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

> Financial Statements 31 December 2018



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## INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF LOYAC PRIVATE TRAINING AND STATISTICAL CONSULTING COMPANY W.L.L. (NOT-FOR-PROFIT ORGANISATION)

### Report on the Audit of Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of LOYAC Private Training and Statistical Consulting Company W.L.L.— Not-for-Profit Organisation ("the Parent Company") and its subsidiary (collectively, "the Group") which comprise the consolidated statement of financial position as at 31 December 2018, and 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 consolidated 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 2018, 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 International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. 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 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.



# INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF LOYAC PRIVATE TRAINING AND STATISTICAL CONSULTING COMPANY W.L.L. (NOT-FOR-PROFIT ORGANISATION) (continued)

### Report on the Audit of Consolidated Financial Statements (continued)

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 scepticism 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 audit 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.



# INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF LOYAC PRIVATE TRAINING AND STATISTICAL CONSULTING COMPANY W.L.L. (NOT-FOR-PROFIT ORGANISATION) (continued)

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation, as amended, that an inventory count was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, nor of the Parent Company's Memorandum of Incorporation, as amended, have occurred during the year ended 31 December 2018, that might have had a material effect on the business of the Parent Company or on its financial position.

EY ERNST & YOUNG Al Aiban, Al Osaimi & Partners

BADER A. AL-ABDULJADER LICENCE NO. 207-A EY

(AL AIBAN, AL OSAIMI & PARTNERS)

20 May 2019 Kuwait



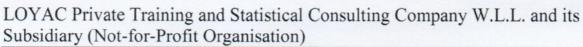
### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	2018 KD	2017 KD
ASSETS			
Non-current assets			
Property and equipment	4	30,050	40,940
		30,050	40,940
Current assets		20.040	17.120
Inventories Prepayments and other receivables	5	28,940 33,635	17,130 62,623
Receivables from related parties	16	3,035	25,311
Contribution receivables	6	173,726	219,213
Term deposits	7	145,298	143,621
Cash and bank balances	8	1,008,975	722,674
		1,393,665	1,190,572
TOTAL ASSETS		1,423,715	1,231,512
EQUITY AND LIABILITIES			
EQUITY	9		
Capital		50,000	50,000
Statutory reserve		25,000	25,000
Voluntary reserve		58,307	58,307
Retained earnings		777,691	397,810
Total equity		910,998	531,117
LIABILITIES Non-common biobilistics			
Non-current liabilities Provision for employees' end of service benefits	10	114,722	100,409
		114,722	100,409
Current liabilities			
Accounts payable and accrued expenses	11	213,718	189,094
Deferred contributions	12	184,277	410,892
		397,995	599,986
Total liabilities		512,717	700,395
TOTAL LIABILITIES AND EQUITY		1,423,715	1,231,512

FareahAl-Saqqaf Chairperson Fadia Al-Marzooq Vice Chairperson and Managing Director Abeer Al-Essã

Treasurer and Executive Board Member





# CONSOLIDATED STATEMENT OF ACTIVITIES AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	2018 KD	2017 KD
OPERATING AND SUPPORT REVENUES			
Contributions Corporate and individuals Services and materials	13 13	923,213 346,881	866,368 346,705
Total contributions		1,270,094	1,213,073
Projects and programs Contribution from students' training programs Deferred contributions	13 12	1,452,299 (184,277)	1,454,702 (410,892)
Total revenue from projects and programs		1,268,022	1,043,810
Materials contributed Other income	13 13	82,128 93,754	18,033 39,201
Total operating and support revenues		2,713,998	2,314,117
OPERATING EXPENDITURE			
Projects and programs Students' training programs	14	(894,485)	(826,296)
Supporting services Management and general	15	(1,439,632)	(1,304,748)
Total operating expenditure		(2,334,117)	(2,131,044)
RESULTS OF OPERATIONS FOR THE YEAR		379,881	183,073
OTHER COMPREHENSIVE INCOME			
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		379,881	183,073



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2018

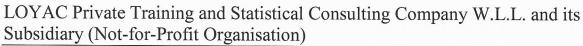
	Capital KD	Statutory reserve KD	Voluntary reserve KD	Retained earnings KD	Total KD
At 1 January 2018	50,000	25,000	58,307	397,810	531,117
Total comprehensive income for the year				379,881	379,881
At 31 December 2018	50,000	25,000	58,307	777,691	910,998
At 1 January 2017	20,000	20,000	40,000	268,044	348,044
Issue of capital	30,000			(30,000)	-
Total comprehensive income for the					
year	-	-		183,073	183,073
Transfer to reserves		5,000	18,307	(23,307)	-
At 31 December 2017	50,000	25,000	58,307	397,810	531,117



### CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

OPERATING ACTIVITIES:         Results of operations for the year         379,881         183,073           Adjustments to reconcile results of operations to net cash flows:           Depreciation         4         25,255         26,603           Provision for employees' end of service indemnity         10         17,055         27,274           Provision for indemnity no longer required         10         - (2,704)         (2,769)           Interest income         (3,209)         (2,769)           Operating surplus before changes in working capital         418,982         231,477           Working capital adjustments:         -         -         2,769           - Prepayments and other receivables         28,988         (38,753)           - Inventories         (11,810)         (5,498)           - Related party balances         22,220         15,409           - Contribution receivables         45,487         (63,077)           - Accounts payable and accrued expenses         24,624         97,265           - Deferred contributions         (226,615)         156,816           301,876         393,639           Payments towards employees' end of service indemnity         10         (2,742)         (9,134)           Net		Notes	2018 KD	2017 KD
Adjustments to reconcile results of operations to net cash flows:         Depreciation       4       25,255       26,603         Provision for employees' end of service indemnity       10       17,055       27,274         Provision for indemnity no longer required       10       -       (2,704)         Interest income       (3,209)       (2,769)         Operating surplus before changes in working capital       418,982       231,477         Working capital adjustments:       -       -Prepayments and other receivables       28,988       (38,753)         - Inventories       (11,810)       (5,498)         - Related party balances       22,220       15,409         - Contribution receivables       45,487       (63,077)         - Accounts payable and accrued expenses       24,624       97,265         - Deferred contributions       (226,615)       156,816         301,876       393,639         Payments towards employees' end of service indemnity       10       (2,742)       (9,134)         Net cash flows from operating activities       299,134       384,505         INVESTING ACTIVITIES:       299,134       384,505         Purchase of property and equipment       4       (14,365)       (18,922)         Term de	OPERATING ACTIVITIES:			
Depreciation   4   25,255   26,603     Provision for employees' end of service indemnity   10   17,055   27,274     Provision for indemnity no longer required   10   - (2,704)     Interest income   (3,209)   (2,769)     Operating surplus before changes in working capital   418,982   231,477     Working capital adjustments:   - Prepayments and other receivables   28,988   (38,753)     Inventories   (11,810)   (5,498)     - Related party balances   22,220   15,409     - Contribution receivables   45,487   (63,077)     - Accounts payable and accrued expenses   24,624   97,265     - Deferred contributions   (226,615)   156,816     301,876   393,639     Payments towards employees' end of service indemnity   10   (2,742)   (9,134)     Net cash flows from operating activities   299,134   384,505     INVESTING ACTIVITIES:   Purchase of property and equipment   4   (14,365)   (18,922)     Term deposits placements   (1,677)   (61,358)     Interest income received   3,209   2,769     Net cash flows used in investing activities   (12,833)   (77,511)     NET INCREASE IN CASH AND BANK BALANCES   286,301   306,994     Cash and bank balances at 1 January   722,674   415,680	Results of operations for the year		379,881	183,073
Depreciation	Adjustments to reconcile results of operations			
Provision for employees' end of service indemnity	to net cash flows:			
Provision for indemnity no longer required   10		4	25,255	26,603
Interest income	Provision for employees' end of service indemnity	10	17,055	27,274
Operating surplus before changes in working capital   418,982   231,477		10		(2,704)
## Working capital adjustments: - Prepayments and other receivables - Inventories - Related party balances - Contribution receivables - Contribution receivables - Accounts payable and accrued expenses - Deferred contributions - Deferred contribut	Interest income		(3,209)	(2,769)
- Prepayments and other receivables - Inventories - Related party balances - Related party balances - Contribution receivables - Contribution receivables - Accounts payable and accrued expenses - Deferred contributions -	Operating surplus before changes in working capital		418,982	231,477
- Prepayments and other receivables - Inventories - Related party balances - Related party balances - Contribution receivables - Contribution receivables - Accounts payable and accrued expenses - Deferred contributions -	Working capital adjustments:			
- Inventories (11,810) (5,498) - Related party balances 22,220 15,409 - Contribution receivables 45,487 (63,077) - Accounts payable and accrued expenses 24,624 97,265 - Deferred contributions (226,615) 156,816  Payments towards employees' end of service indemnity 10 (2,742) (9,134)  Net cash flows from operating activities 299,134 384,505  INVESTING ACTIVITIES: Purchase of property and equipment 4 (14,365) (18,922)  Term deposits placements (1,677) (61,358) Interest income received 3,209 2,769  Net cash flows used in investing activities (12,833) (77,511)  NET INCREASE IN CASH AND BANK BALANCES 286,301 306,994  Cash and bank balances at 1 January 722,674 415,680			28,988	(38,753)
Related party balances   22,220   15,409				and the same of th
- Contribution receivables	- Related party balances			
Deferred contributions   156,816   301,876   393,639     Payments towards employees' end of service indemnity   10   (2,742)   (9,134)     Net cash flows from operating activities   299,134   384,505     INVESTING ACTIVITIES: Purchase of property and equipment   4   (14,365)   (18,922)     Term deposits placements   (1,677)   (61,358)     Interest income received   3,209   2,769     Net cash flows used in investing activities   (12,833)   (77,511)     NET INCREASE IN CASH AND BANK BALANCES   286,301   306,994     Cash and bank balances at 1 January   722,674   415,680	- Contribution receivables		45,487	
Payments towards employees' end of service indemnity 10 (2,742) (9,134)  Net cash flows from operating activities 299,134 384,505  INVESTING ACTIVITIES: Purchase of property and equipment 4 (14,365) (18,922)  Term deposits placements (1,677) (61,358) Interest income received 3,209 2,769  Net cash flows used in investing activities (12,833) (77,511)  NET INCREASE IN CASH AND BANK BALANCES 286,301 306,994  Cash and bank balances at 1 January 722,674 415,680	- Accounts payable and accrued expenses		24,624	97,265
Payments towards employees' end of service indemnity       10       (2,742)       (9,134)         Net cash flows from operating activities       299,134       384,505         INVESTING ACTIVITIES:       (14,365)       (18,922)         Purchase of property and equipment       4       (14,365)       (18,922)         Term deposits placements       (1,677)       (61,358)         Interest income received       3,209       2,769         Net cash flows used in investing activities       (12,833)       (77,511)         NET INCREASE IN CASH AND BANK BALANCES       286,301       306,994         Cash and bank balances at 1 January       722,674       415,680	- Deferred contributions		(226,615)	156,816
Net cash flows from operating activities         299,134         384,505           INVESTING ACTIVITIES:         (14,365)         (18,922)           Purchase of property and equipment         4         (14,365)         (18,922)           Term deposits placements         (1,677)         (61,358)           Interest income received         3,209         2,769           Net cash flows used in investing activities         (12,833)         (77,511)           NET INCREASE IN CASH AND BANK BALANCES         286,301         306,994           Cash and bank balances at 1 January         722,674         415,680			301,876	393,639
INVESTING ACTIVITIES:       4       (14,365)       (18,922)         Purchase of property and equipment       4       (1,677)       (61,358)         Interest income received       3,209       2,769         Net cash flows used in investing activities       (12,833)       (77,511)         NET INCREASE IN CASH AND BANK BALANCES       286,301       306,994         Cash and bank balances at 1 January       722,674       415,680	Payments towards employees' end of service indemnity	10	(2,742)	(9,134)
Purchase of property and equipment       4       (14,365)       (18,922)         Term deposits placements       (1,677)       (61,358)         Interest income received       3,209       2,769         Net cash flows used in investing activities       (12,833)       (77,511)         NET INCREASE IN CASH AND BANK BALANCES       286,301       306,994         Cash and bank balances at 1 January       722,674       415,680	Net cash flows from operating activities		299,134	384,505
Term deposits placements         (1,677)         (61,358)           Interest income received         3,209         2,769           Net cash flows used in investing activities         (12,833)         (77,511)           NET INCREASE IN CASH AND BANK BALANCES         286,301         306,994           Cash and bank balances at 1 January         722,674         415,680	INVESTING ACTIVITIES:			
Term deposits placements       (1,677)       (61,358)         Interest income received       3,209       2,769         Net cash flows used in investing activities       (12,833)       (77,511)         NET INCREASE IN CASH AND BANK BALANCES       286,301       306,994         Cash and bank balances at 1 January       722,674       415,680	Purchase of property and equipment	4	(14,365)	(18,922)
Net cash flows used in investing activities (12,833) (77,511)  NET INCREASE IN CASH AND BANK BALANCES 286,301 306,994  Cash and bank balances at 1 January 722,674 415,680	Term deposits placements		(1,677)	(61,358)
NET INCREASE IN CASH AND BANK BALANCES Cash and bank balances at 1 January 286,301 722,674 306,994 415,680	Interest income received			
Cash and bank balances at 1 January 722,674 415,680	Net cash flows used in investing activities		(12,833)	(77,511)
Cash and bank balances at 1 January 722,674 415,680	NET INCREASE IN CASH AND BANK BALANCES		286,301	306,994
CASH AND BANK BALANCES AT 31 DECEMBER 8 1,008,975 722,674	Cash and bank balances at 1 January			
	CASH AND BANK BALANCES AT 31 DECEMBER	8	1,008,975	722,674





As at and for the year ended 31 December 2018

### 1 CORPORATE INFORMATION

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 (collectively "the Group"). The directly owned subsidiary by the Parent Company is as follows:

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

The remaining shares in the subsidiary are held by a related party on behalf of the Parent Company. Therefore, the effective holding of the Group in the subsidiary is 100%.

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

The consolidated financial statements of the Group for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 5 May 2019.

### 2 SIGNIFICANT ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

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).

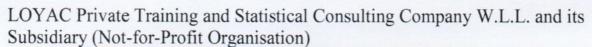
The consolidated financial statements are presented in Kuwaiti Dinars ("KD") which is LOYAC's functional currency.

The consolidated financial statements have been prepared on a historical cost basis, except for contributed services and materials that have been 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.





As at and for the year ended 31 December 2018

### 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary as at 31 December 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- ▶ The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- ▶ The contractual arrangement with the other vote holders of the investee
- ▶ Rights arising from other contractual arrangements
- ▶ The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Results of operations and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in consolidated statement of activities and other comprehensive income. Any investment retained is recognised at fair value.

### 2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies used in the preparation of these financial statements are consistent with those used in the previous financial year, except as mentioned below:

### New and amended standards and interpretations

The Group applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018.

The nature and the impact of each new standard and amendment is described below:

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.



### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2018

### 2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

### IFRS 15 - Revenue from Contracts with Customers

The Group has adopted IFRS 15: Revenue from Contracts with Customers ("IFRS 15"). IFRS 15 was issued in May 2014 and is effective for annual periods commencing on or after 1 January 2018. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group's adoption of IFRS 15 did not result in a change in the revenue recognition policy of the Group in relation to its contracts with customers. Further, the adoption of IFRS 15 had no impact on this interim condensed financial information of the Group.

### IFRS 9 - Financial Instruments

The Group adopted IFRS 9 Financial Instruments on its effective date of 1 January 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is not applicable to items that have already been derecognised at 1 January 2018, the date of initial application.

