LOYAC Private Training and Statistical Consulting Company W.L.L
(Not-for-Profit Organisation)
State of Kuwait

LOYAC

Consolidated financial statements and independent auditor's report for the year ended 31 December 2016

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INDEPENDENT AUDITOR'S REPORT

The Partners
LOYAC Private Training and Statistical Consulting Company W.L.L. and its Subsidiary
(Not-for-Profit Organisation)
State of Kuwait

Report on Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements LOYAC Private Training and Statistical Consulting Company W.L.L. – Not-for-Profit Organisation ("the Company") and its Subsidiary (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statement of activities and other comprehensive income, consolidated statement of changes in equity and consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and of its consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Kuwait, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Russell Bedford

Independent auditor's report to the Partners of ***(continued)***
LOYAC Private Training and Statistical Consulting Company W.L.L. and its Subsidiary
(Not-for-Profit Organisation)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Russell Bedford

Independent auditor's report to the Partners of ***(continued)***
LOYAC Private Training and Statistical Consulting Company W.L.L. and its Subsidiary
(Not-for-Profit Organisation)

Report on Other Legal and Regulatory Requirements

We further report that we have obtained the information and explanations that we required for the purpose of our audit and the consolidated financial statements include the information required by the Companies Law no 1 of 2016, its executive regulations, and the Company's articles of association. In our opinion, proper books of account have been kept by the Company and an inventory count was carried out in accordance with recognised procedures. We have not become aware of any contravention, during the financial year ended 31 December 2016, of the Companies Law no 1 of 2016, its executive regulations, or of the Company's articles of association, that might have had material effect on the Group's activities or on its consolidated financial position.

بدر العبدالجادر وشركاه
محاسبون قانونيون
Russell Bedford

Bader A. Al Abduljader
License No. 207, Category "A"
of Russell Bedford (Bader Al Abduljader & Partners)
Member of Russell Bedford International

Kuwait: 29 March 2017

LOYAC Private Training and Statistical Consulting Company W.L.L. and its Subsidiary
(Not-for-Profit Organisation)
State of Kuwait

LOYAC

Consolidated statement of financial position
as at 31 December 2016

	Note	2016 KD	2015 KD
Assets			
Property and equipment	*4*	48,621	47,100
Total non-current assets		48,621	47,100
Inventories		11,632	5,718
Prepayments and other receivables	*5*	23,870	30,126
Due from related parties	*16*	40,720	29,316
Contribution receivables	*6*	156,136	115,030
Term deposits	*7*	82,263	71,169
Cash and bank balances	*8*	415,680	395,878
Total current assets		730,301	647,237
Total assets		778,922	694,337
Equity and liabilities			
Equity	*9*		
Share capital		20,000	20,000
Statutory reserve		20,000	16,121
Voluntary reserve		40,000	27,619
Retained earnings		268,044	196,109
Total equity		348,044	259,849
Liabilities			
Provision for employees' end of service benefits	*10*	84,973	59,090
Total non-current liabilities		84,973	59,090
Accounts payable and accrued expenses	*11*	91,829	151,416
Deferred contributions	*12*	254,076	223,982
Total current liabilities		345,905	375,398
Total liabilities		430,878	434,488
Total liabilities and equity		778,922	694,337

The notes on pages 8 to 26 are an integral part of these consolidated financial statements.

FareahAl-Saqqaf	Abeer Al-Essa	Fadia Al-Marzooq
Chairperson and Managing Director	*Treasurer and Executive Board Member*	*Secretary of the Board and Executive Board Member*

LOYAC Private Training and Statistical Consulting Company W.L.L. and its Subsidiary
(Not-for-Profit Organisation)
State of Kuwait

LOYAC

Consolidated statement of activities and other comprehensive income
for the year ended 31 December 2016

