034.084,44**

7. Management expenses

	Current year	Previous year
Communication expenses		
– Telephone charges	5.922,96	11.089,01
– Postage and courier expenses	880,42	3.323,48
Total Communication expenses	**6.803,38**	**14.412,49**
Office expenses		
– Office rental	123.440,48	163.407,82
– Electricity and water expenses	8.552,16	13.208,92
– Software maintenance expenses	689,14	358,09
– IT expenses	7.923,18	13.341,86
– Other office expenses	22.601,69	40.146,59
Total Office expenses	**163.206,65**	**230.463,28**
Administration expenses		
– Printing and stationeries expenses	2.276,46	4.618,31
– Audit fees	6.329,00	3.000,00
– Transportation expenses	5.305,92	14.416,18
– Accommodation expenses	-	632,00
– Travelling expenses	14.498,25	15.310,78
– Entertainment expenses	1.135,49	4.540,36
– Insurance expenses	7.464,17	7.941,20
– Membership fees	603,49	931,02
– Charges Thomas Cook Group	212.616,00	271.823,48
Total Administration expenses	***250.228,78***	***323.213,33***
TOTAL	**420.238,81**	**568.089,10**

8. Financial expense & bank charge

	Current year	Previous year
– Bank charge	5.403,07	14.974,38
– Others	-	(3,66)
TOTAL	**5.403,07**	**14.970,72**

9. Others expenses

	Current year	Previous year
– Corporate income tax expenses	10.715,75	29.999,99
– Value added tax expenses	54.000,00	219.000,00
TOTAL	**64.715,75**	**248.999,99**

VI. SUBSEQUENT EVENT

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

PHAM THI KIM KHANH	**BUI VIET THUY TIEN**
Chief Accountant	**Director**
07 January 2021	

Australian Tours Management Pty Ltd

ABN 33 133 085 775

Annual Report - 31 December 2020

Australian Tours Management Pty Ltd
Directors' report
31 December 2020

The directors present their report, together with the financial statements, on the company for the year ended 31 December 2020.

Directors
The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Eng Waa Teh
Laurent Kuenzle
Madhavan Karunakaran Menon
Marcel Grifoll

Principal activities
Established in Melbourne in 1983, Australian Tours Management (ATM) has built a reputation as one of Australia's leading inbound and destination management service providers. Its acquisition in 2008 by Kuoni Travel Holding Ltd and subsequently by Travel Circle International (Mauritius) Limited in 2017 has provided ATM access to a broad worldwide network in the travel industry.

There has been no significant change in the nature of the entity's principal activity during the year.

Review of operations
The loss for the company after providing for income tax amounted to $353,832 (31 December 2019: $165,826).

Significant changes in the state of affairs
Since early this financial year, operations of the business have been significantly affected by the COVID-19 virus resulting in travel to Australia and around Australia becoming restricted by the Australian and State Governments adversely affecting the operations of the company, the results of those operations and the state of affairs of the company. Uncertainty from these events and the impact on the financial performance and financial position of the company is uncertain.

There were no other significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year
Since early this financial year, operations of the business have been significantly affected by the COVID-19 virus resulting in travel to Australia and around Australia becoming restricted by the Australian and State Governments adversely affecting the operations of the company, the results of those operations and the state of affairs of the company. Uncertainty from these events and the impact on the financial performance and financial position of the company is uncertain.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations
The impact of the COVID-19 virus on the status and level of operations in the volume of inbound tourists travelling to Australia is uncertain and accordingly the likely developments on the business are difficult to determine.

Environmental regulation
The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Shares under option
There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Indemnity 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.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Eng Waa Teh
Director

Laurent Kuenzle
Director

29 July 2021
Melbourne

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF AUSTRALIAN TOURS MANAGEMENT PTY LTD

I declare that, to the best of my knowledge and belief during the year ended 31 December 2020 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

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

J.C. Luckins
Director

Dated this 29th day of July, 2021

ACCOUNTANTS & ADVISORS
Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

General information

The financial statements cover Australian Tours Management Pty Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Australian Tours Management Pty Ltd's functional and presentation currency.

Australian Tours Management Pty Ltd is an unlisted public company limited by shares.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 July 2021. The directors have the power to amend and reissue the financial statements.

Australian Tours Management Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2020

	Note	2020 $	2019 $
Revenue			
Sales Revenue	3	2,645,244	19,725,826
Cost of Sales		(1,848,301)	(16,719,677)
Gross profit		796,943	3,006,149
Other Income	3	804,960	-
Interest Income		1,445	33,501
Expenses			
Employee benefits expense		(1,516,486)	(2,478,920)
Depreciation		(29,387)	(57,443)
Other expenses		(11,776)	(17,692)
Administration		(399,531)	(651,421)
Loss before income tax expense		(353,832)	(165,826)
Income tax expense	4	-	-
Loss after income tax expense for the year attributable to the owners of Australian Tours Management Pty Ltd	15	(353,832)	(165,826)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Australian Tours Management Pty Ltd		(353,832)	(165,826)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

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Australian Tours Management Pty Ltd
Statement of financial position
As at 31 December 2020

	Note	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	5	416,213	1,564,460
Trade and other receivables	6	120,844	2,953,990
Advances to related entities	19	2,838,249	2,807,806
Prepaid expense		52,023	30,401
Total current assets		3,427,329	7,356,657
Non-current assets			
Property, plant and equipment	7	11,022	23,081
Intangible software	8	23,669	39,866
Deferred tax assets	9	144,301	144,301
Total non-current assets		178,992	207,248
Total assets		3,606,321	7,563,905
Liabilities			
Current liabilities			
Trade and other payables	10	445,288	3,436,030
Employee benefits provisions	11	120,063	351,398
Deferred revenue	12	31,595	454,646
Total current liabilities		596,946	4,242,074
Non-current liabilities			
Employee benefits provisions	13	74,906	33,530
Total non-current liabilities		74,906	33,530
Total liabilities		671,852	4,275,604
Net assets		2,934,469	3,288,301
Equity			
Issued capital	14	500,000	500,000
Retained earnings	15	2,434,469	2,788,301
Total equity		2,934,469	3,288,301

The above statement of financial position should be read in conjunction with the accompanying notes

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Australian Tours Management Pty Ltd
Statement of changes in equity
For the year ended 31 December 2020

	Issued capital $	Reserves $	Retained profits $	Total equity $
Balance at 1 January 2019	500,000	-	2,954,127	3,454,127
Loss after income tax expense for the year	-	-	(165,826)	(165,826)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(165,826)	(165,826)
Balance at 31 December 2019	500,000	-	2,788,301	3,288,301

	Issued capital $	Reserves $	Retained profits $	Total equity $
Balance at 1 January 2020	500,000	-	2,788,301	3,288,301
Loss after income tax expense for the year	-	-	(353,832)	(353,832)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(353,832)	(353,832)
Balance at 31 December 2020	500,000	-	2,434,469	2,934,469

The above statement of changes in equity should be read in conjunction with the accompanying notes

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Australian Tours Management Pty Ltd
Statement of cash flows
For the year ended 31 December 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		2,549,329	10,698,033
Receipts from related parties		3,026,322	8,711,009
Government support		707,700	-
Payments to suppliers and employees		(7,401,469)	(19,014,944)
		(1,118,118)	394,098
Interest received		1,445	-
Net cash from/(used in) operating activities		(1,116,673)	394,098
Cash flows from investing activities			
Payments for property, plant and equipment	7	(1,132)	(53,953)
Net cash used in investing activities		(1,132)	(53,953)
Cash flows from financing activities			
Advances made by related parties	19	(30,442)	(408,584)
Net cash used in financing activities		(30,442)	(408,584)
Net decrease in cash and cash equivalents		(1,148,247)	(68,439)
Cash and cash equivalents at the beginning of the financial year		1,564,460	1,632,899
Cash and cash equivalents at the end of the financial year	5	416,213	1,564,460

The above statement of cash flows should be read in conjunction with the accompanying notes

Australian Tours Management Pty Ltd
Notes to the financial statements
31 December 2020

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 company 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 general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

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 company'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.

Revenue recognition
The company 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.

Australian Tours Management Pty Ltd
Notes to the financial statements
31 December 2020

Note 1. Significant accounting policies (continued)

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 the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the parent entity.

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.

Tax Consolidation

The company does not pay tax on an individual basis. All the profits are transferred to Kuoni Australia Holding Pty Ltd, the parent entity for the company. The parent entity is responsible for recognising the current tax liabilities and deferred tax assets arising in respect of tax losses, for the 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. On this basis the company recognises its own individual income tax liabilities.

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 company'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 company'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.

Note 1. Significant accounting policies (continued)

Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts and unpresented cheques are shown in current liabilities on the statement of financial position.

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 company 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.

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 company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

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.

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

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

Right-of-use assets that meet the definition of investment property are measured at fair value where the company has adopted a fair value measurement basis for investment property assets.

The company 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.

Note 1. Significant accounting policies (continued)

Trade and other payables
These amounts represent liabilities for goods and services provided to the company 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.

Deferred Revenue
Deferred revenue represent the company's obligation to provide services to a customer and are recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has provided or services to the customer.

Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on: .costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits.

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 GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

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.

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Note 2. Critical accounting judgements, estimates and assumptions (continued)

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 company 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.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The company 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 company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The company 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 company recognises liabilities for anticipated tax audit issues based on the company'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 unutilised tax losses available to the Company amounts to $1,113,408.

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. Sales Revenue

	2020 $	2019 $
Revenue		
Sales - external parties	1,355,354	11,327,684
Sales - related parties	1,289,890	8,398,142
	2,645,244	19,725,826

The Company operates in only one geographical region being Australia.

Other income of $804,960 during the period is attributable to Job-Keeper payments received from the government as part of support provided as a result of the COVID-19 pandemic

Note 4. Income tax expense

	2020 $	2019 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(353,832)	(165,826)
Tax at the statutory tax rate of 26%	(91,996)	(43,115)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Deferred tax asset not recognised	91,996	43,115
Income tax expense	-	-

Note 5. Current assets - cash and cash equivalents

	2020 $	2019 $
Cash and cash equivalents	416,213	1,564,460

Note 6. Current assets - trade and other receivables

	2020 $	2019 $
Trade receivables - external parties	33,288	1,218,612
Less: provision for doubtful debts	(9,704)	(1,054)
	23,584	1,217,558
Trade receivables - related entities	-	1,736,432
Other receivables	97,260	-
	120,844	2,953,990

Note 7. Non-current assets - property, plant and equipment

	2020 $	2019 $
Property, plant and equipment	188,555	187,424
Less: Accumulated depreciation	(177,533)	(164,343)
	11,022	23,081

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Office Equipment $	Furniture & Fittings $	Computers $	Total $
Balance at 1 January 2020	12,012	382	10,687	23,081
Additions	-	-	1,132	1,132
Depreciation expense	(3,495)	(278)	(9,418)	(13,191)
Balance at 31 December 2020	8,517	104	2,401	11,022

Note 8. Non-current assets - Intangible software

	2020 $	2019 $
Intangible software	143,207	143,207
Less: Accumulated amortisation	(119,538)	(103,341)
	23,669	39,866

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Software $	Total $
Balance at 1 January 2020	39,866	39,866
Amortisation expense	(16,197)	(16,197)
Balance at 31 December 2020	23,669	23,669