IFRS 9 introduces new requirements for a) the classification and measurement of financial assets, b) impairment for financial assets and c) general hedge accounting. Details of these new requirement as well as their impact on the Group's consolidated financial statements are described below.

### a) Classification and measurement

Under IFRS 9, financial assets such as contribution receivables, accounts receivable, receivables from related parties and cash and bank balances that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost.

Financial assets at fair value through other comprehensive (FVOCI) comprise equity instruments which the Group had irrevocably elected, at initial recognition or transition, to classify at fair value through other comprehensive income. Under IAS 39, the Group's equity securities were classified as Available-for-sale financial assets. Therefore, reclassification for these instruments is not required on initial adoption of IFRS 9.

Financial liabilities previously measured at amortised cost under IAS 39 have been classified and measured under IFRS 9 at amortised cost using the effective interest rate method. There have been no changes in the classification and measurement of financial liabilities on the adoption of IFRS 9.

### (b) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model of IAS 39 with an 'expected credit loss' ('ECL') model. The new impairment model outlines a 'three stage' model ('general approach') for impairment based on the changes in credit quality since the initial recognition. Under the general approach, ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition (i.e. 'good' exposures), an allowance is to be provided for credit losses that result from default events 'that are possible' within the next 12 months (a 12 month ECL – Stage 1 of the model).

For those credit exposures for which there has been significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the default (a lifetime ECL – Stage 2 of the model).

Financial assets are assessed as credit impaired (Stage 3 of the model) when one or more events that have a detrimental impact on the estimated future cash flows of those assets have occurred.



### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2018

### 2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

### IFRS 9 - Financial Instruments (continued)

An alternative to the 'general approach' is the 'simplified approach' that can be applied to trade receivables or contract assets that do not contain a significant financing component. The loss allowance should be measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime ECL.

The Group has elected to apply the simplified approach. Under the simplified approach, the Group shall apply forward looking provision matrix to calculate the impairment allowance.

For an explanation of how the Group applies the impairment requirements of IFRS 9, refer to the policy under Note 2.5 "Impairment of financial assets".

### (c) Hedge accounting

The general hedge accounting requirements of IFRS 9 aim to simplify hedge accounting, creating a stronger link with risk management strategy and permitting hedge accounting to be applied to a greater variety of hedging instruments and risks. The adoption of general hedge accounting requirements of IFRS 9 does not result in any change in accounting policies of the Group and does not have any material effect on the Group's consolidated financial statements.

### Impact of initial application of IFRS 9

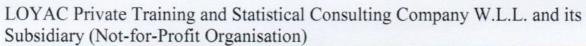
IFRS 9 did not have any impact on the Group's classification and measurement of its financial instruments. Further, the Group assessed that impact of ECL is not material.

### Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

The following table shows reconciliation of original measurement categories and carrying value in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets and financial liabilities as at 1 January 2018.

Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 KD	g Re-measurement /ECL / others KD	New carrying amount under IFRS 9 KD
Loans and receivables	Amortised cost	219,213		219,213
receivables Loans and	cost Amortised	722,674		722,674
receivables	cost	143,621		143,621
Loans and receivables	Amortised cost	25,311		25,311
Loans and receivables	Amortised cost	19,327		19,327
		1,130,146		1,130,146
	Loans and receivables	classification under IAS 39  Loans and receivables Loans and Rortised receivables Loans and Amortised receivables Loans and Amortised Loans and Amortised	Original New amount under classification under IAS 39 under IFRS 9 KD  Loans and receivables cost 219,213 Loans and Amortised receivables cost 722,674 Loans and Amortised receivables cost 143,621 Loans and Amortised receivables cost 25,311 Loans and Amortised receivables cost 25,311 Loans and Amortised receivables cost 19,327	classification under IAS 39classification under IFRS 9IAS 39 KD/ECL / others KDLoans and receivablesAmortised cost219,213-Loans and receivablesAmortised-Loans and receivablesAmortised-Loans and receivablesCost cost143,621-Loans and receivablesCost cost25,311-Loans and receivablesAmortised costLoans and receivablesCost19,327-

Adoption of IFRS 9 did not result in any change in classification or measurement of financial liabilities.





As at and for the year ended 31 December 2018

### 2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. The Group intends to adopt those standards when they become effective. However, the Group expects no significant impact from the adoption of the amendments on its financial position or performance.

### IFRS 16: Leases

In January 2016, the IASB issued IFRS 16 'Leases' with an effective date of annual periods beginning on or after 1 January 2019. IFRS 16 results in lessees accounting for most leases within the scope of the standard in a manner similar to the way in which finance leases are currently accounted for under IAS 17 'Leases'. Lessees will recognise a 'right of use' asset and a corresponding financial liability on the statement of financial position. The asset will be amortised over the length of the lease and the financial liability measured at amortised cost. Lessor accounting remains substantially the same as in IAS 17. The Group plans to adopt the new standard on the required effective date. However, as the management are still in the process of assessing the full impact of the application of IFRS 16 on the consolidated financial statements, it is not practicable to provide a reasonable financial estimate of the effect until the management complete the detailed review.

Other new or amended standards which are issued but not yet effective, are not relevant to the Group and have no impact on the accounting policies, financial position or performance of the Group.

### 2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Revenue recognition policy applicable from 1 January 2018

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in all of its revenue arrangements since it typically controls the goods or services before transferring them to the customer.

The specific recognition criteria described below must also be met before revenue is recognised.

### Contributions and donations

Contributions, which include unconditional promises to give (pledges), are recognised as revenues at a point in time when they become receivable. Conditional contributions are recorded when the performance obligation (i.e. 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 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 transferred over time.

### Contributed services and donated materials

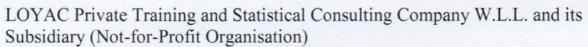
Contributed services are reported at fair value in the consolidated financial statements for voluntary donations of services. Contributed services are accounted over the time when received as income and expenses.

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

Revenue from rendering services is recognised over time when the services are performed.

Other revenue is recognised on an accrual basis.

Revenue is measured at the fair value of the consideration received or receivable.





As at and for the year ended 31 December 2018

### 2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition accounting policies applied up to 31 December 2017

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude. The specific recognition criteria described below also be met before revenue is recognized.

### 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.

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.

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 activities and other comprehensive income. 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.

### 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.

### Interest income

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

### **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.

### Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful lives of property, plant and equipment as follows:

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

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2018

### 2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Property and equipment (continued)

An item of property and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of activities and other comprehensive income when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

### Intangible assets

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

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.

### **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 realizable 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.

### **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.

### Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or a cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount or CGU.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by available fair value indicators.

Impairment losses of continuing operations are recognised in the consolidated statement of activities and other comprehensive income in those expense categories consistent with the function of the impaired asset, except for land or building previously revalued when the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.



### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2018

### 2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Impairment of non-financial assets (continued)

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the assets or CGUs recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the assets does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of activities and other comprehensive income.

### Financial instruments accounting policies applied from 1 January 2018

### Financial assets and financial liabilities

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets or issue of financial liabilities (other than on financial assets and financial liabilities at fair value through profit or loss (FVPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or issue financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of activities and other comprehensive income.

### Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial asset.

### Classification of financial assets

Financial assets at amortised cost

Financial assets such as contribution receivables, accounts receivable, amount due from related parties, and cash and bank balances that meet the following conditions are subsequently measured at amortised cost:

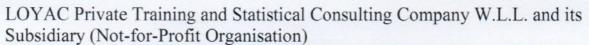
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL except for equity instruments when the Group may make an irrevocable election/designation at initial recognition.

### Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments at amortised cost, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.





As at and for the year ended 31 December 2018

### 2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial instruments accounting policies applied from 1 January 2018 (continued)

### Financial assets (continued)

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost.

For financial instruments carried at amortised cost, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. Interest income is recognised in the consolidated statement of activities and other comprehensive income bases on effective interest method.

### Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost. No impairment loss is recognised for equity instruments that are classified as financial assets at FVOCI. The amount of expected credit losses is updated at each reporting date.

The Group always recognises lifetime ECL for trade receivables which generally does not have a significant financing component. Amounts due from related parties that are interest free and receivable on demand, the Group expects no default on such amounts after reviewing and assessing the financial position of these parties. Accordingly, the measurement of amounts due from related parties under IFRS 9 doesn't have impact on the consolidated statement of activities and other comprehensive income of the Group. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a trade receivables.

### Credit-impaired financial assets at amortised cost

A financial asset is credit-impaired when one or more events, constituting an event of default for internal credit risk management purposes as historical experience indicates, that have a detrimental impact on the estimated future cash flows of that financial asset have occurred that meet below criteria.

Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- ► The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- ▶ It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

### Write-off of financial assets at amortised cost

The Group writes off a financial asset at amortised cost when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings.



### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2018

### 2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments accounting policies applied from 1 January 2018 (continued)

Financial assets (continued)

### Impairment of financial assets (continued)

Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the consolidated statement of activities and other comprehensive income.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The Group recognises an impairment loss in the consolidated statement of activities and other comprehensive income for all financial assets at amortised cost with a corresponding adjustment to their carrying amount through a loss allowance account.

### Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

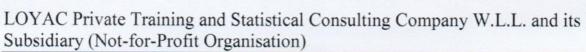
On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the consolidated statement of activities and other comprehensive income.

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

A financial asset (or where applicable a part of a financial asset or a part of a group of similar financial assets) is derecognised when:

(i) The rights to receive cash flows from the asset have expired, or

(ii) The Group has transferred the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets.





As at and for the year ended 31 December 2018

### 2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments accounting policies applied from 1 January 2018 (continued)

### Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

The Group's financial liabilities include accounts payable and accruals and amounts due to related parties.

### Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

### Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of activities and other comprehensive income.

### Financial instruments accounting policies applied up to 31 December 2017 Financial assets

### Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or financial assets available-for-sale, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include contribution receivables, amounts due from related parties, term deposits and cash and bank balances.

### Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

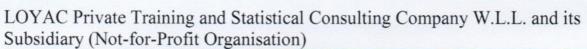
### Contribution receivables

Contribution 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.

### Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- ▶ The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.





As at and for the year ended 31 December 2018

### 2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments accounting policies applied up to 31 December 2017 Financial assets

### Derecognition (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### Impairment of 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 activities and other comprehensive income.

### Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loan and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include accrued expenses and amounts due to related parties.

### Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

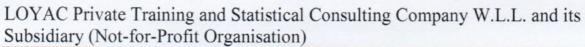
### Accrued expenses

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

### Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of activities and other comprehensive income.





As at and for the year ended 31 December 2018

### 2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

Expected to be realised or intended to be sold or consumed in the normal operating cycle

▶ Held primarily for the purpose of trading

Expected to be realised within twelve months after the reporting period; Or

Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

▶ It is expected to be settled in the normal operating cycle

▶ It is held primarily for the purpose of trading

▶ It is due to be settled within twelve months after the reporting period; Or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

### **Employee benefits**

The Group provides end of service benefits to all employees under the Kuwait Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Further, with respect to its national employees, the Group also makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

### 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.



### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2018

### 2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Contingencies

Contingent liabilities are not recognised in the consolidated financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the consolidated financial statements, but are disclosed when an inflow of economic benefits is probable.

### Foreign currencies

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the statement of activities.

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 (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or the statement of activities is also recognised in other comprehensive income or the statement of activities, respectively).

### Fair value measurement

The Group measures financial instruments such as financial assets available-for-sale, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

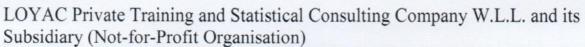
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.





As at and for the year ended 31 December 2018

### 2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Fair value measurement (continued)

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about the assumptions and estimates could result in outcomes that require a material adjustment to the amount of the asset or liability affected in future periods.

### Estimates and assumptions

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

### Impairment of property and equipment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication or objective evidence of impairment or when annual impairment testing for an asset is required. If any such indication or evidence exists, the asset's recoverable amount is estimated and an impairment loss is recognised in the consolidated statement of activities and other comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount.

### **Judgments**

In the process of applying the Group accounting policies, management is required to make certain judgments as follows:

### Useful lives of property and equipment

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

### 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.

### Classification of financial assets

### Effective from 1 January 2018 (IFRS 9)

The Group determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

### Effective before 1 January 2018 (IAS 39)

Management has to decide on acquisition of financial assets whether it should be classified as available-for-sale, held to maturity, investments at fair value through profit or loss or as loans and receivables. In making the judgment, the Group considers the primary purpose for which it is acquired and how it intends to manage and report performance



### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2018

### 4 PROPERTY AND EQUIPMENT

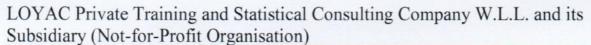
	Motor vehicles KD	Furniture and fixtures KD	Office equipment KD	Computers and accessories KD	Total KD
Cost At 1 January 2017 Additions	5,950	39,286 6,135	40,960 3,578	58,314 9,209	144,510 18,922
At 31 December 2017	5,950	45,421	44,538	67,523	163,432
At 1 January 2018 Additions Disposals	<b>5,950</b> 6,700	<b>45,421</b> 1,505	<b>44,538</b> 2,299	67,523 3,861 (6,376)	163,432 14,365 (6,376)
At 31 December 2018	12,650	46,926	46,837	65,008	171,421
Accumulated depreciation At 1 January 2017 Charge for the year	2,086 1,187	20,949 8,163	27,514 8,055	45,340 9,198	95,889 26,603
At 31 December 2017	3,273	29,112	35,569	54,538	122,492
At 1 January 2018 Charge for the year Disposals	3,273 2,529	<b>29,112</b> 9,187	<b>35,569</b> 5,586	54,538 7,953 (6,376)	122,492 25,255 (6,376)
At 31 December 2018	5,802	38,299	41,155	56,115	141,371
Net book value					
At 31 December 2017	2,677	16,309	8,969	12,985	40,940
At 31 December 2018	6,848	8,627	5,682	8,893	30,050
5 PREPAYMENTS AND	OTHER RECE	EIVABLES			
				2018 KD	2017 KD
Prepaid expenses Refundable deposits Advances Others				19,525 2,316 37 11,757	34,261 975 8,060 19,327
				33,635	62,623

Other receivables do not contain impaired assets. The net carrying value of each receivables is considered a reasonable approximation of fair value.

The maximum exposure to credit risk at the reporting date with respect to other receivables is the carrying value of each class of receivables mentioned above.

### 6 CONTRIBUTION RECEIVABLES

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





As at and for the year ended 31 December 2018

### 7 TERM DEPOSITS

This represents a deposit placed with a local financial institution maturing within twelve months from the placement date with an effective interest rate of 2.5% (2017: 2.5%). Certain deposits are pledged as a security against letter of guarantees (Note 17).

### 8 CASH AND BANK BALANCES

	2018 KD	2017 KD
Cash on hand Cash at bank	8,115 1,007,547	2,259 720,415
	1,015,662	722,674

Included within cash at bank are restricted bank balances amounting to KD 8,346 (2017: KD 2,610) pledged against certain projects and programs.

### 9 EQUITY

### a. Capital

Capital comprises of 100 units at a nominal value of KD 500 (2017: KD 500) each, which are paid in cash and distributed as follows:

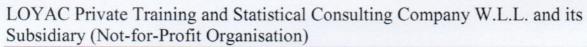
	20	2018		017
	Units	Amount KD	Units	Amount KD
Partners:				
Fareah Ahmed Al-Saqqaf	18	9,000	18	9,000
Abeer Abdulaziz Al-Essa	17	8,500	17	8,500
Fadia Jassem Al-Marzooq	17	8,500	17	8,500
Mona Bader Al-Kalouti	16	8,000	16	8,000
Nadia Jassem Al-Marzouq	16	8,000	16	8,000
Fetouh Hamad Al-Dalali	16	8,000	16	8,000
	100	50,000	100	50,000

### b. Statutory reserve

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation, as amended, a minimum of 10% of the profit for the year shall be transferred to the statutory reserve based on the recommendation of the Group's management. The annual general assembly of the Parent Company may resolve to discontinue such transfers when the reserve exceeds 50% of the issued capital. The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves. Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice, unless such reserve exceeds 50% of the issued capital. The partners' resolved to discontinue transfers to the statutory reserve as the reserve equals to 50% of the issued capital.

