

Bahrain Car Parks Company B.S.C.

Financial statements for the
year ended 31 December 2020

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Financial statements for the year ended 31 December 2020

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Bahrain Car Parks Company B.S.C.
Administration and contact details as at 31 December 2020

Commercial registration number	11455 obtained on 31 October 1981	
Board of Directors	Amin Ahmed Salem Alarrayed Abdulla Ahmed Abdulla Abdulrahman Kamal Yaser Abduljalil Ali AlSharifi Adnan Sayed Habib Maki Hashim Ali Eajaz Ahmed Mohammad Ghulam Murtaza Areej Abdulla Abdulghaffar Abdulla Bader Kassim Mohamed Buallay Fahad Abdulrahman Mohammed Abdulrahman AlSaad Mohamed Rasheed Mohamed Khamis AlMaraj Wael Ezzeldeen Mohamed Hassan Arafa	- Chairman - Vice chairman
Executive Committee members	Abdulla Ahmed Abdulla Abdulrahman Kamal Bader Kassim Mohamed Buallay Mohamed Rasheed Mohamed Khamis AlMaraj Ali Eajaz Ahmed Mohammad Ghulam Murtaza	- Chairman
Audit Committee members	Yaser Abduljalil Ali AlSharifi Areej Abdulla Abdulghaffar Abdulla Adnan Sayed Habib Maki Hashim	- Chairman
NRCG Committee members	Amin Ahmed Salem Alarrayed Fahad Abdulrahman Mohammed Abdulrahman AlSaad Wael Ezzeldeen Mohamed Hassan Arafa	- Chairman
Chief Executive Officer	Tariq Ali Husain Aljowder	
Director of Finance	Hassan Ali AlShoala (appointed w.e.f. 10 December 2020)	
Registered office	Flat No. 209, Building No.128, Road No. 383, Block No. 316 2 nd Floor, Car Parks & Commercial Centre Government Avenue PO Box 5298 Manama Kingdom of Bahrain	
Bankers	Ahli United Bank National Bank of Bahrain Bank of Bahrain and Kuwait Al Salam Bank National Bank of Kuwait Ithmaar Bank	
External auditors	BDO 17 th Floor Diplomat Commercial Offices Tower PO Box 787 Manama Kingdom of Bahrain	
Internal auditors	Protiviti - Bahrain PO Box 10231 Manama Kingdom of Bahrain	
Share Registrars	Kary Fintech (Bahrain) W.L.L. PO Box 514, Manama Kingdom of Bahrain Bahrain Clear B.S.C. (c) PO Box 3203, Manama Kingdom of Bahrain	

Bahrain Car Parks Company B.S.C.
Chairman's report for the year ended 31 December 2020

Dear Shareholders,

This has been a challenging year for us, as it has for mobility related businesses across the world. Wherever you are based, we extend our greetings and sincerely hope that you are healthy and safe. It is my pleasure to inform you that your Company's performance has shown resilience in the face of this year's disruption.

The impact of the COVID19 global pandemic, is unprecedented in our 40 years of operations, and liquidity management has warranted greater attention. Bahrain Car Parks Company policies meant that we retained sufficient cash holdings and liquid investments, which were instrumental in our success at navigating the crisis.

When the COVID19 virus was detected in Bahrain in late February, we focused immediately on supporting our community and our tenants. This included contributing to the Kingdom's COVID19 relief campaign "Feena Khair", working with our partners to provide 24/7 free parking to the Bahrain Response Team at the hotline, 444, as well as extending support to our tenants adversely affected by the pandemic in the form of voluntary rent reliefs, waivers and deferrals amounting to BD71,568.

During 2020, we reassessed our strategy and approved a significantly tighter approach that looks to accelerate growth.

In late 2020, we added a new location to our operating portfolio, and we continue to research opportunities to expand further. The Company has achieved a net profit of BD658,292 for the year ended 31 December 2020 compared to a net profit of BD888,035 for the year ended 31 December 2019. This represents a reduction in net profit of BD389,633 as a direct result of the global pandemic. The effect of COVID19 continues to have influence and impact on our activity, details of which are set out in Note 5.

In light of the achieved results along with retained earnings from the previous years, the total amount available for appropriation for the year ended 31 December 2020 aggregated to BD3,859,088 from which the board of directors proposes the following implementations:

1. Transfer of BD65,829 to statutory reserves, being 10% of the net profit for the year.
2. A dividend of BD546,513 which represents 5% of the share capital at 5 fils per share.
3. Directors' remuneration at BD25,272.
4. Transfer of BD10,000 to charity reserve.
5. Balance of BD3,211,474 remains in retained earnings.

Directors' remuneration of BD25,272 for the year 2020 will be paid to the Board of Directors during 2021 subject to the approval of the Ministry of Industry, Commerce and Tourism, in addition to the approval of the shareholders in the Annual General Meeting.

For the year ended 31 December 2020, Board's sitting fees (including representation allowances, attendance allowances and expenses) and remuneration amounted to BD64,272:

<u>Type of transaction</u>	<u>Amount</u>
Directors' sitting fees	39,000
Directors' remuneration	25,272

Bahrain Car Parks Company B.S.C.
Chairman's report for the year ended 31 December 2020 (continued)

During the year ended 31 December 2020, the CEO, and his 2 most highly paid employees made BD271,997 in salaries and benefits:

<u>Type of transaction</u>	<u>Amount</u>
Salaries and bonuses to key management personnel	267,507
Long-term benefits to key management personnel	4,490

On behalf of the Board of Directors and I, we extend our thanks to shareholders for their ongoing trust and confidence in Bahrain Car Parks Company. I also would like to express gratitude and appreciation to His Majesty, King Hamad Bin Isa Al Khalifa, and to his Government under the leadership of His Royal Highness Prince Salman Bin Hamad Al Khalifa - the Crown Prince and Prime Minister for their unwavering support.

My thanks must also include the remarkable team of Bahrain Car Parks for their hard work and commitment during a very testing year, that has presented them with unique challenges that they have nonetheless admirably overcome.

Our outlook for 2021 is positive and vigilant. The emphasis will be on maintaining our strong financial position and meeting, head on, the obligations that will galvanize our strategic growth.



Amin Ahmed Alarrayed
Chairman

Independent auditor's report to the shareholders of Bahrain Car Parks Company B.S.C.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bahrain Car Parks Company B.S.C. ("the Company"), which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in shareholders' equity and the 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 Company as at 31 December 2020, 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Code of Ethics for Professional Accountants ("IESBA Code") issued by International Ethics Standards Board for Accountants, and we have fulfilled our other ethical responsibilities in accordance with its requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters include:

Revenue recognition

The operating income as reported in Note 21 of the financial statements includes rental income from car parks, service charges in respect of investment properties, main building car park and other related income. The Company focuses on revenue as a key performance measure and by default, this area has a fraud risk element and is therefore always considered as a significant risk.

Our audit procedures included, considering the appropriateness of the Company's revenue recognition policies and assessing compliance with the policies in light of the applicable accounting standards. We have tested the effectiveness of internal controls implemented by the Company over the revenue cycle and have also performed analytical procedures over the revenue streams. We also tested the relevant supporting documents on a sample basis to confirm their reasonableness and accuracy.

Financial assets at fair value through other comprehensive income

The Company has quoted and unquoted investments as disclosed in Note 10 of the financial statements, which are classified as financial assets at fair value through other comprehensive income and form a significant balance in the financial statements. The fair value changes in these instruments could have a material impact on the Company's total comprehensive income and may result in assets being misstated.

Our audit procedures included testing of investments acquired and sold during the year on a sample basis; testing ownership and classification; and testing of the reasonableness of the fair values of the quoted investments with the Bahrain Bourse and other stock markets. The unquoted investments fair values were based on other techniques adopted by the management. We critically evaluate the valuation techniques used by the management for determining fair values.

Independent auditor's report to the shareholders of Bahrain Car Parks Company B.S.C. (continued)

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Right-of-use of assets and lease liabilities

As described in Note 8 and 18 to the financial statements, the carrying values of right-of-use of assets and lease liabilities as at 31 December 2020 amounted to BD5,947,592 and BD153,777 respectively. The useful life of the right-of-use of assets are based on management's estimate of the period that the asset would generate revenue. Similarly, carrying value of lease liabilities are determined on a number of factors including management certainty to exercise the lease options to extend/terminate the lease, variable elements such as future lease payments and incremental borrowing rates. Changes to these assumptions could have a significant impact on either the carrying values or the amount charged to statement of profit or loss or both.

Our audit procedures included, review of reasonableness and consistency of the assumptions used by the management as well as the management process for determining the carrying values. We have further verified the relevant supporting documents on a sample basis to confirm the accuracy of management calculations.

Other information

Management is responsible for the other information. The other information comprises the information included in the Chairman's report and Corporate Governance 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.

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, 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 management and Those Charged With Governance (TCWG) for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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 Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Those Charged With Governance are responsible for overseeing the Company's financial reporting process.

Independent auditor's report to the shareholders of Bahrain Car Parks Company B.S.C. (continued)

Report on the audit of the financial statements (continued)

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 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 Company'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 Company'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 Company 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 and TCWG 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.