	Note	2016 KD	2015 KD
Operating and support revenues			
Contributions			
Corporate and individuals	13	713,790	609,050
Services and materials	13	252,685	247,979
Total contributions		966,475	857,029
Deferred contributions	12	(254,076)	(223,982)
Net contributions		712,399	633,047
Projects and programs			
Students' training programs	13	1,019,825	864,253
Other revenues	13	14,328	31,205
Total operating and support revenues		1,746,552	1,528,505
Operating expenditure			
Projects and programs			
Students' training programs	14	(624,322)	(564,761)
Supporting services			
Management and general	15	(1,034,035)	(942,133)
Total operating expenditure		(1,658,357)	(1,506,894)
Results of operations for the year		88,195	21,611
Other comprehensive income		-	-
Total comprehensive income for the year		88,195	21,611

The notes on pages 8 to 26 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2016

	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Retained earnings KD	Total KD
Balance as at 31 December 2014	20,000	16,121	27,619	174,498	238,238
Total comprehensive income for the year	-	-	-	21,611	21,611
Balance as at 31 December 2015	20,000	16,121	27,619	196,109	259,849
Total comprehensive income for the year	-	-	-	88,195	88,195
Transfer to reserves	-	3,879	12,381	(16,260)	-
Balance as at 31 December 2016	**20,000**	**20,000**	**40,000**	**268,044**	**348,044**

The notes on pages 8 to 26 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2016

	Note	2016 KD	2015 KD
Cash flows from operating activities:			
Results of operations for the year		88,195	21,611
Adjustments for:			
Depreciation	*4*	21,409	13,363
Amortisation		-	1,833
Provision for employees' end of service indemnity	*10*	34,793	20,547
Provision no longer required	*10*	(6,814)	(1,973)
Interest income		(1,017)	(913)
Operating surplus before changes in working capital		136,566	54,468
Changes in:			
- Prepayments and other receivables		6,256	1,034
- Inventories		(5,914)	720
- Due from related parties		(11,404)	(29,316)
- Contribution receivables		(41,106)	35,245
- Accounts payable and accrued expenses		(59,587)	64,068
- Deferred contributions		30,094	81,761
		54,905	207,980
Payments towards employees' end of service indemnity	*10*	(2,096)	(399)
Net cash generated from operating activities		52,809	207,581
Cash flows from investing activities:			
Purchase of property and equipment		(22,930)	(45,580)
Term deposits		(11,094)	(7,177)
Interest income received		1,017	913
Net cash used in investing activities		(33,007)	(51,844)
Net increase in cash and bank balances		19,802	155,737
Cash and bank balances at the beginning of the year		395,878	240,141
Cash and bank balances at end of the year	*8*	415,680	395,878

The notes on pages 8 to 26 are an integral part of these consolidated financial statements.

1. Reporting entity

LOYAC Private Training and Statistical Consulting Company W.L.L. - Not-for-Profit Organization ("LOYAC" or "the Parent Company") is a limited liability company that was established in the State of Kuwait on 25 May 2004 under registration no. 101006.

LOYAC is a not-for-profit organisation working towards the overall development of the youth and its primary objective is establishing national training institutes.

The consolidated financial statements comprise the Parent Company and its Subsidiary (together referred to as "the Group"). The directly owned subsidiary by the Parent Company is as follows:

Name of the company	Country	% of ownership	Principal activities
LOYAC for Theatrical Production Company (Fareah Ahmad Mohammed Al Saqqaf & Partners) W.L.L. [1]	Kuwait	99%	Theatrical production

[1] The remaining shares in the Subsidiary are held by other partner on behalf of the Parent Company. Therefore, the effective holding of the Group in the Subsidiary is 100%.

LOYAC is domiciled in Kuwait and its office is located at Al Qibliya School, Kuwait City and its registered postal address is P.O. Box 70451, Shuwikh 64058, State of Kuwait.

The total number of employees of the Group as at 31 December 2016 was 47 (2015: 42).

The consolidated financial statements were authorised for issue by the Board of Directors on 29 March 2017.

2. Basis of presentation

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Committee of the IASB.

b) Functional and presentation currency

The consolidated financial statements are presented in Kuwaiti Dinars ("KD") which is LOYAC's functional currency.

c) Basis of measurement

The consolidated financial statements are prepared on amortised or historical cost basis, except for contributed services and materials which are measured at fair value.
The consolidated statement of activities and other comprehensive income is a consolidated statement of financial activity related to the current year, it is not a performance measure and it does not purport to present the net income or loss for the period as would a consolidated statement of comprehensive income for a profit oriented entity.

