



Zawia 2 Owners Association
Kingdom of Bahrain

**Financial Statements and Independent Auditors' Report
for the year ended 31 January 2024**

Zawia 2 Owners Association

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Zawia 2 Owners Association

General Information

Establishment No	: 78312501 obtained on 25 February 2015
Board of members	: Khalid Abdulla Ghuloom Albastaki - Chairman Adel Abdulla Mustafa Dawood -Vice chairman Fawzan Khalifa Yusuf Abdulla Bufarsan - Secretary Mustafa Mohamed Ali Yusuf Mizal -Treasurer Masooma Abduljalil Mohamed Ali Aldailami -Board member Rashid Ayed Abdelaziz Jabara -Board member Ameer Khalil Ebrahim Rabeea Alderazi -Board member
Registered office	: Flat 0, Building 2040, Road 5717, Block 257, Amwaj, Kingdom of Bahrain.
Auditors	: SVC Auditing & Tax Consultants Specialized Bahraini Partnership Company Office 107, Building 106, Road 20, Block 331 Abdulrahman Jassim Kanoo Avenue, Zinj, Kingdom of Bahrain

Zawia 2 Owners Association

Board Members' report

The Board Members of Zawia 2 Owners Association (the "Association") has pleasure in presenting the annual report and the financial statements of the establishment for the period year ended 31 January 2024.

Principal activities

The principal activities of the association are real estate activities with own or leased property.

Highlights of Zawia 2 Owners Association for the year ended 31 January 2024.

During the current year, the members of the association resolved to charge annual service fees of BD. 7.800 per square meter per annum, and a major part of the amount, i.e., 66% of the total annual revenue, is used to pay the EWA bills for the year.

Below is the year wise Electricity bill for the past 6 years:

Year	2018-19	2019-20	2020-21	2021-22	2022- 23	2023-24
Amount in BHD	102,330	115,767	122,230	124,272	121,390	125,647
% of EWA on annual Fees	55%	58%	64%	66%	65%	63%

Results

The statement of financial position and the results of the association or the year are set out on pages 7 and 8 of the financial statements.

Statement of Board of Director's Responsibility

The Board Members of the association is responsible for preparing the Board Members Report and the financial statements in accordance with applicable laws and regulations. The Board is also responsible for keeping adequate accounting records that are sufficient to show and explain the association's transactions and disclose with reasonable accuracy at any time, the financial position of the association. It is also responsible for safeguarding the assets of the association and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Board on 6 July 2024.

Declaration based on Ministerial Order No. 103 of 2021

We confirm that we have no relationship in any manner with any individual or entity listed in the Domestic or UN sanction list during the year ended 31 January 2024 and that we have complied with all the obligations of Ministerial Order No. 103 of 2021 pertaining to reporting of suspicious or unusual transactions.

Declaration based on Anti-Money Laundering and Terrorism Financing

We declare that we have proper internal control systems according to the size of the association in detecting, recording, and identifying suspicious or unusual transactions as per Ministerial Order No. 103 of 2021 with respect to obligations relating to the Procedures on the Prohibition and Combating

Zawia 2 Owners Association

Board Members' report

Money Laundering and Terrorism Finance in the business of the persons registered in the Commercial Register in the Kingdom of Bahrain

Auditors

The financial statements have been audited by SVC Auditing & Tax Consultants Specialized Bahraini Partners hip association and the Board of Directors proposed to reappoint SVC Auditing & Tax Consultants as the external auditors of the association for the next financial year, who has expressed their willingness to continue in office.

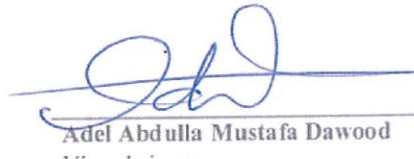
Board Members

The Board Members take this opportunity to place on record their appreciation to the members for their loyalty and dedication, which has greatly helped to maintain the reputation and results of the association.