We also provide TCWG with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with TCWG, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent auditor's report to the shareholders of Bahrain Car Parks Company B.S.C. (continued)

Report on other legal and regulatory requirements

(A) As required by the Bahrain Commercial Companies Law, we report that:

- (1) we have obtained all the information we considered necessary for the purpose of our audit;
- (2) the Company has carried out stock taking in accordance with the recognised procedures, has maintained proper books of account and the financial statements are in agreement therewith; and
- (3) the financial information included in the Chairman's report is consistent with the books of account of the Company.

(B) As required by the Ministry of Industry, Commerce and Tourism in its letter dated 30 January 2020 in respect of the requirements of Article 8 of Section 2 of Chapter 1 of the Corporate Governance Code, we report that:

- (1) the Company has appointed a corporate governance officer; and
- (2) the Company has a Board approved written guidance and procedures for corporate governance.

In addition, we report that, nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the Bahrain Commercial Companies Law, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or of its Memorandum and Articles of Association, which would materially affect its activities, or its financial position as at 31 December 2020.

BDO


Manama, Kingdom of Bahrain
24 February 2021



Bahrain Car Parks Company B.S.C.
Statement of financial position as at 31 December 2020
(Expressed in Bahrain Dinars)


	Notes	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Intangible assets	7	18,898	23,895
Right-of-use assets	8	5,947,592	6,079,513
Property, plant and equipment	9	2,998,162	2,860,493
Financial assets at fair value through other comprehensive income	10	2,855,074	3,088,598
Investment properties	12	470,044	492,044
Non-current portion of term deposits	13	-	1,784,782
		<u>12,289,770</u>	<u>14,329,325</u>
Current assets			
Inventories		14,668	12,334
Investments at amortised cost	11	380,871	380,871
Current portion of term deposits	13	3,214,885	3,853,891
Trade and other receivables	14	618,226	656,260
Cash and cash equivalents	15	3,650,823	938,436
		<u>7,879,473</u>	<u>5,841,792</u>
Total assets		<u>20,169,243</u>	<u>20,171,117</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	16	11,031,723	11,031,723
Treasury shares	16	(101,456)	(101,456)
Share premium	16	2,000,000	2,000,000
Statutory reserve	17	3,176,376	3,110,547
Charity reserve	17	12,400	22,400
Investment fair value reserve	17	(250,829)	(256,380)
Retained earnings	17	3,783,259	3,806,593
Total equity		<u>19,651,473</u>	<u>19,613,427</u>
Non-current liabilities			
Non-current portion of lease liabilities	18	153,122	153,777
Employees' terminal benefits	19	33,559	32,419
		<u>186,681</u>	<u>186,196</u>
Current liabilities			
Current portion of lease liabilities	18	655	615
Other payables	20	330,434	370,879
		<u>331,089</u>	<u>371,494</u>
Total liabilities		<u>517,770</u>	<u>557,690</u>
Total equity and liabilities		<u>20,169,243</u>	<u>20,171,117</u>

These financial statements were approved, authorised for issue by the Board of Directors and signed on its behalf by:


Amin Ahmed Alarrayed
Chairman


Abdulla Ahmed Kamal
Vice-Chairman


Tariq Ali Aljowder
Chief Executive Officer

See Auditor's Report dated 24-02-2021
Signed by BDO, CR No. 10201-04
Partner: Nath Venkitachalam Viswanath
Reg. No. 151
Signature: 

Bahrain Car Parks Company B.S.C.
Statement of profit or loss for the year ended 31 December 2020
(Expressed in Bahrain Dinars)

	<u>Notes</u>	<u>Year ended 31 December 2020</u>	<u>Year ended 31 December 2019</u>
Operating income	21	1,641,173	1,662,612
Net income from investments	22	318,422	385,457
Operating, general and administrative expenses	24	<u>(1,430,337)</u>	<u>(1,132,522)</u>
Operating profit		529,258	915,547
Other income	23	154,306	2,820
Directors' remuneration	25	<u>(25,272)</u>	<u>(30,332)</u>
Net profit for the year		<u>658,292</u>	<u>888,035</u>
Basic and diluted earnings per share	26	<u>6 fils</u>	<u>10 fils</u>

These financial statements were approved, authorised for issue by the Board of Directors and signed on its behalf by:



Amin Ahmed Alarrayed
Chairman



Abdulla Ahmed Kamal
Vice-Chairman



Tariq Ali Aljowder
Chief Executive Officer

Bahrain Car Parks Company B.S.C.
Statement of other comprehensive income for the year ended 31 December 2020
(Expressed in Bahrain Dinars)

	<u>Note</u>	<u>Year ended 31 December 2020</u>	<u>Year ended 31 December 2019</u>
Net profit for the year		658,292	888,035
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Valuation losses on financial assets at fair value through other comprehensive income	10	<u>(53,733)</u>	<u>(259,894)</u>
Other comprehensive loss for the year		<u>(53,733)</u>	<u>(259,894)</u>
Total comprehensive income for the year		<u>604,559</u>	<u>628,141</u>

These financial statements were approved, authorised for issue by the Board of Directors and signed on its behalf by:



Amin Ahmed Alarrayed
Chairman



Abdulla Ahmed Kamal
Vice-Chairman



Tariq Ali Aljowder
Chief Executive Officer

Bahrain Car Parks Company B.S.C.
Statement of changes in shareholders' equity for the year ended 31 December 2020
(Expressed in Bahrain Dinars)

	Share capital	Treasury shares	Share premium	Statutory reserve	Charity reserve	Investment fair value reserve	Retained earnings	Total
At 31 December 2018	7,031,723	(101,456)	-	3,021,743	12,400	3,514	3,363,876	13,331,800
Share capital issued during the year	4,000,000	-	2,000,000	-	-	-	-	6,000,000
Total comprehensive income for the year	-	-	-	-	-	(259,894)	888,035	628,141
Transferred to statutory reserve (Note 17)	-	-	-	88,804	-	-	(88,804)	-
Dividends paid for 2018 (Note 27)	-	-	-	-	-	-	(346,514)	(346,514)
Charity reserve created during the year (Note 28)	-	-	-	-	10,000	-	(10,000)	-
At 31 December 2019	11,031,723	(101,456)	2,000,000	3,110,547	22,400	(256,380)	3,806,593	19,613,427
Total comprehensive income for the year	-	-	-	-	-	(53,733)	658,292	604,559
Transferred on disposal of financial assets at value through other comprehensive income	-	-	-	-	-	59,284	(59,284)	-
Transferred to statutory reserve (Note 17)	-	-	-	65,829	-	-	(65,829)	-
Dividends paid for 2019 (Note 27)	-	-	-	-	-	-	(546,513)	(546,513)
Charity reserve created during the year (Note 28)	-	-	-	-	10,000	-	(10,000)	-
Charity payments made during the year	-	-	-	-	(20,000)	-	-	(20,000)
At 31 December 2020	11,031,723	(101,456)	2,000,000	3,176,376	12,400	(250,829)	3,783,259	19,651,473

Bahrain Car Parks Company B.S.C.
Statement of cash flows for the year ended 31 December 2020
(Expressed in Bahrain Dinars)

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Operating activities			
Net profit for the year		658,292	888,035
Adjustments for:			
Amortisation of intangible assets	7	4,997	1,088
Amortisation of right-of-use assets	8	131,921	75,455
Depreciation of property, plant and equipment	9	78,374	68,906
Unrealised fair value loss on investment properties	12	22,000	-
Provision for impaired rents receivable from tenants	14	-	36,536
Reversal of provision for impaired rents receivable from tenants	14	(4,204)	-
Interest expenses on lease liabilities	18	9,385	9,424
Dividends income	22	(101,070)	(123,585)
Interest income on investments at amortised cost	22	(23,233)	(25,889)
Interest income on term deposits	22	(206,417)	(221,752)
Interest income on current account balance with a bank	22	(9,702)	(14,231)
Changes in operating assets and liabilities:			
Inventories		(2,334)	(3,757)
Trade and other receivables		42,238	(431,312)
Other payables		(40,445)	61,808
Employees' terminal benefits, net		1,140	6,950
Net cash provided by operating activities		<u>560,942</u>	<u>327,676</u>
Investing activities			
Purchase of intangible assets	7	-	(24,983)
Purchase of property, plant and equipment	9	(216,043)	(35,582)
Proceeds from disposal of financial assets at fair value through other comprehensive income		179,791	-
Dividends income received	22	101,070	123,585
Interest income received on investments at amortised cost	22	23,233	25,889
Interest income received on term deposits	22	206,417	221,752
Interest income received on current account balance with a bank	22	9,702	14,231
Net movements in term deposits		<u>2,423,788</u>	<u>(964,177)</u>
Net cash provided by/(used in) investing activities		<u>2,727,958</u>	<u>(639,285)</u>
Financing activities			
Principal paid on lease liabilities		(615)	(576)
Interest paid on lease liabilities	18	(9,385)	(9,424)
Dividends paid during the year	27	(546,513)	(346,514)
Charity payments		<u>(20,000)</u>	<u>-</u>
Net cash used in financing activities		<u>(576,513)</u>	<u>(356,514)</u>
Net increase/(decrease) in cash and cash equivalents		2,712,387	(668,123)
Cash and cash equivalents, beginning of the year		<u>938,436</u>	<u>1,606,559</u>
Cash and cash equivalents, end of the year	15	<u>3,650,823</u>	<u>938,436</u>

1 Organisation and activities

Bahrain Car Parks Company B.S.C. (“the Company”) is a public Bahraini shareholding company registered with the Ministry of Industry, Commerce and Tourism in the Kingdom of Bahrain and operates under commercial registration number 11455 obtained on 31 October 1981.