Net assets, expenses, revenues, gains and losses are classified based on the existence or absence of sponsor imposed restrictions. Accordingly, the net assets, revenues and expenses of LOYAC and changes therein are classified and reported in the notes to the consolidated financial statements as follows:

Unrestricted net assets - Net assets that are not subject to any sponsor imposed stipulations that may be designated by the board members for any program activities or purchase of equipment.

Temporarily restricted net assets- Net assets subject to sponsor imposed restrictions on their use that have to be met by actions of LOYAC.

Permanently restricted net assets–These represent primarily capital and transfers to the statutory reserve.

d) Estimates and judgments

The preparation of consolidated financial statements in conformity with IFRSs require management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and any future periods affected.

Determining fair values

The following accounting policy and disclosures require determination of fair value. Fair values have been determined based on following methods:

Contributed services and materials

The fair value of contributed services and donated materials is based on what LOYAC would have paid for similar services/ materials had they not been contributed/ donated and is determined based on the assumptions that market participants would use in pricing the contributed service/ material.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

a) Basis of consolidation

The consolidated financial statements of the Group include the Parent Company and its Subsidiary as referred to in Note 1.

Subsidiaries

Subsidiaries are those enterprises controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The consolidated financial statements of the subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Intra-group balances and transactions, including intra-group profits and unrealised profits and losses are eliminated on consolidation. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests

Non-controlling interests represent the share of results and net assets in consolidated subsidiaries not held by the Group. Non-controlling interests is presented separately in the consolidated statements of income, comprehensive income and equity.

Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in statement of activities and other comprehensive income. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, restricted and unrestricted balances and short-term deposits and money market instruments with original maturities of three months or less. The carrying amount of money market instrument approximate its fair value due to the short term maturity of those instruments. Cash equivalents are short term liquid instruments that are both:

- Readily convertible to known amounts of cash; and
- So near to their maturity that they present insignificant risk of changes in value because of changes in interest rates.

c) Property and equipment

Property and equipment are measured at cost less accumulated depreciation and impairment losses. Depreciation is recognised in the consolidated statement of comprehensive income and activities on a straight line basis over the estimated.

The estimated useful lives for the current and comparative periods are as follows:

Furniture and fixtures	5 years
Motor vehicles	5 years
Office equipment	3 years
Computers and accessories	3 years

d) Intangible assets

Intangible assets acquired by LOYAC which has a finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment loss.

Amortisation is calculated over the cost of the asset and recognised on a straight line basis in the consolidated statement of activities and other comprehensive income over the estimated useful lives of intangible assets, from the date they are available for use as this most closely reflects the expected patterns of consumption of the future economic benefits embedded in the asset.

The estimated useful lives for the current year are as follows:

Computer software	3 years

The gain or loss arising from disposal of intangible asset is recognised in the consolidated statement of activities and other comprehensive income and is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset.

e) Receivables

Receivables are amounts due from sponsors and/ or students for contributions made or services performed in the ordinary course of business. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment losses (Note3 (f)).

f) Impairment

Financial assets

Financial assets are reviewed at the reporting date to determine whether there is objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flow discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the consolidated statement of activities and other comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the consolidated statement of comprehensive income and activities.

Non-financial assets

The carrying amounts of the LOYAC's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in consolidated statement of activities and other comprehensive income.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is recognised immediately in the consolidated statement of activities and other comprehensive income.

g) Employee benefits

Kuwaiti employees

Pensions and other social benefits for Kuwaiti employees are covered by the Public Institution for Social Security (PIFSS) Scheme, to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. LOYAC's share of contributions to this scheme, which is a defined contribution scheme, is charged to the consolidated statement of activities and other comprehensive income in the year to which they relate.