On behalf of the Board Members



Khalid Abdulla Ghuloom Albastaki
Chairman



Adel Abdulla Mustafa Dawood
Vice chairman

6 July 2024
Manama, Kingdom of Bahrain

Independent auditors' report to the Members of Zawia 2 Owners Association

Report on the audit of the financial statements

Qualified 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 2024, the statement of profit or loss and other comprehensive income, the statement of changes in shareholders' equity for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the association for the year ended 31 January 2024, and of its financial performance for the period then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

We did not receive confirmation from the banks with respect to the bank statements, bank balances and any borrowings or other arrangements with the banks as at 31 January 2024. We were unable to obtain sufficient appropriate audit evidence for the current account balance, guarantees and contingent liabilities if any, by other audit procedures and therefore, we could not determine whether any adjustments that are required for these amounts or disclosures were necessary.

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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of members are responsible for the other information. The other information comprises the information included in the board members report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 except the above.

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, 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.

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 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.

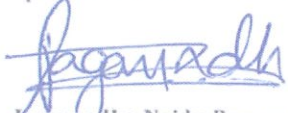
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We are also:

- 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.

SVC Auditing & Tax Consultants
Specialised Bahraini Partnership Company



Jagannadha Naidu Pemmasani
Managing Partner
Registration No: 225



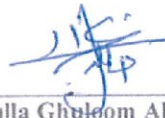
Manama, Kingdom of Bahrain

Zawia 2 Owners Association
Statement of financial position as at 31 January 2024
(In Bahraini Dinars)

Exhibit - A

	Notes	2024	2023
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,990	5,029
Total Non-current assets		1,990	5,029
Current assets			
Accounts and other receivables	6	134,982	95,656
Cash and cash equivalents	7	60,324	87,891
Total current assets		195,306	183,547
TOTAL ASSETS		197,296	188,576
CAPITAL FUND AND LIABILITIES			
Members fund			
Accumulated funds	Exhibit C	107,772	23,485
		107,772	23,485
Current liabilities			
Accounts and other payables	8	89,524	165,091
Total current liabilities		89,524	165,091
Total equity and liabilities		197,296	188,576

These financial statements were approved and authorized for issue by the management on 6 July 2024 and signed by:



Khalid Abdulla Ghuloom Albastaki

Chairman



Adel Abdulla Mustafa Dawood

Vice chairman

Notes on pages 11 to 17 form an integral part of these financial statements.

Zawia 2 Owners Association
Statement of income and expenditure for the year ended 31 January 2024
(In Bahraini Dinars) **Exhibit - B**

	Notes	2024	2023
Service income		321,374	185,964
Other income	9	100	439
Total Income		321,474	186,403
General and administrative expenses	10	(234,148)	(226,184)
Depreciation	5	(3,039)	(10,807)
Total Expenses		(237,187)	(236,991)
Other comprehensive income/(loss) for the year		-	-
Surplus/ Deficit for the year		84,287	(50,588)
(Transferred to Accumulated funds)			

These financial statements were approved and authorized for issue by the management on 6 July 2024 and signed by:



Khalid Abdulla Chuloom Albastaki

Chairman



Adel Abdulla Mustafa Dawood

Vice chairman

Notes on pages 11 to 17 form an integral part of these financial statements.

Zawia 2 Owners Association

Statement of changes in members fund for the year ended 31 January 2024

(In Bahraini Dinars)

Exhibit - C

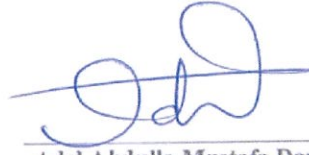
	<u>Accumulated funds</u>	<u>Total</u>
Balance as at 31 January 2022	148,969	148,969
Prior year adjustment	(50,588)	(50,588)
Deficit for the year 2023	(74,896)	(74,896)
Balance as at 31 January 2023	23,485	23,485
Surplus for the year 2024	84,287	84,288
Balance as at 31 January 2024	107,772	107,773

These financial statements were approved and authorized for issue by the management on 6 July 2024 and signed by:



Khalid Abdulla Ghuloom Albastaki

Chairman



Adel Abdulla Mustafa Dawood

Vice chairman

Notes on pages 11 to 17 form an integral part of these financial statements.