The principal activities of the Company include operating of car parks, real estate activities with own or leased property and other marketing/promotional activities.

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

These financial statements, set out on pages 9 to 49, were approved, authorised for issue and signed by the Board of Directors on 24 February 2021.

2 Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as promulgated by the International Accounting Standards Board (“IASB”), interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”), the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and the requirements of the Bahrain Commercial Companies Law, and associated resolutions, rules and procedures of the Bahrain Bourse.

Basis of presentation and functional currency

The financial statements have been prepared using the going concern assumption under the historical cost convention as modified by the fair valuation of investment properties and financial assets through other comprehensive income (OCI). The financial statements have been presented in Bahrain Dinar which is the functional currency of the Company.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company’s accounting policies. The areas requiring exercise of judgment in applying Company’s accounting policies are disclosed in Note 4 to the financial statements.

Improvements/amendments to IFRS/IAS

Improvements/amendments to IFRS/IAS contained numerous amendments to IFRS/IAS that the IASB considers non-urgent but necessary. ‘Improvements to IFRS’ comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. The amendments are effective for the Company’s future accounting period with earlier adoption.

2 Basis of preparation (continued)

Standards, amendments and interpretations issued and effective in 2020 but not relevant

The following new amendments to existing standards and interpretations to published standards are mandatory for accounting period beginning on or after 1 January 2020, but are not relevant to the Company's operations:

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IAS 1	Presentation of financial statements	1 January 2020
IAS 8	Accounting policies, changes in accounting estimates and errors	1 January 2020
IAS 39	Financial instruments: recognition and measurements	1 January 2020
IFRS 3	Business combinations	1 January 2020
IFRS 7	Financial instruments: Disclosures	1 January 2020
IFRS 9	Financial instruments	1 January 2020
IFRS 16	COVID-19-Related Rent Concessions	1 June 2020

Standards, amendments and interpretations issued but not yet effective in 2020

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial year ended 31 December 2020. They have not been adopted in preparing the financial statements for the year ended 31 December 2020 and will or may have an effect on the Company's future financial statements. In all cases, the Company intends to apply these standards from application date as indicated in the table below:

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IAS 39	Financial instruments: recognition and measurements	1 January 2021
IFRS 4	Insurance Contracts	1 January 2021
IFRS 7	Financial instruments: Disclosures	1 January 2021
IFRS 9	Financial instruments	1 January 2021
IFRS 16	Leases	1 January 2021
IAS 16	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
IAS 37	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
IFRS 3	Reference to the Conceptual Framework	1 January 2022
IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2023
IFRS 17	Insurance contracts	1 January 2023

Early adoption of amendments or standards in 2020

The Company did not early-adopt any new or amended standards in 2020. There would have been no change in the operational results of the Company for the year ended 31 December 2020 had the Company early adopted any of the above standards applicable to the Company.

3 Significant accounting policies

A summary of the significant accounting policies adopted in the preparation of these financial statements is set out below. The policies have been consistently applied to all the years presented, unless stated otherwise.

Intangible asset

Intangible assets consist of software. The intangible assets are capitalised and amortised using the straight-line method over the term of 5 years. The carrying amounts of the intangible assets are reviewed annually and written-down to their recoverable amounts, when it is considered that there is impairment.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes all costs directly attributable to bringing the asset to working condition for its intended use.

Depreciation is calculated so as to write-off the cost of property, plant and equipment less their estimated residual values on a straight-line basis over their expected useful lives. Freehold land is not depreciated as it is deemed to have an infinite useful life. The major classes of depreciable assets with their estimated useful lives are as follows:

Building on leasehold land	30 years or the lease period, whichever is lower
Car park and other equipment	5 years
Office furniture and equipment	4 years

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining net profit.

Repairs and renewals are charged to the statement of profit or loss when they are incurred.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the carrying amounts are written-down to their recoverable amounts.

Investments properties

Investment properties representing lands that held to earn long-term rental yields and for capital appreciation. Investment properties are treated as long-term investments and are initially recorded at cost, including all transaction costs. Subsequent expenditure relating to an investment property is added to the carrying value when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the Company. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Subsequent to initial recognition, investment properties are re-measured at fair values, representing open market values determined annually by external property valuers, or by taking into consideration other factors and sources of information such as assumptions about future demand, anticipated market recovery and the appropriate discount rate, and any unrealised fair value gains or losses arising are included in the statement of profit or loss in the year in which they arise. Fair value is the amount 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.

3 Significant accounting policies (continued)

Investments properties (continued)

Investment properties are de-recognised when they have either been disposed-off, or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the de-recognition of an investment property are recognised in the statement of profit or loss in the year of de-recognition.

Financial assets

The Company classifies its financial assets in to one of the categories discussed below, depending on the purpose for which assets was acquired. The Company's accounting policy for each category is as follows:

a) Financial assets at fair value through other comprehensive income (FVTOCI)

The Company has a number of investments in listed and unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Company has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Company considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the investment fair value reserve. Upon disposal any balance within investment fair value reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the investment fair value reserve.

b) Financial assets at amortised cost

The Company's financial assets measured at amortised cost comprise trade and other receivables excluding prepayments, investments at amortised cost, term deposits and cash and cash equivalents in the statement of financial position.

These assets arise principally from the provision of goods and services to customers, but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

3 Significant accounting policies (continued)

Financial assets (continued)

b) Financial assets at amortised cost (continued)

Trade and other receivables (excluding prepayments)

Impairment provisions for current and non-current trade and other receivables, if any, are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process, the probability of the non-payment of the trade and other receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade and other receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within general and administrative expenses in the statement of profit or loss. On confirmation that the trade and other receivable will not be collectable, the gross carrying value of the asset is written-off against the associated provision.

Investments at amortised cost

Investments at amortised cost represents investments in debt instruments. The Company intends to hold these investments to maturity in order to collect contractual cash flows and these cash flows consist solely of payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. If there are any impairment losses, those are presented in the statement of profit or loss.

Term deposits

Term deposits represent the monies placed with financial institutions. They are initially measured at amortised cost and profits are recognised on accrual basis. Term deposits are further classified into short-term, those which are having original maturity periods of more than three months but less than 12 months, and long-term, those which are having original maturity periods of more than one year from the statement of financial position date.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise of short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Investments normally only qualify as cash equivalent if they have a short maturity of three months or less from the date of acquisition. Financial instruments can only be included if they are in substance cash equivalents.

3 Significant accounting policies (continued)

Financial liabilities

The financial liabilities of the Company consist of other payables (excluding employee benefits). These financial liabilities are initially recognised at fair value and are subsequently remeasured at amortised cost using the effective interest method.

Other payables (excluding employee benefits)

Other payables (excluding employee benefits) are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation in future and the amount of the obligation can be reliably estimated.

Employee benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment benefits

Employee benefits and entitlements to annual leave, holiday, air passage and other short-term benefits are recognised as they accrue to the employees. The Company contributes to the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain. This is a defined contribution pension plan and the Company's contributions are charged to the statement of profit or loss in the year to which they relate. In respect of this plan, the Company has a legal obligation to pay the contributions as they fall due and no obligation exists to pay the future benefits.

The expatriate employees of the Company are paid leaving indemnity in accordance with the provisions of the Bahrain Labour Law. The Company accrues for its liability in this respect on an annual basis.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments.

Dividends and board remuneration

Dividends and board remuneration are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is recognised when declared by the directors. In the case of final dividends and board remuneration, this is recognised when approved by the shareholders at the Annual General Meeting.

3 Significant accounting policies (continued)

Treasury shares

Shares of the Company repurchased at the statement of financial position date are designated as treasury shares until they are reissued or cancelled. The nominal value of treasury shares are disclosed as a deduction from reserves, with the difference between the nominal value of the shares and their purchase cost being adjusted against the retained earnings or the share premium account in the statement of changes in shareholders' equity. Gains or losses arising on the sale of treasury shares are recognised in the statement of change in shareholders' equity.

Contribution to charities

Charities are approved by the shareholders at the Annual General Meeting and contributions by the Company are recognised and transferred to the charity reserve in the year in which they are approved.

Leases

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) There is an identified asset;
- (b) The Company obtains substantially all the economic benefits from use of the asset; and
- (c) The Company has the right to direct use of the asset.

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease. In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

3 Significant accounting policies (continued)

Leases (continued)

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonable certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is re-measured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Based on the exemptions available in IFRS 16, low value and short-term leases are not capitalised in the statement of financial position. All payments made towards such leases are charged to the statement of profit or loss on a straight line basis over the period of the lease.

3 Significant accounting policies (continued)

Revenue recognition

Performance obligation and timing of revenue recognition

Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously.

Determining the transaction price

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Allocating amounts to performance obligations

The Company's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

For all the contracts, there is a fixed price set for each service to be rendered. Therefore, there is a limited judgment involved in allocating the contract price to each service rendered.