### c. Voluntary reserve

In accordance with the Companies' law and the Parent Company's Memorandum of Incorporation, a maximum of 10% of profit for the year is required to transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution from the partners in the annual general assembly meeting upon recommendation by the board members. The partners' resolved to discontinue transfers to the voluntary reserve as the reserve exceeds 50% of the issued capital.





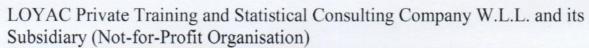
As at and for the year ended 31 December 2018

### 9 EQUITY (continued)

d. Classification of net assets Unrestricted and temporarily restricted net assets at the reporting date comprise the	following:	
	2018 KD	2017 KD
Designated for the following purposes: Capital Voluntary reserve	50,000 58,307	50,000 58,307
Undesignated for programs / activities	108,307 593,414	108,307 (13,082)
Total unrestricted net assets Temporarily restricted net assets	701,721 184,277	95,225 410,892
	885,998	506,117
Permanently restricted net assets represent the following as at 31 December:		
	2018 KD	2017 KD
Statutory reserve	25,000	25,000
10 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS		
	2018 KD	2017 KD
As at 1 January Charge for the year Payments during the year Provision for indemnity no longer required	100,409 17,055 (2,742)	84,973 27,274 (9,134) (2,704)
As at 31 December	114,722	100,409
11 ACCOUNTS PAYABLE AND ACCRUED EXPENSES		
	2018 KD	2017 KD
Payable to staff, students and others Advances received from students Accruals and other payables	164,921 15,695 33,102	138,948 14,465 35,681

213,718

189,094





As at and for the year ended 31 December 2018

### 12 DEFERRED CONTRIBUTIONS

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

	2018 KD	2017 KD
Al Shaheed Park	50,626	338,143
"Service is my joy" program	5,000	-
Loyac Yemen	15,856	647
Soccer School - AC Milan	45,246	24,041
Al Jahra Project	3,717	3,717
Loyac chapters (Lebanon/Jordan/Yemen/Egypt)	5,000	-
Home Project – Jordan		3,343
Home Project - Kuwait		8,197
Kuwait for Kenya Project (K4K)	726	726
General Help Aid	1,768	1,768
Educational Fund	1,982	-
Internship IFAD Italy	771	
LOYAC Academy for Performing Arts – LAPA	53,585	30,310
	184,277	410,892



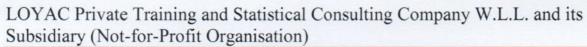
### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2018

