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

LOYAC

Consolidated Financial Statements
31 December 2019

Building a better working world

EY
Building a better working world

Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18-20th Floor, Baitak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

Tel: +965 2 295 5000
Fax: +965 2 245 6419
kuwait@kw.ey.com
ey.com/mena

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 2019, 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 2019, and of its consolidated financial performance and its consolidated 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.

Building a better
working world

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 2019, that might have had a material effect on the business of the Parent Company or on its financial position.

BADER A. AL-ABDULJADER
LICENCE NO. 207-A
EY
(AL AIBAN, AL OSAIMI & PARTNERS)

28 December 2020
Kuwait

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 KD	2018 KD
ASSETS			
Non-current assets			
Furniture and equipment	3	**30,560**	30,050
		30,560	30,050
Current assets			
Inventories		**16,166**	28,940
Prepayments and other receivables	4	**68,592**	33,635
Receivables from related parties	15	**1,098**	3,091
Contribution receivables	5	**98,908**	173,726
Term deposits	6	**182,527**	145,298
Cash and bank balances	7	**1,057,012**	1,008,975
		1,424,303	1,393,665
TOTAL ASSETS		**1,454,863**	1,423,715
EQUITY AND LIABILITIES			
EQUITY			
Capital	8	**50,000**	50,000
Statutory reserve	8	**25,000**	25,000
Voluntary reserve	8	**58,307**	58,307
Retained earnings	8	**812,864**	777,691
Total equity		**946,171**	910,998
LIABILITIES			
Non-current liabilities			
Provision for employees' end of service benefits	9	**138,973**	114,722
		138,973	114,722
Current liabilities			
Accounts payable and accrued expenses	10	**170,639**	213,718
Deferred contributions	11	**199,080**	184,277
		369,719	397,995
Total liabilities		**508,692**	512,717
TOTAL LIABILITIES AND EQUITY		**1,454,863**	1,423,715

Fareah Al-Saqqaf
Chairperson

Fadia Al-Marzooq
Vice Chairperson and Managing Director

Abeer Al-Essa
Treasurer and Executive Board Member

The attached notes 1 to 20 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	*2019* **KD**	*2018* KD
OPERATING AND SUPPORT REVENUES			
Contributions			
Corporate and individuals	12	**915,080**	923,213
Services and materials	12	**401,770**	346,881
Total contributions		**1,316,850**	1,270,094
Projects and programs			
Contribution from students' training programs	12	**1,406,684**	1,452,299
Deferred contributions	11	**(199,080)**	(184,277)
Total revenue from projects and programs		**1,207,604**	1,268,022
Materials contributed	12	**37,418**	82,128
Other income	12	**33,076**	93,754
Total operating and support revenues		**2,594,948**	2,713,998
OPERATING EXPENDITURE			
Projects and programs			
Students' training programs	13	**(936,006)**	(894,485)
Supporting services			
Management and general	14	**(1,623,769)**	(1,439,632)
Total operating expenditure		**(2,559,775)**	(2,334,117)
RESULTS FROM OPERATIONS FOR THE YEAR		**35,173**	379,881
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**35,173**	379,881

The attached notes 1 to 20 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Capital *KD*	*Statutory reserve* *KD*	*Voluntary reserve* *KD*	*Retained earnings* *KD*	*Total* *KD*
As at 1 January 2019	50,000	25,000	58,307	777,691	910,998
Total comprehensive income for the year	-	-	-	35,173	35,173
At 31 December 2019	**50,000**	**25,000**	**58,307**	**812,864**	**948,171**
As 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

