Grant Thornton
Abdulaal

Financial statements and independent auditors' report

Zawia 2 Owners Association

For the year ended 31 January 2019

Chartered Accountants
Member firm of Grant Thornton International Ltd.

Contents

General information

Association' number	:	78312501 obtained on 25 February 2015	
Board of Directors	:	Khalid Al Bastaki	- Chairman
		Addi Ahmed Mustafa	- Director
		Sahar Adelzadeh	- Director
		Ali Jaleel Mohsen Sultani	- Owner association manager
		Renata Stec	- Secretary
		Adel Dawood	- Treasurer
Registered office	:	Building 2040 Road 5717, Block 257 Amwaj, Kingdom of Bahrain	
Banker	:	Bank of Bahrain and Kuwait	
Auditors	:	Grant Thornton - Abdulaal P.O. Box 11175 12th Floor, Al Nakheel Tower Seef District, Kingdom of Bahrain	

Directors' report

The Board of Directors of Zawia 2 Owners Association (the "Association") has great pleasure in presenting the annual report and the audited financial statements of the Company for the year ended 31 January 2019.

Principal activities

The Association is engaged in real estate activities with own or leased property.

Financial highlights

The total income of the Association for the year ended 31 January 2019 was BD209,631 as compared to previous year's income of BD208,864. The Association has reported an excess of income over expenditure BD7,611 for the year ended 31 January 2019 as compared to an excess of income over expenditure BD19,535 for the year 2018.

Directors

The following served as the Directors of the Association during the year ended 31 December 2019:

Khalid Al Bastaki	-	Chairman
Addi Ahmed Mustafa	-	Director
Sahar Adelzadeh	-	Director
Ali Jaleel Mohsen Sultani	-	Owner association manager
Renata Stec	-	Secretary
Adel Dawood	-	Treasurer

Message from Directors

As you all know, Zawia 2 Homeowners Association had been formally registered on 15th February 2015 as an establishment. The building was received from developer in February 2014 and board was elected on same time. Since inception, we had faced many obstacles in terms of maintaining the building in good condition mainly due to the mismanagement of the developer.

Upon receiving the building, elected board evaluated the building and identified many problems in terms of maintenance. Specifically, chillers were not in good condition and chiller 3 was not functioning at all. It required lot of work to bring the chillers in good condition. Also, the board found that Fire alarm system was completely not working which left the peoples living in the building at high risk. Newly elected board had taken immediate action to install new fire alarm system in order to replace faulty fire alarm system.

In view of above reasons, the board filed a case against developer for the sum of BD48,000 as compensation. Due to which, the developer refused to share/handover the necessary paper work and plan documents of the building, such as service history, drawing, etc. which led to filing another case against the developer, as we found that it is depriving us from the right to access the documents as the home owners in the building.

During the past 5 years, association disbursed overall cost of BD80,270 towards fixed investment and BD17,545 towards general repairs and maintenance. Upon this investment, we are currently having 2 chillers which are fully functional.

Though initially, we struggled a lot to bring the building to current condition. We have succeeded in achieving our goal in long run since the board took over from the developers. A total investment of BD112,264 in the fixed assets where major part goes to fixing the chillers. As on 31st January 2019 major cost involved in the maintenance of the building is electricity charges for chiller and lighting in common area which is around 45% of the total fees collected, around 30% of the maintenance fees goes towards manpower and management fees, 7% of management fees charged laid in receivables, 2% of maintenance fees charged is laid as bank balance and balance 16% was spend on other building maintenance expenses and investment in fixed assets.

Below is the year wise Electricity bill for the past 4 years:

Year	**2015-16**	**2016-17**	**2017-18**	**2018-19**
Amount in BHD	73,753	76,246	96,168	102,330

Our board always striving to provide the best quality services to our fellow homeowners, and we believed that we are successful in implementing the same. As we know there is no end for development and it's a continuous process where our learning curve is sharp. We always welcome our fellow homeowner's suggestions and advises in order to reach the common interest of the association.

Auditors

The financial statements have been audited by Grant Thornton - Abdulaal who have expressed their willingness and considered themselves eligible for re-appointment.

The Directors take this opportunity to place on record their sincere appreciation to the staff for their loyalty and dedication, which has greatly helped to maintain the reputation and results of the Company.

On behalf of the Board of Directors

Khalid Al Bastaki
Chairman

18 August 2019
Manama, Kingdom of Bahrain

Grant Thornton
Abdulaal

Independent auditors' report

Grant Thornton - Abdulaal
PO Box 11175
12th Floor, Al Nakheel Tower
Seef District, Kingdom of Bahrain

T (+973) 17 500188
F (+973) 17 500199
www.grantthornton.bh
C.R. No : 38883

To the Board of Directors
Zawia 2 Owners Association

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Zawia 2 Owners Association** (the "**Association**"), which comprise the statement of financial position as at 31 January 2019, and the statements of comprehensive income, changes in equity and 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 present fairly, in all material respects, the financial position of the Association as at 31 January 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Association in accordance with 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 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 Board of Directors is responsible for the other information. The other information obtained at the date of this auditors' report is the Directors' report set out on page 2.

