

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

**LOYAC**

**Consolidated Financial Statements  
31 December 2025**



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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 2025, 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 material accounting policy information.

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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

#### ***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by IASB, 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.



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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) (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.
- ▶ Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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.



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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) (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, that an inventory 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 have occurred during the year ended 31 December 2025 that might have had a material effect on the business of the Parent Company or on its financial position.

A handwritten signature in blue ink, appearing to be 'BADER A. AL-ABDULJADER', written over a horizontal line.

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

10 June 2026  
Kuwait

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

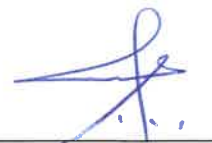
	<i>Notes</i>	<b>2025</b> <b>KD</b>	<b>2024</b> <b>KD</b>
<b>ASSETS</b>			
<b>Non-current asset</b>			
Furniture and equipment	3	<b>71,203</b>	11,465
		<b>71,203</b>	11,465
<b>Current assets</b>			
Inventories		<b>31,071</b>	31,597
Prepayments and other receivables	4	<b>149,315</b>	415,395
Amounts due from related parties	14	<b>1,270</b>	8,565
Contribution receivables		<b>8,405</b>	-
Term deposits	5	<b>273,000</b>	547,324
Cash and bank balances	6	<b>760,023</b>	510,992
		<b>1,223,084</b>	1,513,873
<b>TOTAL ASSETS</b>		<b>1,294,287</b>	1,525,338
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Capital	7	<b>50,000</b>	50,000
Statutory reserve	7	<b>25,000</b>	25,000
Voluntary reserve	7	<b>58,307</b>	58,307
Retained earnings		<b>585,218</b>	783,217
<b>Total equity</b>		<b>718,525</b>	916,524
<b>LIABILITIES</b>			
<b>Non-current liability</b>			
Provision for employees' end of service benefits	8	<b>316,437</b>	273,198
		<b>316,437</b>	273,198
<b>Current liabilities</b>			
Amounts due to a related party	14	-	469
Accounts payable and accrued expenses	9	<b>209,683</b>	238,069
Deferred contributions	10	<b>49,642</b>	97,078
		<b>259,325</b>	335,616
<b>Total liabilities</b>		<b>575,762</b>	608,814
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,294,287</b>	1,525,338



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 19 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF ACTIVITIES AND OTHER COMPREHENSIVE  
INCOME

For the year ended 31 December 2025

	<i>Notes</i>	<i>2025 KD</i>	<i>2024 KD</i>
<b>OPERATING AND SUPPORT REVENUES</b>			
<b>Contributions</b>			
Corporate and individuals	11	<b>332,000</b>	302,000
Services and materials	11	<b>350,287</b>	355,514
<b>Total contributions</b>		<b>682,287</b>	657,514
<b>Projects and programs</b>			
Contribution from projects and programs	11	<b>1,759,613</b>	2,455,409
Deferred contributions	11	<b>(49,642)</b>	(97,078)
<b>Total revenue from projects and programs</b>		<b>1,709,971</b>	2,358,331
Materials contributed	11	<b>63,390</b>	10,485
Other income	11	<b>34,565</b>	35,205
<b>Total operating and support revenues</b>		<b>2,490,213</b>	3,061,535
<b>OPERATING EXPENDITURE AND SUPPORT SERVICES</b>			
<b>Operating expenditure</b>			
Projects and programs	12	<b>(1,521,845)</b>	(1,958,240)
<b>Supporting services</b>			
Management and general expenses	13	<b>(1,166,367)</b>	(1,172,534)
<b>Total operating expenditure and support services</b>		<b>(2,688,212)</b>	(3,130,774)
<b>RESULTS FROM OPERATIONS FOR THE YEAR</b>		<b>(197,999)</b>	(69,239)
<b>OTHER COMPREHENSIVE INCOME</b>			
		-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(197,999)</b>	(69,239)

The attached notes 1 to 19 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	<i>Capital KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Retained earnings KD</i>	<i>Total KD</i>
As at 1 January 2025	50,000	25,000	58,307	783,217	916,524
Total comprehensive loss for the year	-	-	-	(197,999)	(197,999)
<b>At 31 December 2025</b>	<b>50,000</b>	<b>25,000</b>	<b>58,307</b>	<b>585,218</b>	<b>718,525</b>
As at 1 January 2024	50,000	25,000	58,307	852,456	985,763
Total comprehensive loss for the year	-	-	-	(69,239)	(69,239)
At 31 December 2024	50,000	25,000	58,307	783,217	916,524

The attached notes 1 to 19 form part of these consolidated financial statements.