The attached notes 1 to 20 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Notes	*2019* *KD*	*2018* *KD*
OPERATING ACTIVITIES			
Results from operations for the year		**35,173**	379,881
Adjustments to reconcile results from operations to net cash flows:			
Depreciation	3	**19,325**	25,255
Provision for employees' end of service indemnity	9	**29,849**	17,055
Interest income		**(11,313)**	(3,209)
Operating surplus before changes in working capital		**73,034**	418,982
Working capital adjustments:			
- Prepayments and other receivables		**(34,957)**	28,988
- Inventories		**12,774**	(11,810)
- Related party balances		**1,993**	22,220
- Contribution receivables		**74,818**	45,487
- Accounts payable and accrued expenses		**(43,079)**	24,624
- Deferred contributions		**14,803**	(226,615)
		99,386	301,876
Payments towards employees' end of service indemnity	9	**(5,598)**	(2,742)
Net cash flows from operating activities		**93,788**	299,134
INVESTING ACTIVITIES			
Purchase of furniture and equipment	3	**(20,161)**	(14,365)
Proceeds from disposal of furniture and equipment	3	**326**	-
Term deposits placements		**(37,229)**	(1,677)
Interest income received		**11,313**	3,209
Net cash flows used in investing activities		**(45,751)**	(12,833)
NET INCREASE IN CASH AND BANK BALANCES		**48,037**	286,301
Cash and bank balances at 1 January		**1,008,975**	722,674
CASH AND BANK BALANCES AT 31 DECEMBER	7	**1,057,012**	1,008,975

The attached notes 1 to 20 form part of these consolidated financial statements.

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 domiciled and incorporated in the State of Kuwait on 25 May 2004 under registration number 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:

Name of the company	Country	% of equity 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's head 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 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 19 November 2020.

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 also the functional currency of the Parent Company.

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 current year, 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.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary as at 31 December 2019. 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 applied are consistent with those used in the previous year except for the changes arising from the adoption of IFRS 16 'Leases' effective from 1 January 2019.

Adoption of IFRS 16 *'Leases'*

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Adoption of IFRS 16 *'Leases'* (continued)

The Group adopted IFRS 16 using the modified retrospective method and accordingly, the comparative information is not restated with the date of initial application of 1 January 2019. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

Based on the assessment performed by the Group, the adoption of IFRS 16 did not have any material impact on the consolidated financial statements of the Group as at 1 January 2019 and 31 December 2019.

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, amendments to standards and interpretations which are effective for annual periods beginning on or after 1 January 2020 have not been early adopted in the preparation of the Group's consolidated financial statements. None of these are expected to have a significant impact on the Group's consolidated financial statements.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.5.1 Revenue recognition

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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.2 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.

2.5.3 Furniture and equipment

Furniture 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 furniture 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 furniture 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.

An item of furniture 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 residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.5.4 Intangible assets

Intangible assets acquired by LOYAC which has a finite useful life, 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 assets 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.

2.5.5 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.6 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.

2.5.7 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.

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.

2.5.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.8 Financial instruments (continued)

i) Financial assets (continued)

Initial recognition and measurement (continued)
The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group has not designated any financial assets as at fair value and financial assets at amortised cost is more relevant to the Group.

Financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the consolidated statement of activities when the asset is derecognised, modified or impaired.

The Group has not designated any financial assets as at fair value through profit or loss and financial assets at amortised cost is more relevant to the Group. The Group's financial assets at amortised cost includes receivables from related parties, contribution receivables, other receivables, term deposits and bank balances.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) 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.

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 of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.8 Financial instruments (continued)

i) Financial assets (continued)

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a 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 timing of the default (a lifetime ECL).

ii) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include accounts payable and accruals.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

The Group has not designated any financial liability as at fair value through profit or loss and financial liabilities at amortised cost is more relevant to the Group.

Financial liabilities at amortised cost
Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of activities.

Accounts payable and accruals
Accounts payable and accruals are recognised for amounts to be paid in the future for 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 the 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 .

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.8 Financial instruments (continued)

iii) 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.

2.5.9 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.

2.5.10 Current versus non-current classification

The Group presents assets and liabilities in the consolidated 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.

2.5.11 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.

2.5.12 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.13 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.

