# N B T and Co
*Chartered Accountants*


Date: - December 24, 2021

To,
The Board of Directors
TBO Tek Limited
(Formerly known as TBO Tek Private Limited and Tek Travels Private Limited)
E-78 South Extension Part - I
New Delhi 110 049
Delhi, India

Dear Sir,

We have verified the translated version of the audited consolidated financial statements of **TEK TRAVELS DMCC** for the year ended 31st March 2019. The financial statements have been translated by the Company in Indian Rupee in accordance with Ind AS 21, The Effect of Changes in Foreign Currency Rates. The work is carried out by us in accordance with the Standard of Related Services (SRS) 4400, "Engagements to Perform Agreed upon Procedures regarding Financial Information" issued by the Institute of Chartered Accountants of India.

As required under Schedule VI Part A Item no. (11) (I) (A) (ii) (b) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations"), we have verified the translated financial information contained in the Annexures attached to this certificate which is proposed to be uploaded on the website of **TBO TEK LIMITED** (Formerly known as TBO Tek Private Limited and Tek Travels Private Limited) in connection with its proposed initial public offering of equity shares of **TBO TEK LIMITED** (Formerly known as TBO Tek Private Limited and Tek Travels Private Limited).

We did not audit or review the consolidated financial statements of **TEK TRAVELS DMCC** or standalone or consolidated financial statements of its parent company, **TBO TEK LIMITED** (Formerly known as TBO Tek Private Limited and Tek Travels Private Limited). These financial statements have been audited by other audit firms, whose reports have been furnished to us by the Company.

These translated financials should not in any way be construed as a reissuance or re-dating of any of the previous audit reports, nor should these be construed as a new opinion on any of the audited standalone financial statements referred to herein.

These translated financials are intended solely for the use of management of the Company for uploading on website of **TBO TEK LIMITED** (Formerly known as TBO Tek Private Limited and Tek Travels Private Limited) in connection with proposed initial public offering of equity shares of the Company. The certificate should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

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**Disclaimer: -**

1. The above certificate is based on the information and explanations provided by the management of **TBO TEK LIMITED** (Formerly known as TBO Tek Private Limited and Tek Travels Private Limited) and its subsidiary **TEK TRAVELS DMCC** and step down subsidiaries.

**For N B T and Co**
**Chartered Accountants**
**ICAI Firm Registration Number: 140489W**

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Ashutosh Biyani

**CA. Ashutosh Biyani**
**Partner**
**Membership No.: 165017**
**Place: Mumbai**
**UDIN: 22165017ACZOQG1126**

## TEK TRAVELS DMCC

**Consolidated statement of financial position**

| | Note | As at 31 March, 2019 | | As at 31 March, 2018 (unaudited) | |
|---|---|---|---|---|---|
| | | AED | INR | AED | INR |
| **ASSETS** | | | | | |
| **NON-CURRENT ASSETS** | | | | | |
| Property, Plant and Equipment | 4 | 2,64,258 | 49,85,201 | 1,83,935 | 32,60,891 |
| Intangible Assets | | 1,732 | 32,674 | - | - |
| Investments | | 7,500 | 1,41,487 | - | - |
| | | **2,73,490** | **51,59,362** | **1,83,935** | **32,60,891** |
| **CURRENT ASSETS** | | | | | |
| Trade and other receivables | 5 | 11,92,08,065 | 2,24,88,48,323 | 7,33,65,600 | 1,30,06,61,886 |
| Due from related party | 6 | 49,37,580 | 9,31,46,967 | 37,48,979 | 6,64,63,769 |
| Cash and bank balances | 7 | 4,04,45,431 | 76,29,99,035 | 4,36,95,712 | 77,46,59,333 |
| | | 16,45,91,076 | 3,10,49,94,325 | 12,08,10,291 | 2,14,17,84,988 |
| **TOTAL ASSETS** | | **16,48,64,566** | **3,11,01,53,687** | **12,09,94,226** | **2,14,50,45,879** |
| **EOUITY AND LIABILITIES** | | | | | |
| **EQUITY** | | | | | |
| Share capital | 9 | 91,00,000 | 15,61,10,000 | 91,00,000 | 15,61,10,000 |
| Retained Earnings | | 1,54,87,115 | 29,27,55,520 | 76,99,881 | 14,41,95,760 |
| Translation reserve | | (1,28,169) | 1,25,50,094 | 25,579 | (20,27,926) |
| | | 2,44,58,946 | 46,14,15,614 | 1,68,25,460 | 29,82,77,834 |
| **LIABILITIES** | | | | | |
| **NON-CURRENT LIABILITIES** | | | | | |
| Provision for employees' end of service benefits | 10 | 9,17,717 | 1,73,12,649 | 5,59,009 | 99,10,390 |
| Provision for equity compensation | | - | - | 32,184 | 5,70,574 |
| | | 9,17,717 | 1,73,12,649 | 5,91,193 | 1,04,80,964 |
| **CURRENT LIABILITIES** | | | | | |
| Trade and other payables | 11 | 13,94,87,903 | 2,63,14,25,424 | 10,32,60,024 | 1,83,06,57,414 |
| Provision for equity compensation | | - | - | 3,17,549 | 56,29,667 |
| **TOTAL LIABILITIES** | | 13,94,87,903 | 2,63,14,25,424 | 10,35,77,573 | 1,83,62,87,081 |
| **TOTAL EQUITY AND LIABILITIES** | | **16,48,64,566** | **3,11,01,53,687** | **12,09,94,226** | **2,14,50,45,879** |