Note 9. Non-current assets - Deferred tax assets

	2020 $	2019 $
Deferred tax asset	144,301	144,301

Note 10. Current liabilities - trade and other payables

	2020 $	2019 $
Trade and other payables	346,925	3,394,727
Customer deposits	98,363	41,303
	445,288	3,436,030

Note 11. Current liabilities - Employee benefits provisions

	2020 $	2019 $
Employee benefits provisions	120,063	351,398

Note 12. Current liabilities - Deferred revenue

	2020 $	2019 $
Deferred revenue	31,595	454,646

Deferred revenue

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Note 13. Non-current liabilities - Employee benefits provisions

	2020 $	2019 $
Employee benefits provisions	74,906	33,530

Note 14. Equity - issued capital

	2020 Shares	2019 Shares	2020 $	2019 $
Issued capital	500,000	500,000	500,000	500,000

Ordinary shares
The company has 500,000 ordinary fully paid shares (2019: 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 15. Equity - Retained earnings

	2020 $	2019 $
Retained profits at the beginning of the financial year	2,788,301	2,954,127
Comprehensive loss after income tax expense for the year	(353,832)	(165,826)
Retained profits at the end of the financial year	2,434,469	2,788,301

Note 16. Cash Flow Information

	2020 $	2019 $
Profit/(loss) after income tax	(353,832)	(165,826)
Loss on Disposal of Motor Vehicle	-	4,738
Depreciation	29,387	57,443
(Increase)/Decrease in Trade and Other Rec	2,833,144	(354,547)
(Increase)/decrease in trade receivables and prepayments	(21,621)	52,614
Increase/(decrease) in trade payables and accruals	(3,413,793)	882,398
Increase/(decrease) in provisions	(189,958)	(82,722)
Cash flow from operations	(1,116,673)	394,098

Note 17. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2020 $	2019 $
Aggregate compensation	320,327	560,125

Note 18. Contingent liabilities

The company is not aware of any matter pending that may give rise to any contingent liability.

Note 19. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 17.

Transactions with related parties
The following transactions occurred with related parties:

	2020 $	2019 $
Sale of goods and services:		
Sale of goods to other related parties within the Fairfax Financial Holdings Limited Group	1,289,980	8,398,142

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

	2020 $	2019 $
Current receivables:		
Loan to Kuoni Holdings Limited	2,838,249	2,807,806

Terms and conditions
All loans provided are non-interest bearing

Note 20. Events after the reporting period

Since early this financial year, operations of the business have been significantly affected by the COVID-19 virus resulting in travel to Australia and around Australia becoming restricted by the Australian and State Governments adversely affecting the operations of the company, the results of those operations and the state of affairs of the company. Uncertainty from these events and the impact on the financial performance and financial position of the company is uncertain.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 21. Economic Dependency

As at 31 December 2020 the company recorded a loss after tax of $353,832 and had a receivable of $2,838,249 owing to it by the parent entity Kuoni Australia Holding Pty Ltd ("Kuoni"). The continued economic support of both Australian Tours Management Pty Ltd & Kuoni from the 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.

Further to this economic dependency, in light of the events occurring after the reporting date described in Note 20, the commitment of continuous financial support from the parent company, Travel Circle International (Mauritius) Limited is further emphasised.

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Australian Tours Management Pty Ltd
Directors' declaration
31 December 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2020 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Eng Waa Teh
Director

Laurent Kuenzle
Director

29 July 2021

William Buck

Australian Tours Management Pty Ltd

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Tours Management Pty Ltd (the Company), which comprises the statement of financial position as at 31 December 2020, 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 and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Company, is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards - Reduced Disclosure Regime and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

ACCOUNTANTS & ADVISORS
Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

William Buck

Material uncertainty regarding going concern

We draw attention to note 21 in the financial report which indicates that the Company incurred a net loss of $353,979 and had a receivable of $2,838,249 owing to it by the parent entity Kuoni Australia Holding Pty Ltd ("Kuoni"). As stated in note 21, these events or conditions, along with other matters set forth in note 21, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2020, but does not include the financial report and the auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Regime 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 Company 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 has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our independent auditor's report.

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

William Buck

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

J.C. Luckins
Director

Dated this 29th day of July, 2021

Kuoni Australia Holding Pty Ltd

ABN 78 133 084 714

Annual Report - 31 December 2020

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Kuoni Australia Holding Pty Ltd
Directors' report
31 December 2020

The directors present their report, together with the financial statements, on the company for the year ended 31 December 2020.

Directors
The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Eng Waa Teh
Laurent Kuenzle
Madhavan Karunakaran Menon
Marcel Grifoll

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.

Review of operations
The loss for the company after providing for income tax amounted to $1,162,578 (31 December 2019: $206,646).

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company'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.

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.

Kuoni Australia Holding Pty Ltd
Directors' report
31 December 2020

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Eng Waa Teh
Director

Laurent Kuenzle
Director

29 July 2021
Melbourne

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF KUONI AUSTRALIA HOLDING PTY LTD

I declare that, to the best of my knowledge and belief during the year ended 31 December 2020 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

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

J.C. Luckins
Director

Dated this 29th day of July, 2021

ACCOUNTANTS & ADVISORS
Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

Kuoni Australia Holding Pty Ltd
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General information

The financial statements cover Kuoni Australia Holding Pty Ltd as an individual entity. 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.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 July 2021. 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 2020

	Note	2020 $	2019 $
Other Gains and Losses			
Net loss on financial assets at fair value through profit or loss		(1,009,584)	-
Expenses			
Administration		(51,825)	(57,377)
Finance costs		(101,169)	(149,269)
Loss before income tax expense		(1,162,578)	(206,646)
Income tax expense	3	-	-
Loss after income tax expense for the year attributable to the owners of Kuoni Australia Holding Pty Ltd	5	(1,162,578)	(206,646)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of Kuoni Australia Holding Pty Ltd		(1,162,578)	(206,646)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

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Kuoni Australia Holding Pty Ltd
Statement of financial position
As at 31 December 2020

	Note	2020 $	2019 $
Assets			
Non-current assets			
Investment in Australian Tours Management	7	2,838,249	3,847,833
Total non-current assets		2,838,249	3,847,833
Total assets		2,838,249	3,847,833
Liabilities			
Current liabilities			
Trade and other payables		367,300	244,749
Advances from related parties – other entities ultimately controlled by Fairfax Financial Holdings Limited	9	7,693,245	7,693,245
Advances from related parties – Australian Tours Management Pty Ltd	9	2,838,249	2,807,806
Total current liabilities		10,898,794	10,745,800
Total liabilities		10,898,794	10,745,800
Net liabilities		(8,060,545)	(6,897,967)
Equity			
Contributed Equity	4	500,000	500,000
Accumulated losses	5	(8,560,545)	(7,397,967)
Total deficiency in equity		(8,060,545)	(6,897,967)

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 2020

	Contributed Equity $	Accumulated losses $	Total deficiency in equity $
Balance at 1 January 2019	500,000	(7,191,321)	(6,691,321)
Loss after income tax expense for the year	-	(206,646)	(206,646)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(206,646)	(206,646)
Balance at 31 December 2019	500,000	(7,397,967)	(6,897,967)

	Contributed Equity $	Accumulated losses $	Total deficiency in equity $
Balance at 1 January 2020	500,000	(7,397,967)	(6,897,967)
Loss after income tax expense for the year	-	(1,162,578)	(1,162,578)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(1,162,578)	(1,162,578)
Balance at 31 December 2020	500,000	(8,560,545)	(8,060,545)

The above statement of changes in equity should be read in conjunction with the accompanying notes

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Kuoni Australia Holding Pty Ltd
Statement of cash flows
For the year ended 31 December 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Payments to suppliers (inclusive of GST)		70,727	(259,343)
Borrowing Costs		(101,169)	(149,269)
Net cash used in operating activities		(30,442)	(408,612)
Cash flows from investing activities			
Cash in advance from subsidiary		30,442	408,612
Net cash from investing activities		30,442	408,612
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the financial year	6	(7,693,245)	(7,693,245)
Cash and cash equivalents at the end of the financial year		(7,693,245)	(7,693,245)

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 company 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 general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

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 company'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.

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.

Income tax liability owed by controlled entity is transferred via the intercompany accounts and treated as income in the statement of comprehensive income or a saving in tax liabilities.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

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 recognised 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 reporting date. 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 and unused tax losses are recognised 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.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Note 1. Significant accounting policies (continued)

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 realisation 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.

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 company'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 company'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.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Trade and other payables
These amounts represent liabilities for goods and services provided to the company 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.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred

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.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

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.

Fair value measurement hierarchy
The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Investment in Australian Tours Management Pty Ltd

As at 31 December 2020 the company held 100% (2019: 100%) of the ordinary paid up share capital of Australian Tours Management Pty Ltd.

The company does not consolidate its 100% owned subsidiary into these financial statements for the following reasons:

a) the company is a subsidiary of Fairfax Financial Holdings Ltd based in Canada;
b) the company has no debts or equity traded in a public market;
c) the company is not in the process of issuing any class of instruments in a public market; and
d) the ultimate parent entity, Fairfax Financial Holdings Ltd, produces financial statements available for public use

As such, this investment is accounted for at fair value through profit or loss in line with AASB 9.

Income tax
The company 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 company recognises liabilities for anticipated tax audit issues based on the company'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.

Note 3. Income tax expense

	2020 $	2019 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(1,162,578)	(206,646)
Tax at the statutory tax rate of 26%	(302,270)	(53,728)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Deferred tax asset not recognised	302,270	53,728
Income tax expense	-	-

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Note 4. Equity - Contributed Equity

	2020 $	2019 $
Contributed Equity	500,000	500,000

The company has 500,000 ordinary fully paid shares on issue (2019: 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 5. Equity - accumulated losses

	2020 $	2019 $
Accumulated losses at the beginning of the financial year	(7,397,967)	(7,191,321)
Loss after income tax expense for the year	(1,162,578)	(206,646)
Accumulated losses at the end of the financial year	(8,560,545)	(7,397,967)

Note 6. Reconciliation of cash flow

	2020 $	2019 $
Borrowings from other entities ultimately controlled by Fairfax Financial Holdings Limited	(7,693,245)	(7,693,245)

Note 7. Fair value measurement

Fair value hierarchy
The following tables detail the company's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

2020	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Investment in Australian Tours Management Pty Ltd	-	-	2,838,249	2,838,249
Total assets	-	-	2,838,249	2,838,249

2019	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Investment in Australian Tours Management Pty Ltd	-	-	3,847,833	3,847,833
Total assets	-	-	3,847,833	3,847,833

There were no transfers between levels during the financial year.

Note 8. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel on behalf of the company is set out below:

	2020 $	2019 $
Aggregate compensation	320,327	560,125

Note 9. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 8.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

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

	2020 $	2019 $
Current borrowings:		
Loan from other entities ultimately controlled by Fairfax Financial Holdings Limited	7,693,245	7,693,245
Loan from Australian Tours Management Pty Ltd	2,838,249	2,807,806

Terms and conditions
All loans are non interest bearing

Note 10. Events after the reporting period

No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 11. Economic Dependency

As at 31 December 2020 the company had incurred a loss of $1,162,578 and has deficiency between current liabilities and total assets totalling $8,060,545, which included amounts payable, secured by or guaranteed by related entities ultimately controlled by Fairfax Financial Holdings Limited totalling $10,531,494. 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 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Eng Waa Teh
Director

Laurent Kuenzle
Director

29 July 2021
Melbourne

William Buck

Kuoni Australia Holding Pty Ltd

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Kuoni Australia Holding Pty Ltd (the Company), which comprises the statement of financial position as at 31 December 2020, 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 and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Company, is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards - Reduced Disclosure Regime and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2020, but does not include the financial report and the auditor's report thereon.

