

ZAWIA 2 OWNERS ASSOCIATION
(the Association)

Financial Statements
31 January 2021

ZAWIA 2 OWNERS ASSOCIATION

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ZAWIA 2 OWNERS ASSOCIATION

General information

Registration no. : 78312501

Board of directors : Khalid Al Bastaki -Chairman
Addi Ahmed Mustafa -Director
Sahar Adelzadeh -Director
Ali Jaleel Mohsen Sultani -Owner Association Manger
Renata Stec -Secretary
Adel Dawood -Treasurer

Address : Building 2040
Road 5717
Block 257
Amwaj
Kingdom of Bahrain

Banker(s) : Bank of Bahrain and Kuwait

Auditors : K C A Chartered Certified Accountants
P.O. Box 60577
Al Seef, Kingdom of Bahrain

ZAWIA 2 OWNERS ASSOCIATION
The management's report

The management of ZAWIA 2 OWNERS ASSOCIATION (the Association) presents its report along with the audited financial statements of the Association for the year ended 31 January 2021.

Principal business activities

The Association's principal business activities are as follows:

- Real estate activities with own or leased property.

Financial position and performance

The financial position of the Association as at 31 January 2021 and the results of its operations and cash flows for the year then ended and notes are set out in the accompanying financial statements.

The management of the Association

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

Message from Directors

As you all know, Zawia 2 Homeowners Association had been formally registered on 15 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 BHD 48,000 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. We are pleased to inform all the residents that court has awarded total amount of BHD 48, 821 in this court case and during the year association received BHD. 35,645 and BHD. 9,852 in the period 2020-21 after deducting legal expenses BHD. 3,323.

During the past 6 years, association disbursed overall cost of BHD 80,270 towards fixed investment and BHD 36, 376 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 BHD 112,484 in the fixed assets where major part goes to fixing the chillers. As on 31 January 2020 major cost involved in the maintenance of the building is electricity charges for chiller and lighting in common area which is around 43% of the total fees collected, around 27% of the maintenance fees goes towards manpower and management fees, 7% of management fees charged laid in receivables, 5% of maintenance fees charged is laid as bank balance and balance 18% was spend on other building maintenance expenses and investment in fixed assets.

Below is the year wise Electricity bill for the past 5 years:

Year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Amount in BHD	73,753	76,246	96,168	102,330	115,767	122,230
% of EWA on annual Fees	48%	45%	52%	55%	58%	64%

Also we would like to bring to your knowledge that Amwaj Central Owners Association was created for maintaining the whole Amwaj islands, starting from 01 January 2020 all the associations and private villas in the amwaj are subjected to Central Owners Association (COA), which their board have approved more than 2 million dinars as the budget for 1st year hence we shall require to pay annual COA fees of BHD. 39,035, this is direct collections from each owner based on the flat size for the period from 01 January 2020 to 31 December 2020. Though the concept is not approved by association, in the last AGM meeting the association is allowed to collect the fees from owners who wants to pay for it.

We have shared our concerned with other amwaj association and home owners and raised 3 court cases as one group due to an legal election of the board of HOA and their un approved budget as per the low 2.2m plus a criminal case for no data in the amwaj site like the agenda of the meeting and all the requirements to conduct a meeting during the election time


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 auditors, K C A Chartered Certified Accountants, have expressed their willingness to accept re-appointment.

Appreciation

The management acknowledges with gratitude the dedicated efforts and valuable contribution made by all the employees of the Association. The management also wishes to place on record its appreciation for the co-operation and support extended by the various authorities, banks, suppliers, customers and all other stakeholders.



Khalid Al Bastaki
Chairman

23 March 2021

**INDEPENDENT AUDITOR'S REPORT TO THE OWNER OF
ZAWIA 2 OWNERS ASSOCIATION
(the 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 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at 31 January 2021, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Code of Ethics for Professional Accountants issued by the International Ethics Standard Board for Accountants (IESBA), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of the Association for the year ended 31 January 2020, were audited by another auditor who expressed a unqualified opinion on those statements on 28 February 2021.

Other information

The management of the Association is responsible for the other information. The other information comprises the management's report, but does not include the financial statements and the audit report thereon.