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## TEK TRAVELS DMCC
**Consolidated statement of comprehensive income**

| | Note | Year ended 31 March, 2019 | | Year ended 31 March, 2018 (unaudited) | |
|---|---|---|---|---|---|
| | | AED | INR | AED | INR |
| Revenue | 12 | 7,36,46,541 | 1,40,09,21,445 | 4,58,41,865 | 80,43,87,797 |
| Cost of sales | | (2,69,96,626) | (51,33,36,135) | (1,65,93,554) | (28,99,39,172) |
| **Gross profit** | | **4,66,49,915** | **88,75,85,310** | **2,92,48,311** | **51,44,48,625** |
| Other Income | | 1,98,116 | 37,36,006 | 5,24,894 | 92,22,207 |
| **Expenses** | | | | | |
| General and administrative | 13 | (3,82,93,942) | (72,83,02,977) | (2,58,07,654) | (45,43,76,522) |
| Impairment loss on trade receivables | 5 | (7,66,855) | (1,44,58,579) | (12,03,538) | (2,12,12,942) |
| **Profit for the year** | | **77,87,234** | **14,85,59,760** | **27,62,013** | **4,80,81,368** |
| **Other comprehensive income** | | | | | |
| *Items that may be reclassified to profit and loss* | | | | | |
| Currency translation differences | | (1,53,748) | 1,45,78,020 | (21,446) | 14,93,888 |
| **Other comprehensive income / (loss) for the year** | | **(1,53,748)** | **1,45,78,020** | **(21,446)** | **14,93,888** |
| **Total comprehensive income for the year** | | **76,33,486** | **16,31,37,780** | **27,40,567** | **4,95,75,256** |

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## TEK TRAVELS DMCC

### Consolidated statement of changes in equity

| | Share capital | | Retained earnings | | Transalation reserve | | Total equity | |
|---|---|---|---|---|---|---|---|---|
| | AED | INR | AED | INR | AED | INR | AED | INR |
| **At 1 April 2017 (unaudited)** | **91,00,000** | **15,61,10,000** | **49,37,868** | **9,61,14,392** | **48,062** | **(35,21,814)** | **1,40,85,930** | **24,87,02,578** |
| **Total comprehensive income** | | | | | | | | |
| Profit for the year | - | - | 27,62,013 | 4,80,81,368 | - | - | 27,62,013 | 4,80,81,368 |
| Currency translation differences | - | - | - | - | (21,446) | 14,93,888 | (21,446) | 14,93,888 |
| **At 31 March 2018 (unaudited)** | **91,00,000** | **15,61,10,000** | **76,99,881** | **14,41,95,760** | **25,579** | **(20,27,926)** | **1,68,25,460** | **29,82,77,834** |
| **Total comprehensive income** | | | | | | | | |
| Profit for the year | - | - | 77,87,234 | 14,85,59,760 | - | - | 77,87,234 | 14,85,59,760 |
| Currency translation differences | - | - | - | - | (1,53,748) | 1,45,78,020 | (1,53,748) | 1,45,78,020 |
| **At 31 March 2019** | **91,00,000** | **15,61,10,000** | **1,54,87,115** | **29,27,55,520** | **(1,28,169)** | **1,25,50,094** | **2,44,58,946** | **46,14,15,614** |

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**TEK TRAVELS DMCC**

**Consolidated statement of cash flows**

| | Note | Year ended 31 March, 2019 | | Year ended 31 March, 2018 (unaudited) | |
|---|---|---|---|---|---|
| | | AED | INR | AED | INR |
| **Cash flows from operating activities** | | | | | |
| Profit for the year | | 77,87,234 | 14,85,59,760 | 27,62,013 | 4,80,81,368 |
| **Adjustments for:** | | | | | |
| Depreciation and amortisation | 13 | 1,34,885 | 25,68,821 | 1,14,688 | 20,13,693 |
| Provision for employees' end of service benefits | 10 | 3,71,598 | 70,77,786 | 1,32,646 | 23,26,669 |
| Provision for impairment of trade receivables | 5 | 7,66,855 | 1,44,58,579 | 12,03,538 | 2,12,12,942 |
| Provision for equity compensation | | (3,49,733) | (62,00,241) | (4,14,747) | (72,99,794) |
| **Operating cash flows before payment of employees' end of service benefits and changes in working capital** | | **87,10,839** | **16,64,64,705** | **37,98,138** | **6,63,34,878** |
| Payment of employees' end of service benefits | 10 | (12,890) | (2,46,492) | (12,393) | (2,17,585) |
| **Changes in working capital:** | | | | | |
| Trade and other receivables before movement in provision | | (4,66,09,320) | (96,26,45,016) | (2,42,19,779) | (43,27,50,030) |
| Due from related parties | | (11,88,601) | (2,66,83,198) | (32,70,133) | (5,80,07,775) |
| Trade and other payables | | 3,62,27,879 | 80,07,68,010 | 3,93,87,980 | 70,27,34,055 |
| **Net cash (used in) / generated from operating activities** | | **(28,72,093)** | **(2,23,41,991)** | **1,56,83,813** | **27,80,93,543** |
| **Cash flows from investing activities** | | | | | |
| Purchase of property and equipment | 4 | (2,14,630) | (40,48,974) | (1,34,315) | (23,81,203) |
| Purchase of intangibles | | (2,310) | (43,578) | - | - |
| Investments | | (7,500) | (1,41,487) | - | - |
| **Net cash used in investing activities** | | **(2,24,440)** | **(42,34,039)** | **(1,34,315)** | **(23,81,203)** |
| **Net (decrease) / increase in cash and cash equivalents** | | (30,96,533) | (2,65,76,030) | 1,55,49,498 | 27,57,12,340 |
| Currency translation differences | | (1,53,748) | 1,49,15,732 | (21,446) | 15,31,227 |
| Cash and cash equivalents, beginning of the year | 7 | 4,36,95,712 | 77,46,59,333 | 2,81,67,660 | 49,74,15,766 |
| **Cash and cash equivalents, end of the year** | 7 | **4,04,45,431** | **76,29,99,035** | **4,36,95,712** | **77,46,59,333** |

## 1 General information

Tek Travels DMCC (the "Company") is a limited liability company established in Jumeirah Lake Towers under the provisions of Dubai Multi Commodities Centre Authority laws and regulations. The Company is a wholly owned subsidiary of Tek Travels Private Limited ("the parent company") based in India.