Zawia 2 Owners Association
Statement of cash flows for the year ended 31 January 2024
(In Bahraini Dinars)

Exhibit - D

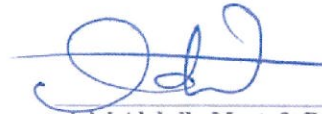
	2024	2023
Cash flows from operating activities:		
Deficit for the year Adjustments for:	84,287	(50,588)
Depreciation expense	3,039	10,807
Prior year adjustment	-	(74,896)
	<u>87,326</u>	<u>(114,677)</u>
Changes in operating assets and liabilities:		
Accounts and other receivables	(39,326)	(18,370)
Accruals and other payables	(75,567)	121,826
Net cash (used in) / from operating activities	<u>(27,567)</u>	<u>(11,221)</u>
Cash flows from investing activity:		
Purchase of plant and equipment	-	-
Net cash used in investing activity	-	-
(Decrease) in cash and cash equivalents	(27,567)	(11,221)
Cash and cash equivalents at the beginning of the year	87,891	99,112
Cash and cash equivalents at the end of the year	<u>60,324</u>	<u>87,891</u>
Represented by:		
Bank balance	<u>60,324</u>	<u>87,891</u>

These financial statements were approved and authorized for issue by the management on 6 July 2024 and signed by:



Khalid Abdulla Ghuloom Albastaki

Chairman



Adel Abdulla Mustafa Dawood

Vice chairman

Notes on pages 11 to 17 form an integral part of these financial statement.

Zawia 2 Owners Association
Notes to the financial statements for the year ended 31 January 2024

1. Organization and activities

Zawia 2 Owners Association (The "Association") is a non-profit organisation registered in the Kingdom of Bahrain under registration number 78312501 obtained on 25 February 2015. The Registered office of the association is located at Building 2040, Road 5717, Block 257, Amwaj, Manama, Kingdom of Bahrain.

The principal activities of the association are real estate activities with own or leased property.

2. Basis of preparation

2.1 Basis of measurement

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

2.2 Statement of compliance

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) and in conformity with the Bahrain Commercial Companies Law.

2.3 Cash and cash equivalents

For the purpose of statement of cash flow, cash and cash equivalents comprise of cash in hand and bank balance.

2.4 Going Concern

These financial statements are prepared on the basis that the association is a going concern and will continue in operation for the foreseeable future and it has no intention or necessity to liquidate.

3. Significant accounting policies

(a) Property, Plant, and equipment

Except for land, all items of property, plant, and equipment are measured at cost, less accumulated depreciation, and any accumulated impairment losses. As no finite useful life for land can be determined, related carrying amounts are not depreciated. 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 the 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 expenditures incurred. Depreciation is recognised on a straight-line basis to write down the cost less the estimated residual value of plant and equipment.

Zawia 2 Owners Association

Notes to the financial statements for the year ended 31 January 2024

The estimated useful lives of plant and equipment for the depreciation purpose are as follows:

Building improvements	5 years
Landscaping	5 years
Furniture and fixtures	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 changes.

(b) Income and expenditure

Income consists of service charges from members of the association and is recognized on an accrual basis. Other income is recognized on an accrual basis.

(c) Cash and cash equivalents

For the purpose of statement of cash flow, cash and cash equivalents comprise of cash in hand, cash at bank.

(d) Accounts and other payables

Liabilities for accounts and other payables are recognised on an accrual basis for the amounts due to be paid in the future for good or services received, whether billed by the supplier or not to the association.

(e) 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 derecognized 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 derecognized when it is extinguished, discharged, cancelled, or expires.

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 trade and other receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15.

Zawia 2 Owners Association

Notes to the financial statements for the year ended 31 January 2024

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 years 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..

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, trade 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 ('Stage2').
- '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.