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 on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Grant Thornton
Abdulaal

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 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 Association's internal control.

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

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association'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 Association 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 Board of 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.

Grant Thornton

Partner's Registration No. 198
18 August 2019
Manama, Kingdom of Bahrain

Statement of financial position

	Notes	31 January 2019	31 January 2018
		BD	BD
Assets			
Non-current assets			
Plant and equipment	3	**67,506**	**47,344**
Current assets			
Accounts and other receivables	4	68,756	70,805
Cash and cash equivalents	5	19,696	14,561
		88,452	**85,366**
Total assets		**155,958**	**132,710**
Equity and liabilities			
Equity			
Accumulated fund		**114,078**	**106,467**
Liabilities			
Current liabilities			
Accruals and other payables	6	**41,880**	**26,243**
Total equity and liabilities		**155,958**	**132,710**

These financial statements were approved by the Board of Directors on 18 August 2019 and signed on its behalf by:

Khalid Al Bastaki
Chairman

Ali Soltani
General Manager

The accounting policies and the notes from pages 10 to 20 form an integral part of these financial statements.

Statement of comprehensive income

	Notes	Year ended 31 January 2019	Year ended 31 January 2018
		BD	BD
Income			
Service income	7	201,711	200,944
Other Income	8	7,920	7,920
		209,631	**208,864**
Expenditure			
General and administrative expenses	9	(181,800)	(176,878)
Depreciation	3	(20,220)	(12,451)
		(202,020)	**(189,329)**
Excess of income over expenditure for the year transferred to accumulated funds		**7,611**	**19,535**

These financial statements were approved by the Board of Directors on 18 August 2019 and signed on its behalf by:

Khalid Al Bastaki
Chairman

Ali Soltani
General Manager

The accounting policies and the notes from pages 10 to 20 form an integral part of these financial statements.

Statement of changes in equity

	Accumulated fund BD
At 1 February 2017	86,932
Excess of income over expenditure for the year	19,535
At 31 January 2018	**106,467**
At 1 February 2018	106,467
Excess of income over expenditure for the year	7,611
At 31 January 2019	**114,078**

The accounting policies and the notes from pages 10 to 20 form an integral part of these financial statements.

Statement of cash flows

	Year ended 31 January 2019	Year ended 31 January 2018
	BD	BD
Operating activities		
Excess of income over expenditure for the year	7,611	19,535
Adjustments for:		
Depreciation	20,220	12,451
Operating profit before working capital changes	27,831	31,986
Changes in operating assets and liabilities:		
Change in accounts and other receivables	2,049	(12,363)
Change in accruals and other payables	15,637	(5,852)
Net cash generated from operating activities	**45,517**	**13,771**
Investing activities		
Purchase of plant and equipment	(40,382)	(25,702)
Net cash used in investing activities	**(40,382)**	**(25,702)**
Net change in cash and cash equivalents	5,135	(11,931)
Cash and cash equivalents, beginning of the year	14,561	26,492
Cash and cash equivalents, end of the year	**19,696**	**14,561**
Comprises:		
Cash in hand	7,802	9,306
Bank balances	11,894	5,255
	19,696	**14,561**

The accounting policies and the notes from pages 10 to 20 form an integral part of these financial statements.

Notes to the financial statements
31 January 2019

1. Organisation and activities

Zawia 2 Owners Association (the "Association") is a non-for-profit organisation registered in the Kingdom of Bahrain under registration number 78312501 obtained on 25 February 2015.

The Association is engaged in real estate activities with own or leased property.

The Association's registered office is situated in the Kingdom of Bahrain.

2. Summary of significant accounting policies

2.1 Basis of preparation

The Association's financial statements have been prepared on the basis of historical cost convention and under the historical cost convention The Association's financial statements are presented in Bahrain Dinar. All values are rounded to the nearest Bahrain Dinar.

2.2 Statement of compliance and going concern assumption

The financial statements of the Association have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). They have been prepared under the assumption that the Association operates on a going concern basis.

2.3 New or revised Standards or Interpretations

New Standards adopted as at 1 February 2018

- IFRS 15 'Revenue from Contracts with Customers'

  IFRS 15 'Revenue from Contracts with Customers' and the related 'Clarifications to IFRS 15 Revenue from Contracts with Customers' (hereinafter referred to as 'IFRS 15') replace IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new Standard has been applied retrospectively, however the implementation of this new guidance did not have a significant impact on the timing or amount of revenue recognised by the Association in any year.