These consolidated financial statements relate to the company and its subsidiaries (together referred to as the "Group").

The Group is primarily engaged in the business activity of e-marketplace service provider (DMCC), e-business and software solutions.

## 2 Summary of significant accounting policies

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

### 2.1 Basis of preparation

These consolidated financial statements have 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 consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). These consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

*(a) New standards adopted by the Group*

The following standards have been adopted by the Group for the first time for the financial year beginning on 1 April 2018:

- IFRS 9, 'Financial instruments' (effective from 1 April 2018); and
- IFRS 15, 'Revenue from contracts with customers' (effective from 1 April 2018).

The Group had to change its accounting policies as a result of adopting these standards. The impact of changes in accounting policies are disclosed in Note 17.

There are no other IFRSs or IFRIC interpretations that are effective and would be expected to have a material impact on the consolidated financial statements of the Group.

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## 2 Summary of significant accounting policies (continued)

### 2.1 Basis of preparation (continued)

*(b) New standards not yet adopted by the Group*

Certain new standards have been published and are mandatory for the Group's accounting periods beginning after 1 April 2018 or later periods, but have not been early adopted by the Group. The Group's assessment of the impact of these standards is set out below.

- IFRS 16, 'Leases', (effective from 1 January 2019).

The new standard will result in almost all leases being recognised on the consolidated statement of financial position by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property and equipment. The only exceptions are short term and low value leases.

The Group has performed an assessment to determine the potential impact of the application of IFRS 16 on the amounts reported and disclosures made in this consolidated financial statements. All the Group's leasing arrangements were reviewed in the light of the new lease accounting rules in IFRS 16 and no significant impact on adoption of the new standard was noted as all of the Group's leases are short term.

Management anticipates that this new standard will be adopted in the Group's consolidated financial statements for the annual year beginning 1 April 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right of use assets for property leases will be measured on transition as if the new rules had always been applied.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### 2.2 Basis of consolidation

*Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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 Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred to the former owners of the acquired business and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary.

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## 2 Summary of significant accounting policies (continued)

### 2.2 Basis of consolidation (continued)

*Subsidiaries* (continued)

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A listing of Group subsidiaries is set out in Note 15.

### 2.3 Foreign currency translation

*(a) Functional and presentation currency*

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the respective entity operates ("the functional currency"). The consolidated financial statements are presented in the United Arab Emirates Dirham ("AED") which is the company's functional and the Group's presentation currency.

*(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the end of month, which closely approximates the 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised within profit and loss in the consolidated statement of comprehensive income.

*(c) Group companies*

The results and financial positions of all the subsidiaries (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;

(ii) income and expenses for each statement of comprehensive income are translated at monthly average exchange rates during the financial year; and

(iii) all resulting exchange differences are recognised as other comprehensive income and are presented as a separate component of equity called "translation reserve".

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to equity attributable to the owners of the parent. When a foreign operation is sold, the associated exchange differences that were recorded in equity are reclassified to the consolidated statement of comprehensive income as part of the gain or loss on sale.

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## 2 Summary of significant accounting policies (continued)

### 2.4 Property and equipment

All items of property and equipment are stated at historical cost less accumulated depreciation and impairment, if any. 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 the replaced part is derecognised. All other repairs and maintenance cost are charged within profit and loss in the consolidated statement of comprehensive income during the financial year in which they are incurred.

Depreciation is calculated using the straight line method to allocate the cost of assets less their estimated residual value over their estimated useful lives, as follows:

| | **Years** |
|---|---|
| Furniture and fixtures | 3 |
| Motor vehicles | 3 |
| Computers | 3 |
| office equipment | 3 |

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within profit and loss in the consolidated statement of comprehensive income.

### 2.5 Intangible asset

Acquired computer software costs recognised as assets are amortised over their estimated useful lives, which do not exceed five years.

### 2.6 Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value 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 the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows ("cash generating units").

Non-financial assets other than goodwill that have suffered impairment are reviewed for possible reversal of the impairment at each consolidated balance sheet date.

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## 2 Summary of significant accounting policies (continued)

### 2.7 Financial assets

The application of the new standard requires management to apply the following new accounting policies:

*(a) Classification*

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Management determines the classification of its investment at initial recognition.

*(a) Recognition and de-recognition*

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group 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 Group has transferred substantially all the risks and rewards of ownership.

*(b) Measurement*

At initial recognition, the Group 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 within profit or loss in the consolidated statement of comprehensive income.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments in the following category:

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 within profit or loss in the consolidated statement of comprehensive income. Impairment losses are presented as separate line item within the profit or loss in the consolidated statement of comprehensive income.

*(c) Impairment*

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## 2 Summary of significant accounting policies (continued)

### 2.7 Financial assets (continued)

*(d) Accounting policies applied until 31 March 2018*

The Group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

*Classification*

The Group classifies its financial assets as 'loans and receivables' and 'financial assets at fair value through profit and loss' which mainly comprises of derivative financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the consolidated statement of financial position date, which are classified as non-current assets.

The Group's loans and receivables comprise 'Trade and other receivables (excluding prepayments and advances)', 'Due from related parties' and 'Cash and cash equivalents'.

*Recognition and measurement*

Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

*Impairment*

In respect of assets carried at amortised cost, the Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognised only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

### 2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated 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. 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 Group or the counterparty.

## 2 Summary of significant accounting policies (continued)

### 2.9 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer) from the consolidated statement of financial position date, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### 2.10 Cash and cash equivalents

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash in hand and balances in current accounts.

### 2.11 Share capital

Ordinary shares are classified as equity.

### 2.12 Employee benefits

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by the employees up to the consolidated statement of financial position date.

A provision is also made, using actuarial techniques, for the full amount of end of service benefits due to the employees in accordance with the local labour law of the country where they are employed, for their periods of service up to the consolidated statement of financial position date.