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 December 2025

	<i>Notes</i>	<b>2025</b> <b>KD</b>	<b>2024</b> <b>KD</b>
<b>OPERATING ACTIVITIES</b>			
Results from operations for the year*		<b>(197,999)</b>	(69,239)
<i>Adjustments to reconcile results from operations to net cash flows:</i>			
Depreciation	3	<b>8,869</b>	5,940
Provision for employees' end of service benefits	8	<b>66,644</b>	54,151
Gain on disposal of furniture and equipment		<b>(52)</b>	-
Interest income		<b>(28,805)</b>	(23,264)
Operating deficit before changes in working capital		<b>(151,343)</b>	(32,412)
<i>Working capital adjustments:</i>			
- Prepayments and other receivables		<b>266,080</b>	(57,788)
- Inventories		<b>526</b>	7,227
- Amounts due from related parties		<b>7,295</b>	8,313
- Contribution receivables		<b>(8,405)</b>	25,000
- Accounts payable and accrued expenses		<b>(28,386)</b>	14,585
- Amount due to a related party		<b>(469)</b>	302
- Deferred contributions		<b>(47,436)</b>	(9,594)
Payments towards employees' end of service benefits	8	<b>(23,405)</b>	(44,367)
<b>Net cash flows from (used in) operating activities</b>		<b>14,457</b>	(49,648)
<b>INVESTING ACTIVITIES</b>			
Purchase of furniture and equipment	3	<b>(68,614)</b>	(6,520)
Proceeds from disposal of furniture and equipment	3	<b>59</b>	-
Proceeds from term deposits		<b>274,324</b>	34,000
Interest income received		<b>28,805</b>	23,264
<b>Net cash flows from investing activities</b>		<b>234,574</b>	50,744
<b>NET INCREASE IN CASH AND BANK BALANCES</b>			
Cash and bank balances at 1 January		<b>510,992</b>	509,896
<b>CASH AND BANK BALANCES AT 31 DECEMBER</b>	6	<b>760,023</b>	510,992

\* Results from operations for the year includes non-cash contributions and expenses amounting to KD 413,677 (2024: KD 437,787).

# 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 2025

### 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 of 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 2025 were authorised for issue in accordance with a resolution of the Board of Directors on 10 June 2026.

### 2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the 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 transfers to the statutory reserve.

# 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 2025

### 2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary as at 31 December 2025. 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 consolidated 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

#### 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 2025 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### Lack of exchangeability – Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments had no impact on the Group's consolidated financial statements.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

### 2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing of standards issued is those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

#### **IFRS 18 Presentation and Disclosure in Financial Statements**

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the consolidated financial statements and notes to the consolidated financial statement.

#### **Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7**

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- ▶ A clarification that a financial liability is derecognised on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date.
- ▶ Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed.
- ▶ Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments.
- ▶ The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Group does not anticipate that the amendments will have a material effect on the Group's consolidated financial statements.

#### **Annual Improvements to IFRS Accounting Standards - Volume 11**

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows. The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

As at and for the year ended 31 December 2025

**2.5 MATERIAL ACCOUNTING POLICY INFORMATION****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*

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 materials*

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

Contributed 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.

**2.5.2 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 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).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.5.4 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.

**2.5.5 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.

**2.5.6 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.5.7 Impairment of non-financial assets (continued)**

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.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.5.8 Financial instruments (continued)**

*i) Financial assets (continued)*

***Financial assets at amortised cost***

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 amounts due 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.

**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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.5.8 Financial instruments (continued)**

*ii) Financial liabilities (continued)*

The Group's financial liabilities include amount due to a related party and 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 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.

*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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

As at and for the year ended 31 December 2025

**2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)****2.5.10 Current versus non-current classification (continued)**

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.

**2.5.13 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 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.

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 2025

**2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.5.14 Fair value measurement (continued)**

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.

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.