Expatriate employees

Expatriate employees are entitled to an end of service indemnity payable under the Kuwait Labor Law and LOYAC's by-laws based on the employees' accumulated periods of service and latest entitlements of salaries and allowances. Provision for this unfunded commitment, which represents a defined benefit plan, has been made by calculating the notional liability had all employees left at the reporting date.

h) Provisions

A provision is recognised in the consolidated statement of financial position when LOYAC has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

i) Inventories

Inventories mainly represent soccer uniform kits held for resale in the ordinary course of business and materials and supplies to be consumed in the rendering of services.

Inventories are stated at the lower of costs and net realisable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

j) Deferred contributions

Deferred contributions represent the excess balance of operating and supporting revenue, over expenditure incurred during the year on student training programs. The contributions are utilised towards the related programs/ activities during the forthcoming year.

k) Revenue recognition

i. Contributions and donations

Contributions, which include unconditional promises to give (pledges), are recognised as revenues when they become receivable. Conditional contributions are recorded when the conditions have been substantially met. Contributions are considered to be unrestricted unless specifically restricted by the sponsor.

LOYAC classifies contributions as temporarily restricted net assets if they are received with sponsor stipulations as to their use. When a sponsor restriction expires, that is, the purpose of restriction is accomplished; temporarily restricted net assets are released and reclassified as unrestricted net assets in the consolidated statement of comprehensive income and activities. Sponsor restricted contributions are initially recognised as temporarily restricted net assets, even if it is anticipated that such restrictions will be met in the current reporting period.

Projects and programs revenue, which arises principally from corporate contributions, individual contributions, contributed services and student training programs is recognised upon the provision of the services.

ii. Contributed services and donated materials

Contributed services are reported at fair value in the consolidated financial statements for voluntary donations of services. Contributed services are accounted for as income and expenses when received.

Donated materials are stated at their fair value at the date of receipt and are accounted for as income and expenses at the equivalent amount when received.

iii. Interest income

Interest income is recognised as it accrues in the consolidated statement of comprehensive income and activities, using the effective interest method.

l) Expenditures

Expenditures are recognised as they accrue. Expenditures for conducting key programs comprise of fees paid to program sponsors and other related expenditure incurred, which are accounted for program-wise.

m) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

4. Property and equipment

	Motor vehicles KD	Furniture and fixtures KD	Office equipment KD	Computers and accessories KD	Total KD
Cost					
At 1 January 2015	-	18,658	21,562	35,780	76,000
Additions	5,950	6,467	11,566	21,597	45,580
At 31 December 2015	5,950	25,125	33,128	57,377	121,580
At 1 January 2016	5,950	25,125	33,128	57,377	121,580
Additions	-	14,161	7,832	937	22,930
At 31 December 2016	5,950	39,286	40,960	58,314	144,510
Accumulated depreciation					
At 1 January 2015	-	12,993	17,346	30,778	61,117
Charge for the year	896	2,852	3,629	5,986	13,363
At 31 December 2015	896	15,845	20,975	36,764	74,480
At 1 January 2016	896	15,845	20,975	36,764	74,480
Charge for the year	1,190	5,104	6,539	8,576	21,409
At 31 December 2016	2,086	20,949	27,514	45,340	95,889
Carrying amounts					
At 1 January 2015	-	5,665	4,216	5,002	14,883
At 31 December 2015	5,054	9,280	12,153	20,613	47,100
At 31 December 2016	3,864	18,337	13,446	12,974	48,621

5. Prepayments and other receivables

	2016 KD	2015 KD
Prepaid expenses	18,515	15,309
Refundable deposits	962	1,821
Advances	703	2,325
Others	3,690	10,671
	23,870	30,126

6. Contribution receivables

This represents contribution receivables due from various sponsors. Subsequent to the reporting date, the full amounts were recovered.

7. Term deposits

This represents a deposit placed with a local financial institution maturing within twelve months from the placement date and with an effective rate of 1.5% (2015: 1%). Certain deposit are pledged as a security against letter of guarantees (Note 17).

8. Cash and bank balances

	2016 KD	2015 KD
Cash on hand	5,717	5,523
Cash at bank	409,963	390,355
	415,680	395,878

Included within cash at bank are restricted bank balances amounting to KD 1,740 pledged against certain projects and programs.