The accrual relating to annual leave and leave passage is disclosed as a current liability and included in the trade and other payables, while the provision relating to end of service benefits is disclosed as a non-current liability.

### 2.13 Equity compensation policy

On August 28, 2012 the MIH India Global Internet Limited share appreciation rights plan was established. The aggregate number of scheme shares in respect of which they may award share appreciation rights (SARs) is no more than 15% of the total number of ordinary shares in issue in the company. SARs may be granted with an exercise price of not less than 100% of the fair value of the SARs at the time of the grant. One fifth of the SARs generally vest at the anniversary of each of the first, second, third, fourth and fifth years after the grant date of the SARs and expire after 10 years. Unvested SARs are subject to forfeiture upon termination of employment. Cancelled SARs are SARs cancelled by mutual agreement between employer and employee. This plan is classified as cash-settled.

Based on the arrangement entered with the MIH India Holdings Limited any expenses incurred after 31st March 2017 will be reimbursed by MIH Internet SEA Pvt Ltd -a related body corporate of MIH India Holdings Limited, hence no cost has been recorded in the books of Tek Travels DMCC.

## 2 Summary of significant accounting policies (continued)

### 2.14 Revenue recognition

The application of the new standard requires management to apply the following new accounting policies:

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Group's activities. Revenue is shown net of discounts, provision for cancellation of bookings and after eliminating revenue within the Group. The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Group, regardless of when the payment is being made.

*Revenue from rendering of services*

The Group recognises revenue from sale of goods based on a five step model as set out in IFRS 15:

i. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

ii. Identify the 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.

iii. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

iv. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

v. Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

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## 2 Summary of significant accounting policies (continued)

### 2.14 Revenue recognition (continued)

*Revenue from rendering of services* (continued)

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied. The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. As part of the impact assessment exercise, Group has concluded that for all of its arrangements none of the above conditions are satisfied therefore, it recognises revenue at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised services, it creates a contract asset based 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.

The Group recognises revenue in accordance with 5 step model, as specified above, at a point in time when specific criteria have been met for each of the Group's activities as described below;

*(a) Commission income*

Commission income primarily include commissions from hotel reservations, air ticket booking and related services, including cancellation charges and performance linked incentives. Revenue from commission income is recognised at the point in time when the booking is confirmed by the agent. Commission income is based on the price specified in the contracts, net of the provision for cancellation of bookings based on historical cancellation trends.

*(b) Cash back income*

Cash back income is incentive earned from credit card issuer on usage of credit cards primarily for making payments for hotel bookings. It is recognised at a point in time when the payment is made using the credit card in accordance with the terms of agreement with the credit card issuer.

*(c) Other operating income*

Other operating income primarily includes income from technical services and is recognised at the point in time when the services are performed.

*Accounting policies applied until 31 March 2018*

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Group's activities. Revenue is shown net of discounts, provision for cancellation of bookings and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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## 2 Summary of significant accounting policies (continued)

### 2.14 Revenue recognition (continued)

*Accounting policies applied until 31 March 2018* (continued)

*(a) Commission income*

Commission income primarily include commissions from hotel reservations, air ticket booking and related services, including cancellation charges and performance linked incentives. Revenue from commission income is recognised when the booking is confirmed. Commission income is based on the price specified in the contracts, net of the provision for cancellation of bookings based on historical cancellation trends.

*(b) Cash back income*

Cash back income is incentive earned from credit card issuer on usage of credit cards primarily for making payments for hotel bookings. It is recognised on accrual basis as and when the payment is made using the credit card in accordance with the terms of agreement with the credit card issuer.

*(c) Other operating income*

Other operating income primarily includes income from technical services and is recognised when the services are performed.

### 2.15 Financial liabilities

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss or loans and borrowings, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

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

The Group's financial liabilities include trade and other payables and due to related parties.

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 consolidated income statement.

### 2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer) after the consolidated statement of financial position date. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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## 2 Summary of significant accounting policies (continued)

### 2.17 Provisions

Provisions 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 embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. 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. A provision is recognised 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 the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and risks specific to the obligation. Increases in provisions due to the passage of time are recognised as an interest expense.

### 2.18 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

## 3 Financial risk management

### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

*(a) Market risk*

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising mainly from transactions denominated in foreign currencies, mainly Pound Sterling ("GBP"), Brazilian Real ("BRL") and Indonesian Rupiah ("IDR") (2018: euro ("EUR"), BRL and GBP). Most of the Group's revenue is denominated in USD which has a fixed parity with the United Arab Emirates Dirham (AED).

The exposure to IDR and GBP (2018: EUR and GBP) was as follows:

| | At 31 March 2019 | | | At 31 March 2018 (unaudited) | | |
|---|---|---|---|---|---|---|
| | IDR | AED | INR | IDR | AED | INR |
| Cash at bank | - | - | - | - | - | - |
| Trade payables | (4,731,825,973) | (1,220,313) | (23,021,084) | - | - | - |
| | (4,731,825,973) | (1,220,313) | (23,021,084) | - | - | - |

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## Notes to the consolidated financial statements for the year ended 31 March 2019
(continued)

### 3 Financial risk management (continued)

**3.1 Financial risk factors** (continued)

*(a) Market risk* (continued)