**2.5.15 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS  
(continued)**

**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 materials is based on what LOYAC would have paid for similar services/ materials had they not been contributed 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**

	<i>Motor vehicles KD</i>	<i>Furniture and fixtures KD</i>	<i>Office equipment KD</i>	<i>Computers and accessories KD</i>	<i>Total KD</i>
<b>Cost</b>					
At 1 January 2024	6,700	50,674	55,787	70,153	183,314
Additions	-	1,595	2,500	2,425	6,520
Written off	-	(2,519)	(2,587)	(18,844)	(23,950)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2024	6,700	49,750	55,700	53,734	165,884
Additions	-	48,606	17,109	2,899	68,614
Disposals	-	(1,005)	-	(4,370)	(5,375)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2025</b>	<b>6,700</b>	<b>97,351</b>	<b>72,809</b>	<b>52,263</b>	<b>229,123</b>
<b>Accumulated depreciation</b>					
At 1 January 2024	6,700	48,243	51,508	65,978	172,429
Charge for the year	-	1,772	1,066	3,102	5,940
Written off	-	(2,519)	(2,587)	(18,844)	(23,950)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2024	6,700	47,496	49,987	50,236	154,419
Charge for the year	-	2,543	2,921	3,405	8,869
Disposals	-	(1,004)	-	(4,364)	(5,368)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2025</b>	<b>6,700</b>	<b>49,035</b>	<b>52,908</b>	<b>49,277</b>	<b>157,920</b>
<b>Net book value</b>					
<b>At 31 December 2025</b>	<b>-</b>	<b>48,316</b>	<b>19,901</b>	<b>2,986</b>	<b>71,203</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2024	-	2,254	5,713	3,498	11,465
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**4 PREPAYMENTS AND OTHER RECEIVABLES**

	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
Prepaid expenses	<b>30,308</b>	49,441
Refundable deposits	<b>2,575</b>	2,575
Advances	-	110
Other receivables	<b>116,432</b>	363,269
	<b>149,315</b>	415,395

**5 TERM DEPOSITS**

This represents deposits placed with local financial institutions maturing within twelve months from the placement date with an effective interest rate of 3.8% - 4.25% (2024: 3.19% - 4.25%). Term deposits amounting to KD 71,736 (2024: KD 91,648) are pledged as security against letter of guarantees (Note 15).

**6 CASH AND BANK BALANCES**

	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
Cash on hand	<b>38,121</b>	36,304
Cash at bank	<b>721,902</b>	474,688
	<b>760,023</b>	510,992

**7 EQUITY**

**7.1 Capital**

Authorised capital comprises of 100 units at a nominal value of KD 500 (2024: KD 500) each, which are paid in cash and distributed as follows:

	<i>2025</i>		<i>2024</i>	
	<i>Units</i>	<i>Amount</i> <i>KD</i>	<i>Units</i>	<i>Amount</i> <i>KD</i>
<b>Partners:</b>				
Fareah Ahmed Al-Saqqaf	<b>18</b>	<b>9,000</b>	18	9,000
Abeer Abdulaziz Al-Essa	<b>17</b>	<b>8,500</b>	17	8,500
Fadia Jassem Al-Marzooq	<b>17</b>	<b>8,500</b>	17	8,500
Mona Bader Al-Kalouti	<b>16</b>	<b>8,000</b>	16	8,000
Nadia Jassem Al-Marzouq	<b>16</b>	<b>8,000</b>	16	8,000
Fetouh Hamad Al-Dalali	<b>16</b>	<b>8,000</b>	16	8,000
	<b>100</b>	<b>50,000</b>	100	50,000

Subsequent to the reporting date, the management of the Parent Company convened an Extraordinary General Assembly meeting (EGM) on 3 June 2026 whereby the partners approved a resolution to increase the Parent Company's paid-up capital from KD 50,000 to KD 200,000 in cash and the legal procedures relating to increase in capital are in process as at the authorization date of these consolidated financial statements.