### 13 OPERATING AND SUPPORT REVENUES

### Disaggregated revenue information

Contributions	Type of goods or service	Unrestricted KD	Temporarily restricted KD	2018 Total KD	2017 Total KD
Services and materials	Contributions	ND.	ND.	ND.	ND.
Contributed services of board members		923,213		923,213	866,368
Contributed building rent	Services and materials				
Contributed use of printing press   S,518   Contributed use of media and other facilities   23,363   Contributed use of media and other facilities   23,363   Contributed use of media and other facilities   23,363   Contributed use of media and other facilities   Contributed use of the facili	Contributed services of board members	168,000		168,000	168,000
Contributed use of media and other facilities   23,363   - 23,363   24,043   346,881   - 346,881   346,703   346,881   - 346,881   346,703   346,881   - 346,881   346,703   346,881   - 346,881   346,703   346,881   - 346,881   346,703   346,881   - 346,881   346,703   346,881   - 346,881   346,703   346,881   346,703   346,881   346,703   346,881   346,703   346,881   346,703   346,881   346,703   346,881   346,703   346,881   346,703   346,881   346,703   346,881   346,703   346,881   346,703   346,881   346,703   346,881   346,703   346,881   346,703   346,881   346,703   346,881   346		150,000	-	150,000	150,000
Total contributions	Contributed use of printing press	5,518		5,518	4,660
Projects and programs   200   - 200   3,46	Contributed use of media and other facilities	23,363		23,363	24,045
No.		346,881		346,881	346,705
WYSE Personal & Psychological Growth program         200         -         200         3,46           Global Entrepreneurship - IACOCCA         780         -         780         3,67           Educational Fund         4,018         1,982         6,000         -           Global Outreach program         11,560         -         11,560         5,00           Homes Project Kuwait         11,421         -         11,421         14,75           Homes Project - Jordan / Lebanon         220         -         220         6,32           Kuwait for Kenya Project (K4K)         -         726         726         726           Soccer School – AC Milan         286,193         45,246         331,439         254,49           General Help AID         -         1,768         1,768         1,768           LOYAC Yemen         23,960         15,856         39,816         14,79           LOYAC Jordan         3,343         -         3,343         13,83           LOYAC Lebanon         1,080         -         1,080         7,01-           LOYAC Capters         -         5,000         5,000         -           Blood Drive         3,000         -         3,000         3,000	Total contributions	1,270,094		1,270,094	1,213,073
WYSE Personal & Psychological Growth program         200         -         200         3,46           Global Entrepreneurship - IACOCCA         780         -         780         3,67           Educational Fund         4,018         1,982         6,000         -           Global Outreach program         11,560         -         11,560         5,00           Homes Project Kuwait         11,421         -         11,421         14,75           Homes Project - Jordan / Lebanon         220         -         220         6,32           Kuwait for Kenya Project (K4K)         -         726         726         726           Soccer School – AC Milan         286,193         45,246         331,439         254,49           General Help AID         -         1,768         1,768         1,768           LOYAC Yemen         23,960         15,856         39,816         14,79           LOYAC Jordan         3,343         -         3,343         13,83           LOYAC Lebanon         1,080         -         1,080         7,01-           LOYAC Capters         -         5,000         5,000         -           Blood Drive         3,000         -         3,000         3,000	Projects and programs				
Global Entrepreneurship - IACOCCA		200		200	3,467
Educational Fund	Global Entrepreneurship - IACOCCA				3,679
Global Outreach program			1.982		-
Homes Project Kuwait			.,,,,,		5 000
Homes Project - Jordan / Lebanon   220				11,421	
Kuwait for Kenya Project (K4K)         -         726         726         726           Soccer School – AC Milan         286,193         45,246         331,439         254,49           General Help AID         -         1,768         1,768         1,768           LOYAC Yemen         23,960         15,856         39,816         14,799           LOYAC Jordan         3,343         -         3,343         13,833           LOYAC Lebanon         1,080         -         1,080         7,01-           LOYAC Egypt         670         -         670         -           LOYAC Chapters         -         5,000         5,000         -           Blood Drive         3,000         -         3,000         3,000           Ambassador Volunteer         15,449         -         15,449         1,79           "Service is my Joy" program         12,615         5,000         17,615         19,55           LOYAC Internship program         24,432         2         24,432         22,25           KON Social Entrepreneurship Program         36,697         -         36,697         -         36,697         -         36,697         -         36,697         -         36,697         -					
Soccer School - AC Milan   286,193   45,246   331,439   254,49			726		726
Content		286.193	District Control of the Control of t		
LOYAC Yemen   23,960		200,170			
LOYAC Jordan LOYAC Lebanon LOYAC Egypt FOR 1,080 LOYAC Egypt FOR 1,080 LOYAC Chapters LOYAC Chapters FOR 1,080 LOYAC Internship program FOR 1,080 LOYAC Internship IFAD Italy FOR 1,080 LOYAC Lot Program 1,080 LOYAC Lot Program 1,080 LOYAC Lot Program 1,080 LOYAC Academy for Performing Arts – LAPA 1,080 LOYAC Academy for Performi		23.960			
LOYAC Lebanon			10,000		
LOYAC Egypt       670       -       670       -         LOYAC Chapters       -       5,000       5,000       -         Blood Drive       3,000       -       3,000       3,000         Ambassador Volunteer       15,449       -       15,449       1,79         "Service is my Joy" program       12,615       5,000       17,615       19,550         LOYAC Internship program       24,432       -       24,432       22,252         KON Social Entrepreneurship Program       36,697       -       36,697       -         Little Loyacers       13,061       -       13,061       9,78         Atai Morocco       10,000       -       10,000       10,120         Internship IFAD Italy       4,229       771       5,000       2,68         Al Jahra Project       -       3,717       3,717       6,00         Al Shaheed Park - Events & Activities       498,132       50,626       548,758       727,22         LOYAC Academy for Performing Arts – LAPA       294,798       53,585       348,383       267,824         Other programs       12,164       -       12,164       -       12,164       58,613         Total revenue from projects and					
LOYAC Chapters   -   5,000   5,000   -   3,000   3,000   Ambassador Volunteer   15,449   -   15,449   1,790   17,615   19,550   10,000   17,615   19,550   10,000   17,615   19,550   10,000   17,615   19,550   10,000   10,100					
Service is my Joy" program   12,615   5,000   17,615   19,550			5 000		
Ambassador Volunteer       15,449       -       15,449       1,79         "Service is my Joy" program       12,615       5,000       17,615       19,55         LOYAC Internship program       24,432       -       24,432       22,25         KON Social Entrepreneurship Program       36,697       -       36,697       -         Little Loyacers       13,061       -       13,061       9,780         Atai Morocco       10,000       -       10,000       10,120         Internship IFAD Italy       4,229       771       5,000       2,68         Al Shaheed Park - Events & Activities       498,132       50,626       548,758       727,22         LOYAC Academy for Performing Arts - LAPA       294,798       53,585       348,383       267,82         Other programs       12,164       -       12,164       58,61         Total revenue from projects and programs       1,268,022       184,277       1,452,299       1,454,70         Materials contributed       82,128       -       82,128       18,03         Other income       93,754       -       93,754       -       93,754       39,20			5,000		3 000
"Service is my Joy" program  LOYAC Internship program  24,432  24,432  36,697  Little Loyacers  Atai Morocco  Internship IFAD Italy  Al Shaheed Park - Events & Activities  LOYAC Academy for Performing Arts - LAPA  Other programs  Materials contributed  Other income  12,615  5,000  17,615  19,55  10,607  - 36,697  - 13,061  - 10,000  - 10,000  - 10,000  - 10,000  - 10,000  - 3,717  3,717  6,000  2,68  3,717  3,717  6,000  2,68  3,717  3,717  6,000  2,68  3,717  3,717  5,000  3,717  5,000  3,717  5,000  3,717  5,000  3,717  5,000  3,717  5,000  3,717  5,000  3,717  5,000  3,717  5,000  3,717  5,000  3,717  5,000  3					
LOYAC Internship program  KON Social Entrepreneurship Program  36,697  Little Loyacers  Atai Morocco  Internship IFAD Italy  Al Jahra Project  Al Shaheed Park - Events & Activities  LOYAC Academy for Performing Arts – LAPA  Other programs  1,268,022  Description  24,432  - 24,432  - 36,697  - 36,697  - 13,061  - 13,061  9,780  10,000  - 10,000  10,120  10,000  2,683  3,717  3,717  6,000  498,132  50,626  548,758  727,222  LOYAC Academy for Performing Arts – LAPA  294,798  53,585  348,383  267,822  Other programs  1,268,022  184,277  1,452,299  1,454,702  Materials contributed  82,128  - 82,128  18,033  Other income			5 000		
KON Social Entrepreneurship Program       36,697       -       36,697       -         Little Loyacers       13,061       -       13,061       9,780         Atai Morocco       10,000       -       10,000       10,120         Internship IFAD Italy       4,229       771       5,000       2,682         Al Jahra Project       -       3,717       3,717       6,000         Al Shaheed Park - Events & Activities       498,132       50,626       548,758       727,222         LOYAC Academy for Performing Arts - LAPA       294,798       53,585       348,383       267,822         Other programs       12,164       -       12,164       58,612         Total revenue from projects and programs       1,268,022       184,277       1,452,299       1,454,702         Materials contributed       82,128       -       82,128       18,032         Other income       93,754       -       93,754       39,202			3,000		
Little Loyacers       13,061       -       13,061       9,780         Atai Morocco       10,000       -       10,000       10,120         Internship IFAD Italy       4,229       771       5,000       2,680         Al Jahra Project       -       3,717       3,717       6,000         Al Shaheed Park - Events & Activities       498,132       50,626       548,758       727,222         LOYAC Academy for Performing Arts - LAPA       294,798       53,585       348,383       267,822         Other programs       12,164       -       12,164       58,612         Total revenue from projects and programs       1,268,022       184,277       1,452,299       1,454,702         Materials contributed       82,128       -       82,128       18,032         Other income       93,754       -       93,754       39,202	KON Social Entrepreneurship Program	The state of the s			
Atai Morocco       10,000       -       10,000       10,120         Internship IFAD Italy       4,229       771       5,000       2,68         Al Jahra Project       -       3,717       3,717       6,000         Al Shaheed Park - Events & Activities       498,132       50,626       548,758       727,22°         LOYAC Academy for Performing Arts - LAPA       294,798       53,585       348,383       267,82°         Other programs       12,164       -       12,164       58,61°         Total revenue from projects and programs       1,268,022       184,277       1,452,299       1,454,70°         Materials contributed       82,128       -       82,128       18,03°         Other income       93,754       -       93,754       39,20°					
Internship IFAD Italy					CHANGE TO SELECT THE S
Al Jahra Project Al Shaheed Park - Events & Activities LOYAC Academy for Performing Arts - LAPA Other programs  Total revenue from projects and programs  Al Shaheed Park - Events & Activities 498,132 294,798 53,585 348,383 267,824 12,164 - 12,164 - 12,164 58,612  Materials contributed 82,128 Other income 93,754 - 93,754 3,717 6,000 548,758 727,222 1484,383 267,824 1,452,299 1,454,702 1,452,299 1,454,702 1,452,299 1,454,702 1,452,299 1,454,702 1,452,299 1,454,702 1,452,299 1,454,702 1,452,299 1,454,702 1,452,299 1,454,702 1,452,299 1,454,702 1,452,299 1,454,702 1,452,299 1,454,702 1,452,299 1,454,702 1,452,299 1,454,702			771		
Al Shaheed Park - Events & Activities 498,132 50,626 548,758 727,22 LOYAC Academy for Performing Arts – LAPA 294,798 53,585 348,383 267,824 Other programs 12,164 - 12,164 58,612 Total revenue from projects and programs 1,268,022 184,277 1,452,299 1,454,702 Materials contributed 82,128 - 82,128 18,032 Other income 93,754 - 93,754 39,20		-			
LOYAC Academy for Performing Arts – LAPA       294,798       53,585       348,383       267,824         Other programs       12,164       -       12,164       58,613         Total revenue from projects and programs       1,268,022       184,277       1,452,299       1,454,703         Materials contributed       82,128       -       82,128       18,033         Other income       93,754       -       93,754       39,20		498 132			
Other programs         12,164         -         12,164         58,613           Total revenue from projects and programs         1,268,022         184,277         1,452,299         1,454,703           Materials contributed         82,128         -         82,128         18,033           Other income         93,754         -         93,754         39,20				10.01.01.00.000	
Materials contributed         82,128         -         82,128         18,03           Other income         93,754         -         93,754         39,20			200000		58,612
Other income 93,754 - 93,754 39,20	Total revenue from projects and programs	1,268,022	184,277	1,452,299	1,454,702
Other income 93,754 - 93,754 39,20	Materials contributed	82,128		82,128	18,033
Total operating and supporting revenues 2,713,998 184,277 2,898,275 2,725,009	Other income				39,201
	Total operating and supporting revenues	2,713,998	184,277	2,898,275	2,725,009