(i) Foreign exchange risk (continued)

| | At 31 March 2019 | | | At 31 March 2018 (unaudited) | | |
|---|---|---|---|---|---|---|
| | GBP | AED | INR | GBP | AED | INR |
| Cash at bank | 330,842 | 1,582,350 | 29,850,876 | 8,272 | 42,587 | 755,004 |
| Trade payables | (131,137) | (628,129) | (11,849,591) | (409,539) | (2,108,488) | (37,380,325) |
| | 199,705 | 954,221 | 18,001,285 | (401,267) | (2,065,901) | (36,625,321) |

| | At 31 March 2019 | | | At 31 March 2018 (unaudited) | | |
|---|---|---|---|---|---|---|
| | BRL | AED | INR | BRL | AED | INR |
| Cash at bank | 4,643,983 | 4,342,124 | 81,913,738 | 2,870,447 | 2,683,868 | 47,580,948 |
| Trade payables | - | - | - | - | - | - |
| | 4,643,983 | 4,342,124 | 81,913,738 | 2,870,447 | 2,683,868 | 47,580,948 |

| | At 31 March 2019 | | | At 31 March 2018 (unaudited) | | |
|---|---|---|---|---|---|---|
| | EUR | AED | INR | EUR | AED | INR |
| Cash at bank | - | - | - | 706,212 | 3,196,359 | 56,666,644 |
| Trade payables | - | - | - | (1,398,085) | (6,327,820) | (112,182,744) |
| | - | - | - | (691,873) | (3,131,461) | (55,516,100) |

*Sensitivity analysis*

At 31 March 2019 and 2018, if the AED had weakened/strengthened by 5% against the GBP, with all other variables held constant, profit for the year would have been AED 47,828 (INR 902,270) higher/lower (2018 (unaudited): AED 103,295 (INR 1,831,265) lower/higher), mainly as a result of foreign exchange gains/losses on translation of GBP denominated financial assets and financial liabilities.

At 31 March 2019 and 2018, if the AED had weakened/strengthened by 5% against the IDR (2018: against the EUR) with all other variables held constant, profit for the year would have been AED 61,016 (INR 1,151,061) (2018 (unaudited): AED 156,573 (INR 2,775,804)) lower/higher, mainly as a result of foreign exchange losses/gains on translation of IDR (2018: EUR) denominated financial assets and financial liabilities.

At 31 March 2019 and 2018, if the AED had weakened/strengthened by 5% against the BRL with all other variables held constant, profit for the year would have been AED 217,353 (INR 4,100,343) (2018 (unaudited): AED 159,494 (INR 2,827,589)) lower/higher, mainly as a result of foreign exchange losses/gains on translation of BRL (2018: BRL) denominated financial assets and financial liabilities.

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## 3 Financial risk management (continued)

### 3.1 Financial risk factors (continued)

(ii) 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 the instruments traded in the market. The Group is not exposed to price risk as it has no significant price sensitive financial instruments.

(iii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Group has no significant interest bearing assets or liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

*(b) Credit risk*

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, as well as credit exposure to customers, including outstanding receivables.

Credit risk is managed on a Group wide basis. Bank deposits are limited to high-credit-quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution. Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Trade receivables are largely secured against bank guarantees and security deposits received from the customers and from credit insurance taken against it. The unsecured receivables are managed through continuously monitoring the creditworthiness of the customers to which the Group grants credit terms in the normal course of business. The Group's customers typically do not have external credit ratings.

The credit quality of the financial assets held with banks can be assessed by reference to external credit ratings as follows:

| **Counterparty rating (Moody's)** | 2019 AED | 2019 INR | 2018 AED (unaudited) | 2018 INR (unaudited) |
|---|---|---|---|---|
| A1 | 21,043,173 | 396,977,370 | 24,131,358 | 427,812,732 |
| Aa3 | 1,146,780 | 21,633,891 | 1,749,825 | 31,021,769 |
| Ba1 | 4,361,551 | 82,280,227 | 2,907,448 | 51,544,686 |
| Ba2 | 86,469 | 1,631,229 | 343,793 | 6,094,934 |
| A3 | 1,498,572 | 28,270,412 | 832,111 | 14,752,078 |
| Baa1 | 6,020,922 | 113,584,096 | 8,397,013 | 148,866,428 |
| | 34,157,467 | 644,377,225 | 38,361,548 | 680,092,627 |

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## 3 Financial risk management (continued)

### 3.1 Financial risk factors (continued)

*(c) Credit risk (continued)*

The geographic concentration of the majority of the banks is in the GCC.

*(c) Liquidity risk*

Liquidity risk is the risk that the Group will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

At 31 March 2019 and 2018, all contractual cash flows of financial liabilities have the maturity of less than 12 months from the consolidated statement of financial position date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

### 3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group'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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company is ungeared as at 31 March 2019 and 2018, since it does not have any external borrowings.

### 3.3 Fair value estimation

There are no financial assets or liabilities that are measured at fair value. The carrying amount of all other financial assets and liabilities approximates their fair values.