**7.2 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**7 EQUITY (continued)**

**7.3 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 be 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.

**7.4 Classification of net assets**

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

	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
<i>Designated for the following purposes:</i>		
Capital	<b>50,000</b>	50,000
Voluntary reserve	<b>58,307</b>	58,307
	<b>108,307</b>	108,307
Undesignated for programs / activities	<b>535,576</b>	686,139
	<b>643,883</b>	794,446
Total unrestricted net assets	<b>49,642</b>	97,078
Temporarily restricted net assets	<b>693,525</b>	891,524

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

	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
Statutory reserve	<b>25,000</b>	25,000

**8 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS**

	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
As at 1 January	<b>273,198</b>	224,328
Charge for the year	<b>66,644</b>	54,151
Payments during the year	<b>(23,405)</b>	(5,281)
	<b>316,437</b>	273,198

**9 ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
Payable to staff, students and others	<b>121,938</b>	180,492
Advances received from students	<b>22,345</b>	1,690
Accruals and other payables	<b>65,400</b>	55,887
	<b>209,683</b>	238,069

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**10 DEFERRED CONTRIBUTIONS**

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

	<i>2025</i>	<i>2024</i>
	<i>KD</i>	<i>KD</i>
7 Habits Program for Teens	-	1,000
Home Project – Kuwait	<b>12,852</b>	25,702
KON – social empowerment program	-	13,500
Lebanon LOYAC	-	19,806
Sawaed Women Economic Program	<b>2,000</b>	7,470
LOYAC Academy for Performing Arts – LAPA	<b>17,962</b>	29,600
Young Leaders Program	<b>800</b>	-
Tech Bridge-Lebanon	<b>5,144</b>	-
Darbi Intern Empowerment Program	<b>10,884</b>	-
	<b>49,642</b>	97,078

**11 OPERATING AND SUPPORT REVENUES**

**Disaggregated revenue information**

<i>Type of goods or services</i>	<i>Total revenue KD</i>	<i>Temporarily restricted revenue KD</i>	<i>2025 Total KD</i>	<i>2024 Total KD</i>
<b>Contributions</b>				
Corporate and Individuals contributions	<b>332,000</b>	-	<b>332,000</b>	302,000
<b>Services and materials</b>				
Contributed services of board members	<b>192,000</b>	-	<b>192,000</b>	192,000
Contributed building rent	<b>150,000</b>	-	<b>150,000</b>	150,000
Contributed use of printing press	<b>2,240</b>	-	<b>2,240</b>	4,999
Contributed use of media and other facilities	<b>6,047</b>	-	<b>6,047</b>	8,515
	<b>350,287</b>	-	<b>350,287</b>	355,514
<b>Total contributions</b>	<b>682,287</b>	-	<b>682,287</b>	657,514

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

11 OPERATING AND SUPPORT REVENUES (continued)

	<i>Total revenue KD</i>	<i>Temporarily restricted revenue KD</i>	<i>2025 Total KD</i>	<i>2024 Total KD</i>
<b>Projects and programs</b>				
7 Habits Program Teens/College/Staff	26,840	-	26,840	32,712
Leadership Retreat for Girls	-	-	-	21,440
Bedfordshire Leadership Program	-	-	-	9,849
Young Leaders Program	43,029	800	42,229	16,950
Kilma Program	7,170	-	7,170	6,172
Student Empowerment Program	27,875	-	27,875	24,660
University of Kentucky	19,820	-	19,820	10,195
General Help Aid	-	-	-	100
Homes Project Kuwait	25,701	12,852	12,849	1,784
LOYAC Jordan	-	-	-	400
LOYAC Yemen	6,128	-	6,128	13,017
LOYAC Lebanon	36,953	5,144	31,809	45,504
Soccer School AC Milan	354,439	-	354,439	306,476
Tomorrow's Bankers Program	6,000	-	6,000	-
Raglan Sweater	-	-	-	9
Blood Drive	-	-	-	5,000
Internship/ Darbi Intern Empowerment	28,077	10,884	17,194	11,638
Farahat Al Eid	13,372	-	13,372	7,135
LOYAC X Naemati	1,005	-	1,005	895
"Service Is My Joy " Program	1,645	-	1,645	2,360
A Trip to Failaka Island	-	-	-	440
Summer Program - Kuwait Industrial Union	-	-	-	920
Neqsat Ramadan	12,025	-	12,025	5,185
Neqsat Aleid	1,720	-	1,720	1,335
Green Volunteering	6,978	-	6,978	2,885
Green day Initiative	4,535	-	4,535	-
Winter Aid Distribution	12,374	-	12,374	3,075
Sawaed Women Economic Program	44,120	2,000	42,120	19,840
Back to School	9,535	-	9,535	7,420
KON Social Entrepreneurship Program	27,980	-	27,980	30,460
Kontinue Program	38,930	-	38,930	16,750
Photography Workshop	-	-	-	280
Future Minds	950	-	950	-
Ambassador Volunteer	-	-	-	120
LOYAC Academy for Performing Arts – LAPA	209,589	17,962	191,626	276,269
LSV Projects and Programs	792,823	-	792,823	1,477,056
<b>Total revenue from projects and programs</b>	<b>1,759,613</b>	<b>49,642</b>	<b>1,709,971</b>	<b>2,358,331</b>
Materials contributed	63,390	-	63,390	10,485
Other income	34,565	-	34,565	35,205
<b>Total operating and supporting revenues</b>	<b>2,539,855</b>	<b>49,642</b>	<b>2,490,213</b>	<b>3,061,535</b>