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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 - Reduced Disclosure Regime 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 Company 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 has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our independent auditor's report.

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

William Buck

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

J.C. Luckins
Director

Dated this 29th day of July, 2021

Asian Trails Ltd.

Financial statements for the year ended
31 March 2021
and
Independent Auditor's Report

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Independent Auditor's Report

To the Shareholders of Asian Trails Ltd.

Opinion

I have audited the financial statements of Asian Trails Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2021, the statements of income and changes in capital deficiency for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2021 and its financial performance for the year then ended in accordance with the Thai Financial Reporting Standard for Non-Publicly Accountable Entities (TFRS for NPAEs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS for NPAEs, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs 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 TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

(Treerawat Witthayaphalert)
Certified Public Accountant
Registration No. 11464

KPMG Phoomchai Audit Ltd.
Bangkok
9 July 2021

Asian Trails Ltd.

Statement of financial position

Assets	*Note*	31 March 2021	2020
		(in Baht)	
Current assets			
Cash and cash equivalents		3,131,006	14,438,199
Trade and other receivables	*5*	41,086,082	147,440,840
Other current assets		11,655,309	24,324,442
Total current assets		**55,872,397**	**186,203,481**
Non-current assets			
Investment in subsidiaries	*6*	5,999,840	5,999,840
Leasehold improvements and equipment	*7*	1,917,859	2,863,224
Intangible assets	*8*	43	22,453
Deferred tax assets	*9*	17,543,081	7,924,323
Restricted deposits at financial institution		10,000	1,000,000
Other non-current assets		1,752,755	1,624,126
Total non-current assets		**27,223,578**	**19,433,966**
Total assets		**83,095,975**	**205,637,447**

The accompanying notes are an integral part of these financial statements.

Asian Trails Ltd.

Statement of financial position

Liabilities and capital deficiency	Note	31 March 2021	31 March 2020
		(in Baht)	
Current liabilities			
Bank overdrafts	*10*	41,748,847	21,841,986
Trade and other payables		110,709,024	207,248,708
Unsecured short-term loan from immediate parent company	*10*	95,227,970	49,226,250
Unsecured short-term loan from related party	*10*	7,876,300	-
Current portion of finance lease liabilities	*10*	535,344	535,344
Advance received from customers		22,252,099	39,012,234
Other current liabilities		57,761	464,400
Total current liabilities		**278,407,345**	**318,328,922**
Non-current liabilities			
Finance lease liabilities	*10*	239,872	775,216
Provision for retirement benefits	*11*	20,466,781	29,892,710
Total non-current liabilities		**20,706,653**	**30,667,926**
Total liabilities		**299,113,998**	**348,996,848**
Capital deficiency			
Share capital			
Authorised share capital		24,000,000	24,000,000
(240,000 ordinary shares, par value at Baht 100 per share)			
Issued and paid-up share capital		24,000,000	24,000,000
(240,000 ordinary shares, par value at Baht 100 per share)			
Deficit			
Appropriated			
Legal reserve		2,400,000	2,400,000
Deficit		(242,418,023)	(169,759,401)
Capital deficiency		**(216,018,023)**	**(143,359,401)**
Total liabilities and capital deficiency		**83,095,975**	**205,637,447**

The accompanying notes are an integral part of these financial statements.

Asian Trails Ltd.
Statement of income

	Note	For the year ended 31 March 2021	2020
		(in Baht)	
Revenue			
Revenue from rendering of services		7,193,515	910,685,573
Investment income		-	649,978
Interest income		12,685	28,640
Net foreign exchange gain		-	6,523,007
Other income		43,872,094	74,296,460
Total revenue		**51,078,294**	**992,183,658**
Expenses			
Cost of rendering of services		6,045,584	774,900,040
Selling expenses		1,851,673	19,879,254
Administrative expenses		120,276,601	246,081,457
Net foreign exchange loss		1,431,349	-
Total expenses		**129,605,207**	**1,040,860,751**
Loss before finance costs and income tax expense		**(78,526,913)**	**(48,677,093)**
Finance costs		3,750,467	3,523,787
Loss before tax expense		**(82,277,380)**	**(52,200,880)**
Income tax expense (income)	*9*	(9,618,758)	12,049,787
Loss for the year		**(72,658,622)**	**(64,250,667)**

The accompanying notes are an integral part of these financial statements.

Asian Trails Ltd.

Statement of changes in capital deficiency

	Issued and paid-up share capital	Retained earnings (Deficit) Legal reserve	Retained earnings (Deficit) Unappropriated (Deficit)	Total equity (capital deficiency)
		(in Baht)		
Year ended 31 March 2020				
Balance at 1 April 2019	**24,000,000**	**2,400,000**	**(105,508,734)**	**(79,108,734)**
Loss for the year	-	-	(64,250,667)	(64,250,667)
Balance at 31 March 2020	**24,000,000**	**2,400,000**	**(169,759,401)**	**(143,359,401)**
Year ended 31 March 2021				
Balance at 1 April 2020	**24,000,000**	**2,400,000**	**(169,759,401)**	**(143,359,401)**
Loss for the year	-	-	(72,658,622)	(72,658,622)
Balance at 31 March 2021	**24,000,000**	**2,400,000**	**(242,418,023)**	**(216,018,023)**

The accompanying notes are an integral part of these financial statements.

Asian Trails Ltd.
Notes to the financial statements
For the year ended 31 March 2021

Note **Contents**

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements and were approved and authorised for issue by the directors on 9 July 2021.

1 General information

Asian Trails Ltd., the "Company", is incorporated in Thailand and has its registered office at 9th Floor SG Building, 161/1 Rajdamri Road, Lumpini, Bangkok, Thailand.

The immediate and ultimate parent companies during the financial period were Asian Trails Holding Ltd. and Thomas Cook (India) Limited, which are incorporated in Republic of Mauritius and India, respectively.

The principal activity of the Company is tour operating services, both inbound and outbound services.

2 Basis of preparation of the financial statements

The financial statements are prepared in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities (TFRS for NPAEs) and guidelines promulgated by the Federation of Accounting Professions (TFAC).

During the year 2020, TFAC has launched the additional optional requirements for TFRS for NPAEs regarding property, plant and equipment and investment property, which are effective for the accounting period beginning on or after 1 January 2020. The requirements provide additional options for entities to measure property, plant and equipment and investment property at fair value subsequent to initial recognition at cost. The Company did not elect to apply the additional options, therefore, there was no effect on the financial statements.

In addition, the Company has applied The following Thai Financial Reporting Standard for Publicly Accountable Entities (TFRS for PAEs).

TFRS	**Topic**
TAS 12	Income Taxes

The financial statements are prepared and presented in Thai Baht, rounded in the notes to the financial statements to the nearest thousand unless otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TFRS for NPAEs requires management to make judgements, estimates and assumptions that affect the application of the Company's accounting policies. Actual results may differ from these estimates.

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

Use of going concern basis of accounting

For the year ended 31 March 2021, the Company incurred a net loss of Baht 72.66 million *(for the year ended 31 March 2020: net loss of Baht 64.25 million)* and, as of that date, the Company's current liabilities exceeded its current assets by Baht 222.53 million *(2020: Baht 132.13 million)* and the Company had deficit of Baht 242.42 million *(2020: Baht 169.76 million)* and capital deficiency as of that date of Baht 216.02 million *(2020: Baht 143.36 million)*. Such circumstances indicate the existence of an uncertainty which may cast doubt about the Company's ability to continue as a going concern.

However, the financial statements have been prepared assuming the Company will continue on a going concern basis because the immediate parent company has provided a formal undertaking to provide financial support to enable the Company to continue its operations and to meet its liabilities as they fall due for at least one year from the reporting date. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or the classification of the recorded liabilities amounts that might be necessary should the Company be unable to continue its operations as a going concern.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currencies transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the exchange rates ruling at that date. Gains or losses arising on translation are recognised in the statement of income.

Non-monetary assets and liabilities arising from foreign currency transactions that are measured at cost are translated to Thai Baht at the exchange rates ruling at the dates of the transactions.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

(c) Trade and other receivables

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Bad debts recovered are recognised in other income in the statement of income.

(d) Investment

Investment in subsidiaries

Investment in subsidiaries is accounted for using the cost method less any losses on decline in value.

(e) Leasehold improvements and equipment

Recognition and measurement

Owned assets

Leasehold improvements and equipment are measured at cost less accumulated depreciation and losses on decline in value.

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the assets to a working condition for their intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of leasehold improvements and equipment have different useful lives, they are accounted for as separate items (major components) of leasehold improvements and equipment.

Any gains and losses on disposal of item of leasehold improvements and equipment are determined by comparing the proceeds from disposal with the carrying amount of leasehold improvements and equipment, and are recognised net in the statement of income.

Leased assets

Assets which the Company leases and substantially assumes all the risk and rewards of ownership are classified as finance leases and recognised as leasehold improvements and equipment at the lower of its fair value and the present value of the minimum lease payments, plus initial direct costs, less accumulated depreciation and losses on decline in value. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of income.

Subsequent costs

The cost of replacing a part of an item of leasehold improvements and equipment is recognised 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 carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of leasehold improvements and equipment are recognised in the statement of income as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each component of an item of leasehold improvements and equipment. The estimated useful lives are as follows:

Leasehold improvements	10	years
Furniture, fixtures and office equipment	3 and 5	years
Vehicles	5	years

(f) Intangible assets

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and losses on decline in value.

Subsequent expenditure

Subsequent expenditure is capitalised 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 brands, is recognised in the statement of income as incurred.

Amortisation

Amortisation is calculated based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in the statement of income on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follow:

Software licences	3	years
Computer software	3	years

(g) Losses on decline in value

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of a permanent decline in value. If any such indication exists, the assets' recoverable amounts are estimated. A loss on decline in value is recognised if its carrying amount of an asset exceeds its recoverable amount.

(h) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of income over the term of the borrowings on an effective interest basis.

(i) Trade and other payables

Trade and other payables are stated at cost.

(j) 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 the best estimate method.

Provision for retirement benefits

Provision for retired benefits are recognised using the best estimate method at the reporting date. The Company derecognises the provision when actual payment is made.

(k) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods and services rendered

Revenue from sale of ticket is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from tour operating is recognised as services are provided.

Investments

Revenue from investments comprises dividend and interest income from investment in subsidiaries and bank deposits.

Interest income

Interest income is recognised in the statement of income as it accrues.

(l) Operating leases

Payments made under operating leases are recognised on a straight-line basis over the term of the lease. Contingent rentals are recognised as expense in the accounting period in which they are incurred.

(m) Finance costs

Interest expenses and similar costs are recognised on accrued basis. The interest component of finance lease payments is recognised using the effective interest rate method.

(n) Income tax

Income tax expense for the period comprises current and deferred tax. Current and deferred tax are recognised in the statement of income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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 realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4 Impact of COVID-19 Outbreak

In 2020, due to an outbreak of coronavirus (COVID-19), management decided to temporarily close business as per the orders of government agencies to temporarily cease operation in order to restrain the COVID-19 outbreak which come into effect since 3 April 2020. As a result, a tourism industry as well as the Company's business has suffered a significant negative impact.