Foreign currency transactions

Foreign currency transactions are accounted for at the rates of exchange prevailing at the dates of the transactions. Gains and losses arising from the settlement of such transactions and from the translation, at the year-end rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Executive Committee members and the Chief Executive Officer.

The Company's primary segment reporting format is business segments. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments.

The Company's primary business segments are:

- Car park services;
- Property rentals; and
- Investment and related services.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

4 Critical accounting judgments and key source of estimation uncertainty

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies. The determination of estimates requires judgments which are based on historical experience, current and expected economic conditions, and other available information.

The most significant areas requiring the use of management estimates and assumptions in these financial statements relate to:

- economic useful lives of intangible assets;
- economic useful lives of property, plant and equipment;
- classification of investments;
- fair valuation of investments;
- fair valuation of investment properties;
- fair value measurement;
- impairment of assets;
- revenue recognition;
- determination of lease term and borrowing rates;
- economic life of right-of-use assets;
- legal proceeding;
- going concern; and
- contingencies.

Economic useful lives of intangible assets

Intangible assets are amortised or depreciated over their estimated useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the statement of profit or loss in specific periods.

Economic useful lives of property, plant and equipment

The Company's property, plant and equipment are depreciated on a straight-line basis over their economic useful lives. Economic useful lives of property, plant and equipment are reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Company.

Classification of investments

In the process of applying the Company's accounting policies, management decides on acquisition of an investment whether it should be classified as investments designated at fair value through other comprehensive or in amortised cost. The classification of each investment reflects the management's intention in relation to each investment and is subject to different accounting treatments based on such classification.

Fair valuation of investments

The Company determines fair values of investments that are not quoted in active markets by using valuation techniques such as adjusted net asset valuation and recent transaction prices. Fair value estimates are made at a specific point in time, based on market conditions and information about the investee companies.

4 Critical accounting judgments and key source of estimation uncertainty (continued)

Fair valuation of investments (continued)

These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. There is no certainty about future events (such as continued operating profits and financial strengths). It is reasonably possible, based on existing knowledge, that outcomes within the next financial year are different from assumptions that could require a material adjustment to the carrying amount of the investments. In case where adjusted net asset valuation models have been used to estimate fair values, the adjustments to the net asset values have been estimated by the management based on information from and discussions with representatives of the management of the investee companies, and based on the latest available audited and un-audited financial statements.

Fair valuation of investment properties

The Company obtains valuations performed by external valuers in order to determine the fair value of its investment properties. These valuations are based upon assumptions including future rental income, anticipated maintenance costs and the appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties. The level of activity in the investment property market has been at a low level for the past year, primarily because of the impact of COVID19. The lack of comparable market transactions has resulted in a greater level of professional judgment being relied upon in arriving at valuations. Changes in the underlying assumptions could have a significant impact on the fair values presented.

Fair value measurement

A number of assets and liabilities included in the financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item and transfers of items between levels are recognised in the period they occur.

The financial assets and liabilities of the Company are initially recorded at fair value and subsequently re-measured at amortised cost while those which require fair value re-measurement are disclosed in Note 30.

Impairment of assets

Financial assets

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

4 Critical accounting judgments and key source of estimation uncertainty (continued)

Impairment of assets (continued)

Financial assets (continued)

As at 31 December 2020, in the opinion of the management, an impairment allowance of BD78,965 is required towards impaired rents receivables from tenants and amounts due from a related party (2019: BD83,169). Further, in the opinion of the management, term deposits and bank balances are not impaired as at 31 December 2020 (2019: BDNil).

Other non-financial assets

The carrying amount of the Company's assets or its cash generating unit, other than financial assets, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. A cash generating unit is the smallest identifiable asset that generates cash flows that largely are independent from other assets. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset or a cash generating unit is the greater of its value in use or fair value less costs to sell. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit or loss. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

Revenue recognition

The Company exercises judgment in determining whether a revenue transaction is recognised at a point in time or over time taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

Determination of lease term and the borrowing rates for leases

In case where the Company is a lessee, the Company's management exercises judgment in determining if it is reasonably certain to exercise the lease options to extend or terminate the lease at the commencement as well as during the lease term. The carrying value of lease liabilities are revised based on certain variable elements of the future lease payments like rates or index. Determination of incremental borrowing rates used to determine the carrying value of lease liabilities and the discount rates used to determine the carrying value of right-of-use of lease rights involve, to certain extent, management estimates. Any changes to management estimate may have an impact on the term as well as the carrying values of the lease assets and liabilities.

Economic life of right-of-use assets

Right-of-use assets are amortised over their economic useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the statement of profit or loss in specific periods.

The Company's right-of-use assets are amortised on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term.

Economic useful lives of right-of-use assets are reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Company.

4 Critical accounting judgments and key source of estimation uncertainty (continued)

Legal proceedings

The Company recognises a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the financial statements. Obligations arising in respect of contingent liabilities that have been disclosed, or those which are not currently recognised or disclosed in the financial statements could have a material effect on the Company's financial position. Application of these accounting principles to legal cases requires the Company's management to make determinations about various factual and legal matters beyond its control.

The Company reviews outstanding legal cases following developments in the legal proceedings at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claims or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claims or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Company's management as to how it will respond to the litigation, claim or assessment.

Going concern

The management of the Company reviews the financial position on a periodical basis and assesses the requirement of any additional funding to meet the working capital requirements and estimated funds required to meet the liabilities as and when they become due. In addition, the shareholders of the Company ensure that they provide adequate financial support to fund the requirements of the Company to ensure the going concern status of the Company.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future event.

5 Significant events and transactions

In accordance with the Central Bank of Bahrain circular dated 14 July 2020, having reference number OG/259/2020, which aims to maintain transparency amidst the current implication of Coronavirus (COVID19), the Company discloses herewith additional financial information pertaining to the financial impact of COVID19 on the financial statements as follows:

The World Health Organisation declared coronavirus (COVID19) a global health emergency on 30 January 2020. Subsequently, the WHO classified COVID19 outbreak a global pandemic based on the rapid increase in exposure and infections across the world. The pandemic necessitated restrictions and closures that affected our operations and tenants. The Company has experienced significant disruption to its operations in the following respects:

- Decreased demand for certain services as a consequence of travel restrictions and social distancing requirements and recommendations; and
- Significant uncertainty concerning when government closures will be lifted, social distancing requirements will be eased and the long-term effects of the pandemic on the demand for Company's primary services.

5 Significant events and transactions (continued)

Based on the nature of operations and the industry in which it operates, the Company's management assessed the significant impact of COVID19 in the below areas:

- Decrease in operating income;
- Government grants;
- Valuation and income from financial assets;
- Investment properties; and
- Commitments and contingent liabilities.

(a) Decrease in operating income;

Company has experienced a reduction in its operating income amounting to BD389,633 for the year ended 31 December 2020 as compared to the estimates. The Company is engaged in operating car parks, real estate activities with own or leased property and other marketing/promotional activities, as follows:

- The Company's daily car park business showed 55% decrease in value;
- The Company's monthly car park business showed 6% decrease in value;
- Tenants were affected by the pandemic and the Company has voluntarily provided rent concessions, waivers and deferrals to tenants during the year, which resulted in a decrease in operating income by BD71,568; and
- Some tenants terminated their leases during the pandemic leading to loss of income by BD86,596.

(b) Government grants

The Company has applied for government support programs introduced in response to the global pandemic. The Company has received a government grant of BD129,175 relating to support towards the payroll of the Company's Bahraini employees, LMRA fees, visa fees, municipality fees and electricity and water charges. The Company has elected to present this government grant under other income (Note 23). The Company committed to spending the assistance on payroll expenses.

(c) Valuation and income from financial assets

The Company has investments as disclosed in Note 10 of the financial statements, which are classified as financial assets at fair value through other comprehensive income and form a significant balance in the financial statements. The fair value changes due to the impact of COVID19, are as follows:

- The Company's valuation of financial assets at fair value through other comprehensive income has resulted in unrealised fair value losses of BD53,733 (Note 10), whereas realised fair value losses of BD59,284 have been recognised on investments which have been disposed during the year; and
- The Company's estimates of dividend receivables relating to its financial assets showed 19% decrease in value.

(d) Investment properties

Due to the impact of COVID19, the level of activity in the investment property market has been at a historically low level. The lack of comparable market transactions has resulted in a greater level of professional judgment being relied upon in arriving at valuations. The Company estimates the impact on its investment properties to be a decrease of BD22,000.

5 Significant events and transactions (continued)

(e) Commitments and contingent liabilities

The Company has assessed the impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships among the Company, customers and suppliers, with a view of potential increase in contingent liabilities and commitments and no issues were noted.

The below table summarises the impact of COVID-19 on the financial statements for the year ended 31 December 2020:

<u>Financial statement area</u>	<u>Nature of impact</u>	<u>Amount in BD</u>
Operating income	Decrease	389,633
Valuation and income from financial assets	Decrease	113,017
Investment properties	Decrease	22,000
Government grants	Increase	129,175

6 Segmental information

Business segments - primary reporting segment

The Company's primary segment reporting format is business segment. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. The Company's primary business segments are:

- Car park services - This segment is involved in providing car parks for the public in return for parking charges. This segment contributes 38.40% (2019: 37.45%) of the Company's revenue.
- Property rental income - This segment is involved in the management, maintenance and renting of properties. This segment contributes the largest proportion of the Company's business, generating 46.15% (2019: 43.73%) of the Company's revenue.
- Investment and related services - This segment is involved in trading in financial and other assets and investing excess funds in the primary and secondary market. This segment has contributed 15.45% (2019: 18.82%) of the Company's total revenue.