- IFRS 9 'Financial Instruments'

  IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets. This affects the Association 's trade and other receivables, whereby the Association applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing component. Refer to Note 2.10. The adoption of IFRS 9 has no significant impact on the impairment of financial assets applying the expected credit loss model. There have been no changes to the classification or measurement of financial liabilities as a result of the application of IFRS 9.

Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Association

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the Association.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations neither adopted nor listed below have not been disclosed as they are not expected to have a material impact on the Association 's financial statements.

- IFRS 16 'Leases'

  IFRS 16 will replace IAS 17 'Leases' and three related Interpretations. It completes the IASB's long running project to overhaul lease accounting. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability. There are two important reliefs provided by IFRS 16 for assets of low value and short-term leases of less than 12 months.

  IFRS 16 is effective from periods beginning on or after 1 January 2019. Early adoption is permitted; however, the Association has decided not to early adopt.

Management is currently assessing the impact of the above standard.

2.4 Plant and equipment

Items of plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of the plant and equipment includes the cost of bringing them to their present location and condition. The cost of replacing part of an item of plant and equipment is recognised in carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Association and its cost can be measured reliably. All other costs are recognised in the statement of comprehensive income as expenditure incurred.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of plant and equipment. The following useful lives are applied:

Equipment	5 years
Furniture and fixtures	5 years
Landscaping	5 years

Gains or losses arising on the disposal of plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statement of comprehensive income within 'other income' or 'other expenses'.

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

2.5 Impairment of assets

The carrying amounts of the Association's 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. An impairment loss is recognised when the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is higher of an asset's fair value less costs to sell and value in use. All impairment losses are recognised in the statement of comprehensive income. Impairment losses are reversed only if there is an indication that the impairment loss no longer exist and there has been a change in the estimates used to determine the recoverable amount.

2.6 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise of cash in hand and bank balances.

2.7 Provisions

Provisions are recognised by considering an obligation of the Association as on date resulting from past events, and where it is probable that such obligation will result in outflow of economic resources and amount can be reliably estimated.

2.8 Revenue recognition

Revenue consists of service charges to the Association and is recognised on accrual basis.

2.9 Other income

Other income is recognised on an accrual basis or when the Association's right to receive payment is established.

2.10 Financial instruments

Financial instruments

Recognition and derecognition

Financial assets and liabilities are recognized when the Association 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 substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

a. Financial assets

Classification and initial measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable), except for those accounts receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15.

Financial assets are classified into the following categories:

• amortised cost,
• fair value through profit or loss (FVTPL), and
• fair value through other comprehensive income (FVOCI).

In the periods presented the Association does not have any financial assets categorised as FVTPL or FVOCI.

The classification is determined by both:

• the entity's business model for managing the financial asset, and
• 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 costs, finance income or other financial items, except for impairment of accounts receivables which is presented separately in the statement of comprehensive income.

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.

Subsequent measurement of financial assets

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 Association 's cash and cash equivalents, accounts 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'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, accounts receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Association first identifying a credit loss event. Instead the Association 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.

In applying this forward-looking approach, a distinction is made between:

• financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
• financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Previous financial asset impairment under IAS 39

In the prior year, the impairment of accounts receivables was based on the incurred loss model. Individually significant receivables were considered for impairment when they were past due or when other objective evidence was received that a specific counterparty will default. Receivables that were not considered to be individually impaired were reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate was then based on recent historical counterparty default rates for each identified group.

Accounts receivables

The Association makes use of a simplified approach in accounting for accounts 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. In calculating, the Association uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Association assess impairment of accounts receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to Note11 (d) for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

b. Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Association 's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Association 's financial liabilities include accruals and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Association designated a financial liability at fair value through profit or loss, if any. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at fair value through profit or loss, which are carried subsequently at fair value with gains or losses recognised in profit or loss. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

2.11 Significant management judgement in applying accounting policies and estimation uncertainty

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

a. Significant management judgments

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

b. Estimation uncertainty

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

Useful lives of depreciable assets. Management reviews the useful lives of depreciable assets at each reporting date. At 31 January 2019, management assesses that the useful lives represent the expected utility of the assets to the Association. The carrying amounts are analysed in Note 3. Actual results, however, may vary due to technical obsolescence.

3. Plant and equipment

	Equipment	Furniture and fixtures	Landscaping	2019 Total	2018 Total
	BD	BD	BD	BD	BD
Cost					
At 1 February	66,812	1,276	2,745	70,833	45,131
Additions	38,590	1,792	-	40,382	25,702
At 31 January	**105,402**	**3,068**	**2,745**	**111,215**	**70,833**
Accumulated depreciation					
At 1 February	20,993	663	1,833	23,489	11,038
Charge for the year	19,259	412	549	20,220	12,451
At 31 January	**40,252**	**1,075**	**2,382**	**43,709**	**23,489**
Net book value					
At 31 January 2019	**65,150**	**1,993**	**363**	**67,506**	**-**
At 31 January 2018	**45,819**	**613**	**912**	**-**	**47,344**

4. Accounts and other receivables

	2019	2018
	BD	BD
Accounts receivables	67,551	70,260
Other receivables	660	-
Financial assets	68,211	70,260
Prepayments	545	545
Non-financial assets	545	545
	68,756	70,805

All amounts are short term. The carrying value of accounts and other receivables is considered to be a reasonable approximate of fair value at the financial position date.

