

**ZAWIA 2 OWNERS ASSOCIATION**  
**(the Association)**

**Financial Statements**  
**31 January 2022**

## ZAWIA 2 OWNERS ASSOCIATION

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**ZAWIA 2 OWNERS ASSOCIATION**  
**General information**

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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

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

Year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Amount in BHD	76,246	96,168	102,330	115,767	122,230	124,272
% of EWA on annual Fees	45%	52%	55%	58%	64%	66%

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

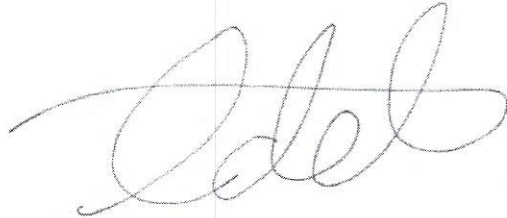
The auditors, K C A Chartered Certified Accountants, have expressed their willingness to accept re-appointment.

#### 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



Adel Dawood  
Treasurer

05 May 2022

**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 2022, and the statement of profit or loss and other comprehensive income, statement of changes in capital fund 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 2022, 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 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

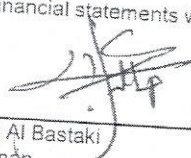
05 May 2022

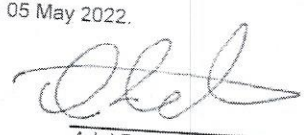


ZAWIA 2 OWNERS ASSOCIATION  
Statement of financial position  
As at 31 January 2022  
(Expressed in Bahraini Dinars)

	Notes	2022	2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	15,836	27,775
<b>Total non-current assets</b>		<u>15,836</u>	<u>27,775</u>
<b>Current assets</b>			
Accounts and other receivables	6	75,065	100,257
Cash and cash equivalent	7	99,112	81,578
<b>Total current assets</b>		<u>174,177</u>	<u>181,835</u>
<b>Total assets</b>		<u><b>190,013</b></u>	<u><b>209,610</b></u>
<b>Capital fund and liabilities</b>			
<b>Capital fund</b>			
Accumulated profits / (losses)		148,969	185,158
<b>Total capital fund</b>		<u>148,969</u>	<u>185,158</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts and other payables	8	41,044	24,452
<b>Total current liabilities</b>		<u>41,044</u>	<u>24,452</u>
<b>Total liabilities</b>		<u>41,044</u>	<u>24,452</u>
<b>Total capital fund and liabilities</b>		<u><b>190,013</b></u>	<u><b>209,610</b></u>

The financial statements were approved and signed on 05 May 2022.

  
Khalid Al Bastaki  
Chairman

  
Adel Dawood  
Treasurer


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

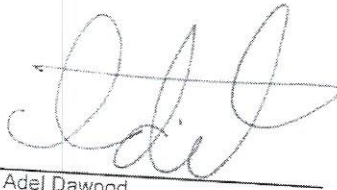


**ZAWIA 2 OWNERS ASSOCIATION**  
**Statement of income and expenditure and other comprehensive income**  
**For the year ended 31 January 2022**  
**(Expressed in Bahraini Dinars)**

	Notes	2022	2021
Income			
Other income		186,976	213,237
General and administration expenses	9	8,789	30,400
Depreciation	10	(216,206)	(206,059)
	5	(15,748)	(19,232)
<b>Surplus of income over expenditure</b>		<b>(36,189)</b>	<b>18,346</b>
Other comprehensive income		-	-
<b>Total comprehensive income / (loss)</b>		<b>(36,189)</b>	<b>18,346</b>

The financial statements were approved and signed on 05 May 2022.