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

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

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

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

In preparing the financial statements, management is responsible for assessing the 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 management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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



Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Muhammad Sarfraz Asmat
Managing Partner, registration no. 224
Al Seef, Kingdom of Bahrain


23 March 2021



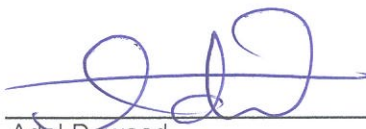
ZAWIA 2 OWNERS ASSOCIATION
Statement of financial position
As at 31 January 2021
(Expressed in Bahraini Dinars)

	Notes	2021	2020
Assets			
Non-current assets			
Property, plant and equipment	5	27,775	47,007
Total non-current assets		27,775	47,007
Current assets			
Accounts and other receivables	6	100,257	111,569
Cash and cash equivalent	7	81,578	33,761
Total current assets		181,835	145,330
Total assets		209,610	192,337
Capital fund and liabilities			
Capital fund			
Accumulated profits		185,158	166,812
Total equity		185,158	166,812
Liabilities			
Current liabilities			
Accounts and other payables	8	24,452	25,525
Total current liabilities		24,452	25,525
Total liabilities		24,452	25,525
Total equity and liabilities		209,610	192,337

The financial statements were approved and signed at 23 March 2021:



 Khalid Al Bastaki
 Chairman



 Adel Dawood
 Treasurer

The notes 1 to 12 form part of the financial statements.



ZAWIA 2 OWNERS ASSOCIATION
Statement of income and expenditure and other comprehensive income
For the year ended 31 January 2021
(Expressed in Bahraini Dinars)

	Notes	2021	2020
Income		213,237	219,805
Other income	9	30,400	58,398
General and administration expenses	10	(206,059)	(203,701)
Depreciation	5	(19,232)	(21,768)
Surplus of income over expenditure		18,346	52,734
Other comprehensive income		-	-
Total comprehensive income		18,346	52,734

The financial statements were approved and signed at 23 March 2021:



Khalid Al Bastaki
Chairman



Adel Dawood
Treasurer

The notes 1 to 12 form part of the financial statements.



ZAWIA 2 OWNERS ASSOCIATION
Statement of changes in capital fund
For the year ended 31 January 2021
(Expressed in Bahraini Dinars)

	Accumulated profits	Total capital fund
At 31 January 2019	114,078	114,078
Total comprehensive income	52,734	52,734
As at 31 January 2020	166,812	166,812
Total comprehensive income	18,346	18,346
As at 31 January 2021	185,158	185,158



ZAWIA 2 OWNERS ASSOCIATION
Statement of cash flows
For the year ended 31 January 2021
(Expressed in Bahraini Dinars)

	2021	2020
Operating activities :		
Surplus of income over expenditure	18,346	52,734
Adjustments for :		
Depreciation	19,232	21,768
Changes in operating assets and liabilities:		
Accounts and other receivables	11,312	(42,813)
Accounts and other payables	(1,073)	(16,355)
Net cash from/(used in) operating activities	47,817	15,334
Investing activities		
Additions to property, plant and equipment	-	(1,269)
Net cash (used in) investing activities	-	(1,269)
Net increase/(decrease) in cash and cash equivalents	47,817	14,065
Cash and cash equivalents - beginning of the year	33,761	19,696
Cash and cash equivalents - end of the year	81,578	33,761
Comprises:		
Cash on hand	11,816	5,301
Bank balances	69,762	28,460
	81,578	33,761



ZAWIA 2 OWNERS ASSOCIATION
Notes to the financial statements
For the year ended 31 January 2021
(Expressed in Bahraini Dinars)

1 Organization and activities

ZAWIA 2 OWNERS ASSOCIATION (the Association) is a non-profit organization registered with the Ministry of Industry, Commerce & Tourism in the Kingdom of Bahrain under commercial registration number 78312501 dated 25/02/2015.

The Association's principal business activities are as follows:

- Real estate activities with own or leased property.

The registered office of the Association is in the Kingdom of Bahrain.

2 Basis of preparation

The preparation of the financial statements is principally based on the guidelines provided by the International Financial Reporting Standards (IFRSs), issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis. Under historical cost Assets are recorded at the amount of cash or cash equivalents paid to acquire them and Liabilities are recorded at the proceeds received in exchange for the obligation, or at the amounts expected to be paid to satisfy the liability.

The financial statements are presented in Bahraini Dinars (BHD) , rounded off to the nearest Bahraini Dinars.

3 Summary of significant accounting policies

The accounting policies have been consistently applied from period to period to ensure comparability of the financial statements and are changed:

- a) If the change is required by a new and amended standards and interpretations (IFRSs) or
- b) If the change will result in a reliable and more relevant presentation of events or transactions.