All of the Association's accounts and other receivables in the comparative periods have been reviewed for indicators of impairment. The impaired accounts and other receivables are mostly due from customers in the market that are experiencing financial difficulties.

5. Cash and cash equivalents

	2019 BD	2018 BD
Cash in hand	7,802	9,306
Bank balances	11,894	5,255
	19,696	14,561

There are no restrictions on bank balances at the time of approval of these financial statements.

Bank account with Bank of Bahrain and Kuwait in the amount of BD155 (2018: BD155) is in the name of two Directors and held for beneficial interest of the Association.

6. Accruals and other payables

	2019 BD	2018 BD
Accruals and other payables	40,507	26,243
Advances from customers	1,373	-
	41,880	26,243

The carrying values of accruals and other payables are considered to be a reasonable approximate of fair values at the financial position date.

7. Service income

	2019 BD	2018 BD
Service income	185,146	184,567
Chillers income	16,190	15,155
Others	375	1,222
	201,711	200,944

8. Other income

	2019 BD	2018 BD
Rental income	7,920	7,920

Other income represents the rental income for the space given on rent to Nuetel Communications.

9. General and administrative expenses

	2019 BD	2018 BD
Electricity charges	102,330	96,168
Building maintenance expenses	58,500	59,935
Repairs and maintenance	15,326	15,197
Legal and professional charges	2,650	2,179
Insurance	1,750	1,750
Miscellaneous expenses	1,244	1,649
	181,800	176,878

10. Related party transactions

The Association's related parties include its Directors, key management, their close relatives and businesses under their control. The Association's transactions with related parties are in the ordinary course of business. The balances with related parties at financial position date have been disclosed in the financial statements.

11. Financial assets and liabilities and risk management

The Association's principal financial instruments comprise of cash and cash equivalents, accounts and other receivables, accruals and other payables.

The Association does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

The main risks arising from the Association's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board of Directors reviews and approves the policies for managing each of these risks, which are summarized below.

a. Interest rate risk

The Association's policy is to minimize cash flow interest rate risk exposures on long-term financing. The Association is not exposed to the risk for changes in market interest rates since the Association does not have interest bearing financial assets and financial liabilities.

b. Liquidity risk

Liquidity risk is the risk arising from the Association not being able to meet its obligations. The Association's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents.

The following table shows the maturity profile of financial liabilities as at 31 January 2019:

Particulars	Due within 1 year
	BD
Accruals and other payables	40,507

The following table shows the maturity profile of financial liabilities as at 31 January 2018:

Particulars	Due within 1 year
	BD
Accruals and other payables	26,243

c. Foreign currency risk

The Association's primary exposure to the risk of changes in foreign currency relates to the transactional currency exposures. Such exposure arises when the transaction is denominated in currencies other than the functional currency of the operating unit or the counterparty.

The currency risk on foreign currencies is actively monitored by the Board of Directors. The Association's transactions are predominantly in Bahrain Dinars.

d. Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Association. The Association trades only with recognized, creditworthy third parties. It is the Association's policy that customers who wish to trade on credit terms are subject to credit verification procedures. All regular annual review and evaluation of these accounts are carried out to assess the credit standing of the customers.

Accounts and other receivables

The Association applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all accounts and other receivables as these items do not have a significant financing component.

On the above basis the expected credit loss for account and other receivables as at 31 January 2019 and 1 February 2018 was not material to financial statements.

12. Capital management policy and procedures

The Association 's capital management objectives are:

- to ensure the Association's ability to continue as a going concern, and
- to provide an adequate return to the Association by pricing products and services in a way that reflects the level of risk involved in providing those goods and services.

The Association monitors capital using capital to overall financing ratio, which is capital divided by overall financing.

The amounts managed as capital by the Association for the reporting periods are summarised as follows:

	2019 BD	2018 BD
Accumulated fund	114,078	106,467
Less: Cash and cash equivalents	(19,696)	(14,561)
Capital	**94,382**	**91,906**
Accumulated fund	114,078	106,467
Overall financing	**114,078**	**106,467**
Capital to overall financing ratio	**0.83**	**0.86**

13. Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization.

14. Comparative figures

Comparative figures for the previous year have been reclassified/re-arranged wherever necessary to conform to the presentation in the current year's financial statements.