2.5.14 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 consolidated 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 consolidated statement of activities is also recognised in other comprehensive income or the consolidated statement of activities, respectively).

2.5.15 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 minimising 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 categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.15 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.

2.5.16 Events after the reporting date

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Group will assess if the information affects the amounts that it recognises in the Group's consolidated financial statements. The Group will adjust the amounts recognised in its consolidated financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

2.6 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.

2.6.1 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 furniture 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.

Useful lives of furniture and equipment

The Group's management determines the estimated useful lives of its furniture 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.

2.6.2 Judgments

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

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

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.

3 FURNITURE AND EQUIPMENT

	Motor vehicles KD	*Furniture and fixtures KD*	*Office equipment KD*	*Computers and accessories KD*	*Total KD*
Cost					
At 1 January 2018	5,950	45,421	44,538	67,523	163,432
Additions	6,700	1,505	2,299	3,861	14,365
Disposals	-	-	-	(6,376)	(6,376)
At 31 December 2018	12,650	46,926	46,837	65,008	171,421
Additions	-	2,043	14,332	3,786	20,161
Disposals	-	(2,530)	(5,492)	(8,904)	(16,926)
At 31 December 2019	**12,650**	**46,439**	**55,667**	**59,890**	**174,656**
Accumulated depreciation					
At 1 January 2018	3,273	29,112	35,569	54,538	122,492
Charge for the year	2,529	9,187	5,586	7,953	25,255
Disposals	-	-	-	(6,376)	(6,376)
At 31 December 2018	5,802	38,299	41,155	56,115	141,371
Charge for the year	2,530	6,530	4,089	6,176	19,325
Disposals	-	(2,526)	(5,439)	(8,635)	(16,600)
At 31 December 2019	**8,332**	**44,829**	**45,244**	**53,656**	**144,096**
Net book value					
At 31 December 2018	6,848	8,627	5,682	8,893	30,050
At 31 December 2019	**4,318**	**1,610**	**10,433**	**6,234**	**30,560**

4 PREPAYMENTS AND OTHER RECEIVABLES

	2019* *KD	*2018* *KD*
Prepaid expenses	**35,432**	19,525
Refundable deposits	**1,525**	2,316
Advances	**-**	37
Other receivables	**31,635**	11,757
	68,592	33,635

5 CONTRIBUTION RECEIVABLES

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

6 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 2.4-3.2% (2018: 2.5%). Certain deposits are pledged as a security against letter of guarantees (Note 17).

7 CASH AND BANK BALANCES

	2019 KD	2018 KD
Cash on hand	4,054	8,115
Cash at bank	1,052,958	1,000,860
	1,057,012	1,008,975

Included within cash at bank are restricted bank balances amounting to KD 8,346 (2018: KD 8,346) pledged against certain projects and programs.

8 EQUITY

8.1 Capital

Capital comprises of 100 units at a nominal value of KD 500 (2018: KD 500) each, which are paid in cash and distributed as follows:

	2019		2018	
	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

8.2 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.

8.3 Voluntary reserve

In accordance with the Companies' law and the Parent Company's Memorandum of Incorporation, as amended, 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.

8 EQUITY (continued)

8.4 Classification of net assets

Unrestricted and temporarily restricted net assets at the reporting date comprise the following:

	2019	2018
	KD	KD
Designated for the following purposes:		
Capital	**50,000**	50,000
Voluntary reserve	**58,307**	58,307
	108,307	108,307
Undesignated for programs / activities	**613,784**	593,414
Total unrestricted net assets	**722,091**	701,721
Temporarily restricted net assets	**199,080**	184,277
	921,171	885,998

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

	2019	2018
	KD	KD
Statutory reserve	**25,000**	25,000

9 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	2019	2018
	KD	KD
As at 1 January	**114,722**	100,409
Charge for the year	**29,849**	17,055
Payments during the year	**(5,598)**	(2,742)
As at 31 December	**138,973**	114,722