As at 31 March 2021, the COVID-19 outbreak was still ongoing. The management considers that the situation is highly uncertain although government agencies have been rolling out vaccines for COVID-19 in February 2021, and it is still not possible to determine the impact on the financial statements. The management is closely monitoring the situation and managing to lessen the impact as much as possible.

5 Trade and other receivables

	2021	2020
	(in thousand Baht)	
Trade and other receivables	43,062	149,374
Less allowance for doubtful accounts	(1,976)	(1,933)
Net	**41,086**	**147,441**
Bad debts written-off	**4,502**	**4,173**
Bad debts	**4,545**	**156**

6 Investment in subsidiaries

	2021	2020
	(in thousand Baht)	
Investment in subsidiaries, at cost-net	**6,000**	**6,000**

Investment in subsidiaries as at 31 March 2021 and 20, was as follow:

Subsidiaries	Type of Business	Ownership interest		Paid-up capital		Cost		Allowance for losses on decline in value		At cost - net		Dividend Income	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
		(%)						*(in thousand Baht)*					
Chang Som Co., Ltd.	Rendering of transportation services	99.99	99.99	6,000	6,000	6,000	6,000	-	-	6,000	6,000	-	650
Thomas Cook In Destination Management (Thailand) Co., Ltd. (note)	Tour operating services	49.00	49.00	-	-	-	-	-	-	-	-	-	-
Total						**6,000**	**6,000**	**-**	**-**	**6,000**	**6,000**	**-**	**650**

Note: On 3 January 2020, Asian Trails Co., Ltd. invested in Thomas Cook In Destination Management (Thailand) Co., Ltd. for 117,600 shares at total cost of 40 Baht. The Company holds 49% shares in Thomas Cook In Destination Management (Thailand) Co., Ltd. but has power to control and made decisions on operations of such company. Therefore, the Company classified investment in such company as investment in subsidiary.

7 Leasehold improvements and equipment

	Leasehold improvements	Furniture, fixtures and office equipment	Vehicles	Total
		(in thousand Baht)		
Cost				
At 1 April 2019	7,607	25,819	15,585	49,011
Additions	-	163	551	714
At 31 March 2020 and 1 April 2020	**7,607**	**25,982**	**16,136**	**49,725**
Additions	-	97	-	97
Disposals	-	(687)	(46)	(733)
At 31 March 2021	**7,607**	**25,392**	**16,090**	**49,089**
Depreciation				
At 1 April 2019	7,031	24,604	13,803	45,438
Depreciation charge for the year	119	595	710	1,424
At 31 March 2020 and 1 April 2020	**7,150**	**25,199**	**14,513**	**46,862**
Depreciation charge for the year	91	411	540	1,042
Disposals	-	(687)	(46)	(733)
At 31 March 2021	**7,241**	**24,923**	**15,007**	**47,171**
Net book value				
At 31 March 2020				
Owned assets	457	783	10	1,250
Assets under finance leases	-	-	1,613	1,613
	457	**783**	**1,623**	**2,863**
At 31 March 2021				
Owned assets	366	469	1	836
Assets under finance leases	-	-	1,082	1,082
	366	**469**	**1,083**	**1,918**

8 Intangible assets

	Software licences	Computer software	Total
		(in thousand Baht)	
Cost			
At 1 April 2019	5,111	9,777	14,888
Additions	-	-	-
At 31 March 2020 and 1 April 2020	**5,111**	**9,777**	**14,888**
Additions	-	-	-
At 31 March 2021	**5,111**	**9,777**	**14,888**

	Software licences	Computer software	Total
		(in thousand Baht)	
Amortisation			
At 1 April 2019	5,111	9,704	14,815
Amortisation charge for the year	-	51	51
At 31 March 2020 and 1 April 2020	**5,111**	**9,755**	**14,866**
Amortisation charge for the year	-	22	22
At 31 March 2021	**5,111**	**9,777**	**14,888**
Net book value			
At 31 March 2020	**-**	**22**	**22**
At 31 March 2021	**-**	**-**	**-**

9 Deferred tax

Deferred tax assets as at 31 March 2021 and 2020 were as follow:

	2021	2020
	(in thousand Baht)	
Deferred tax assets	**17,543**	**7,924**

Movements in deferred tax assets during the year ended 31 March 2021 and 2020 were as follows:

	At 1 April 2020	(Charged) / Credited to: Statement of income	**At 31 March 2021**
		(in thousand Baht)	
Deferred tax assets			
Accounts receivable	387	8	395
Provision for retirement benefits	5,978	(1,902)	4,076
Loss carry forward	1,559	11,513	13,072
Total	**7,924**	**9,619**	**17,543**

	At 1 April 2019	(Charged) / Credited to: Statement of income	**At 31 March 2020**
		(in thousand Baht)	
Deferred tax assets			
Accounts receivable	1,190	(803)	387
Provision for retirement benefits	4,938	1,040	5,978
Loss carry forward	13,846	(12,287)	1,559
Total	**19,974**	**(12,050)**	**7,924**

Deferred tax asset has not been recognised in respect of the following item:

	2021	2020
	(in thousand Baht)	
Tax losses	143,666	113,589
Total	**143,666**	**113,589**

During year ended 31 March 2020, there was reversal on deferred tax assets from tax losses which would expire in 2021 to 2025 because management believed that no future taxable profit will be available against with the Company can utilise the benefits therefrom.

During year ended 31 March 2021, partial amounts of incurred tax losses has been recognised as deferred tax assets because management believed that the tourism industry as well as the Company's business will be recovered and there would be sufficient future taxable profit of such amount to be utilised after easing of COVID-19 pandemic in future year.

10 Interest-bearing liabilities

	2021	2020
	(in thousand Baht)	
Current		
Bank overdrafts-secured	41,749	21,842
Unsecured short-term loan from immediate parent company	95,228	49,226
Unsecured short-term loan from related party	7,876	-
Current portion of finance lease liabilities	535	535
Total current interest-bearing liabilities	**145,388**	**71,603**
Non-current		
Finance lease liabilities	240	775
Total non-current interest-bearing liabilities	**240**	**775**

As at 31 March 2021, the Company had overdrafts facilities with a financial institution in the amount of Baht 50 million *(2020: Baht 50.0 million)*, at the interest rate of MOR per annum. The overdraft facilities are secured by Thomas Cook (India) Limited, the ultimate parent company.

As at 31 March 2021, the Company had loan with immediate parent company in the amount USD 2.98 million (equivalent to Baht 93.73 million) which bear interest at the rate of 1.25% - 3.90% per annum *(2020: 2.78% per annum)*. This loan will be repayable in July 2021.

As at 31 March 2021, the Company had loan with related party in the amount USD 0.25 million (equivalent to Baht 7.88 million) which bear interest at the rate of 1.25% per annum. This loan will be repayable in July 2021.

Finance lease liabilities

Finance lease liabilities were payable as follows:

	2021			2020		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
			(in thousand Baht)			
Within one year	579	44	535	620	85	535
After one year but within five years	245	5	240	849	74	775
Total	**824**	**49**	**775**	**1,469**	**159**	**1,310**

11 Provisions for retirement benefits

	Retirement benefits *(in thousand Baht)*
At 1 April 2019	24,688
Addition	7,434
Paid	(2,229)
At 31 March 2020 and 1 April 2020	**29,893**
Addition	2,235
Paid	(11,661)
At 31 March 2021	**20,467**

12 Commitments

(a) Office rental agreements

The Company entered into office rental agreements (including related services) for periods of one to three years. The Company committed to pay rental and service fees as follows:

	2021	2020
	(in thousand Baht)	
Non-cancellable operating lease commitments		
Within one year	6,920	13,068
After one year but within five years	3,584	16,474
Total	**10,504**	**29,542**

(b) Agent agreements for Tourism service with foreign companies

The Company entered into agreements with foreign companies to be a tourism services representative agent to such companies. As at 31 March 2021, the Company received deposits as said services in total of Baht 7.05 million *(2020: Baht 8.93 million)*. Under the terms of the agreements, the Company had commitments with the terms and conditions as stipulated in the agreements.

(c) Other commitment

	2021	2020
	(in thousand Baht)	
Other commitment		
Bank guarantees	**3,000**	**3,000**

Commitment for bank guarantees issued by a local bank under the requirement of International Air Transport Association which it was guaranteed by the Company's deposits with such bank and presented under "restricted deposits at financial institution" in the statements of financial position.

13 Other information

The Company opened bank accounts on behalf of a related party in Myanmar for 2 current accounts and 4 saving accounts. As at 31 March 2021, the balance of 2 current accounts were in the amount of Baht 115,660.5 *(2020: Baht 730,780.62)* and balances of 4 saving accounts were in the amount of USD 101,213.49 and Baht 24,015.24, respectively *(2020: USD 135,359.33, EUR 358.47, and Baht 32,596.14, respectively)*. These 6 accounts were not included in the Company's accounting records for the year ended 31 March 2021 and 2020.

บริษัท โทมัส คุค ดิน เดสทิเนชั่น แมเนจเม้นท์ (ไทยแลนด์) จำกัด

รายงานของผู้สอบบัญชีรับอนุญาตและ

งบการเงิน

วันที่ 30 กันยายน 2563

รายงานของผู้สอบบัญชีรับอนุญาต

เสนอ ผู้ถือหุ้นของ **บริษัท โทมัส คุค ดิน เดสทิเนชั่น แมเนจเม้นท์ (ไทยแลนด์) จำกัด**

ความเห็น

ข้าพเจ้าได้ตรวจสอบงบการเงินของ **บริษัท โทมัส คุค ดิน เดสทิเนชั่น แมเนจเม้นท์ (ไทยแลนด์) จำกัด**ซึ่งประกอบด้วย งบแสดงฐานะการเงิน ณ วันที่ **30 กันยายน 2563** งบกำไรขาดทุน และงบแสดงการเปลี่ยนแปลงส่วนของผู้ถือหุ้นสำหรับปีสิ้นสุดวันเดียวกัน และหมายเหตุประกอบงบการเงินรวมถึงหมายเหตุสรุปนโยบายการบัญชีที่สำคัญ

ข้าพเจ้าเห็นว่า งบการเงินข้างต้นนี้แสดงฐานะการเงินของ **บริษัท โทมัส คุค ดิน เดสทิเนชั่น แมเนจเม้นท์ (ไทยแลนด์) จำกัด**ณ วันที่ **30 กันยายน 2563** และผลการดำเนินงานสำหรับสำหรับปีสิ้นสุดวันเดียวกัน โดยถูกต้องตามที่ควรในสาระสำคัญตามมาตรฐานการรายงานทางการเงินสำหรับกิจการที่ไม่มีส่วนได้เสียสาธารณะ

เกณฑ์ในการแสดงความเห็น

ข้าพเจ้าได้ปฏิบัติงานตรวจสอบตามมาตรฐานการสอบบัญชี ความรับผิดชอบของข้าพเจ้าได้กล่าวไว้ในวรรคความรับผิดชอบของผู้สอบบัญชีต่อการตรวจสอบงบการเงินในรายงานของข้าพเจ้า ข้าพเจ้ามีความเป็นอิสระจากบริษัทตามข้อกำหนดจรรยาบรรณของผู้ประกอบวิชาชีพบัญชีที่กำหนดโดยสภาวิชาชีพบัญชีในส่วนที่เกี่ยวข้องกับการตรวจสอบงบการเงิน และข้าพเจ้าได้ปฏิบัติตามความรับผิดชอบด้านจรรยาบรรณอื่นๆ ซึ่งเป็นไปตามข้อกำหนดเหล่านี้ ข้าพเจ้าเชื่อว่าหลักฐานการสอบบัญชีที่ข้าพเจ้าได้รับเพียงพอและเหมาะสมเพื่อใช้เป็นเกณฑ์ในการแสดงความเห็นของข้าพเจ้า