Temporarily restricted net assets include KD 49,462 (2024: KD 97,078) as a contribution from projects and programs which is included in the deferred contributions under current liabilities.

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11 OPERATING AND SUPPORT REVENUES (continued)

<i>Timing of revenue recognition</i>	<b>Total Revenue KD</b>	<b>Temporarily restricted revenue KD</b>	<b>2025 Total KD</b>	<b>2024 Total KD</b>
<b>Contributions</b>				
Corporate contributions at a point in time	332,000	-	332,000	302,000
Services and materials transferred over time	350,287	-	350,287	355,514
<b>Total contributions</b>	<b>682,287</b>	<b>-</b>	<b>682,287</b>	<b>657,514</b>
Revenue from projects and programs transferred over time	1,759,613	49,642	1,709,971	2,358,331
Material contributed over time	63,390	-	63,390	10,485
Other income transferred over time	34,565	-	34,565	35,205
<b>Total operating and support revenues</b>	<b>2,539,855</b>	<b>49,642</b>	<b>2,490,213</b>	<b>3,061,535</b>

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12 OPERATING EXPENDITURE – PROJECTS AND PROGRAMS

	<i>Salaries KD</i>	<i>Student training KD</i>	<i>Travel and housing KD</i>	<i>Contributed services KD</i>	<i>Media KD</i>	<i>Printing and supplies KD</i>	<i>Contractual services KD</i>	<i>Material cost KD</i>	<i>Cost of Sales KD</i>	<i>Int'l relief services KD</i>	<i>LOYAC chapters KD</i>	<i>Others KD</i>	<i>2025 Total KD</i>	<i>2024 Total KD</i>
7 Habits Program	2,197	1,637	256	450	120	236	1,767	-	-	-	-	74	<b>6,737</b>	7,211
Leadership Retreat for Girls	-	-	-	-	-	-	-	-	-	-	-	-	-	10,384
Bedfordshire Leadership Program	-	-	-	-	-	-	-	-	-	-	-	-	-	8,615
Young Leaders Program	650	455	17,137	12,616	678	258	570	1,664	-	-	-	316	<b>34,344</b>	10,790
Kilma Program	1,450	765	100	900	64	834	-	-	-	-	-	30	<b>4,143</b>	2,781
Student Empowerment Program	-	27,945	-	-	-	-	-	235	-	-	-	-	<b>28,180</b>	24,445
University of Kentucky Program	-	19,053	-	-	-	-	-	-	-	-	-	6	<b>19,059</b>	8,441
LOYAC – Jordan	-	-	7	-	-	-	345	-	-	-	15,000	-	<b>15,352</b>	21,289
LOYAC – Yemen	18,586	894	1,475	-	119	277	5,012	1,651	92	-	-	2,557	<b>30,663</b>	27,112
LOYAC – Lebanon	15	-	85	-	4	-	371	3,970	-	1,563	33,272	1,865	<b>41,145</b>	61,603
Soccer School - AC Milan	164,362	9,098	103,151	1,278	256	2,415	80,354	1,723	9,592	-	-	6,202	<b>378,431</b>	361,635
Game Night Event	-	-	-	-	-	-	-	-	-	-	-	-	-	1,236
Blood Drive	-	-	-	-	-	-	-	-	-	-	-	-	-	2,902
Open Day Program	-	-	-	-	-	-	-	-	-	-	-	-	-	967
Ambassador Volunteer	-	-	-	-	-	-	-	-	8	-	-	-	<b>8</b>	240
Sawaed Women Program	1,868	560	1,836	1,025	710	559	300	190	-	-	-	13,973	<b>21,021</b>	8,883
Homes Project Kuwait	-	-	-	-	-	-	-	-	-	-	-	-	-	1,784
Internship/ darbi intern empowerment	6,605	872	43	-	76	211	928	150	326	-	-	269	<b>9,480</b>	8,660
Farahat Al Eid	-	219	150	-	-	69	-	-	150	-	-	8,095	<b>8,683</b>	6,257
Neqsat Al Eid	-	-	126	4,161	-	61	-	641	101	-	-	1,709	<b>6,799</b>	586
A Trip to Failaka Island	-	-	-	-	-	-	-	-	-	-	-	-	-	416