The Association's significant accounting policies are:

Property, plant and equipment

Initial measurement includes all the costs necessary to bring the asset into working condition for its intended use. Subsequent expenditure to the asset is capitalized if enhances the economic benefits, otherwise expensed out.

Subsequent to initial measurement, Property, plant and equipment are carried at cost less accumulated depreciation.

Depreciation is calculated straight line over the estimated useful life of the assets:

	Estimated useful life
Equipments	5 years
Furniture and fixtures	5 years
Landscaping	5 years

The useful life of the assets is an accounting estimate, being reviewed at each reporting date and if revised, applied prospectively.

Gain or loss arising from de-recognition of the asset (removal from the accounts) is included in the profit or loss.

Accounts and other receivables

Trade and other receivables are initially recognized at fair value which is normally the invoiced amount. Subsequent to this they are being reviewed for any actual or expected impairments, which are recognized in the profit and loss, making sure the carrying values at the reporting date are the amounts expected to be realized in future.

Cash and cash equivalents

For the purpose of cash flow statement ,cash and cash equivalents comprises the cash on hand and bank balances.

Accounts and other payables

Accounts and other payables are recognized at the fair value of the consideration payable, for goods or services received, whether or not billed to the Association.

Revenue recognition

The revenue is recognized when the consideration to which the Association expects to be entitled is probable and when the Association satisfies the performance obligation by transferring the control of the promised goods/services at a point in time or over period of time. The performance obligation is satisfied once the goods/services are delivered, accepted by the customer and invoiced/billed.

4 Significant accounting judgments, estimates and assumptions

The preparation of the Association's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

The management has made the following judgments, estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities with in the next financial year.

Going concern assumption:

The financial statements have been prepared on going concern assumption meaning the business will continue its operations for the foreseeable future.

Estimated useful lives of non current assets:

Useful lives are the accounting estimates based on the level of the usage of the asset (wear and tear basis), being reviewed at each reporting date and revised if the previous expectations changed.

ZAWIA 2 OWNERS ASSOCIATION
Notes to the financial statements
For the year ended 31 January 2021
(Expressed in Bahraini Dinars)

5 Property, plant and equipment

	Equipments	Furniture and fixtures	Landscaping	Total
Cost:				
At 31 January 2020	106,671	3,068	2,745	112,484
At 31 January 2021	106,671	3,068	2,745	112,484
Accumulated depreciation:				
At 31 January 2020	61,086	1,646	2,745	65,477
Charge for the year	18,817	415	-	19,232
At 31 January 2021	79,903	2,061	2,745	84,709
Net book value				
At 31 January 2021	26,768	1,007	-	27,775
At 31 January 2020	45,585	1,422	-	47,007

ZAWIA 2 OWNERS ASSOCIATION
Notes to the financial statements
For the year ended 31 January 2021
(Expressed in Bahraini Dinars)

	<u>2021</u>	<u>2020</u>
6 Accounts and other receivables		
Accounts receivables	99,677	101,579
Loans and advances	580	-
Prepaid expenses	-	569
Other receivables	-	9421
	<u>100,257</u>	<u>111,569</u>
7 Cash and cash equivalent		
Cash on hand	11,816	5,301
Bank balances	69,762	28,460
	<u>81,578</u>	<u>33,761</u>
8 Accounts and other payables		
Accounts payables	24,452	-
Accrued expense	-	25,525
	<u>24,452</u>	<u>25,525</u>
9 Other income		
Compensation awarded	-	48,821
Rental income	8,785	8,580
Legal fees claimed from owners	1,032	876
Govt. subsidy for EWA	20,563	-
Miscellaneous income	20	121
	<u>30,400</u>	<u>58,398</u>
10 General and administration expenses		
Management expenses	4,800	-
Utilities	122,230	115,767
Repairs and maintenance	71,367	78,304
Legal and professional fees	2,693	6,996
Other expenses	4,969	2,634
	<u>206,059</u>	<u>203,701</u>

11 Comparative figures

The classification of previous year figures has been revised to give a more relevant presentation in the current year, of the events and transactions of the Association.

12 Events after the reporting date

Significant events after the reporting date (events after the reporting date 31 January 2021 up to the date of the approval of financial statements) may require the Association either to adjust the financial statements figures or to give a disclosure in the notes to the financial statements. No such events have been identified by the Association.