ความไม่แน่นอนที่มีสาระสำคัญที่เกี่ยวข้องกับการดำเนินงานต่อเนื่อง

ข้าพเจ้าให้สังเกตตามหมายเหตุประกอบงบการเงินข้อ 13 เนื่องด้วยเหตุการณ์สภาวะการล้มละลายของ บริษัท โทมัส คุค อินเดสทิเนชั่น เซอร์วิสเซส ลิมิเต็ด แห่งสหราชอาณาจักรซึ่งเป็นผู้ถือหุ้นรายใหญ่ของบริษัท ซึ่งส่งผลกระทบทางการเงินต่อบริษัท โดยก่อนหน้านี้บริษัทได้ประกอบกิจการมีผลการดำเนินงานขาดทุนอยู่แล้ว จึงเป็นผลให้ต้องบริษัทต้องหยุดการดำเนินงานชั่วคราว โดยมีมติให้บริษัทฯ หยุดดำเนินงานตั้งแต่เดือน พฤศจิกายน 2562 เป็นต้นไป โดยปัจจัยดังกล่าวแสดงให้เห็นว่ามีความไม่แน่นอนที่มีสาระสำคัญซึ่งอาจเป็นเหตุให้เกิดข้อสงสัยอย่างมีนัยสำคัญเกี่ยวกับความสามารถในการดำเนินงานต่อเนื่องของบริษัท

ในรอบบัญชี สิ้นสุด ณ วันที่ 30 กันยายน 2563 จะมีผลประกอบการขาดทุนสุทธิ 5.9 ล้านบาท และมีผลขาดทุนสะสมยกไปจำนวน 29.1 ล้านบาท ซึ่งขาดทุนเกินทุนจำนวน 5.1 ล้านบาท โดยหนี้สินส่วนใหญ่เป็นเจ้าหนี้การค้าที่เกี่ยวข้องกันกับกิจการ

เรื่องอื่น

งบการเงินของ **บริษัท โทมัส คุค ดิน เดสทิเนชั่น แมเนจเม้นท์ (ไทยแลนด์) จำกัด** สำหรับปีสิ้นสุดวันที่ 30 กันยายน 2562 ตรวจสอบโดยผู้สอบบัญชีอื่น ซึ่งแสดงความเห็นอย่างไม่มีเงื่อนไข ตามรายงานลงวันที่ 20 มกราคม 2563

ความรับผิดชอบของผู้บริหารและผู้มีหน้าที่ในการกำกับดูแลต่องบการเงิน

ผู้บริหารมีหน้าที่รับผิดชอบในการจัดทำและนำเสนองบการเงินเหล่านี้โดยถูกต้องตามที่ควรตามมาตรฐานการรายงานทางการเงินสำหรับกิจการที่ไม่มีส่วนได้เสียสาธารณะ และรับผิดชอบเกี่ยวกับการควบคุมภายในที่ผู้บริหารพิจารณาว่าจำเป็นเพื่อให้สามารถจัดทำงบการเงินที่ปราศจากการแสดงข้อมูลที่ขัดต่อข้อเท็จจริงอันเป็นสาระสำคัญไม่ว่าจะเกิดจากการทุจริตหรือข้อผิดพลาด

ในการจัดทำงบการเงิน ผู้บริหารรับผิดชอบในการประเมินความสามารถของบริษัทในการดำเนินงานต่อเนื่อง เปิดเผยเรื่องที่เกี่ยวกับการดำเนินงานต่อเนื่อง (ตามความเหมาะสม) และการใช้เกณฑ์การบัญชีสำหรับการดำเนินงานต่อเนื่องเว้นแต่ผู้บริหารมีความตั้งใจที่จะเลิกบริษัทหรือหยุดดำเนินงานหรือไม่สามารถดำเนินงานต่อเนื่องต่อไปได้

ผู้มีหน้าที่ในการกำกับดูแลมีหน้าที่ในการสอดส่องดูแลกระบวนการในการจัดทำรายงานทางการเงินของบริษัท

ความรับผิดชอบของผู้สอบบัญชีต่อการตรวจสอบงบการเงิน

การตรวจสอบของข้าพเจ้ามีวัตถุประสงค์เพื่อให้ได้ความเชื่อมั่นอย่างสมเหตุสมผลว่างบการเงินโดยรวมปราศจากการแสดงข้อมูลที่ขัดต่อข้อเท็จจริงอันเป็นสาระสำคัญหรือไม่ ไม่ว่าจะเกิดจากการทุจริตหรือข้อผิดพลาด และเสนอรายงานของผู้สอบบัญชีซึ่งรวมความเห็นของข้าพเจ้าอยู่ด้วย ความเชื่อมั่นอย่างสมเหตุสมผลคือความเชื่อมั่นในระดับสูง แต่ไม่ได้เป็นการรับประกันว่าการปฏิบัติงานตรวจสอบตามมาตรฐานการสอบบัญชีจะสามารถตรวจพบข้อมูลที่ขัดต่อข้อเท็จจริงอันเป็นสาระสำคัญที่มีอยู่ได้เสมอไป ข้อมูลที่ขัดต่อข้อเท็จจริงอาจเกิดจากการทุจริตหรือข้อผิดพลาดและถือว่ามีสาระสำคัญเมื่อคาดการณ์อย่างสมเหตุสมผลได้ว่ารายการที่ขัดต่อข้อเท็จจริงแต่ละรายการหรือทุกรายการรวมกันจะมีผลต่อการตัดสินใจทางเศรษฐกิจของผู้ใช้งบการเงินเหล่านี้

ในการตรวจสอบของข้าพเจ้าตามมาตรฐานการสอบบัญชีรวมถึงการที่ข้าพเจ้าใช้ดุลยพินิจเยี่ยงผู้ประกอบวิชาชีพและการสังเกตและสงสัยเยี่ยงผู้ประกอบวิชาชีพตลอดการตรวจสอบ การปฏิบัติงานของข้าพเจ้ารวมถึงการใช้วิธีการดังต่อไปนี้

- ระบุและประเมินความเสี่ยงจากการแสดงข้อมูลที่ขัดต่อข้อเท็จจริงอันเป็นสาระสำคัญในงบการเงิน ไม่ว่าจะเกิดจากการทุจริตหรือข้อผิดพลาด ออกแบบและปฏิบัติงานตามวิธีการตรวจสอบเพื่อสนองต่อความเสี่ยงเหล่านั้น และได้หลักฐานการสอบบัญชีที่เพียงพอและเหมาะสมเพื่อเป็นเกณฑ์ในการแสดงความเห็นของข้าพเจ้า ความเสี่ยงที่ไม่พบข้อมูลที่ขัดต่อข้อเท็จจริงอันเป็นสาระสำคัญซึ่งเป็นผลมาจากการทุจริตจะสูงกว่าความเสี่ยงที่เกิดจากข้อผิดพลาด เนื่องจากการทุจริตอาจเกี่ยวกับการสมรู้ร่วมคิด การปลอมแปลงเอกสารหลักฐาน การตั้งใจละเว้นการบันทึกรายการหรือแสดงข้อมูลที่ไม่ตรงตามข้อเท็จจริงหรือการแทรกแซงการควบคุมภายใน
- ทำความเข้าใจในระบบการควบคุมภายในที่เกี่ยวข้องกับการตรวจสอบ เพื่อออกแบบวิธีการตรวจสอบที่เหมาะสมกับสถานการณ์ แต่ไม่ใช่เพื่อวัตถุประสงค์ในการแสดงความเห็นต่อความมีประสิทธิผลของการควบคุมภายในของบริษัท
- ประเมินความเหมาะสมของนโยบายการบัญชีที่ผู้บริหารใช้และความสมเหตุสมผลของประมาณการทางบัญชีและการเปิดเผยข้อมูลที่เกี่ยวข้องซึ่งจัดทำขึ้นโดยผู้บริหาร
- สรุปเกี่ยวกับความเหมาะสมของการใช้เกณฑ์การบัญชีสำหรับการดำเนินงานต่อเนื่องของผู้บริหารและจากหลักฐานการสอบบัญชีที่ได้รับ สรุปว่ามีความไม่แน่นอนที่มีสาระสำคัญที่เกี่ยวกับเหตุการณ์หรือสถานการณ์ที่อาจเป็นเหตุให้เกิดข้อสงสัยอย่างมีนัยสำคัญต่อความสามารถของบริษัทในการดำเนินงานต่อเนื่องหรือไม่ ถ้าข้าพเจ้าได้ข้อสรุปว่ามีความไม่แน่นอนที่มีสาระสำคัญ ข้าพเจ้าต้องกล่าวไว้ในรายงานของผู้สอบบัญชีของข้าพเจ้าโดยให้ข้อสังเกตถึงการเปิดเผยข้อมูลในงบการเงินที่เกี่ยวข้อง หรือถ้าการเปิดเผยข้อมูลดังกล่าวไม่เพียงพอ ความเห็นของข้าพเจ้าจะเปลี่ยนแปลงไป

บริษัท เน็ทเอ ออดิท จำกัด เลขทะเบียนนิติบุคคล: 0105563028797 ที่อยู่: 55/28 ลาดพร้าว 18 แยก10 แขวงจอมพล เขตจตุจักร กทม. 10900

Email: n.trakanroek@gmail.com Mobile: 091-961-5951

ข้อสรุปของข้าพเจ้าขึ้นอยู่กับหลักฐานการสอบบัญชีที่ได้รับจนถึงวันที่ในรายงานของผู้สอบบัญชีของข้าพเจ้า อย่างไรก็ตาม เหตุการณ์หรือสถานการณ์ในอนาคตอาจเป็นเหตุให้บริษัทต้องหยุดการดำเนินงานต่อเนื่อง

- ประเมินการนำเสนอ โครงสร้างและเนื้อหาของงบการเงินโดยรวม รวมถึงการเปิดเผยข้อมูลว่างบการเงินแสดงรายการและเหตุการณ์ในรูปแบบที่ทำให้มีการนำเสนอข้อมูลโดยถูกต้องตามที่ควรหรือไม่

ข้าพเจ้าได้สื่อสารกับผู้มีหน้าที่ในการกำกับดูแลในเรื่องต่างๆ ที่สำคัญ ซึ่งรวมถึงขอบเขตและช่วงเวลาของการตรวจสอบตามที่ได้วางแผนไว้ ประเด็นที่มีนัยสำคัญที่พบจากการตรวจสอบ รวมถึงข้อบกพร่องที่มีนัยสำคัญในระบบการควบคุมภายในหากข้าพเจ้าได้พบในระหว่างการตรวจสอบของข้าพเจ้า

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(นางสาวสุธาสี ตระการฤกษ์)
ผู้สอบบัญชีรับอนุญาต เลขทะเบียน 10983