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## 4 Property and equipment

| | Furniture and fixtures | | Motor vehicles | | Computers | | Office equipment | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **AED** | **INR** | **AED** | **INR** | **AED** | **INR** | **AED** | **INR** | **AED** | **INR** |
| **Cost** | | | | | | | | | | |
| At 1 April 2017 (unaudited) | 39,350 | 6,94,886 | 1,32,750 | 23,44,247 | 1,86,687 | 32,96,726 | 83,331 | 14,71,551 | 4,42,118 | 78,07,410 |
| Additions | 5,845 | 1,03,623 | - | - | 1,01,737 | 18,03,644 | 26,733 | 4,73,936 | 1,34,315 | 23,81,203 |
| Impact of foreign currency translation | - | 2,730 | - | 9,211 | - | 12,954 | - | 5,782 | - | 30,678 |
| At 31 March 2018 (unaudited) | 45,195 | 8,01,239 | 1,32,750 | 23,53,458 | 2,88,424 | 51,13,324 | 1,10,064 | 19,51,269 | 5,76,433 | 1,02,19,291 |
| Additions | 23,310 | 4,39,741 | - | - | 1,48,574 | 28,02,834 | 42,746 | 8,06,399 | 2,14,630 | 40,48,974 |
| Impact of foreign currency translation | - | 51,360 | - | 1,50,857 | - | 3,27,766 | - | 1,25,077 | - | 6,55,060 |
| At 31 March 2019 | 68,505 | 12,92,340 | 1,32,750 | 25,04,316 | 4,36,998 | 82,43,924 | 1,52,810 | 28,82,745 | 7,91,063 | 1,49,23,325 |
| **Accumulated depreciation** | | | | | | | | | | |
| At 1 April 2017 (unaudited) | 38,708 | 6,83,549 | 62,688 | 11,07,014 | 1,14,907 | 20,29,155 | 63,907 | 11,28,541 | 2,80,210 | 49,48,259 |
| Additions | 1,391 | 24,413 | 44,250 | 7,76,900 | 51,190 | 9,09,245 | 15,457 | 2,84,832 | 1,12,288 | 19,95,390 |
| Impact of foreign currency translation | - | 2,933 | - | 11,936 | - | 6,250 | - | (6,368) | - | 14,751 |
| At 31 March 2018 (unaudited) | 40,099 | 7,10,895 | 1,06,938 | 18,95,850 | 1,66,097 | 29,44,650 | 79,364 | 14,07,005 | 3,92,498 | 69,58,400 |
| Additions | 4,792 | 91,306 | 25,812 | 4,90,251 | 82,485 | 15,69,054 | 21,218 | 4,07,116 | 1,34,307 | 25,57,727 |
| Impact of foreign currency translation | - | 44,663 | - | 1,18,214 | - | 1,75,770 | - | 83,349 | - | 4,21,997 |
| At 31 March 2019 | 44,891 | 8,46,864 | 1,32,750 | 25,04,316 | 2,48,582 | 46,89,475 | 1,00,582 | 18,97,469 | 5,26,805 | 99,38,124 |
| **Net book value** | | | | | | | | | | |
| At 31 March 2019 | 23,614 | 4,45,476 | - | - | 1,88,416 | 35,54,449 | 52,228 | 9,85,276 | 2,64,258 | 49,85,201 |
| At 31 March 2018 (unaudited) | 5,096 | 90,344 | 25,812 | 4,57,608 | 1,22,327 | 21,68,674 | 30,700 | 5,44,265 | 1,83,935 | 32,60,891 |

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## 5 Trade and other receivables

| | 2019 | | 2018 (unaudited) | |
|---|---|---|---|---|
| | AED | INR | AED | INR |
| Trade receivables | 9,16,03,825 | 1,72,80,97,059 | 5,98,79,280 | 1,06,15,69,692 |
| Less: loss allowance on trade receivables | (32,73,661) | (6,17,57,290) | (29,64,338) | (5,25,53,269) |
| | 8,83,30,164 | 1,66,63,39,769 | 5,69,14,942 | 1,00,90,16,423 |
| Deposits | 2,00,57,249 | 37,83,78,014 | 1,05,43,338 | 18,69,17,548 |
| Prepayments | 8,46,013 | 1,59,59,955 | 10,78,402 | 1,91,18,451 |
| Other receivables | 99,74,639 | 18,81,70,585 | 48,28,918 | 8,56,09,464 |
| | **11,92,08,065** | **2,24,88,48,323** | **7,33,65,600** | **1,30,06,61,886** |

The maximum exposure to credit risk at the reporting date is the carrying amounts of each class of receivable. The Group holds bank guarantees and security deposits received from the customers as security against these receivables together with credit insurance taken against these receivables by the Group.

The ageing analysis of these trade receivables is as follows:

| | | | | |
|---|---|---|---|---|
| Less than 6 months | 8,67,09,026 | 1,63,57,57,162 | 5,66,36,715 | 1,00,40,83,885 |
| More than 6 months | 48,94,799 | 9,23,39,897 | 32,42,565 | 5,74,85,807 |
| **Total** | **9,16,03,825** | **1,72,80,97,059** | **5,98,79,280** | **1,06,15,69,692** |

Trade receivables relate to a number of independent customers for whom there is no recent history of default.

Movement on the Group's provision for impairment of trade receivables is as follows:

| | | | | |
|---|---|---|---|---|
| Balance at the beginning of the year (unaudited) | 29,64,338 | 5,25,53,269 | 20,85,104 | 3,68,21,078 |
| Charge for the year | 7,66,855 | 1,44,58,579 | 12,03,538 | 2,12,12,942 |
| Trade receivables written off | (4,57,532) | (81,11,355) | (3,24,304) | (56,93,838) |
| Translation reserve | - | 28,56,797 | - | 2,13,087 |
| **Balance at the end of the year** | **32,73,661** | **6,17,57,290** | **29,64,338** | **5,25,53,269** |

The provision for impaired receivables has been included in the consolidated statement of comprehensive income. The Group uses a provision matrix to calculate Expected Credit Losses ('ECLs') for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns that range from 0.3 % to 100 %. The provision matrix is initially based on the Group's historical observed default rates.

The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information, such as future economic conditions of the territories where the customers are domiciled. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

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

## 6 Related party transactions and balances

Related parties include the parent company and its shareholders and key management personnel, directors and businesses which are controlled directly or indirectly by them or over which they exercise significant management influence ("affiliates").

**Transactions with related parties**

During the year, the Group entered into the following significant transactions with related parties in the ordinary course of business. These transactions were carried out at mutually agreed terms and rates.

| | | | | |
|---|---|---|---|---|
| Business support services expense | 31,90,399 | 6,08,31,192 | 29,43,030 | 5,16,23,278 |
| Commission expense | 35,61,132 | 5,69,72,106 | 32,93,334 | 5,78,39,944 |
| Software license fees | 11,13,745 | 2,11,92,092 | 6,87,603 | 1,20,43,528 |
| **Key management compensation** | | | | |
| Short term benefits | 9,95,992 | 1,89,56,073 | 8,66,074 | 1,52,05,748 |
| End of service benefits | 36,233 | 6,89,599 | 32,351 | 5,67,990 |
| | 10,32,225 | 1,96,45,673 | 8,98,425 | 1,57,73,738 |

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**6 Related party transactions and balances (continued)**

**Balances with related parties**

Amounts due from and due to related parties represent balances arising from trading transactions and services provided/received in the normal course of business.