9. Equity (net assets)

a) Share capital

Share capital comprises of 100 shares at a nominal value of KD 200 each distributed as follows:

	Shares	Amount KD
Owner:		
Fareah Ahmed Al-Saqqaf	18	3,600
Abeer Abdulaziz Al-Essa	17	3,400
Fadia Jassem Al-Marzooq	17	3,400
Mona Bader Al-Kalouti	16	3,200
Nadia Jassem Al-Marzouq	16	3,200
Fetouh Hamad Al-Dalali	16	3,200
	100	20,000

a) Statutory reserves

In accordance with the Companies' Law, 10% of the surplus for the year is required to be transferred to the statutory reserve. The owners may resolve to discontinue such annual transfers when the reserve totals 50% of the paid up share capital. The Board resolved in their meeting dated 29 March 2017 to make additional transfers to the statutory reserve to reach KD 20,000.

b) Voluntary reserve

In accordance with the Companies' law, 10% of surplus for the year shall be been transferred to the voluntary reserve. Such transfers can be discontinued by a resolution from the owners in the annual general assembly meeting upon recommendation by the board members. The Board resolved in their meeting dated 29 March 2017 to make additional transfers to the voluntary reserve to reach KD 40,000.

c) Classification of net assets

Unrestricted and temporarily restricted net assets represent the following as at 31 December:

	2016 KD	2015 KD
Designated for the following purposes:		
Share capital	20,000	20,000
Voluntary reserve	40,000	27,619
	60,000	47,619
Undesignated for programs / activities	13,968	(27,873)
Total unrestricted net assets	73,968	19,746
Temporarily restricted net assets	254,076	223,982
	328,044	243,728

Permanently restricted net assets represent the following as at 31 December:

	2016 KD	2015 KD
Statutory reserve	20,000	16,121

10. Provision for employees' end of service benefits

	2016 KD	2015 KD
Balance at 1 January	59,090	40,915
Charge for the year	34,793	20,547
Payments during the year	(2,096)	(399)
Provision no longer required	(6,814)	(1,973)
Balance at 31 December	84,973	59,090

11. Accounts payable and accrued expenses

	2016 KD	2015 KD
Payable to staff, students and others	62,966	86,705
Advances received from students	1,160	33,220
Accruals and other payables	27,703	31,491
	91,829	151,416

12. Deferred contributions

Deferred contributions to programs and activities as at 31 December were as follows:

	2016 KD	2015 KD
Al Shaheed Park	65,781	122,039
The 7 Habits of Highly Effective Teens and College Students' Program	-	4,088
AG fund (L1 project)	35,448	27,837
International Internship in General	8,292	-
Global Outreach	10,000	-
Homes Project Kuwait	15,749	-
"Service is my Joy" Program	3,156	-
Summer Program - Youth Initiative	2,000	-
Kuwait for Kenya Project (K4K)	726	4,070
Homes Project - Jordan	15,248	5,248
Homes Project - Lebanon	11,540	11,540
General Help Aid	1,768	1,768
Aden Yemen Initiative -Yemen	-	3,036
Soccer School - AC Milan	28,073	6,178
Dow Day out Program	10,000	-
Music course	-	3,092
Film Camp production	-	5,677
Homes Committee	-	14,960
Little Loyacers	2,000	-
Youth Initiative Programmes	-	8,786
Loyac Academy for Performing Arts – LAPA	29,295	5,663
Other programs/ events	15,000	-
	254,076	223,982