10 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	2019	2018
	KD	KD
Payable to staff, students and others	**122,991**	164,921
Advances received from students	**7,000**	15,695
Accruals and other payables	**40,648**	33,102
	170,639	213,718

11 DEFERRED CONTRIBUTIONS

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

	2019	*2018*
	KD	*KD*
Al Shaheed Park	**42,295**	50,626
Student empowerment program	**36,654**	-
Mob Art	**415**	-
Loyac Lebanon	**6,847**	-
"Service is my joy" program	**7,500**	5,000
Loyac Yemen	**8,581**	15,856
Soccer School - AC Milan	**51,947**	45,246
Al Jahra Project	-	3,717
Loyac chapters (Lebanon/Jordan/Yemen/Egypt)	**5,000**	5,000
Tasmania – Youth enrichment camp (Australia)	**10,000**	-
Home Project – Kuwait	**4,775**	-
Kuwait for Kenya Project (K4K)	-	726
General Help Aid	-	1,768
Educational Fund	**7,622**	1,982
Internship IFAD Italy	-	771
LOYAC Academy for Performing Arts – LAPA	**17,444**	53,585
	199,080	184,277

12 OPERATING AND SUPPORT REVENUES

Disaggregated revenue information

Type of goods or service	***Total revenue KD***	***Temporarily restricted revenue KD***	***2019 Total KD***	*2018 Total KD*
Contributions				
Corporate contributions	**915,080**	-	**915,080**	923,213
Services and materials				
Contributed services of board members	**240,000**	-	**240,000**	168,000
Contributed building rent	**150,000**	-	**150,000**	150,000
Contributed use of printing press	**5,786**	-	**5,786**	5,518
Contributed use of media and other facilities	**5,984**	-	**5,984**	23,363
	401,770	-	**401,770**	346,881
Total contributions	**1,316,850**	-	**1,316,850**	1,270,094
Projects and programs				
WYSE Personal & Psychological Growth program	-	-	-	200
Global Entrepreneurship - IACOCCA	-	-	-	780
Educational Fund	**10,700**	**7,622**	**3,078**	4,018
Youth enrichment camp	**52,815**	**10,000**	**42,815**	-
Student empowerment program	**47,302**	**36,654**	**10,648**	-
Mob Art	**23,740**	**415**	**23,325**	-
Global Outreach program	-	-	-	11,560
Homes Project Kuwait	**13,822**	**4,775**	**9,047**	11,421
Homes Project - Jordan / Lebanon	-	-	-	220
Kuwait for Kenya Project (K4K)	**726**		**726**	-
Soccer School – AC Milan	**335,419**	**51,947**	**283,472**	286,193
General Help AID	**1,768**	-	**1,768**	-
LOYAC Yemen	**41,092**	**8,581**	**32,511**	23,960
LOYAC Jordan	-	-	-	3,343
LOYAC Lebanon	**9,181**	**6,847**	**2,334**	1,080
LOYAC Egypt	-	-	-	670
LOYAC Chapters	**5,000**	**5,000**	-	-
Blood Drive	**5,000**	-	**5,000**	3,000
Ambassador Volunteer	**1,825**	-	**1,825**	15,449
"Service is my Joy" program	**21,235**	**7,500**	**13,735**	12,615
LOYAC Internship program	**15,635**	-	**15,635**	24,432
KON Social Entrepreneurship Program	**36,886**	-	**36,886**	36,697
Little Loyacers	**15,763**	-	**15,763**	13,061
Atai Morocco	-	-	-	10,000
Internship IFAD Italy	**771**	-	**771**	4,229
Other programs	**8,040**	-	**8,040**	12,164
Al Shaheed Park - Events & Activities	**663,553**	**42,295**	**621,258**	498,132
LOYAC Academy for Performing Arts – LAPA	**96,411**	**17,444**	**78,967**	294,798
Total revenue from projects and programs	**1,406,684**	**199,080**	**1,207,604**	1,268,022
Materials contributed	**37,418**	-	**37,418**	82,128
Other income	**33,076**	-	**33,076**	93,754
Total operating and supporting revenues	**2,794,028**	**199,080**	**2,594,948**	2,713,998