  
 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 2022**  
**(Expressed in Bahraini Dinars)**

	Accumulated profits / (losses)	Total capital fund
At 31 January 2020	166,812	166,812
Total comprehensive income / (loss)	18,346	18,346
As at 31 January 2021	185,158	185,158
Total comprehensive income / (loss)	(36,189)	(36,189)
As at 31 January 2022	<b>148,969</b>	<b>148,969</b>



**ZAWIA 2 OWNERS ASSOCIATION**  
**Statement of cash flows**  
**For the year ended 31 January 2022**  
**(Expressed in Bahraini Dinars)**

	2022	2021
<b>Operating activities :</b>		
Surplus of income over expenditure	(36,189)	18,346
Adjustments for :		
Depreciation	15,748	19,232
Changes in operating assets and liabilities:		
Accounts and other receivables	25,192	11,312
Accounts and other payables	16,592	(1,073)
Net cash from / (used in) operating activities	21,343	47,817
<b>Investing activities</b>		
Additions to property, plant and equipment	(3,809)	-
Net cash from / (used in) investing activities	(3,809)	-
Net increase / (decrease) in cash and cash equivalents	17,534	47,817
Cash and cash equivalents - beginning of the year	81,578	33,761
<b>Cash and cash equivalents - end of the year</b>	<b>99,112</b>	<b>81,578</b>
<b>Comprises:</b>		
Cash on hand	17,491	11,816
Bank balances	81,621	69,762
	<b>99,112</b>	<b>81,578</b>



**ZAWIA 2 OWNERS ASSOCIATION**  
**Notes to the financial statements**  
**For the year ended 31 January 2022**  
**(Expressed in Bahraini Dinars)**

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**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:

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

**ZAWIA 2 OWNERS ASSOCIATION**  
**Notes to the financial statements**  
**For the year ended 31 January 2022**  
**(Expressed in Bahraini Dinars)**

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**Accounts and other receivables**

Accounts 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.

However, the outbreak of the coronavirus (COVID-19) which was confirmed in early 2020 and was declared as a pandemic by the World Health Organization (WHO) on 11 March 2020, has caused disruptions to the businesses and economic activity worldwide. As the situation is critical and uncertain, the management did not consider it practicable to provide a quantitative estimate of the potential impact of the global pandemic on the financial statements.

**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 2022**  
**(Expressed in Bahraini Dinars)**

**5 Property, plant and equipment**

	Equipments	Furniture and fixtures	Landscaping	Total
<b>Cost:</b>				
At 31 January 2021	106,671	3,068	2,745	112,484
Additions	3,809	-	-	3,809
At 31 January 2022	110,480	3,068	2,745	116,293
<b>Accumulated depreciation:</b>				
At 31 January 2021	79,903	2,061	2,745	84,709
Charge for the year	15,343	405	-	15,748
At 31 January 2022	95,246	2,466	2,745	100,457
<b>Net book value</b>				
At 31 January 2022	<b>15,234</b>	<b>602</b>	<b>-</b>	<b>15,836</b>
At 31 January 2021	26,768	1,007	-	27,775

**ZAWIA 2 OWNERS ASSOCIATION**  
**Notes to the financial statements**  
**For the year ended 31 January 2022**  
**(Expressed in Bahraini Dinars)**

	2022	2021
<b>6 Accounts and other receivables</b>		
Accounts receivables	74,468	99,677
Loans and advances	597	580
	<b>75,065</b>	<b>100,257</b>
<b>7 Cash and cash equivalent</b>		
Cash on hand	17,491	11,816
Bank balances	81,621	69,762
	<b>99,112</b>	<b>81,578</b>
<b>8 Accounts and other payables</b>		
Accounts payables	41,044	24,452
	<b>41,044</b>	<b>24,452</b>
<b>9 Other income</b>		
Rental income	8,789	8,785
Legal fees claimed from owners	-	1,032
Govt. subsidy for EWA	-	20,563
Miscellaneous income	-	20
	<b>8,789</b>	<b>30,400</b>
<b>10 General and administration expenses</b>		
Management expenses	4,800	4,800
Utilities	124,602	122,230
Repairs and maintenance	74,932	71,367
Legal and professional fees	1,710	2,693
Other expenses	10,162	4,969
	<b>216,206</b>	<b>206,059</b>

**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 2022 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.