13. Operating and support revenues

	Unrestricted KD	Temporarily restricted KD	2016 Total KD	2015 Total KD
Contributions				
Corporate contributions	695,040	18,750	713,790	609,050
Services and materials				
Contributed services of board members	96,000	-	96,000	84,000
Contributed building rent	150,000	-	150,000	150,000
Contributed use of printing press	3,952	-	3,952	2,120
Contributed use of media and other facilities	2,733	-	2,733	11,859
	252,685	-	252,685	247,979
Total contributions	**947,725**	**18,750**	**966,475**	**857,029**
Projects and programs				
WYSE Personal & Psycological Growth programme	725	-	725	-
Global Entrepreneurship - IACOCCA	719	-	719	2,158
Youth Enrichment camps	33,220	-	33,220	11,562
AG Fund (L1 Project)	8,004	35,448	43,452	33,522
International Internship in General	2,860	8,292	11,152	2,000
Global Outreach	-	10,000	10,000	-
Homes Project Kuwait	3,599	15,749	19,348	26,881
Homes Project - Jordan / Lebanon	-	26,788	26,788	17,700
Kuwait for Kenya Project (K4K)	7,637	726	8,363	15,400
Soccer School – AC Milan	184,669	28,073	212,742	171,234
English Language courses	-	-	-	1,440
General Help AID	-	1,768	1,768	1,936
GLOYAC AUB Workshop - Lebanon	-	-	-	300
Yemen fund raising event	-	-	-	9,317
Yemen LOYAC	4,536	-	4,536	10,877
Local programme - outside events	-	-	-	1,704
Clarinet Course @ Istanbul	-	-	-	836
Dow day-out Program	-	10,000	10,000	22,000
Sheikh Jaber Stadium Kuwait	-	-	-	70,000
Film Camp production	5,677	-	5,677	10,000
Music course	-	-	-	18,872
Tantal Film Camp	6,958	-	6,958	-
Blood Drive	3,000	-	3,000	-
Ambassador Volunteer	1,323	-	1,323	870
Graduates Empowerment Program - GEP	-	-	-	3,000
"Service is my Joy" program	3,059	3,156	6,215	560
Kuwait Industrial Union	895	-	895	-
Summer programs	13,882	-	13,882	31,011
LOYAC Internship program	10,195	-	10,195	3,850
Arab Children's Fund (Antakiya Project)	5,112	-	5,112	-
Al Shaheed Park activities	316,031	65,781	381,812	203,839
LOYAC Academy for Performing Arts - LAPA	116,203	25,545	141,748	131,086
Little LOYACERS	10,270	2,000	12,270	11,282
Summer program - Youth Initiative	20,887	2,000	22,887	17,984
ECO Quest	5,000	-	5,000	-
	764,461	235,326	999,787	831,221
Materials contributed	20,038	-	20,038	33,032
Students' training programs	**784,499**	**235,326**	**1,019,825**	**864,253**
Other revenues	**14,328**	-	**14,328**	**31,205**
Total operating and supporting revenues	**1,746,552**	**254,076**	**2,000,628**	**1,752,487**