| | 2019 | | 2018 (unaudited) | |
|---|---|---|---|---|
| | AED | INR | AED | INR |
| **Due from related parties** | | | | |
| Tek Travels Private Limited (parent company) | 49,37,580 | 9,31,46,967 | 37,48,979 | 6,64,63,769 |
| | **49,37,580** | **9,31,46,967** | **37,48,979** | **6,64,63,769** |

**7 Cash and cash equivalents**

| | | | | |
|---|---|---|---|---|
| Balances with banks | | | | |
| - in current accounts | 3,23,21,017 | 60,97,36,541 | 3,65,25,098 | 64,75,35,121 |
| - in fixed deposits* | 18,36,450 | 3,46,40,674 | 18,36,450 | 3,25,57,500 |
| Cash in transit | 62,87,964 | 11,86,21,820 | 53,34,164 | 9,45,66,712 |
| Cash and bank balances | 4,04,45,431 | 76,29,99,035 | 4,36,95,712 | 77,46,59,333 |
| | **4,04,45,431** | **76,29,99,035** | **4,36,95,712** | **77,46,59,333** |

* It represents margin money deposit placed with Citi Bank against collateral for commercial credit card issued.

**8 Financial instruments by category**

The accounting policies for financial instruments have been applied to the line items below:

| | | | | |
|---|---|---|---|---|
| **Financial assets - at amortised cost** | | | | |
| Trade and other receivables (excluding prepayments) | 11,83,62,052 | 2,23,28,88,368 | 7,22,87,198 | 1,28,15,43,435 |
| Due from related parties (Note 6) | 49,37,580 | 9,31,46,967 | 37,48,979 | 6,64,63,769 |
| Cash and cash equivalents (Note 7) | 4,04,45,431 | 76,29,99,035 | 4,36,95,712 | 77,46,59,333 |
| | **16,37,45,063** | **3,08,90,34,370** | **11,97,31,889** | **2,12,26,66,537** |
| **Financial liabilities - at amortised cost** | | | | |
| Trade and other payables (Note 11) | 13,94,87,903 | 2,63,14,25,424 | 10,32,60,024 | 1,83,06,57,414 |
| | **13,94,87,903** | **2,63,14,25,424** | **10,32,60,024** | **1,83,06,57,414** |

**9 Share capital**

The share capital of the company comprises 9,100 (2018 (unaudited): 9,100) authorised, issued and fully paid up shares of AED 1,000 each.

**10 Provision for employees' end of service benefits**

| | | | | |
|---|---|---|---|---|
| At 1 April | 5,59,009 | 99,10,390 | 4,38,756 | 77,48,040 |
| Charge for the year (Note 13) | 3,71,598 | 70,77,786 | 1,32,646 | 23,26,669 |
| Payments made during the year | (12,890) | (2,46,492) | (12,393) | (2,17,585) |
| Translation reserve | - | 5,70,965 | - | 53,266 |
| At 31 March | **9,17,717** | **1,73,12,649** | **5,59,009** | **99,10,390** |

In accordance with the provisions of IAS 19 (revised), management has carried out an exercise to assess the present value of its obligations at 31 March 2019 and 2018, using the projected unit credit method, in respect of employees' end of service benefits payable under the UAE Labour Law. Under this method, an assessment has been made of an employee's expected service life with the Group and the expected basic salary at the date of leaving the service. Management has assumed average increment/promotion costs of 10% (2018: 8%). The expected liability at the date of leaving the service has been discounted to its net present value using a discount rate of 3.45% (2018: 3.08%).

**11 Trade and other payables**

| | | | | |
|---|---|---|---|---|
| Trade payables | 11,13,88,111 | 2,10,13,25,650 | 8,65,46,314 | 1,53,43,48,435 |
| Customers advance deposits | 1,45,21,654 | 27,39,49,553 | 75,41,286 | 13,36,95,680 |
| Accrued expenses and other payables | 1,35,78,138 | 25,61,50,221 | 91,72,424 | 16,26,13,299 |
| | 13,94,87,903 | 2,63,14,25,424 | 10,32,60,024 | 1,83,06,57,414 |

**12 REVENUE**

| | | | | |
|---|---|---|---|---|
| Commission income | 7,09,47,445 | 1,34,94,70,454 | 4,40,49,054 | 77,29,15,108 |
| Cash back income | 26,44,011 | 5,04,17,265 | 15,75,122 | 2,76,41,116 |
| Others | 55,085 | 10,33,726 | 2,17,689 | 38,31,573 |
| | **7,36,46,541** | **1,40,09,21,445** | **4,58,41,865** | **80,43,87,797** |

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**13 General and administrative expenses**

| | 2019 | | 2018 (unaudited) | |
|---|---|---|---|---|
| | AED | INR | AED | INR |
| Business support services | 1,38,31,415 | 26,24,91,223 | 60,21,965 | 10,56,46,561 |
| Staff cost (Note 14) | 96,43,893 | 18,51,00,978 | 89,87,888 | 15,78,68,573 |
| Legal and professional fees | 31,74,625 | 6,01,41,823 | 19,38,938 | 3,40,59,732 |
| Bank charges | 27,34,827 | 5,19,61,847 | 31,10,210 | 5,50,15,884 |
| Insurance | 8,28,679 | 1,57,42,347 | 6,59,238 | 1,15,74,642 |
| Exchange loss | 7,82,293 | 1,47,31,799 | 6,92,361 | 1,30,81,361 |
| Communication and utility | 7,44,052 | 1,42,11,628 | 4,70,867 | 82,59,337 |
| Rent and license | 2,82,122 | 53,79,650 | 2,64,092 | 46,27,583 |
| Software license fees (Note 6) | 11,13,745 | 2,11,92,092 | 6,87,603 | 1,20,43,528 |
| Marketing expenses | 27,40,208 | 5,12,47,011 | 15,79,266 | 2,76,79,613 |
| Travel and conveyance | 18,72,375 | 3,57,92,889 | 9,75,561 | 1,71,37,885 |
| Depreciation and amortisation | 1,34,885 | 25,68,821 | 1,14,688 | 20,13,693 |
| Others | 4,10,823 | 77,40,869 | 3,04,976 | 53,68,130 |
| | **3,82,93,942** | **72,83,02,977** | **2,58,07,654** | **45,43,76,522** |