As at and for the year ended 31 December 2018

### 13 OPERATING AND SUPPORT REVENUES (continued)

Unrestricted KD	Temporarily restricted KD	2018 Total KD	2017 Total KD
923,213	-	923,213	866,368
346,881	-	346,881	346,705
1,270,094	-	1,270,094	1,213,073
1 269 022	194 277	1 452 200	1,454,702
	104,2//		18,033
93,754	-	93,754	39,201
2,713,998	184,277	2,898,275	2,725,009
	923,213 346,881 1,270,094 1,268,022 82,128 93,754	Unrestricted KD  923,213 346,881  1,270,094  -  1,268,022 82,128 93,754  -  184,277	Unrestricted KD         restricted KD         Total KD           923,213         -         923,213           346,881         -         346,881           1,270,094         -         1,270,094           1,268,022         184,277         1,452,299           82,128         -         82,128           93,754         -         93,754



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

1

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2018

# 14 OPERATING EXPENDITURE – PROJECTS AND PROGRAMS

Voulb Enrichment Camp         150         1 127         1 151 11 11700         1 150         1 151 11700         4 143         3 133         3 3,132         3 3,213         3 3,21         3 3,21         3 3,21         3 3,21         3 3,21         3 3,21		Salaries KD	Arts and Culture KD	Student training KD	Travel and housing KD	Contributed services KD	M	Printing and supplies KD	Contractual services KD	Material cost KD		2018 Total KD	2017 Total KD
1,000   1,00	Youth Enrichment Camp	150		127	15,141	11.700		316	41	514		32,132	36,295
1,196   3,220   1,18   1,232   1,196   1,196   1,232   1,18   1,132   1,18   1,132   1,18   1,132   1,18	WYSE Personal and Psychological program		,	2,060	096			,		,	_	3,013	3,370
1,196   1,235   1,297   1,496   1,487   1,49	International Internship program				3,220	,		6		,		4,229	8,132
1.50	Global Entrepreneurship program			1,196	'			18				1,232	2,914
1,000	International Volunteer program			43	20			38	83	,		235	444
15,022   15,270   1	Homes Project - Jordan / Lebanon			,	573					16		589	7,881
Table   Tabl	LOYAC - Jordan			,	221				15	\$		15,270	10,489
700	LOYAC - Lebanon				742	,			40	454		14,842	12,136
880 880 880 8163 83.163 83.163 84.450 8	LOYAC -Yemen	200		235	1,290	30		31	375	1,660		23,990	14,144
83,163 - 6,963 66,083 435 637 1,711 46,113 2,653 42,564 250,322 4,450 - 47 84 1,560 802 1,250 7 352 1,255 9,807 7 352 1,255 9,807 7 352 1,255 9,807 7 352 1,255 9,807 7 352 1,255 9,807 7 352 1,255 9,807 7 352 1,200 2,478 8,436 - 10 210 - 54 7 7 - 12,445 14,306 1,330 1,337 - 1,797 2,144 5,409 67 1,036 22,218 238 5,044 39,290 1,380 2,2264 1,380 2,031 6,552 1,075 3,333 2,3485 1,354 1,354 1,351 2,334 1,354 1,354 2,332 2,348 2,333 2,3485 1,354 2,333 2,3485 1,354 2,333 2,3485 1,351 2,334 1,337 2,347 2,347 2,348 2,352 2,348 2,352 2,348 2,333 2,3485 1,354 2,333 2,3485 1,351 2,348 2,3485 2,348 2,352 2,348 2,3485 2,3485 2,348 2,3485 2,	LOYAC - Egypt	880		,		,			515	1,178		3,248	410
4,450         -         47         84         1,560         802         1,550         7         352         1,555         9,807           -<	Soccer School - AC Milan	83,163		6,963	66,083	435		1,711	46,113	2,653		250,322	210,591
8,436 10 23 - 92 1,501 162 690 2,478 8,554 1,200 118 8,554 1,200 - 1,200 - 1,303 1,200 - 1,303 1,200 - 1,303 1,200 - 1,303 1,200 - 1,303 1,200 1,300 - 1,797 2,144 5,409 67 1,036 22,218 238 5,044 39,290 1,380 - 2,438 1,332 1,380 - 2,438 1,332 1,380 - 2,438 1,332 1,380 1,220 1,38	LOYAC events & activities	4,450		47	84	1,560		1,250	7	352		708'6	11,972
8,436 10 210 54 - 12,445 14 13,933 15.54 15.00 1 1.200 2.0 14,506 15.0 1 1.200 14,506 14,506 14,300 1 1.337 - 1,797 2,144 5,409 67 1,036 22,218 2,970 27,324 2,435 2,031 2,445 2,948 2,970 27,324 18,881 141,202 78,864 7,507 25,913 96,557 179,724 18,881 141,202 78,864 7,507 25,913 96,557 179,74 14,881 141,202 78,864 7,507 25,913 96,557 179,74 18,881 141,202 78,864 7,507 25,913 96,567 55,525 179,247 894,485	Blood Drive				10	23		92	1,501	162		2,478	2,591
1,200 - 10 210 - 12,800 30 77 - 12,445 14 13,933 14,506 15.	Ambassador Volunteer	8,436										8,554	974
150 - 3 - 12,800 30 77 - 226 1,220 14,506  1,337 - 1,797 2,144 5,409 67 1,036 22,218 238 5,044 39,290  1,380 - 58 843 17,876 70 550 23 1,075 389 22,264  1,380 - 203 729 - 11 1,173 - 23,43 4,033 6,552  1,380 - 203 729 - 11 1,173 - 25,352 13,845 113,544  ANTS - LAPA 151,551 - 2,475 5,028 29,031 6,507 25,913 96,567 55,525 179,247 894,485	Homes Project Kuwait	1,200		10	210			54	,	12,445		13,933	6,553
1,337         -         1,797         2,144         5,409         67         1,036         22,218         78         8,84         39,290           1,380         -         203         729         67         1,036         22,218         23         3,39         22,264         39,290           1ics         203         729         729         729         729         4,033         6,552         6,552           Arris - LAPA         151,551         -         2,475         43,904         -         2,948         3,120         24,909         8,397         36,333         274,814           2         -         2,475         5,028         29,031         63         252         727         379         1,570         39,553           2         263,455         27,324         18,881         141,202         78,864         7,507         25,913         96,567         55,525         179,247         894,485	Summer-Bridge program	150	,	3		12,800		77		226		14,506	520
1,337     -     1,797     2,144     5,409     67     1,036     22,218     238     5,044     39,290       1,380     -     58     843     17,876     70     550     23     1,075     389     22,264       60     -     203     729     -     11     1,173     -     343     4,033     6,552       Arts - LAPA     151,551     -     2,475     43,904     -     2,948     3,120     24,909     8,397     36,333     274,814       28     -     2,475     5,028     29,031     63     252     727     379     1,570     39,553       263,455     27,324     18,881     141,202     7,807     25,913     96,567     55,525     179,247     894,485	Summer program volunteering	,	,	12						92		88	140
1,380     -     58     843     17,876     70     550     23     1,075     389     22,264       60     -     203     729     -     11     1,173     -     343     4,033     6,552       Arts - LAPA     151,551     -     2,475     43,904     -     2,948     3,120     24,909     8,397     36,333     274,814       28     -     2,475     5,028     29,031     63     252     727     379     1,570     39,553       263,455     27,324     18,881     141,202     7,804     7,507     25,913     96,567     55,525     179,247     894,485	Summer program - Youth Initiative	1,337		1,797	2,144	5,409		1,036	22,218	238		39,290	35,278
oy" program 60 - 203 729 - 11 1,173 - 343 4,033 6,552 6,552	Little Loyacers	1,380		58	843	17,876		550	23	1,075		22,264	29,017
k - Events & Activities 9,970 27,324 - 2,867 16,186 - 25,352 31,845 113,544 and for Performing Arts - LAPA 151,551 - 2,475 5,028 29,031 63 252 722 37,30 27,314,814 and for Performing Arts - LAPA 151,551 - 2,475 5,028 29,031 63 252 727 379 1,570 39,553 27,324 18,881 141,202 78,864 7,507 25,913 96,567 55,525 179,247 894,485	"Service is my Joy" program	09		203	729			1,173		343		6,552	008'6
my for Performing Arts - LAPA 151,551 - 3,652 43,904 - 2,948 3,120 24,909 8,397 36,333 274,814 28 - 2,475 5,028 29,031 63 252 727 727 379 1,570 39,553 1,570 263,455 27,324 18,881 141,202 78,864 7,507 25,913 96,567 55,525 179,247 894,485	Al Shaheed Park - Events & Activities	9,970	27,324	,			7	16,186		25,352		113,544	130,539
28         -         2,475         5,028         29,031         63         252         727         379         1,570         39,553           263,455         27,324         18,881         141,202         78,864         7,507         25,913         96,567         55,525         179,247         894,485	LOYAC Academy for Performing Arts - LAPA	151,551		3,652	43,904	,	7	3,120	24,909	8,397		274,814	283,530
27,324 18,881 141,202 78,864 7,507 25,913 96,567 55,525 179,247 894,485	Other programs	28		2,475	5,028	29,031		252	727	379		39,553	8,576
		263,455	27,324	18,881	141,202	78,864	7	25,913	796,567	55,525		894,485	826,296