12 OPERATING AND SUPPORT REVENUES (continued)

Timing of revenue recognition	***Total revenue KD***	***Temporarily restricted revenue KD***	***2019 Total KD***	*2018 Total KD*
Contributions				
Corporate contributions at a point in time	**915,080**	-	**915,080**	923,213
Services and materials transferred over time	**401,770**	-	**401,770**	346,881
Total contributions	**1,316,850**	-	**1,316,850**	1,270,094
Revenue from projects and programs transferred over time	**1,406,684**	**(199,080)**	**1,207,604**	1,268,022
Material contributed over time	**37,418**	-	**37,418**	82,128
Other income transferred over time	**33,076**	-	**33,076**	93,754
Total operating and support revenues	**2,794,028**	**(199,080)**	**2,594,948**	2,713,998

13 OPERATING EXPENDITURE – PROJECTS AND PROGRAMS

	Salaries KD	*Student training KD*	*Travel and housing KD*	*Contributed services KD*	*Media KD*	*Printing and supplies KD*	*Contractual services KD*	*Material cost KD*	*Others KD*	*2019 Total KD*	*2018 Total KD*
Youth Enrichment Camp	-	2,591	33,968	3,133	42	251	55	784	6,323	47,147	32,132
WYSE Personal and Psychological program	-	336	430	-	-	-	-	-	-	766	3,013
Student empowerment program	-	10,647	-	-	-	-	-	-	1	10,648	-
KON Social Entrepreneurship Program	1,400	1,035	2,898	939	264	1,581	3,752	40	293	12,202	39,290
Mob art	-	-	-	-	-	90	-	-	23,235	23,325	-
National day video	3,089	415	1,449	-	2,246	270	2,871	719	-	11,059	-
International Internship program	-	-	-	-	-	-	-	-	-	-	4,229
Global Entrepreneurship program	-	-	708	-	-	-	-	-	-	708	1,232
International Volunteer program	-	-	-	-	-	-	-	-	-	-	235
Homes Project - Jordan / Lebanon	-	-	-	780	-	-	-	-	-	780	589
LOYAC – Jordan	-	-	-	-	5	-	-	-	20,021	20,026	15,270
LOYAC – Lebanon	5,103	18	1,727		-	-	555	1,722	20,861	29,986	14,842
LOYAC –Yemen	11,588	669	2,671	1,208	-	93	2,570	6,091	9,043	33,933	23,990
LOYAC – Egypt	163	-	-	-	-	-	-	-	-	163	3,248
Soccer School - AC Milan	90,073	5,053	56,846	353	1,753	1,966	47,927	3,397	47,744	255,112	250,322
LOYAC events & activities	-	-	-	-	-	-	-	-	-	-	9,807
Blood Drive	-	11	15	-	40	555	1,762	472	867	3,722	2,478
Ambassador Volunteer	1,588	-	-	-	-	-	-	-	281	1,869	8,554
Homes Project Kuwait	1,800	4	446	-	-	-	-	6,684	113	9,047	13,933
Summer-Bridge program	-	178	-	2,833	-	46	-	-	118	3,175	14,506
Summer program volunteering	-	-	-	-	-	-	-	-	-	-	88
Little Loyacers	2,560	1,237	650	25	-	441	836	566	255	6,570	22,264
"Service is my Joy" program	990	-	-	3,120	-	472	20	79	478	5,159	6,552
LOYAC internship program	3,742			3,120	654	961	185	-	641	9,303	9,811
Other programs	2,912	727	4,090	3,075	-	639	1,321	3,700	1,472	17,936	29,742
Al Shaheed Park - Events & Activities	15,267	-	290	-	23,917	12,607	-	45,570	35,604	133,255	113,544
LOYAC Academy for Performing Arts - LAPA	186,156	7,195	46,362	-	5,207	1,957	29,636	4,321	19,281	300,115	274,814
	326,431	30,116	152,550	18,586	34,128	21,929	91,490	74,145	186,631	936,006	894,485