**14 Staff costs**

| | 2019 AED | 2019 INR | 2018 AED | 2018 INR |
|---|---|---|---|---|
| Salaries and allowances | 88,05,812 | 16,58,82,908 | 84,22,617 | 14,79,47,703 |
| Employees' end of service benefits (Note 10) | 3,71,598 | 70,77,786 | 1,32,646 | 23,26,669 |
| Other staff costs | 4,66,483 | 1,21,40,284 | 4,32,625 | 75,94,201 |
| | **96,43,893** | **18,51,00,978** | **89,87,888** | **15,78,68,573** |

**15 Group subsidiaries**

**Subsidiaries that are consolidated in these financial statements are as follows:**

| | Name of the company | Place of incorporation | Principal activity | Effective ownership interest % 2019 | Effective ownership interest % 2018 (unaudited) |
|---|---|---|---|---|---|
| 1 | TBO Holidays Brasil Agencia De Viagens E Reservas LTDA | Brazil | Business support services. | 100% | 100% |
| 2 | TBO Holidays Hongkong Limited | Hong Kong | Business support services. | 100% | 100% |
| 3 | TBO Holidays Europe B.V. | Netherlands | Online travel booking and business support services. | 100% | 100% |
| 4 | TBO Holidays PTE Ltd | Singapore | Business support services. | 100% | - |

During the year, the Group invested in TBO Holidays PTE Ltd, a company incorporated and registered in the Singapore, on 13 July 2018 by acquiring 100% of its shares for AED 272.

**16 Commitments and Contingencies**

Payments made under operating lease are recognised on a straight-line basis over the term of the lease. Non-cancelable operating lease rentals are payable as follows:

| | 2019 AED | 2019 INR | 2018 AED | 2018 INR |
|---|---|---|---|---|
| **Less than one year** | 1,23,561 | 23,30,966 | 1,23,561 | 21,90,551 |

**17 Impact of changes in accounting policies**

This note explains the impact of the adoption of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with customers" on the Group's consolidated financial statements.

**A. IFRS 9, 'Financial instruments' (effective from 1 April 2018)**

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets.

The adoption of IFRS 9 Financial Instruments from 1 April 2018 resulted in changes in accounting policies of the Group. The new accounting policies are set out in Note 2.7. In accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which requires impairment of financial assets to be presented in a separate line item in the consolidated statement of comprehensive income. Previously, the Group's approach was to include the 'impairment loss on trade receivables' in 'general and administrative expenses'. Consequently, the Group included 'impairment loss on trade receivables' amounting to AED 766,855 (INR 14,466,643) (2018 : AED 1,203,538) (INR 21,336,921) in consolidated statement of comprehensive income, which earlier used to be recognised as per IAS 39, under 'general and administrative expenses'.

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**17 Impact of changes in accounting policies (continued)**

**A. IFRS 9, 'Financial instruments' (effective from 1 April 2018) (continued)**

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

From 1 April 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit and loss within the consolidated statement of comprehensive income); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and financial assets.

On 1 April 2018 (the date of initial application of IFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

| Financial assets – 1 April 2018 | Original measurement category under IAS 39 | New measurement category under IFRS 9 | Original carrying amount under IAS 39 | New carrying amount under IFRS 9 | Equivalent amount |
|---|---|---|---|---|---|
| Closing balance 31 March 2018 | | | AED | AED | INR |
| Trade and other receivables (excluding prepayments) (Note 5) | Loans and receivables – at amortised cost | Financial assets at amortised cost | 7,20,38,275 | 7,20,38,275 | 1,27,71,30,414 |
| Due from related parties (Note 6) | Loans and receivables – at amortised cost | Financial assets at amortised cost | 45,96,828 | 45,96,828 | 8,14,94,856 |
| Cash and cash equivalents (Note 7) | Loans and receivables – at amortised cost | Financial assets at amortised cost | 4,36,95,712 | 4,36,95,712 | 77,46,59,343 |

| Financial liabilities – 1 April 2018 | Original measurement category under IAS 39 | New measurement category under IFRS 9 | Original carrying amount under IAS 39 | New carrying amount under IFRS 9 | Equivalent amount |
|---|---|---|---|---|---|
| Closing balance 31 March 2018 | | | AED | AED | INR |
| Trade and other payables (Note 11) | Other financial liabilities – at amortised cost | Other financial liabilities – at amortised cost | 13,94,87,903 | 13,94,87,903 | 2,63,14,25,424 |

There is no change in the carrying value as at 31 March 2018 of financial assets and financial liabilities on account of adoption of IFRS 9.

(ii) Impairment

Financial assets at amortised cost include trade and other receivables (excluding prepayments) (Note 5) and due from related parties (Note 6). The Group revised its impairment methodology under IFRS 9 for these class of assets. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost. For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.

The Group has determined that the application of IFRS 9's impairment requirements at 1 April 2018 results no additional allowance. While cash and cash equivalents and due from related parties are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The total impact on the Group's retained earnings as at 1 April 2018 on account of adoption of IFRS 9 is nil.

**A. IFRS 9, 'Financial instruments' (effective from 1 April 2018)**

The IASB has issued a new standard for the recognition of revenue. IFRS 15 'Revenue from contracts with customers' outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes IAS 11 which covers construction contracts and IAS 18 which covers contracts for goods. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services as specified in Note 2.14.

The Group has adopted IFRS 15 from 1 January 2018 and applied the modified retrospective approach permitted by IFRS 15 upon adoption.

The Group has assessed the impact of applying the new standard on the Company's financial statements and no material impact was noted on adoption of new accounting standard.

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