14. Operating expenditure – projects and programs

	Salaries KD	Arts and Culture KD	Student training KD	Travel and housing KD	Contributed services KD	Media KD	Printing and supplies KD	Contractual services KD	Material cost KD	Others KD	2016 Total KD	2015 Total KD
SIGEF conference	-	-	420	516	-	-	-	-	-	-	936	-
Youth Enrichment Camp	86	-	607	25,499	2,736	61	-	-	569	29	29,587	-
WYSE Personal and Psychological program	-	-	2,561	1,282	-	-	-	-	-	37	3,880	2,871
International Internship program	-	-	-	1,923	720	-	-	-	-	-	2,643	10,000
Global Entrepreneurship progra	-	-	1,218	365	-	7	-	-	-	14	1,604	5,058
Kuwait for Kenya Project (K4K)	68	-	217	5,038	-	16	31	-	2,198	69	7,637	11,389
International Volunteer programs	30	-	17	48	-	-	55	-	47	-	197	2,108
We Build Global Outreach	-	-	-	-	-	-	-	-	-	-	-	1,947
Yemen AID	-	-	-	-	-	-	-	-	-	-	-	9,663
Homes Project - Jordan / Lebanon	-	-	-	-	-	-	-	-	-	-	-	912
Homes Committee	-	-	-	-	-	-	-	-	-	-	-	11,921
LOYAC – Jordan	-	-	26	544	-	10	-	-	10,000	14	10,594	20,795
LOYAC – Lebanon	-	-	13	193	-	-	-	-	11,342	146	11,694	10,846
LOYAC – Yemen	636	-	-	1,885	-	-	-	45	7,405	6	9,977	7,611
AC Milan programs	-	-	-	-	-	-	-	-	-	-	-	18,132
Soccer School - AC Milan	65,650	-	4,180	46,217	5,082	1,532	1,070	26,558	13,192	11,747	175,228	132,331
English Language courses	-	-	-	-	-	-	-	-	-	-	-	2,880
LOYAC events & activities	8,562	-	390	20	1,080	740	1,048	-	1,609	18	13,467	66,433
ECO QUEST	200	-	15	135	-	260	144	-	3,034	1,000	4,788	-
Blood Drive	-	-	-	30	-	595	-	1,575	250	-	2,450	-
Arab Womens' International Forum	-	-	100	29	-	-	-	325	-	-	454	-
Ambassador Volunteer	882	-	-	-	-	-	-	-	-	-	882	-
Homes Project Kuwait	1,345	-	370	4,564	-	14	111	-	2,160	148	8,712	-
LOYAC Peace Conference	-	-	-	-	755	-	-	-	-	-	755	-
Summer-Bridge program	1,198	-	4	42	900	57	49	-	3	2,000	4,253	-
Part-time program	-	-	-	-	-	-	-	-	-	-	-	4,081
Summer programs	10	-	170	99	490	1,181	220	36,285	115	18	38,588	48,420
Little LOYACERS	4,850	-	298	695	4,500	62	625	20	308	26	11,384	9,168
"Service is my Joy" program	2,365	-	7	70	1,110	48	339	-	230	-	4,169	1,012
Loyac Documentary - DOW: Media Unit	-	-	-	-	-	-	-	-	-	-	-	15,652
LOYAC Academy for Performing Arts - LAPA	66,242	-	9,797	27,866	4,604	5,711	1,074	18,463	7,647	13,087	154,491	98,913
Al Shaheed Park	5,997	66,196	-	757	-	2,681	7,827	-	954	27,405	111,817	61,681
AG Fund - L1 Project	5,698	-	-	-	900	341	-	-	-	-	6,939	10,937
Tantal Film Camp	1,637	-	194	1,311	-	306	-	15	3,733	-	7,196	-
	165,456	66,196	20,604	119,128	22,877	13,622	12,593	83,286	64,796	55,764	624,322	564,761

14. Operating expenditure – projects and programs (continued)

Operating expenditure – projects and programs includes contributed services by board members amounting to KD 12,000 (2015: KD 12,000).

15. Operating expenditure - supporting services

	2016 KD	2015 KD
Salaries and benefits	673,941	576,845
Contributed services by board members	96,000	84,000
Board members' compensation	35,000	28,000
Office rent	155,400	154,800
Professional fees	4,650	6,650
Website	6,338	4,715
Training	188	3,716
Printing and office stationary	6,707	12,290
Communication	12,582	14,224
Office and administrative expenses	10,639	10,055
Advertisement and media	4,492	15,984
Repair and maintenance	3,866	5,876
Depreciation	21,409	13,363
Amortisation	-	1,833
Others	2,823	9,782
	1,034,035	942,133

Included with in management and general expenses KD 250,756 (2015: KD 234,373) representing contributed services and materials.

The contributed services by board members have been proportionately allocated to operating expenditure – supporting services and operating expenditure - projects and programs amounting to KD 96,000 (2015: KD 84,000) and KD 12,000 (2015: KD 12,000), respectively based on the time consumed in those activities with the corresponding equal amounts recognised as a contribution within operating and support revenues.

16. Related party transactions

Related parties comprise of owners and enterprises in which a substantial interest in the voting power is owned directly or indirectly by the owners or over which they are able to exercise significant influence.

Significant related party transactions during the year were as follows:

a) Members contributed services amounting to KD 96,000 during the year (2015: KD 84,000).
b) Members' compensation of KD 35,000 (2015: 28,000) for the board members of LOYAC for daily expenses incurred by them in the course of their duties.
c) Transfers of donations received and operating expenses incurred on behalf of LOYAC Jordan amounting to KD 10,594 (2015: KD 20,795).

d) Transfers of donations received and operating expenses incurred on behalf of LOYAC Lebanon amounting to KD 11,694 (2015: KD 10,846).
e) Transfers of donations received and operating expenses incurred on behalf of LOYAC Yemen amounting to KD 9,977 (2015: KD 7,611).