บริษัท เน็ทเอ ออดิท จำกัด
วันที่ 25 มกราคม 2564

บริษัท โทมัส คุก ดิน เดสทิเนชั่น แมเนจเม้นท์ (ไทยแลนด์) จำกัด

งบแสดงฐานะการเงิน

ณ วันที่ 30 กันยายน 2563

	หมายเหตุ	2563	2562
สินทรัพย์		(หน่วย:บาท)	
สินทรัพย์หมุนเวียน			
เงินสดและรายการเทียบเท่าเงินสด	4	698,926.25	9,126,626.68
ลูกหนี้การค้าและลูกหนี้อื่น	5	1,718,397.69	5,230,581.26
สินทรัพย์หมุนเวียนอื่น	6	4,334,787.15	5,251,138.52
รวมสินทรัพย์หมุนเวียน		**6,752,111.09**	**19,608,346.46**
สินทรัพย์ไม่หมุนเวียน			
ส่วนปรับปรุงอาคารและอุปกรณ์ - สุทธิ	7	739,969.83	2,158,529.13
สินทรัพย์ไม่มีตัวตน	8	8,243.80	96,151.39
รวมสินทรัพย์ไม่หมุนเวียน		**748,213.63**	**2,254,680.52**
รวมสินทรัพย์		**7,500,324.72**	**21,863,026.98**

งบการเงินนี้ได้รับการอนุมัติจากที่ประชุมใหญ่สามัญผู้ถือหุ้นเมื่อวันที่ 29 มกราคม 2564

รับรองว่ารายการเป็นความจริงและถูกต้องทุกประการ

(ลงชื่อ)..(กรรมการ)

(นายเลอสรรค์ มีสิทธิ์สกุล)

หมายเหตุประกอบงบการเงินเป็นส่วนหนึ่งของงบการเงินนี้

บริษัท โทมัส คุค ดิน เดสทิเนชั่น แมเนจเม้นท์ (ไทยแลนด์) จำกัด

งบแสดงฐานะการเงิน

ณ วันที่ 30 กันยายน 2563

	หมายเหตุ	2563	2562
หนี้สินและส่วนของผู้ถือหุ้น		(หน่วย:บาท)	
หนี้สินหมุนเวียน			
เจ้าหนี้การค้าและเจ้าหนี้อื่น	9	12,418,752.13	18,853,495.26
ประมาณการหนี้สิน		-	1,807,032.00
หนี้สินหมุนเวียนอื่น	10	135,408.88	270,296.41
รวมหนี้สินหมุนเวียน		**12,554,161.01**	**20,930,823.67**
รวมหนี้สิน		**12,554,161.01**	**20,930,823.67**
ส่วนของผู้ถือหุ้น			
ทุนเรือนหุ้น			
ทุนจดทะเบียน	11		
หุ้นบุริมสิทธิ์ 235,200 หุ้น มูลค่าหุ้นละ 100 บาท		23,520,000.00	23,520,000.00
หุ้นสามัญ 4,800 หุ้น มูลค่าหุ้นละ 100 บาท		480,000.00	480,000.00
		24,000,000.00	24,000,000.00
ทุนที่ชำระแล้ว			
หุ้นบุริมสิทธิ์ 235,200 หุ้น มูลค่าหุ้นละ 100 บาท		23,520,000.00	23,520,000.00
หุ้นสามัญ 4,800 หุ้น มูลค่าหุ้นละ 100 บาท		480,000.00	480,000.00
กำไร (ขาดทุน) สะสม			
ยังไม่ได้จัดสรร		(29,053,836.29)	(23,067,796.69)
รวมส่วนของผู้ถือหุ้น		**(5,053,836.29)**	**932,203.31**
รวมหนี้สินและส่วนของผู้ถือหุ้น		**7,500,324.72**	**21,863,026.98**

รับรองว่ารายการเป็นความจริงและถูกต้องทุกประการ

(ลงชื่อ)..(กรรมการ)

(นายเลอสรรค์ มีสิทธิ์สกุล)

บริษัท โทมัส คุค อิน เดสทิเนชั่น แมเนจเม้นท์ (ไทยแลนด์) จำกัด Thomas Cook In Destination Management (Thailand) Ltd.

หมายเหตุประกอบงบการเงินเป็นส่วนหนึ่งของงบการเงินนี้

บริษัท โทมัส คุค อิน เดสทิเนชั่น แมเนจเม้นท์ (ไทยแลนด์) จำกัด

งบกำไรขาดทุน

สำหรับปีสิ้นสุดวันที่ 30 กันยายน 2563

	หมายเหตุ	2563	2562
		(หน่วย:บาท)	
รายได้			
รายได้จากการให้บริการ		1,424,068.72	188,385,496.05
รายได้อื่น		1,939,125.96	265,813.12
รวมรายได้		**3,363,194.68**	**188,651,309.17**
ค่าใช้จ่าย			
ต้นทุนบริการ		2,267,580.12	125,453,743.00
ค่าใช้จ่ายในการขาย		750.00	12,294,482.54
ค่าใช้จ่ายในการบริหาร		7,080,904.16	67,877,089.28
รวมค่าใช้จ่าย		**9,349,234.28**	**205,625,314.82**
กำไร (ขาดทุน) ก่อนภาษีเงินได้นิติบุคคล		**(5,986,039.60)**	**(16,974,005.65)**
ภาษีเงินได้นิติบุคคล		-	-
กำไร (ขาดทุน) สุทธิ		**(5,986,039.60)**	**(16,974,005.65)**

รับรองว่ารายการเป็นความจริงและถูกต้องทุกประการ

(ลงชื่อ)..(กรรมการ)

(นายเลอสรรค์ มีสิทธิ์สกุล)

บริษัท โทมัส คุค อิน เดสทิเนชั่น แมเนจเม้นท์ (ไทยแลนด์) จำกัด Thomas Cook In Destination Management (Thailand) Ltd

หมายเหตุประกอบงบการเงินเป็นส่วนหนึ่งของงบการเงินนี้

บริษัท โทมัส คุค ดิน เดสทิเนชั่น แมเนจเม้นท์ (ไทยแลนด์) จำกัด

งบแสดงการเปลี่ยนแปลงส่วนของผู้ถือหุ้น

สำหรับปีสิ้นสุดวันที่ 30 กันยายน 2563

	หมายเหตุ	ทุน	กำไร (ขาดทุน) สะสม	รวม
			(หน่วย:บาท)	
ยอดคงเหลือ ณ วันที่ 1 ตุลาคม 2561		1,250,000.00	(6,093,791.04)	(4,843,791.04)
รับชำระค่าหุ้น		3,750,000.00	-	3,750,000.00
เพิ่มทุน		19,000,000.00	-	19,000,000.00
กำไร (ขาดทุน) สำหรับปี		-	(16,974,005.65)	(16,974,005.65)
ยอดคงเหลือ ณ วันที่ 30 กันยายน 2562		**24,000,000.00**	**(23,067,796.69)**	**932,203.31**
ยอดคงเหลือ ณ วันที่ 1 ตุลาคม 2562		24,000,000.00	(23,067,796.69)	932,203.31
กำไร (ขาดทุน) สำหรับปี		-	(5,986,039.60)	(5,986,039.60)
ยอดคงเหลือ ณ วันที่ 30 กันยายน 2563		**24,000,000.00**	**(29,053,836.29)**	**(5,053,836.29)**

รับรองว่ารายการเป็นความจริงและถูกต้องทุกประการ

(ลงชื่อ)...(กรรมการ)

(นายเลอสรรค์ มีสิทธิ์สกุล)

หมายเหตุประกอบงบการเงินเป็นส่วนหนึ่งของงบการเงินนี้

บริษัท โทมัส คุค ดิน เดสทิเนชั่น แมเนจเม้นท์ (ไทยแลนด์) จำกัด

หมายเหตุประกอบงบการเงิน

สำหรับปีสิ้นสุดวันที่ 30 กันยายน 2563

1. ข้อมูลทั่วไป

1.1 บริษัทฯได้จดทะเบียนตามประมวลกฎหมายแพ่งและพาณิชย์เป็นนิติบุคคลประเภท "บริษัทจำกัด" ชื่อ บริษัท โทมัส คุค อิน เดสทิเนชั่น แมเนจเม้นท์ (ไทยแลนด์) จำกัด เมื่อวันที่ 1 สิงหาคม 2561 ทะเบียนนิติบุคคล เลขที่ 0105561130888 บริษัทฯ ประกอบกิจการบริการตัวแทนธุรกิจการเดินทาง

1.2 สำนักงานตั้งอยู่เลขที่ 1161/1 อาคารเอสจีทาวเวอร์ ชั้น 9 ซอยมหาดเล็กหลวง 3 ถนนราชดำริ แขวงลุมพินี เขตปทุมวัน กรุงเทพมหานคร

2. เกณฑ์การจัดทำงบการเงิน

2.1 งบการเงินนี้จัดทำขึ้นตามมาตรฐานการรายงานทางการเงินสำหรับกิจการที่ไม่มีส่วนได้เสียสาธารณะ รวมถึงแนวปฏิบัติทางการบัญชีที่ประกาศใช้โดยสภาวิชาชีพบัญชีฯ (“สภาวิชาชีพบัญชี”)

2.2 ผู้บริหารคาดว่าจะนำมาตรฐานการรายงานทางการเงินที่ปรับปรุงใหม่ตามประกาศสภาวิชาชีพบัญชีมาใช้และถือปฏิบัติ โดยผู้บริหารพิจารณาถึงผลกระทบที่อาจเกิดขึ้นจากการถือปฏิบัติตามมาตรฐานการรายงานทางการเงินที่ปรับปรุงใหม่ดังกล่าวต่องบการเงินของบริษัท ซึ่งคาดว่าไม่มีผลกระทบที่มีสาระสำคัญต่องบการเงินในงวดที่ถือปฏิบัติ

2.3 งบการเงินนี้จัดทำและแสดงหน่วยเงินตราเป็นเงินบาท ยกเว้นที่ระบุไว้เป็นอย่างอื่น งบการเงินนี้ได้จัดทำขึ้นโดยถือหลักเกณฑ์การบันทึกตามราคาทุนเดิม ยกเว้นที่กล่าวไว้ในนโยบายการบัญชี

2.4 ในการจัดทำงบการเงินให้เป็นไปตามมาตรฐานการรายงานทางการเงินสำหรับกิจการที่ไม่มีส่วนได้เสียสาธารณะ ผู้บริหารต้องใช้วิจารณญาณ การประมาณและข้อสมมติฐานหลายประการ ซึ่งมีผลกระทบต่อการกำหนดนโยบายการบัญชีและการรายงานจำนวนเงินที่เกี่ยวกับสินทรัพย์ หนี้สิน รายได้ และค่าใช้จ่าย ผลที่เกิดขึ้นจริงอาจแตกต่างจากที่ประมาณไว้

2.5 ประมาณการและข้อสมมติฐานที่ใช้ในการจัดทำงบการเงินจะได้รับการทบทวนอย่างต่อเนื่อง การปรับประมาณการทางบัญชีจะบันทึกในปีบัญชีที่ประมาณการดังกล่าวได้รับการทบทวนและในงวดอนาคตที่ได้รับผลกระทบ

3. นโยบายบัญชีที่สำคัญ

3.1 เงินสดและรายการเทียบเท่าเงินสด

เงินสดและรายการเทียบเท่าเงินสด หมายถึง เงินสดและเงินฝากธนาคาร และเงินลงทุนระยะสั้นที่มีสภาพคล่องสูงซึ่งถึงกำหนดจ่ายคืนภายในระยะเวลาไม่เกิน 3 เดือนนับจากวันที่ได้มาและไม่มีข้อจำกัดในการเบิกใช้