Operating expenditure - projects and programs includes contributed services by board members amounting to KD Nil (2017: KD Nil).



### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2018

### 15 MANAGEMENT AND GENERAL EXPENSES

	2018	2017
	KD	KD
Salaries and benefits	935,589	824,292
Contributed services by board members	168,000	168,000
Board members' compensation	48,000	39,000
Office rent	163,700	161,250
Professional fees	8,050	6,600
Website design and maintenance	2,870	3,483
Training	1,381	1,655
Printing and office stationary	9,948	8,565
Communication	6,058	10,220
Office and administrative expenses	30,074	16,407
Advertisement and media	24,788	30,745
Repair and maintenance	15,857	7,221
Depreciation	25,255	26,603
Others	62	707
	1,439,632	1,304,748

Included with in management and general expenses KD 348,097 (2017: KD 346,705) representing contributed services and materials.

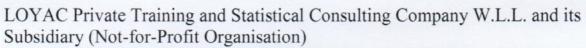
Contributed services by board members amounting to KD 168,000 (2017: KD 168,000) and KD Nil (2017: KD Nil) have been proportionately allocated to operating expenditure – supporting services and operating expenditure – projects and programs, respectively based on the time consumed in those activities with the corresponding equal amounts recognised as a contribution within operating and support revenues.

### 16 RELATED PARTY DISCLOSURES

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 168,000 during the year (2017: KD 168,000).
- b) Members' compensation of KD 48,000 (2017: KD 39,000) 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 15,270 (2017: KD 10,489).
- d) Transfers of donations received and operating expenses incurred on behalf of LOYAC Lebanon amounting to KD 14,842 (2017: KD 12,136).
- Transfers of donations received and operating expenses incurred on behalf of LOYAC Yemen amounting to KD 23,990 (2017: KD 14,144).
- f) Transfers of donations received and operating expenses incurred on behalf of LOYAC Egypt amounting to KD 3,248 (2017: KD 410).





As at and for the year ended 31 December 2018

### 16 RELATED PARTY DISCLOSURES (continued)

	2018	2017
	KD	KD
Receivables from related parties		
Key management personnel	3,091	25,311

Amounts owed from related parties are interest-free, and have no fixed terms of repayment. For the year ended 31 December 2018, the Group has not recorded any impairment of receivables related to amounts owed by related parties (2017: KD Nil). Other related parties represent affiliates of major stakeholders.

### 17 CONTINGENCIES

	2018 KD	2017 KD
Letter of guarantees	76,956	76,956

### 18 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and exposure to market risk is limited to foreign exchange risk and interest rate risk as none of the Group's financial assets are listed on any stock exchange. The risks are monitored through the Group's strategic planning process.

The Group's financial assets comprise amounts due from related parties, contribution receivables, term deposits and bank balances. Financial liabilities comprise payable to related parties, accounts payable and accrued expenses.

The Board of Directors of the Group is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles.

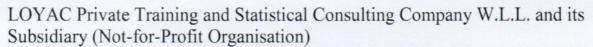
The management of the Group reviews and agrees policies for managing each of these risks which are summarised below:

### Credit risk

Credit risk is the risk that counterparty will cause a financial loss to the Group by failing to discharge an obligation. Credit risk arises in the Group's normal course of business.

Credit risk arises from cash and cash equivalents, receivables from related parties, contribution, and other receivables. The Group's maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets mentioned below.

	KD 2018	KD
Cash and cash equivalents (excluding cash on hand)	1,007,547	720,415
Contribution receivables	173,726	219,213
Term deposits	145,298	143,621
Receivables from related parties	3,091	25,311
Other receivables	11,757	19,327
	1,341,419	1,127,887





As at and for the year ended 31 December 2018

### 18 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Credit risk (continued)

### Contribution and other receivables

Comparative information under IAS 39

In the prior year, the impairment of contribution and other receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. The Group considered that there was evidence of impairment if any of the following indicators were present:

- ▶ significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- b default or late payments (more than 90 days overdue).

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

As at 31 December 2017, contribution and other receivables were neither past due nor impaired. These contributions come from a number of independent sponsors and counterparties from whom there is no recent history of default.

Expected credit loss assessment as at 1 January 2018 and 31 December 2018

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all contribution and other receivables.

The expected loss rates are based on the payment profiles and the corresponding historical credit losses experienced during prior periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group does not hold collateral as security.

At 1 January 2018 and 31 December 2018, contribution and other receivables were neither past due nor impaired. These contributions come from a number of independent sponsors and counterparties from whom there is no recent history of default and accordingly, allowance for expected credit losses to be immaterial.

### Bank balances

Credit risk from bank balance is limited because the counterparty is reputable financial institution with appropriate credit-ratings assigned by international credit-rating agencies. Further, the principal amounts of deposits in local banks (including saving accounts and current accounts) are guaranteed by the Central Bank of Kuwait in accordance with Law No. 30 of 2008 Concerning Guarantee of Deposits at Local Banks in the State of Kuwait which came into effect on 3 November 2008.

Impairment on bank balance has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its bank balance to have low credit risk based on the external credit ratings of the counterparties.

Receivables from related parties and other receivables

As at the reporting date, the majority of the Group's counterparty exposure has a low risk of default and does not include any past-due amounts. Accordingly, management identified impairment loss to be immaterial.



### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2018

### 18 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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

The Group's financial liabilities are non-derivative 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 the Group'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 optimizing 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.

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

### Currency risk

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

The Group has no significant foreign currency exposure as at the reporting date and is therefore not exposed to currency risk.

### 19 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Group 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.

Financial assets consist of contribution and other receivables, bank balances and cash, term deposits and receivables from related parties. Financial liabilities consist of account payables and accruals and payable to related parties.

Fair values of all financial instruments are not materially different from their carrying values. The management assessed that the fair values of contribution and other receivables, account payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. As to amounts due from (to) related parties which have no specified repayment date and are repayable on demand, management assessed that fair value is not less than their face value.



### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2018

### 20 CAPITAL RISK MANAGEMENT

The Group'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 and activities through operating cash flow management. The management seeks to maintain a balance between the funding received from sponsors and the expenses incurred on programs and other activities to achieve sound capital position.

The primary objective of the Group's capital management is to maximise the stakeholder value.

No changes were made in the objectives, policies or processes during the year ended 31 December 2018 and 31 December 2017.