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12 OPERATING EXPENDITURE – PROJECTS AND PROGRAMS (continued)

	<i>Salaries KD</i>	<i>Student training KD</i>	<i>Travel and housing KD</i>	<i>Contrib uted services KD</i>	<i>Media KD</i>	<i>Printin g and supplies KD</i>	<i>Contractual services KD</i>	<i>Material cost KD</i>	<i>Cost of Sales KD</i>	<i>Int'l relief services KD</i>	<i>LOYAC chapter s KD</i>	<i>Others KD</i>	<i>2025 Total KD</i>	<i>2024 Total KD</i>
“Service is my Joy” program	-	-	-	-	8	222	-	-	170	-	-	25	425	445
Summer Industrial Union	-	-	-	-	-	-	-	-	-	-	-	-	-	142
Summer Social Event	-	-	-	-	-	-	-	-	-	-	-	-	-	175
Social Gathering	-	67	-	-	-	-	248	-	-	-	-	10	325	-
Neqsat Ramadan	-	41	380	210	-	51	-	8,360	171	-	-	79	9,292	2,983
Back to School	-	-	160	245	16	-	-	1,968	192	-	-	17	2,598	2,942
Winter Aid Distribution	-	648	100	-	-	351	50	8,748	33	-	-	2	9,932	1,780
KON Social Entrepreneurship	2,660	432	350	2,230	837	843	336	54	48	-	-	344	8,134	7,726
Photography Workshop	-	-	-	-	-	-	-	-	-	-	-	-	-	500
Kontinue Program	3,120	2,630	170	24,250	4,237	1,101	1,173	-	-	-	-	3,017	39,698	6,738
Aisha School KNCCCL	240	196	608	-	-	36	-	734	-	-	-	-	1,814	-
Other Programs	280	517	1,295	4,590	60	222	432	1,490	383	-	-	41	9,310	2,053
LOYAC Sustainable Venture	630,066	-	-	-	661	74	-	148	-	-	-	3,078	634,027	1,140,784
LOYAC Academy for Performing Arts – LAPA	120,584	7,454	27,260	9,752	4,720	3,481	12,690	12,032	429	-	-	3,843	202,245	215,735
	<b>952,683</b>	<b>73,483</b>	<b>154,689</b>	<b>61,707</b>	<b>12,566</b>	<b>11,301</b>	<b>104,576</b>	<b>43,758</b>	<b>11,695</b>	<b>1,563</b>	<b>48,272</b>	<b>45,552</b>	<b>1,521,845</b>	<b>1,958,240</b>

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13 MANAGEMENT AND GENERAL EXPENSES

	<i>2025</i>	<i>2024</i>
	<i>KD</i>	<i>KD</i>
Salaries and benefits	725,995	746,486
Contributed services by board members	192,000	192,000
Board members' compensation	9,000	9,000
Office rent	160,200	160,800
Professional fees	21,303	16,549
Website design and maintenance	5,579	3,016
Printing and office stationery	5,161	6,080
Communication	4,305	4,336
Office and administrative expenses	10,056	10,206
Advertisement and media	3,175	3,264
Repair and maintenance	18,696	13,340
Depreciation	8,869	5,940
Training	-	86
Others	2,028	1,431
	<u>1,166,367</u>	<u>1,172,534</u>

Included within management and general expenses KD 345,140 (2024: KD 347,464) representing contributed services and materials.

Contributed services by board members amounting to KD 192,000 (2024: KD 192,000) have been proportionately allocated to operating expenditure – supporting services based on the time consumed in those activities with the corresponding equal amounts recognised as a contribution within operating and support revenues.