Bahrain Car Parks Company B.S.C.
Notes to the financial statements for the year ended 31 December 2020
(Expressed in Bahrain Dinars)

6 Segmental information (continued)

As at, and for the year ended, 31 December 2020

	<u>Car park services</u>	<u>Property rental services</u>	<u>Investment services</u>	<u>Unallocated</u>	<u>Total</u>
Car park income	749,632	-	-	-	749,632
Property rental income	-	736,903	-	-	736,903
Service charges income	-	154,638	-	-	154,638
Operating income	749,632	891,541	-	-	1,641,173
Net income from investments	-	-	318,422	-	318,422
Other income	61,980	84,054	8,272	-	154,306
Total revenue	811,612	975,595	326,694	-	2,113,901
Operating and general expenses (including maintenance costs)	464,656	837,129	50,178	-	1,351,963
Depreciation	31,694	46,680	-	-	78,374
Total operating and general expenses (including maintenance costs)	496,350	883,809	50,178	-	1,430,337
Unallocated expenses	-	-	-	25,272	25,272
Total expenses	496,350	883,809	50,178	25,272	1,455,609
Segment profit/(loss)	315,262	91,786	276,516	(25,272)	658,292
Reportable segment assets	3,725,885	5,721,768	10,721,590	-	20,169,243
Reportable segment liabilities	201,137	305,957	10,676	-	517,770
Other segment information					
Minimum operating lease commitment	210,000	-	-	-	210,000

Bahrain Car Parks Company B.S.C.
Notes to the financial statements for the year ended 31 December 2020
(Expressed in Bahrain Dinars)

6 Segmental information (continued)

As at, and for the year ended, 31 December 2019

	<u>Car park services</u>	<u>Property rental services</u>	<u>Investment services</u>	<u>Unallocated</u>	<u>Total</u>
Car park income	766,906	-	-	-	766,906
Property rental income	-	734,960	-	-	734,960
Service charges income	-	160,746	-	-	160,746
Operating income	766,906	895,706	-	-	1,662,612
Net income from investments	-	-	385,457	-	385,457
Other income	1,206	1,614	-	-	2,820
Total revenue	768,112	897,320	385,457	-	2,050,889
Operating and general expenses (including maintenance costs)	471,853	579,064	12,699	-	1,063,616
Depreciation	26,214	42,692	-	-	68,906
Total operating and general expenses (including maintenance costs)	498,067	621,756	12,699	-	1,132,522
Unallocated expenses	-	-	-	30,332	30,332
Total expenses	498,067	621,756	12,699	30,332	1,162,854
Segment profit/(loss)	270,045	275,564	372,758	(30,332)	888,035
Reportable segment assets	3,011,058	6,531,053	10,629,006	-	20,171,117
Reportable segment liabilities	85,340	472,350	-	-	557,690
Other segment information					
Minimum operating lease commitment	220,000	-	-	-	220,000

6 Segmental information (continued)

Geographical segments - secondary reporting segment

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

The Company's operations are restricted to the Kingdom of Bahrain; therefore, no geographical segmental information has been presented

7 Intangible assets

	<u>31 December 2020</u>	<u>31 December 2019</u>
Opening balance	23,895	-
Additions during the year	-	24,983
Amortisation charge for the year (Notes 24)	<u>(4,997)</u>	<u>(1,088)</u>
Closing balance	<u>18,898</u>	<u>23,895</u>

Intangible assets consist of software and are amortised over its estimated useful life, which is considered to be five years from the date of acquisition. The carrying value of the intangible asset is reviewed annually and adjusted for impairment if considered necessary.

In the opinion of the Company's management, the carrying value of the intangible assets is not impaired.

8 Right-of-use assets

	<u>Leasehold land</u>
Cost	
On adoption of IFRS 16 as at 1 January 2019	154,968
Additions during the year	<u>6,000,000</u>
At 31 December 2019 and 2020	<u>6,154,968</u>
Accumulated amortisation	
Amortisation charge for the year (Note 24) and at 31 December 2019	75,455
Amortisation charge for the year (Note 24)	<u>131,921</u>
At 31 December 2020	<u>207,376</u>
Carrying value	
At 31 December 2020	<u>5,947,592</u>
At 31 December 2019	<u>6,079,513</u>

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8 Right-of-use assets (continued)

During the year ended 31 December 2019, the Company issued additional shares of 40,000,000 ordinary shares at a value of 150 fils per share for a total value of BD6,000,000 in favour of Bahrain Real Estate Investment (Edamah) B.S.C. (c) in consideration for the usufruct right in the "Terminal Building" in Adliya for a period of 99 years with an automatic renewal for a further similar period after the completion of initial period.

As at 31 December 2020, the Company has two lease contracts on lands and buildings, where the lease payments are fixed payments without any link to variable elements such as inflation and market rentals.

9 Property, plant and equipment

	Freehold land	Building on leasehold land	Car park and other equipment	Office furniture and equipment	Total
Cost					
At 31 December 2018	2,454,530	8,138,413	189,031	104,086	10,886,060
Additions	<u>-</u>	<u>-</u>	<u>17,582</u>	<u>18,000</u>	<u>35,582</u>
At 31 December 2019	2,454,530	8,138,413	206,613	122,086	10,921,642
Additions	<u>-</u>	<u>-</u>	<u>212,918</u>	<u>3,125</u>	<u>216,043</u>
At 31 December 2020	<u>2,454,530</u>	<u>8,138,413</u>	<u>419,531</u>	<u>125,211</u>	<u>11,137,685</u>
Accumulated depreciation					
At 31 December 2018	-	7,881,529	39,865	70,849	7,992,243
Charge for the year (Note 24)	<u>-</u>	<u>18,278</u>	<u>33,791</u>	<u>16,837</u>	<u>68,906</u>
At 31 December 2019	-	7,899,807	73,656	87,686	8,061,149
Charge for the year (Note 24)	<u>-</u>	<u>18,354</u>	<u>43,526</u>	<u>16,494</u>	<u>78,374</u>
At 31 December 2020	<u>-</u>	<u>7,918,161</u>	<u>117,182</u>	<u>104,180</u>	<u>8,139,523</u>
Net book amount					
At 31 December 2020	<u>2,454,530</u>	<u>220,252</u>	<u>302,349</u>	<u>21,031</u>	<u>2,998,162</u>
At 31 December 2019	<u>2,454,530</u>	<u>238,606</u>	<u>132,957</u>	<u>34,400</u>	<u>2,860,493</u>

The land on which the car park building is constructed has been leased from the Government of the Kingdom of Bahrain for a period of 50 years commencing from the year 1982.

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10 Financial assets at fair value through other comprehensive income

	<u>31 December 2020</u>	<u>31 December 2019</u>
Opening balance	3,088,598	3,348,492
Disposals during the year	(179,791)	-
Valuation losses recognised in other comprehensive income	<u>(53,733)</u>	<u>(259,894)</u>
Closing balance	<u>2,855,074</u>	<u>3,088,598</u>

The above investments are further classified as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
Shares listed on the Bahrain Bourse	2,046,658	2,286,084
Unquoted equity shares	<u>808,416</u>	<u>802,514</u>
	<u>2,855,074</u>	<u>3,088,598</u>

The investment categorised as financial assets at fair value through other comprehensive income are denominated in the following currencies:

Currency	<u>31 December 2020</u>	<u>31 December 2019</u>
United States Dollar	664,301	668,795
Bahrain Dinar	<u>2,190,773</u>	<u>2,419,803</u>
	<u>2,855,074</u>	<u>3,088,598</u>

The fair value of quoted investments is based on published market prices. The fair value of the unquoted investments is based on the net assets taken from the latest available audited financial statements. Any changes in the net assets of the investee companies during 2020 would be reflected in Company's 2021 financial statements upon receipt of the most recent financial information.

11 Investments at amortised cost

	<u>31 December 2020</u>	<u>31 December 2019</u>
Opening and closing balance	<u>380,871</u>	<u>380,871</u>

Investment in amortised cost represent bonds (Ahli United Bank Perpetual Tier 1 Capital Securities) carrying coupon interest of 6.875% and are denominated in United States Dollars.

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12 Investment properties

	<u>31 December 2020</u>	<u>31 December 2019</u>
Opening balance	492,044	492,044
Unrealised fair value loss for the year (Note 22)	<u>(22,000)</u>	<u>-</u>
Closing balance	<u>470,044</u>	<u>492,044</u>

During the year ended 31 December 2020, the Company obtained valuations performed by external valuers. The Company updated its assessment of the fair value of each investment property, taking into account the independent valuations. The Company determines a property's value within a range of reasonable fair value estimates. Due to the impact of COVID19, the level of activity in the investment property market has been at a historically low level. The lack of comparable market transactions has resulted in a greater level of professional judgment being relied upon in arriving at valuations. As such, the Company used multiple information points. These information points and sources include assumptions about future demand, anticipated market recovery and the appropriate discount rate. Accordingly, the fair value loss was BD22,000 during the year ended 31 December 2020 (2019: BDNil). During the year ended 31 December 2020, no income has been recognised from the investment properties (2019: BDNil). Further, no expenses relating to the investment properties, including repairs and maintenance, were incurred for the year ended 31 December 2020 (2019: BDNil). The fair values of investment properties are categorised as a level 3 recurring fair value measurement.