รับรองว่ารายการเป็นความจริงและถูกต้องทุกประการ

(ลงชื่อ)..(กรรมการ)

(นายเลอสรรค์ มีสิทธิ์สกุล)

3.2 ลูกหนี้การค้าและลูกหนี้อื่น

ลูกหนี้การค้าแสดงมูลค่าตามจำนวนมูลค่าสุทธิที่จะได้รับ บริษัทฯบันทึกค่าเผื่อหนี้สงสัยจะสูญสำหรับผลขาดทุนโดยประมาณที่อาจเกิดขึ้นจากการเก็บเงินจากลูกหนี้ไม่ได้ ซึ่งโดยทั่วไปพิจารณาจากประสบการณ์การเก็บเงินและการวิเคราะห์อายุหนี้

3.3 ส่วนปรับปรุงอาคาร และอุปกรณ์

ส่วนปรับปรุงอาคาร และอุปกรณ์แสดงมูลค่าตามราคาทุนหักค่าเสื่อมราคาสะสม และค่าเผื่อการลดลงของมูลค่า (ถ้ามี) ค่าเสื่อมราคาที่รับรู้ในกำไรหรือขาดทุนคำนวณ โดยวิธีเส้นตรงตามอายุการให้ประโยชน์โดยประมาณของสินทรัพย์แต่ละรายการ ประมาณการอายุการให้ประโยชน์ของสินทรัพย์แสดงได้ดังนี้

ส่วนปรับปรุงอาคาร	20	ปี
อุปกรณ์และเครื่องตกแต่งสำนักงาน	5	ปี
คอมพิวเตอร์	3	ปี

บริษัทฯบันทึกค่าเสื่อมราคารวมอยู่ในการคำนวณผลการดำเนินงาน

รายจ่ายที่เกี่ยวกับการต่อเติม การต่ออายุ หรือการปรับปรุงสินทรัพย์ให้ดีขึ้น ซึ่งทำให้ราคาเปลี่ยนแทนในปัจจุบันของสินทรัพย์เพิ่มขึ้นอย่างเป็นสาระสำคัญ จะรวมเป็นราคาทุนของสินทรัพย์ ส่วนค่าซ่อมแซมและค่าบำรุงรักษารับรู้เป็นค่าใช้จ่ายในรอบระยะเวลาบัญชีที่เกิดขึ้น

3.4 สินทรัพย์ไม่มีตัวตน

สินทรัพย์ไม่มีตัวตนแสดงมูลค่าตามราคาทุนหักค่าตัดจำหน่ายสะสมและค่าเผื่อการลดลงของมูลค่า (ถ้ามี)

บริษัทฯตัดจำหน่ายสินทรัพย์ไม่มีตัวตนเป็นค่าใช้จ่ายในงบกำไรขาดทุนตามวิธีเส้นตรงตลอดอายุการให้ประโยชน์ ดังนี้

โปรแกรมคอมพิวเตอร์	10	ปี

วิธีการตัดจำหน่ายระยะเวลาที่คาดว่าจะได้รับประโยชน์ และมูลค่าคงเหลือจะได้รับการทบทวนทุกสิ้นรอบปีบัญชี

3.5 การแปลงค่ารายการที่เป็นเงินตราต่างประเทศ

รายการที่เป็นเงินตราต่างประเทศซึ่งเกิดขึ้นระหว่างงวดได้แปลงค่าเป็นเงินบาท ด้วยอัตราแลกเปลี่ยน ณ วันที่ที่เกิดรายการ สินทรัพย์และหนี้สินที่เป็นเงินตราต่างประเทศคงเหลืออยู่ ณ วันที่ในงบดุล ได้แปลงค่าเป็นเงินบาทด้วยอัตราแลกเปลี่ยน ณ วันที่ในงบดุล กำไร(ขาดทุน)จากอัตราแลกเปลี่ยนบันทึกในงบกำไรขาดทุน

3.6 ผลประโยชน์พนักงาน

บริษัทฯ จะบันทึกเงินเดือน ค่าจ้าง โบนัสและเงินสมทบกองทุนประกันสังคมเป็นค่าใช้จ่ายเมื่อเกิดรายการหนี้สินสำหรับการเกษียณของพนักงานและผลประโยชน์ระยะยาวอื่นของพนักงานรับรู้ด้วยวิธีการประมาณการที่ดีที่สุด ณ วันที่รายงาน

รับรองว่ารายการเป็นความจริงและถูกต้องทุกประการ

(ลงชื่อ)..(กรรมการ)

(นายเลอสรรค์ มีสิทธิ์สกุล)

3.7 ผลขาดทุนจากการด้อยค่า

บริษัทฯตีราคาด้อยค่าของส่วนปรับปรุงอาคารอุปกรณ์อื่นๆ และทรัพย์สินไม่มีตัวตน เมื่อมูลค่าที่คาดว่าจะได้รับคืนในเชิงเศรษฐกิจของทรัพย์สินมีมูลค่าต่ำกว่ามูลค่าตามบัญชีของทรัพย์สินนั้น ทั้งนี้มูลค่าที่คาดว่าจะได้รับคืนหมายถึงมูลค่ายุติธรรมหักต้นทุนในการขายหรือมูลค่าจากการใช้ทรัพย์สินแล้วแต่อย่างใดจะสูงกว่า เนื่องจากเหตุการณ์ภายหลังวันที่ในงบการเงิน การหยุดดำเนินธุรกิจ เป็นข้อบ่งชี้ว่าบริษัทฯต้องรับรู้ขาดทุนจากการด้อยค่าทรัพย์สิน

3.8 ประมาณการหนี้สิน

การประมาณการหนี้สินจะรับรู้เมื่อบริษัทมีภาระหนี้สินตามกฎหมายที่เกิดขึ้นในปัจจุบัน หรือมีความเป็นไปได้ที่จะก่อให้เกิดภาระหนี้สินจากเหตุการณ์ที่เกิดขึ้นในอดีต และมีความเป็นไปได้ค่อนข้างแน่ตามประโยชน์เชิงเศรษฐกิจที่จะต้องจ่ายชำระหนี้ตามภาระหนี้สินดังกล่าว และสามารถประมาณจำนวนเงินภาระหนี้สินดังกล่าวได้อย่างน่าเชื่อถือ

3.9 ภาษีเงินได้

บริษัทบันทึกภาษีเงินได้ไว้ในงบการเงินเท่าจำนวนที่จะต้องจ่ายตามข้อกำหนดของประมวลรัษฎากร

4. เงินสดและรายการเทียบเท่าเงินสด

เงินสดและรายการเทียบเท่าเงินสด ณ วันที่ 30 กันยายน ประกอบด้วย

	2563	2562
	(หน่วย:บาท)	
เงินสด	-	4,136.97
เงินฝากธนาคาร	698,926.25	9,122,489.71
รวม	698,926.25	9,126,626.68

รับรองว่ารายการเป็นความจริงและถูกต้องทุกประการ

(ลงชื่อ)..(กรรมการ)

(นายเลอสรรค์ มีสิทธิ์สกุล)

บริษัท โทมัส คุค อิน เดสติเนชั่น แมเนจเม้นท์ (ไทยแลนด์) จำกัด Thomas Cook In Destination Management (Thailand) Ltd

5. ลูกหนี้การค้าและลูกหนี้อื่น

ลูกหนี้การค้าและลูกหนี้อื่น ณ วันที่ 30 กันยายน ประกอบด้วย

	2563	2562
	(หน่วย:บาท)	
ลูกหนี้การค้า	13,496,503.12	14,601,226.12
หัก ค่าเผื่อหนี้สงสัยจะสูญ	(12,671,758.86)	(12,671,758.86)
ลูกหนี้การค้า - สุทธิ	824,744.26	1,929,467.26
ลูกหนี้อื่น	893,653.43	1,876,193.67
ค่าใช้จ่ายจ่ายล่วงหน้า	-	1,424,920.33
รวม	1,718,397.69	5,230,581.26

6. สินทรัพย์หมุนเวียนอื่น

สินทรัพย์หมุนเวียนอื่น ณ วันที่ 30 กันยายน ประกอบด้วย

	2563	2562
	(หน่วย:บาท)	
ลูกหนี้กรมสรรพากร	1,240,019.06	1,585,664.51
ภาษีซื้อรอนำส่ง	918,715.08	1,480,822.08
ภาษีเงินได้จ่ายล่วงหน้า	1,551,533.26	1,560,132.18
เงินประกันการเช่า	624,519.75	624,519.75
รวม	4,334,787.15	5,251,138.52

รับรองว่ารายการเป็นความจริงและถูกต้องทุกประการ

(ลงชื่อ)..(กรรมการ)

(นายเลอสรรค์ มีสิทธิ์สกุล)

7. ส่วนปรับปรุงอาคารและอุปกรณ์ - สุทธิ

2562	ยอดคงเหลือ ณ 1 ตุลาคม 2561	รายการเคลื่อนไหวระหว่างปี เพิ่มขึ้น	ลดลง	ยอดคงเหลือ ณ 30 กันยายน 2562
ราคาทุน		(หน่วย:บาท)		
ส่วนปรับปรุงอาคาร	586,713.82	481,805.50	-	1,068,519.32
อุปกรณ์	272,944.79	290,996.06	-	563,940.85
เฟอร์นิเจอร์	687,484.40	377,722.87	-	1,065,207.27
คอมพิวเตอร์	246,292.50	816,717.06	-	1,063,009.56
รวมราคาทุน	1,793,435.51	1,967,241.49	-	3,760,677.00
หัก ค่าเสื่อมราคาสะสม				
ส่วนปรับปรุงอาคาร	-	30,371.61	-	30,371.61
อุปกรณ์	-	84,224.12	-	84,224.12
เฟอร์นิเจอร์	-	146,170.75	-	146,170.75
คอมพิวเตอร์	-	312,138.01	-	312,138.01
รวมค่าเสื่อมราคาสะสม	-	572,904.49	-	572,904.49
หัก ค่าเผื่อผลขาดทุนจากการด้อยค่า				
ส่วนปรับปรุงอาคาร	-	1,029,243.38	-	1,029,243.38
อุปกรณ์	-	-	-	-
เฟอร์นิเจอร์	-	-	-	-
คอมพิวเตอร์	-	-	-	-
รวมค่าเผื่อผลขาดทุนจากการด้อยค่า	-	1,029,243.38	-	1,029,243.38
มูลค่าสุทธิตามบัญชี	1,793,435.51			2,158,529.13

รับรองว่ารายการเป็นความจริงและถูกต้องทุกประการ

(ลงชื่อ)..(กรรมการ)

(นายเลอสรรค์ มีสิทธิ์สกุล)

7. ส่วนปรับปรุงอาคารและอุปกรณ์ - สุทธิ (ต่อ)