Other related party transactions

Balances due from related parties at the reporting date were as follows:

	2016 KD	2015 KD
Receivables from related parties		
Key management personnel	40,720	29,316

Amounts owed from related parties are interest-free, and have no fixed terms of repayment.

17. Contingencies

	2016 KD	2015 KD
Letter of guarantees	76,956	65,864

18. Financial instruments and risk management

LOYAC has primary exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about LOYAC's exposure to each of the above risks, LOYAC's objectives, policies and processes for measuring and managing risk, and LOYAC's management of its capital.

The Board of Directors at LOYAC has overall responsibility for the establishment and oversight of LOYAC's risk management framework.

LOYAC's risk management policies are established to identify and analyze the risks faced by LOYAC, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and LOYAC's activities. LOYAC, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

LOYAC in the normal course of business uses various types of financial instruments.

Credit risk

LOYAC is exposed to credit risk in respect of losses that would have to be recognised if counterparties fail to perform as contracted.

LOYAC's exposure to credit risk is primarily in respect of other receivables, bank balances and contribution receivables. As at the reporting date, LOYAC's maximum exposure to credit risk is equal to the carrying amounts disclosed in the consolidated statement of financial position.

The maximum exposure to credit risk as at the reporting date was:

	2016 KD	2015 KD
Cash and cash equivalents (excluding cash on hand)	409,963	390,355
Contribution receivables	156,136	115,030
Other receivables	3,690	10,671
	569,789	516,056

LOYAC limits its exposure to credit risk by only placing funds with counterparties with appropriate credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

The management believes that, as at the reporting date, there were neither past due nor impaired financial assets and accordingly no collateral in respect of receivables is required.

Liquidity risk

Liquidity risk is the risk that the LOYAC will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. LOYAC's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to LOYAC's reputation.

LOYAC limits its liquidity risk by monitoring on a regular basis that sufficient funds are available to meet maturing obligations. In addition, LOYAC maintains adequate amounts of cash and cash equivalents to meet working capital requirements.

LOYAC's financial liabilities are non–derivatives and mature within one year.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect LOYAC's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

Equity price risk

Equity price risk is the risk that the value of an instrument will fluctuate as a result of changes in equity market prices, whether caused by factors specific to an individual investment, issuer or all factors affecting all instruments traded in the market.

LOYAC is not exposed to equity price risk as at the reporting date.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments.

The majority of LOYAC's financial assets are non-interest bearing. LOYAC is exposed to interest rate risk only on its call deposits with banks. Interest bearing financial assets mature or reprise in the short term, no longer than twelve months. As a result, LOYAC is subject to limited exposure to fluctuation in interest rate.

Currency risk

Currency risk is the risk that the value of the financial instrument will fluctuate due to changes in foreign exchange rates.

LOYAC is not exposed to significant currency risk as at the reporting date.

Fair value of financial instruments

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

Financial instruments comprise financial assets and financial liabilities.

The directors consider that the carrying amounts of financial assets and liabilities recognised in the consolidated financial statements approximate their fair values.

LOYAC does not have any financial instruments measured at fair value as at the reporting date and therefore the disclosure of fair value measurements by level using a fair value hierarchy is not applicable.

Capital risk management

The management's policy is to maintain a strong capital base to sustain future development of the organisation. The management monitors the income from sponsorship fees, donations, training program and other activities' fees through operating cash flow management. The management seeks to maintain a balance between the funding received from sponsors and the expenses incurred on training programs and other activities to achieve a sound capital position.

There were no changes in LOYAC's approach to capital management during the year.

LOYAC is subject to externally imposed capital requirements, expect for the minimum capital requirements stipulated by the companies law, in relation to limited liability companies.

19. Comparative figures

The financial statements provide comparative information in respect of the previous period. Where necessary, certain comparative figures have been reclassified to conform to the current year's presentation. Such reclassifications did not affect previously reported consolidated statement of activities and other comprehensive income, equity or opening balances of the earliest comparative period presented.