13 Term deposits

	<u>31 December 2020</u>	<u>31 December 2019</u>
Term deposit with banks maturing after 3 months but within 1 year	3,214,885	3,853,891
Term deposit with banks maturing after 1 year	<u>-</u>	<u>1,784,782</u>
	<u>3,214,885</u>	<u>5,638,673</u>

Term deposits placed with the Company's bankers, earn interest at rates ranging between 2.10% and 3.60% per annum (2019: between 3.60% and 4.75% per annum) and are denominated in Bahrain Dinar. The deposits which mature within one year from the statement of financial position date are classified under current assets while the deposits which mature beyond one year from the statement of financial position date are classified as non-current assets.

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14 Trade and other receivables

	31 December 2020	31 December 2019
Rents receivable from tenants	300,538	455,319
Amounts due from a related party (Note 29)	<u>10,563</u>	<u>149,119</u>
	311,101	604,438
Less: provision for impaired rents receivable from tenants	<u>(78,965)</u>	<u>(83,169)</u>
	232,136	521,269
Accrued revenues	199,519	-
Accrued interest	149,982	91,938
Advances paid to creditors	25,599	27,500
Staff advances	-	4,000
Prepayments and other receivables	<u>10,990</u>	<u>11,553</u>
	<u>618,226</u>	<u>656,260</u>

The Company's rent receivables are amounts due from customers and are primarily denominated in Bahrain Dinar. It is not the policy of the Company to obtain collateral against trade and other receivables and, therefore, are all unsecured. The carrying value of trade and other receivables classified at amortised cost approximates fair value.

The Company applies the IFRS 9 simplified approach to measure the expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables parties are grouped based on similar credit risk and aging. Accrued revenues do not share the risk characteristics of rents receivable and therefore, the Company concluded that they should be measured at amortised cost.

The expected loss rates are based on the Company's historical credit losses experienced over a year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers. The Company has identified the gross domestic product (GDP) and inflation rate as the key macroeconomic factors in the countries where the Company operates.

On that basis, the lifetime expected loss provision as at 31 December 2020 and 2019 was determined as follows for trade receivables:

	30 days overdue	90 days overdue	180 days overdue	360 days overdue	Above 360 days overdue	Total
31 December 2020						
Expected loss rate	1.25%	1.66%	2.28%	4.13%	100.00%	
Trade receivables	41,684	74,670	61,619	59,795	73,333	311,101
Loss allowance	518	1,236	1,407	2,471	73,333	78,965
31 December 2019						
Expected loss rate	2.83%	3.16%	5.94%	8.86%	100.00%	
Trade receivables	203,283	209,900	91,195	39,116	60,944	604,438
Loss allowance	5,765	7,577	5,417	3,466	60,944	83,169

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14 Trade and other receivables (continued)

The movement in provision for impaired rents receivables from tenants is as follows:

	31 December <u>2020</u>	31 December <u>2019</u>
Opening balance	83,169	46,633
Provision for the year (Note 24)	-	36,536
Reversal of excess provision (Note 23)	<u>(4,204)</u>	<u>-</u>
Closing balance	<u>78,965</u>	<u>83,169</u>

Amounts due from a related party are unsecured, bear no interest and repayable on demand.

Unimpaired rents receivables are expected, on the basis of past experience, to be fully recoverable.

15 Cash and cash equivalents

	31 December <u>2020</u>	31 December <u>2019</u>
Cash on hand	1,388	1,554
Short-term deposits maturing within three months	2,571,225	-
Current account balances with banks	<u>1,078,210</u>	<u>936,882</u>
	<u>3,650,823</u>	<u>938,436</u>

The current account balances with banks earn interest rate ranging from 0% to 1.5% per annum (2019: ranging between 0% to 2.5% per annum).

Short-term deposits held with the Company's bankers earn rate of return ranging from 3.9% to 4% per annum, are denominated in Bahrain Dinars and have original maturities of three months or less.

16 Share capital

	31 December <u>2020</u>	31 December <u>2019</u>
Authorised:		
125,000,000 ordinary shares of 100 fils each	<u>12,500,000</u>	<u>12,500,000</u>
Issued and fully paid-up:		
110,317,230 ordinary shares of 100 fils each	11,031,723	11,031,723
Less: 1,014,560 treasury shares of 100 fils each	<u>(101,456)</u>	<u>(101,456)</u>
	<u>10,930,267</u>	<u>10,930,267</u>

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16 Share capital (continued)

Additional information on shareholding pattern

- (i) The names and nationalities of the major shareholders and the number of shares held which constitute an interest of 5% or more of the outstanding shares are as follows:

	At 31 December 2020		
	<u>Nationality</u>	<u>Number of shares</u>	<u>Percentage of shareholding interest</u>
Bahrain Real Estate Investment (Edamah) B.S.C. (c)	Bahraini	40,000,000	36.26%
Social Insurance Organisation	Bahraini	37,033,490	33.57%
Kuwait Commercial Real Estate Centre	Kuwaiti	15,000,000	13.60%

	At 31 December 2019		
	<u>Nationality</u>	<u>Number of shares</u>	<u>Percentage of shareholding interest</u>
Bahrain Real Estate Investment (Edamah) B.S.C. (c)	Bahraini	40,000,000	36.26%
Social Insurance Organisation	Bahraini	37,033,490	33.57%
Kuwait Commercial Real Estate Centre	Kuwaiti	15,000,000	13.60%

- (ii) The Company has only one class of equity shares and the holders of the shares have equal voting rights.

- (iii) The distribution schedule of equity shares, setting out the number of shareholders and percentages in the following categories, is as follows:

	At 31 December 2020		
	<u>Number of shareholders</u>	<u>Number of shares</u>	<u>Percentage of total outstanding shares</u>
Less than 1%	1,311	12,776,842	11.58%
1% and up to less than 5%	2	5,506,898	4.99%
5% and above	<u>3</u>	<u>92,033,490</u>	<u>83.43%</u>
	<u>1,316</u>	<u>110,317,230</u>	<u>100%</u>

	At 31 December 2019		
	<u>Number of shareholders</u>	<u>Number of shares</u>	<u>Percentage of total outstanding Shares</u>
Less than 1%	1,317	12,776,842	11.58%
1% and up to less than 5%	2	5,506,898	4.99%
5% and above	<u>3</u>	<u>92,033,490</u>	<u>83.43%</u>
	<u>1,322</u>	<u>110,317,230</u>	<u>100.00%</u>

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17 Reserves

a) Statutory reserve

	31 December <u>2020</u>	31 December <u>2019</u>
Opening balance	3,110,547	3,021,743
Transferred during the year	<u>65,829</u>	<u>88,804</u>
Closing balance	<u>3,176,376</u>	<u>3,110,547</u>

In accordance with the provisions of the Bahrain Commercial Companies Law, an amount equivalent to 10% of the Company's net profit before appropriations is required to be transferred to a non-distributable reserve account until such time as a minimum of 50% of the issued share capital is set aside. This reserve is not available for distribution except for dividend payment as permitted by Bahrain Commercial Companies Law.

b) Charity reserve

This reserve represents amounts set aside towards charity payments as approved by the shareholders of the Company. An amount of BD10,000 has been transferred to the charity reserved during the year ended 31 December 2020 (2019: BD10,000), whereas payments of BD20,000 were made towards charity during the year ended 31 December 2020 (2019: BDNil). This reserve is not available for distribution.

c) Investment fair value reserve

This reserve represents the unrealised fair value gains net of losses on investments categorised as financial assets at fair value through other comprehensive income. Unrealised fair value losses on the designated investments amounted to BD53,733 (2019: BD259,894). This reserve is not available for distribution.

d) Retained earnings

	31 December <u>2020</u>	31 December <u>2019</u>
Opening balance	3,806,593	3,363,876
Net profit for the year	658,292	888,035
Dividends (Note 27)	(546,513)	(346,514)
Transferred to statutory reserve	(65,829)	(88,804)
Transferred on disposal of financial assets at value through other comprehensive income	(59,284)	-
Charity reserve created during the year	<u>(10,000)</u>	<u>(10,000)</u>
Closing balance	<u>3,783,259</u>	<u>3,806,593</u>

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18 Lease liabilities

	31 December 2020	31 December 2019
At 1 January	154,392	154,968
Lease payments	(10,000)	(10,000)
Interest expenses (Note 24)	<u>9,385</u>	<u>9,424</u>
At 31 December	153,777	154,392
Less: current lease liabilities	<u>(655)</u>	<u>(615)</u>
Non-current lease liabilities	<u>153,122</u>	<u>153,777</u>

Maturity analysis - contractual undiscounted cash flows:

	31 December 2020	31 December 2019
Less than one year	10,000	10,000
More than one year and less than five years	80,000	90,000
More than five years	<u>120,000</u>	<u>120,000</u>
Total undiscounted leases	<u>210,000</u>	<u>220,000</u>

The annual rent for the land upon which the car park building is situated is revised every ten years; the amount payable being the higher of a fixed element increase or a percentage of the Company's gross operating profit. The current year's charge of BD128,501 (20% of the gross operating profit generated from the related building), is included under operating, general and administrative expenses (Note 24) (2019: BD74,449).