2563	ยอดคงเหลือ ณ	รายการเคลื่อนไหวระหว่างปี		ยอดคงเหลือ ณ
	1 ตุลาคม 2562	เพิ่มขึ้น	ลดลง	30 กันยายน 2563
ราคาทุน		(หน่วย:บาท)		
ส่วนปรับปรุงอาคาร	1,068,519.32	-	-	1,068,519.32
อุปกรณ์	563,940.85	-	-	563,940.85
เฟอร์นิเจอร์	1,065,207.27	-	(1,065,207.27)	-
คอมพิวเตอร์	1,063,009.56	-	-	1,063,009.56
รวมราคาทุน	3,760,677.00	-	(1,065,207.27)	2,695,469.73
หัก ค่าเสื่อมราคาสะสม				
ส่วนปรับปรุงอาคาร	30,371.61	-	-	30,371.61
อุปกรณ์	84,224.12	106,122.50	-	190,346.62
เฟอร์นิเจอร์	146,170.75	-	(146,170.75)	-
คอมพิวเตอร์	312,138.01	355,271.68	-	667,409.69
รวมค่าเสื่อมราคาสะสม	572,904.49	461,394.18	(146,170.75)	888,127.92
หัก ค่าเผื่อผลขาดทุนจากการด้อยค่า				
ส่วนปรับปรุงอาคาร	1,029,243.38	8,904.33	-	1,038,147.71
อุปกรณ์	-	29,224.27	-	29,224.27
เฟอร์นิเจอร์	-	-	-	-
คอมพิวเตอร์	-	-	-	-
รวมค่าเผื่อผลขาดทุนจากการด้อยค่า	1,029,243.38	38,128.60	-	1,067,371.98
มูลค่าสุทธิตามบัญชี	2,158,529.13			739,969.83

ตามหมายเหตุประกอบงบการเงินข้อ 13 ผลกระทบจากการหยุดดำเนินธุรกิจ ผู้บริหารมีนโยบายจำหน่ายสินทรัพย์ถาวรทั้งหมด สำหรับสินทรัพย์ที่ไม่สามารถจำหน่ายได้บริษัทฯ พิจารณาตั้งค่าเผื่อผลขาดทุนจากการด้อยค่า

รับรองว่ารายการเป็นความจริงและถูกต้องทุกประการ

(ลงชื่อ)..(กรรมการ)

(นายเลอสรรค์ มีสิทธิ์สกุล)

บริษัท โทมัส คุค อิน เดสทิเนชั่น แมเนจเม้นท์ (ไทยแลนด์) จำกัด
Thomas Cook In Destination Management (Thailand)

8. สินทรัพย์ไม่มีตัวตน

2562	ยอดคงเหลือ ณ	รายการเคลื่อนไหวระหว่างปี		ยอดคงเหลือ ณ
	1 ตุลาคม 2561	เพิ่มขึ้น	ลดลง	30 กันยายน 2562
โปรแกรมซอฟท์แวร์		(หน่วย:บาท)		
ราคาทุน	3,025,483.40	2,743,599.77	-	5,769,083.17
หัก ค่าเสื่อมราคาสะสม	-	480,931.61	-	480,931.61
หัก ค่าเผื่อผลขาดทุนจากการด้อยค่า	-	5,192,000.17	-	5,192,000.17
มูลค่าสุทธิตามบัญชี	3,025,483.40			96,151.39

2563	ยอดคงเหลือ ณ	รายการเคลื่อนไหวระหว่างปี		ยอดคงเหลือ ณ
	1 ตุลาคม 2562	เพิ่มขึ้น	ลดลง	30 กันยายน 2563
โปรแกรมซอฟท์แวร์		(หน่วย:บาท)		
ราคาทุน	5,769,083.17	-	(5,758,883.17)	10,200.00
หัก ค่าเสื่อมราคาสะสม	480,931.61	120,145.36	(599,120.77)	1,956.20
หัก ค่าเผื่อผลขาดทุนจากการด้อยค่า	5,192,000.17	-	(5,192,000.17)	-
มูลค่าสุทธิตามบัญชี	96,151.39			8,243.80

9. เจ้าหนี้การค้าและเจ้าหนี้อื่น

เจ้าหนี้การค้าและเจ้าหนี้อื่น ณ วันที่ 30 กันยายน ประกอบด้วย

	2563	2562
	(หน่วย:บาท)	
เจ้าหนี้การค้าและเจ้าหนี้อื่น	11,750,802.30	18,284,397.76
ค่าใช้จ่ายค้างจ่าย	667,949.83	569,097.50
รวม	12,418,752.13	18,853,495.26

รับรองว่ารายการเป็นความจริงและถูกต้องทุกประการ

(ลงชื่อ)..(กรรมการ)

(นายเลอสรรค์ มีสิทธิ์สกุล)

10. หนี้สินหมุนเวียนอื่น

หนี้สินหมุนเวียนอื่น ณ วันที่ 30 กันยายน ประกอบด้วย

	2563	2562
	(หน่วย:บาท)	
ภาษีหัก ณ ที่จ่ายค้างจ่าย	128,114.49	207,746.41
ประกันสังคมค้างจ่าย	-	62,550.00
ภาษีขายรอนำส่ง	7,294.39	-
รวม	135,408.88	270,296.41

11. ทุนจดทะเบียน

บริษัทฯ มีทุนจดทะเบียนซึ่งประกอบไปด้วยประเภทหุ้น ดังนี้

ณ 30 กันยายน 2562 , 2563	จำนวนหุ้น	มูลค่าหุ้น	จำนวนเงิน (หน่วย:บาท)
หุ้นบุริมสิทธิ์			
กลุ่ม ก (117,600 หุ้นบุริมสิทธิ์)	117,600	100	11,760,000.00
กลุ่ม ข (117,600 หุ้นบุริมสิทธิ์)	117,600	100	11,760,000.00
	235,200		23,520,000.00
หุ้นสามัญ กลุ่ม ค (1,000 หุ้นสามัญ)	4,800	100	480,000.00
รวม	240,000		24,000,000.00

- หุ้นบุริมสิทธิ์กลุ่ม ก จำนวน 100 หุ้น มีสิทธิ์ออกเสียงเท่ากับจำนวน 129 เสียงในที่ประชุม และมีสิทธิ์ได้รับเงินปันผลแบบไม่สะสมในอัตราร้อยละ 64.50 ของจำนวนเงินปันผลทั้งหมดที่บริษัทประกาศจ่ายในแต่ละครั้งตามสัดส่วนการถือหุ้น สิทธิที่ได้รับเงินปันผลนั้นไม่สะสม โดยจะใช้ได้เฉพาะในปีบัญชีที่บริษัทมีกำไรสุทธิเพียงพอที่จะประกาศจ่ายเงินปันผลเท่านั้น โดยขึ้นอยู่กับดุลยพินิจของคณะกรรมการบริษัทหรือผู้ถือหุ้นว่าจะประกาศจ่ายเงินปันผลหรือไม่
- หุ้นบุริมสิทธิ์กลุ่ม ข จำนวน 100 หุ้น มีสิทธิ์ออกเสียงเท่ากับจำนวน 69 เสียงในที่ประชุม และมีสิทธิ์ได้รับเงินปันผลแบบไม่สะสมในอัตราร้อยละ 34.50 ของจำนวนเงินปันผลทั้งหมดที่บริษัทประกาศจ่ายในแต่ละครั้งตามสัดส่วนการถือหุ้น สิทธิที่ได้รับเงินปันผลนั้นไม่สะสม โดยจะใช้ได้เฉพาะในปีบัญชีที่บริษัทมีกำไรสุทธิเพียงพอที่จะประกาศจ่ายเงินปันผลเท่านั้น โดยขึ้นอยู่กับดุลยพินิจของคณะกรรมการบริษัทหรือผู้ถือหุ้นว่าจะประกาศจ่ายเงินปันผลหรือไม่

รับรองว่ารายการเป็นความจริงและถูกต้องทุกประการ

(ลงชื่อ)..(กรรมการ)

(นายเลอสรรค์ มีสิทธิ์สกุล)

บริษัท โทมัส คุก อิน เดสทิเนชั่น แมเนจเม้นท์ (ไทยแลนด์) จำกัด Thomas Cook In Destination Management (Thailand)

11. ทุนจดทะเบียน (ต่อ)

- หุ้นสามัญ กลุ่ม ค จำนวน 1 หุ้น มีสิทธิออกเสียงเท่ากับจำนวน 1 เสียงในที่ประชุมและมีสิทธิ์ได้รับเงินปันผลส่วนที่เหลือหลังจากประกาศจ่ายแก่ผู้ถือหุ้นบุริมสิทธิ์กลุ่ม ก และ ข ตามสัดส่วนการถือหุ้นได้รับเงินปันผลแบบไม่สะสม โดยจะใช้ได้เฉพาะในปีบัญชีที่บริษัทมีกำไรสุทธิเพียงพอที่จะประกาศจ่ายเงินปันผลเท่านั้น โดยขึ้นอยู่กับดุลยพินิจของคณะกรรมการบริษัทหรือผู้ถือหุ้นว่าจะประกาศจ่ายเงินปันผลหรือไม่

12. การเปลี่ยนแปลงการแสดงรายการ และการจัดประเภทรายการใหม่

บริษัทฯ ได้จัดประเภทรายการบัญชีบางรายการในงบการเงินสำหรับปี สิ้นสุดวันที่ 30 กันยายน 2562 ใหม่ เพื่อให้สอดคล้องกับการจัดประเภทรายการบัญชีในปีปัจจุบัน ซึ่งไม่มีผลกระทบต่อกำไรสุทธิหรือกำไรสะสมตามที่ได้รายงานไว้

13. เหตุการณ์สำคัญ

ตามรายงานการประชุมคณะกรรมการครั้งที่ 1/2562 เมื่อวันที่ 15 ตุลาคม 2562 เนื่องด้วยเหตุการณ์สภาวะการล้มละลายของ บริษัท โทมัส คุค อินเดสทิเนชั่น เซอร์วิสเซส ลิมิเต็ด แห่งสหราชอาณาจักรซึ่งเป็นผู้ถือหุ้นรายใหญ่ของบริษัท ซึ่งส่งผลกระทบทางการเงินต่อบริษัท โดยก่อนหน้านี้บริษัทได้ประกอบกิจการมีผลการดำเนินงานขาดทุนอยู่แล้ว จึงเป็นผลให้ต้องบริษัทต้องหยุดการดำเนินงานชั่วคราว โดยมีมติให้บริษัทฯ หยุดดำเนินงานตั้งแต่เดือน พฤศจิกายน 2562 เป็นต้นไป

14. การดำเนินงานต่อเนื่อง

งบการเงินนี้ได้จัดทำขึ้นตามหลักเกณฑ์ที่ว่า บริษัทฯ จะดำเนินงานต่อเนื่อง ซึ่งตามข้อสมมติฐานบริษัทจะประกอบกิจการต่อไปโดยที่มิได้ปรับปรุงมูลค่าสินทรัพย์ในราคาที่อาจจำหน่ายได้และปรับปรุงหนี้สินตามจำนวนที่จะชำระคืน

ในรอบบัญชี สิ้นสุด ณ วันที่ 30 กันยายน 2563 จะมีผลประกอบการขาดทุนสุทธิ 5,986,039.60 บาท (2562 :16,974,005.65 บาท) และมีผลขาดทุนสะสมยกไปจำนวน 29,053,836.29 บาท (2562 : 23,067,796.69 บาท) โดยหนี้สินส่วนใหญ่เป็นเจ้าหนี้การค้าที่เกี่ยวข้องกันกับกิจการ

15. การอนุมัติงบการเงิน

งบการเงินได้รับอนุมัติจากคณะกรรมการให้เผยแพร่ข้อมูลเมื่อวันที่ 25 มกราคม 2564

รับรองว่ารายการเป็นความจริงและถูกต้องทุกประการ

(ลงชื่อ)..(กรรมการ)

(นายเลอสรรค์ มีสิทธิ์สกุล)