14 MANAGEMENT AND GENERAL EXPENSES

	2019 *KD*	*2018* *KD*
Salaries and benefits	**1,068,678**	935,589
Contributed services by board members	**240,000**	168,000
Board members' compensation	**49,000**	48,000
Office rent	**160,800**	163,700
Professional fees	**21,139**	8,050
Website design and maintenance	**1,178**	2,870
Training	**145**	1,381
Printing and office stationary	**8,754**	9,948
Communication	**6,998**	6,058
Office and administrative expenses	**18,052**	30,074
Advertisement and media	**9,861**	24,788
Repair and maintenance	**17,394**	15,857
Depreciation	**19,325**	25,255
Others	**2,445**	62
	1,623,769	1,439,632

Included with in management and general expenses KD 418,162 (2018: KD 348,097) representing contributed services and materials.

Contributed services by board members amounting to KD 240,000 (2018: KD 168,000) 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.

15 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 240,000 during the year (2018: KD 168,000).
b) Members' compensation of KD 49,000 (2018: KD 48,000) 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 20,026 (2018: KD 15,270).
d) Transfers of donations received, and operating expenses incurred on behalf of LOYAC Lebanon amounting to KD 28,703(2018: KD14,842).
e) Transfers of donations received, and operating expenses incurred on behalf of LOYAC Yemen amounting to KD 30,514(2018: KD 23,990).
f) Transfers of donations received, and operating expenses incurred on behalf of LOYAC Egypt amounting to KD 163 (2018: KD 3,248).

15 RELATED PARTY DISCLOSURES (continued)

	2019 KD	2018 KD
Receivables from related parties		
Key management personnel	**1,098**	3,091

Amounts owed from related parties are interest-free and have no fixed terms of repayment. For the year ended 31 December 2019, the Group has not recorded any impairment of receivables related to amounts owed by related parties (2018: KD Nil). Other related parties represent affiliates of major stakeholders.

16 CONTINGENCIES

	2019 KD	2018 KD
Letter of guarantees	**76,956**	76,956

Certain deposits are pledged as a security against letter of guarantees (Note 7).

17 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 receivables from related parties, contribution receivables, term deposits and bank balances. Financial liabilities comprise 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:

17.1 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 receivables, 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.

	2019 KD	2018 KD
Cash and cash equivalents (excluding cash on hand)	**1,052,958**	1,007,547
Contribution receivables	**98,908**	173,726
Term deposits	**182,527**	145,298
Receivables from related parties	**1,508**	3,091
Other receivables	**31,635**	11,757
	1,367,536	1,341,419

17 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

17.1 Credit risk (continued)

Contribution and other receivables
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 31 December 2019 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
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.

17.2 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.

17.3 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.

17.3.1 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.

17 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

17.3 Market risk (continued)

17.3.2 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.

17.3.3 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.

18 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, cash and short-term deposits and receivables from related parties. Financial liabilities consist of accounts payable and accruals and payables 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.

19 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 2019 and 31 December 2018.

20 EVENTS AFTER THE REPORTING PERIOD

On 11 March 2020, COVID-19 was declared as pandemic by the World Health Organisation and is causing disruptions to businesses and economic activities. The fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications. COVID-19 has brought about uncertainties in the global economic environment. In light of the rapidly escalating situation, the Group has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in the consolidated financial statements. The Group's business operations remain largely unaffected by the current situation and the Group has considered any impairment indicators and any significant uncertainties impacting its financial assets. Based on the assessment, the carrying value of the financial assets have been appropriately disclosed in consolidated financial statements.