19 Employees' terminal benefits

Local employees

The contributions made by the Company towards the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain for the year ended 31 December 2020 amounted to BD33,635 (2019: BD27,365).

Expatriate employees

The movement in the leaving indemnity liability applicable to expatriate employees is as follows:

	31 December 2020	31 December 2019
Opening balance	32,419	25,469
Accruals for the year	15,210	6,950
Payments during the year	<u>(14,070)</u>	<u>-</u>
Closing balance	<u>33,559</u>	<u>32,419</u>
The number of staff employed by the Company	<u>30</u>	<u>28</u>

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20 Other payables

	31 December 2020	31 December 2019
Amounts due to a related party (Note 29)	131,274	132,604
Accruals and other payables	145,251	80,538
Unclaimed dividends	15,309	77,681
Advances received from tenants	5,575	54,831
Provision for leave salary, air passage	<u>33,025</u>	<u>25,225</u>
	<u>330,434</u>	<u>370,879</u>

Amount due to a related party are unsecured, bear no interest and are repayable on demand.

21 Operating income

	Year ended 31 December 2020	Year ended 31 December 2019
<i>Primary geographic markets</i>		
Kingdom of Bahrain	<u>1,641,173</u>	<u>1,662,612</u>
<i>Service type</i>		
Rental income	736,903	734,960
Car park income	697,854	720,652
Other car park income (Note 29)	51,778	46,254
Service charges income	<u>154,638</u>	<u>160,746</u>
	<u>1,641,173</u>	<u>1,662,612</u>
<i>Contract counterparties</i>		
Direct to customers	<u>1,641,173</u>	<u>1,662,612</u>
<i>Timing of revenue recognition</i>		
Over a period of time	<u>1,641,173</u>	<u>1,662,612</u>

22 Net income from investments

	Year ended 31 December 2020	Year ended 31 December 2019
Interest on term deposits	206,417	221,752
Dividends income	101,070	123,585
Interest income on investments at amortised cost	23,233	25,889
Interest on current account balance with a bank	9,702	14,231
Unrealised fair value loss on investment properties (Note 12)	<u>(22,000)</u>	<u>-</u>
	<u>318,422</u>	<u>385,457</u>

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23 Other income

	Year ended 31 December <u>2020</u>	Year ended 31 December <u>2019</u>
Government grants (Note 5)	129,175	-
Income from parking equipment	8,987	-
Reversal of other payables	8,750	-
Reversal of provision for impaired rents receivable from tenants (Note 14)	4,204	-
Miscellaneous income	<u>3,190</u>	<u>2,820</u>
	<u>154,306</u>	<u>2,820</u>

24 Operating, general and administrative expenses

	Year ended 31 December <u>2020</u>	Year ended 31 December <u>2019</u>
Staff costs	580,110	440,340
Other operating, general and administrative expenses	249,778	168,539
Amortisation of right-of-use assets (Note 8)	131,921	75,455
Lease rent expenses (Note 18 and 29)	128,501	74,449
Electricity and water charges	125,257	141,410
Maintenance costs	83,014	81,375
Depreciation of property, plant and equipment (Note 9)	78,374	68,906
Directors' sitting fees (Note 29)	39,000	35,000
Provision for impaired rent receivable from tenants (Note 14)	-	36,536
Interest expenses on lease liabilities (Note 18)	9,385	9,424
Amortisation of intangible assets (Note 7)	<u>4,997</u>	<u>1,088</u>
	<u>1,430,337</u>	<u>1,132,522</u>

25 Directors' remuneration

Accrued and expensed

An amount of BD25,272 has been accrued and expensed as directors' remuneration in 2020, relating to the year ended 31 December 2019 (2019: BD30,332 relating to the year ended 31 December 2018). The payment was approved by the shareholders in the Annual General Meeting held on 25 March 2020 (2019: 21 March 2019). Directors' remuneration is only expensed in the statement of profit or loss in the year in which it is approved.

Proposed by the Board of Directors

The Board of Directors of the Company has proposed to pay a Directors' remuneration of BD25,272 for the year ended 31 December 2020 (2019: BD25,272 for the year 31 December 2019). Such proposed remuneration only becomes payable once it has been approved by the shareholders in the Annual General Meeting, and accordingly, has not been accounted for in these financial statements.

26 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to the shareholders by the weighted average number of ordinary shares issued during the year.

	Year ended 31 December <u>2020</u>	Year ended 31 December <u>2019</u>
Net profit attributable to the shareholders	<u>658,292</u>	<u>888,035</u>
Weighted average number of ordinary shares	<u>109,302,670</u>	<u>90,621,351</u>
Basic and diluted earnings per share	<u>6 fils</u>	<u>10 fils</u>

The Company does not have any potentially dilutive ordinary shares, hence the diluted earnings per share and basic earnings per share are identical.

27 Dividends

Declared and paid

A dividend of BD546,513 representing 5% of the total issued and fully paid-up share capital of the Company for the year ended 31 December 2019 (at 5 fils per share) (2019: BD346,514 for the year ended 31 December 2018 at 5 fils per share), was approved by the shareholders in the Annual General Meeting of the shareholders held on 25 March 2020 (2019: 21 March 2019), declared and subsequently paid.

Proposed by the Board of Directors

The Board of Directors of the Company has proposed a dividend of BD546,513 (2019: BD546,513) representing 5% of the total issued and fully paid-up share capital of the Company for the year ended 31 December 2020 at 5 fils per share (2019: at 5 fils per share). The proposed dividend only becomes payable once it has been approved by the shareholders in the Annual General Meeting and accordingly, the proposed dividend has not been accounted for in these financial statements.

28 Contribution to charity

Proposed by the Board of Directors

The Board of Directors of the Company have proposed charity contributions of BD10,000 for the year ended 31 December 2020 (2019: BD10,000). This is subject to the approval of shareholders in the Annual General Meeting.

29 Transactions and balances with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the shareholders, directors, key management personnel and their close family members and such other companies over which the Company or its shareholders, directors, key management personnel and their close family members can exercise significant influence or can be significantly influenced by those parties. Transactions with the related parties are authorised by the management and are on an arm's length basis.

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29 Transactions and balances with related parties (continued)

The following is a summary of the significant transactions entered into with the related parties during the year ended 31 December:

<u>Transaction</u>	<u>Nature of relationship</u>	<u>Name of the related party</u>	<u>Year ended 31 December 2020</u>	<u>Year ended 31 December 2019</u>
Other car park income (Note 21)	Shareholder	Bahrain Real Estate Investment (Edamah) B.S.C (c)	51,778	46,254
Lease rent expenses (Note 24)	Shareholder	Bahrain Real Estate Investment (Edamah) B.S.C (c)	128,501	74,449
Directors' remuneration	Key management personnel *	Key management personnel *	25,272	30,332
Directors' sitting fees (Note 24)	Key management personnel *	Key management personnel *	39,000	35,000
Salaries and bonuses to key management personnel	Key management personnel *	Key management personnel *	267,507	222,250
Long-term benefits to key management personnel	Key management personnel *	Key management personnel *	4,490	1,723

(*) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including the directors of the Company.

A summary of the related party balances is as follows:

<u>Name of the related party</u>	<u>Nature of relationship</u>	<u>Amounts due from a related party (Note 14)</u>	
		<u>31 December 2020</u>	<u>31 December 2019</u>
Bahrain Real Estate Investment (Edamah) B.S.C (c)	Shareholder	<u>10,563</u>	<u>149,119</u>

<u>Name of the related party</u>	<u>Nature of relationship</u>	<u>Amounts due to a related party (Note 20)</u>	
		<u>31 December 2020</u>	<u>31 December 2019</u>
Bahrain Real Estate Investment (Edamah) B.S.C (c)	Shareholder	<u>131,274</u>	<u>132,604</u>

30 Financial assets and liabilities and risk management

Financial assets and liabilities carried on the statement of financial position include cash and cash equivalents, term deposits, financial assets at fair value through other comprehensive income, investments at amortised cost, trade and other receivables excluding prepayments and other payables excluding employee benefits. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Capital management

The Company's objectives when maintaining capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services that commensurate with the level of risk.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies and processes during the years ended 31 December 2020 and 2019.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, other payables and lease liabilities less cash and cash equivalents. Capital includes share capital and reserves attributable to the shareholders of the Company.

	31 December 2020	31 December 2019
Other payables	330,434	370,879
Lease liabilities	153,777	154,392
Less: cash and cash equivalents	<u>(3,650,823)</u>	<u>(938,436)</u>
Net surplus	<u>(3,166,612)</u>	<u>(413,165)</u>
Share capital, net of treasury shares	10,930,267	10,930,267
Share premium	2,000,000	2,000,000
Statutory reserve	3,176,376	3,110,547
Charity reserve	12,400	22,400
Investment fair value reserve	(250,829)	(256,380)
Retained earnings	<u>3,783,259</u>	<u>3,806,593</u>
Total capital	<u>19,651,473</u>	<u>19,613,427</u>
Total capital and net surplus	<u>16,484,861</u>	<u>19,200,262</u>

As at 31 December 2020 and 2019, the Company has net surplus. Accordingly, the capital gearing ratio has not been calculated.