Accounts and other receivables

The association makes use of a simplified approach in accounting for other 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 assesses the impairment of other receivables on a collective basis

Zawia 2 Owners Association

Notes to the financial statements for the year ended 31 January 2024

as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The association's accounting of financial liabilities remains largely the same as under IFRS 9 compared to IAS 39, and the same were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is described below.

Financial liabilities

Financial Liabilities are recognized on an accrual basis for the amounts due to be paid in the future for services received, whether billed by the supplier or not. The association's financial liabilities include accounts payable and accruals. Financial liabilities are initially measured at fair value and adjusted for transaction costs where applicable unless the association designated a financial liability at fair value through profit or loss, if any. Subsequently, financial liabilities are measured at amortized 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 loss recognized on 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.

4. Significant accounting judgments and estimates

The association's financial statements prepared under IFRS require the association to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Future events may occur which may cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the association's financial statements as they become reasonably determinable.

Use of estimates

The key assumptions concerning the future and other key sources of estimation and uncertainty at the financial position date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful lives of depreciable assets.

Association reviews the useful lives of depreciable assets at each reporting date. At 31 January 2024, association assesses that the useful lives represent the expected utility of the assets to Zawia 2 Owners Association.

Zawia 2 Owners Association
Notes to the financial statements for the year ended 31 January 2024

5. Property, plant and equipment

	Land scaping	Furniture & fixtures	Building improvements	Total
Cost:				
At January 31, 2023	2,745	3,068	110,480	116,293
Additions for the year	-	-	-	-
At January 31, 2024	2,745	3,068	110,480	116,293
Depreciation:				
At January 31, 2023	2,745	2,866	105,653	111,264
Charges for the year	-	202	2,837	3,039
At January 31, 2024	2,745	3,068	108,490	114,303
Net carrying amount:				
At January 31, 2024	-	-	1,990	1,990
At January 31, 2023	-	202	4,827	5,029

6. Accounts and other receivables

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

	2024	2023
Service fees receivables	130,667	94,396
Prepaid expenses	965	660
Advance paid to suppliers	3,350	600
	134,982	95,656

7. Cash and cash equivalents

The current account balance with the banks is non-interest bearing.

	2024	2023
Bank balance	60,324	87,891

Zawia 2 Owners Association
Notes to the financial statements for the year ended 31 January 2024

8. Accounts and other payables

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

	2024	2023
Sundry creditors	24,530	30,670
Accrued expenses	63,120	128,848
Advance received from flat occupants	1,874	5,573
	<u>89,524</u>	<u>165,091</u>

9. Other income

	2024	2023
Administration fees for the defaulters	100	439
Rental Income	-	-
	<u>100</u>	<u>439</u>

10. General and administrative expenses

	2024	2023
Utilities	125,647	121,319
10% discount allowed	-	10,761
Maintenance charges	39,721	48,296
Management expenses	4,800	5,200
Building repairs & maintenance	34,657	10,367
Annual charges	22,716	23,653
Legal & professional expenses	4,060	3,440
Insurance charges	1,877	1,821
Telephone expenses	360	300
Other expenses	310	1,027
	<u>234,148</u>	<u>226,184</u>

11. Financial assets and liabilities and risk management

The Association principal financial instruments comprise of accounts and other receivables, cash and cash equivalents, 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 approves policies for managing each of these risks, which are summarized below.

Zawia 2 Owners Association
Notes to the financial statements for the year ended 31 January 2024

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Association is not exposed to significant interest rate risk as the Association has no outside borrowings.

b. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The association's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the association's reputation. The association ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

c. Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Association's transactions are mainly in Bahraini dinar, and the Association's net exposure to foreign currency risk is not significant as the currency risk on foreign currencies is actively monitored by the Board of Directors.

d. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The association trades only with recognized, creditworthy third parties. It is the association's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. A regular annual review and evaluation of these accounts are carried out to assess the credit standing of the members.

12. Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences may arise between the carrying values and the fair value estimates. The fair value of the Association's assets and liabilities are not materially different from their carrying values due to their short-term nature.

13. Comparative figures

Comparative figures have been regrouped or reclassified wherever necessary, to confirm with the current year's presentation.