14 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 192,000 during the year (2024: KD 192,000).
- b) Members' compensation of KD 9,000 (2024: KD 9,000) for the board members of LOYAC for daily expenses incurred by them in the course of their duties.
- c) Transfers of operating expenses incurred on behalf of LOYAC Jordan amounting to KD15,352 (2024: KD 21,289).
- d) Transfers of contributions received, and operating expenses incurred on behalf of LOYAC Lebanon amounting to KD 41,145 (2024: KD 61,603).
- e) Transfers of contributions received, and operating expenses incurred on behalf of LOYAC Yemen amounting to KD 30,663 (2024: KD 27,112).

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**14 RELATED PARTY DISCLOSURES (continued)**

	<i>Key management personnel KD</i>	<i>Other related parties KD</i>	<i>2025 KD</i>	<i>2024 KD</i>
Amounts due from related parties	-	1,270	1,270	8,565
Amounts due to a related party	-	-	-	469

Other related parties represent affiliates of major stakeholders.

Amounts owed from related parties are interest-free and have no fixed terms of repayment. For the year ended 31 December 2025, the Group has not recorded any expected credit losses on receivables related to amounts owed by related parties (2024: KD Nil).

**15 CONTINGENCIES**

	<i>2025 KD</i>	<i>2024 KD</i>
Letter of guarantees	71,736	91,648

Certain deposits are pledged as a security against letter of guarantees (Note 5), from which it is expected that no material claims will arise.

**16 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 other receivables, amounts due from related parties, term deposits and bank balances. Financial liabilities comprise accounts payable and accrued expenses and amount due to a related party.

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

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

**16.1 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 other receivables, amounts due from related parties, contribution receivables, term deposits and bank balances. The Group's maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets mentioned below.

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**16 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES  
(continued)**

**16.1 Credit risk (continued)**

	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
Cash and bank balances (excluding cash on hand)	<b>721,902</b>	474,688
Contribution receivables	<b>8,405</b>	-
Term deposits	<b>273,000</b>	547,324
Refundable deposits	<b>2,575</b>	2,575
Amount due from related parties	<b>1,270</b>	8,565
Other receivables	<b>116,432</b>	363,269
	<b>1,123,584</b>	1,396,421

***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 2025 and 31 December 2024, 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.

**16.2 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.

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**16 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES  
(continued)**

**16.3 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.

**16.3.1 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.

**16.3.2 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.

**16.3.3 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.

**17 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 bank balances, term deposits and amounts due from related parties. Financial liabilities consist of accounts payable and accruals and payable to a related party.

Fair values of all financial instruments are not materially different from their carrying values. 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 related parties which have no specified repayment date and are receivable on demand, management assessed that fair value is not less than their face value.

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**18 CAPITAL RISK MANAGEMENT**

The Group's policy is to maintain a strong capital base to sustain future development of the organisation. Management monitors the income from sponsorship fees, contributions and activities through operating cash flow management. 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 ensure available funds to carry out social activities. No changes were made in the objectives, policies or processes during the year ended 31 December 2025 and 31 December 2024. Capital comprises total equity, excluding statutory reserves and is measured at KD 693,525 as at 31 December 2025 (2024: KD 891,524).

**19 SUBSEQUENT EVENT**

***Outbreak of Geopolitical Conflict***

Subsequent to the reporting date, significant geopolitical tensions escalated in Middle east, impacting GCC countries, including State of Kuwait. In late February 2026, the conflict caused regional disruption including airspace closure, flight cancellations, supply-chain disturbances, and heightened geopolitical uncertainty due to which business and economic uncertainties have arisen. The existing and anticipated effects of the geopolitical conflict is expected to continue to evolve. Public communications from government and regulatory authorities have continued to emphasise the resilience of the economy and the continuation of business operations across key sectors, supported by established business continuity and risk management frameworks.

These developments arose after the Group's reporting date of 31 December 2025 and have therefore been assessed as non-adjusting events in accordance with IAS 10 "Events after the Reporting Period". Accordingly, no adjustments have been made to the amounts recognised in the consolidated financial statements as at 31 December 2025, which reflect conditions existing at that date.

Management is continuing to assess the potential effects on future operating conditions, including potential impact on logistics, programs, events and regional activity patterns. As of the date of authorization of these consolidated financial statements, it is not possible to provide a reliable estimate of the financial effect of this event as the situation is still evolving. The Group is continuing to monitor situation and development closely in 2026.

Management has also considered the impact of these events on the Group's ability to continue as a going concern and has concluded that the going concern basis of preparation remains appropriate.