Risk management is carried out by the Finance Department of the Company under policies approved by the Board of Directors. The Company's Finance Department evaluates financial risks in close co-operation with the Company's operating units.

30 Financial assets and liabilities and risk management (continued)

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Financial assets at fair value through other comprehensive income
- Investments at amortised cost
- Trade and other receivables excluding prepayments
- Term deposits
- Cash and cash equivalents
- Other payables excluding employee benefits

A summary of the financial instruments held by category is provided below as at 31 December 2020:

	<i>Financial assets at fair value through OCI</i>	<i>Financial assets at amortised cost</i>
<u>Financial assets</u>		
Financial assets at fair value through OCI	2,855,074	-
Investments at amortised cost	-	380,871
Trade and other receivables excluding Prepayments	-	581,637
Term deposits	-	3,214,885
Cash and cash equivalents	-	<u>3,650,823</u>
Total financial assets	<u>2,855,074</u>	<u>7,828,216</u>
<u>Financial liabilities</u>		
Other payables excluding employee benefits		<u>297,409</u>
Total financial liabilities		<u>297,409</u>

A summary of the financial instruments held by category is provided below as at 31 December 2019:

	<i>Financial assets at fair value through OCI</i>	<i>Financial assets at amortised cost</i>
<u>Financial assets</u>		
Financial assets at fair value through OCI	3,088,598	-
Investments at amortised cost	-	380,871
Trade and other receivables excluding prepayments	-	613,207
Term deposits	-	5,638,673
Cash and cash equivalents	-	<u>938,436</u>
Total financial assets	<u>3,088,598</u>	<u>7,571,187</u>

30 Financial assets and liabilities and risk management (continued)

Principal financial instruments (continued)

<u>Financial liabilities</u>	<u>Financial liabilities at amortised cost</u>
Other payables excluding employee benefits	345,654
Total financial liabilities	<u>345,654</u>

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, as well as credit exposures to customers, including outstanding receivables. The Company's bank balances and term deposits are placed with national and multi-national banks with good credit ratings. The Company's investments are placed with national banks which have good credit ratings and other companies listed in the stock exchanges. Concentration of credit risk with respect to rents receivable from tenants is limited due to the Company's large number of tenants. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Further, the Company's debt investments at amortised cost are considered to have low credit risk. Due to this factor, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Company's trade receivables.

The Company does not enter into derivatives to manage credit risk, although in certain isolated cases may take steps to mitigate such risks if it is sufficiently concentrated. Quantitative disclosures of the credit risk exposure in relation to financial assets are set out below.

	<u>At 31 December 2020</u>	
	<u>Carrying value</u>	<u>Maximum exposure</u>
Financial assets		
Trade and other receivables excluding prepayments	581,637	581,637
Term deposits	3,214,855	3,214,885
Cash and cash equivalents	<u>3,650,823</u>	<u>3,649,435</u>
Total financial assets	<u>7,447,315</u>	<u>7,445,957</u>
	<u>At 31 December 2019</u>	
	<u>Carrying value</u>	<u>Maximum exposure</u>
Financial assets		
Trade and other receivables excluding prepayments	613,207	613,207
Term deposits	5,638,673	5,638,673
Cash and cash equivalents	<u>938,436</u>	<u>936,882</u>
Total financial assets	<u>7,190,316</u>	<u>7,188,762</u>

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Investments at amortised cost, term deposits and a current account balance with a bank earn fixed rates of interest. The Company's other assets and liabilities, in the opinion of the Company's management, are not considered to be sensitive to interest rate risk. The hypothetical effect of 100 basis points interest rate increase or decrease on profits would be approximately BD66,970 (2019: BD64,679).

30 Financial assets and liabilities and risk management (continued)

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Liquidity risk is managed by monitoring on a regular basis to help ensure that sufficient funds are available, to meet all liabilities as they fall due.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of non-derivative financial liabilities based on the earliest date on which the Company can be required to make payments.

At 31 December 2020	<u>Less than 1 year</u>	<u>Total</u>
Non-interest bearing instruments	<u>297,409</u>	<u>297,409</u>
At 31 December 2019	<u>Less than 1 year</u>	<u>Total</u>
Non-interest bearing instruments	<u>345,654</u>	<u>345,654</u>

Price risk is the risk that the Company is exposed to listed securities price risk because of investments held by the Company and classified in the statement of financial position as financial assets through other comprehensive income. To manage its price risk arising from investments in listed securities, the Company diversifies its portfolio. Diversification of the portfolio is achieved in accordance with the limits set by the Company.

Investments fair value sensitivity analysis is as follows:

<u>Description</u>	<u>Change</u>	<u>Impact on equity</u>	
		<u>31 December 2020</u>	<u>31 December 2019</u>
Quoted financial assets through OCI	<u>+/-5%</u>	<u>+/- 102,333</u>	<u>+/- 114,304</u>

Market risk is the risk that the value of a financial instrument will fluctuate due to changes in interest rate, currency rate, and equity price risk. The Company closely monitors the market forces and suitably revises the strategy to minimise the market risk.

Currency rate risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's financial assets at fair value through other comprehensive income are primarily in United States Dollar and Bahrain Dinar. The Bahrain Dinar is effectively pegged to the United States Dollar. Accordingly, management assesses the Company's exposure to currency rate risk as insignificant.

Operational risk is the exposure to loss resulting from inadequate or failed internal processes, people and systems or external events. The Company seeks to minimise this risk by continuous framing policies and procedures to identify, control and manage these risks.

30 Financial assets and liabilities and risk management (continued)

Fair value measurement

Fair value is the amount 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.

Financial instruments not measured at fair value on recurring basis include trade and other receivables excluding prepayments, cash and cash equivalents, term deposits and other payables excluding employee benefits. In the opinion of the management, due to the short-term nature of these financial instruments, the fair value of these financial instruments is not significantly different from their carrying amounts as at 31 December 2020 and 2019.

The following table sets out the fair value hierarchy of financial instruments measured at fair value on recurring basis along with valuation techniques and significant unobservable inputs used in determining the fair value measurement of financial instruments as well as the inter-relationship between unobservable inputs and fair value:

	Fair value at 31 December	Level of hierarchy	Valuation technique used and key inputs	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value
Non-financial assets					
Investment properties	470,044 (2019: 492,044)	L3	Independent valuation report, market indicators.	Current market rates	Positive correlation between market rates and fair values.
Financial assets					
Quoted investments	2,046,658 (2019: 2,286,084)	L1	Quoted prices from stock exchanges.	Not applicable	Not applicable
Unquoted investments	808,416 (2019: 802,514)	L3	Net assets of the investee companies based on 2018 audited financial information.	Expected revenue and profit growth rates taking into account management knowledge and experience of market conditions similar to industry trends.	The higher the revenue growth rate, the higher the fair value.

There are no transfers between levels during the year.

The reconciliation of the opening and closing fair value balance of level 3 financial instruments is provided below:

	Unquoted investments	
	31 December 2020	31 December 2019
Opening balance	802,514	797,051
Unrealised fair value gains	<u>5,902</u>	<u>5,463</u>
Closing balance	<u>808,416</u>	<u>802,514</u>

30 Financial assets and liabilities and risk management (continued)

Investment risk is defined as the uncertainty about the future benefits to be realised from an investment. The Company has well-defined policies for managing investment risk. These policies cover investment authority limits and investment assessment practices. The Finance Department study the impact of transactions on the Company's statement of financial position and monitor the investment portfolio on a continuous basis. Every investment application is reviewed by a designated body depending on the size and the nature of the transaction. Fair valuation is generally conducted on a quarterly basis.

Legal risk includes the risk of unexpected losses from transactions and/or contracts not being enforceable under applicable laws or from unsound documentation. The Company deals with external law firm to support it in managing the legal risk.

Reputation risk is the risk that negative perception regarding the Company's business practices or internal controls, whether true or not, will cause a decline in the Company's investor base and lead to costly litigations which could have an adverse impact on the liquidity of the Company. The Board of Directors examines the issues that are considered to have reputation repercussions for the Company and issues directives to address these.

31 Comparative figures

Certain comparative figures of the previous year have been reclassified, wherever necessary, to conform with the current year's presentation. Such regrouping does not affect the net worth, net profit, assets and liabilities relating to the previous year.

32 Events after the reporting date

The World Health Organisation (WHO) had declared the outbreak of a novel coronavirus - Covid19 as a pandemic during the previous year and as of date, the virus continues to spread globally. This outbreak has made many countries to take several restrictive measures such as limiting travelling, limiting operational hours and implementing lockdowns to control the spread. This has caused disruption across several commercial activities, impacted several industries and investments in the bonds and equities during the year ended 31 December 2020.

Even subsequent to the year end till this point in time, the COVID19 related restrictions continue to have impact in the geographical location in which the Company operates. The extent of the disruption on the Company's operation is uncertain and is difficult to estimate. Management is actively assessing the situation and will take necessary mitigating action to minimise the impact on Company's operation, financial position and liquidity in the fiscal year 2021.

Other than the above, there were no significant events subsequent to 31 December 2020 and occurring before the date of the report that are expected to have a significant impact on these financial statements.