Bahrain Car Parks Company B.S.C.

Financial statements for the
year ended 31 December 2019

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Commercial registration number	11455 obtained on 31 October 1981	
Board of Directors	Amin Ahmed Salem Alarrayed (appointed w.e.f. 18 July 2019)	- Chairman
	Abdulla Ahmed Abdulla Abdulrahman Kamal (appointed w.e.f. 18 July 2019)	- Vice Chairman
	Adnan Sayed Habib Maki Hashim (appointed w.e.f. 18 July 2019) Ali Eajaz Ahmed Mohammad Ghulam Murtaza (appointed w.e.f. 18 July 2019) Areej Abdulla Abdulghaffar Abdulla (appointed w.e.f. 18 July 2019) Bader Kassim Mohamed Buallay (appointed w.e.f. 18 July 2019) Fahad Abdulrahman Mohammed Abdulrahman AlSaad (appointed w.e.f. 18 July 2019) Mohamed Rasheed Mohamed Khamis AlMaraj (appointed w.e.f. 18 July 2019) Wael Ezzeldeen Mohamed Hassan Arafa (appointed w.e.f. 21 July 2019) Yaser Abduljalil Ali AlSharifi	
	Ismaeel AbdulNabi Ismaeel AlMarhoon (resigned w.e.f. 18 July 2019) Nabeel Khaled Mohammed Kanoo (resigned w.e.f. 18 July 2019) Ali Mohamed Qasim Buhamood (resigned w.e.f. 18 July 2019) Ali Abdulla Mohamed Isa (resigned w.e.f. 18 July 2019) Mohamed Abdulelah AbdulRahim Alkoheji (resigned w.e.f. 18 July 2019) Abdulla Nooruddin Abdulla Nooruddin (resigned w.e.f. 18 July 2019) Yusuf AbdulRahman Yusuf Fakhro (resigned w.e.f. 18 July 2019) Bader A S Alhasawi (resigned w.e.f. 18 July 2019)	
Executive Committee members	Abdulla Ahmed Abdulla Abdulrahman Kamal (appointed w.e.f. 18 July 2019)	- Chairman
	Bader Kassim Mohamed Buallay (appointed w.e.f. 18 July 2019) Mohamed Rasheed Mohamed Khamis AlMaraj (appointed w.e.f. 18 July 2019) Ali Eajaz Ahmed Mohammad Ghulam Murtaza (appointed w.e.f. 18 July 2019)	
	Yaser Abduljalil Ali AlSharifi (resigned w.e.f. 18 July 2019) Ali Mohamed Qasim Buhamood (resigned w.e.f. 18 July 2019) Abdulla Nooruddin Abdulla Nooruddin (resigned w.e.f. 18 July 2019)	

Audit Committee members	Yaser Abduljalil Ali AlSharifi (appointed w.e.f. 18 July 2019)	- Chairman
	Areej Abdulla Abdulghaffar Abdulla (appointed w.e.f. 18 July 2019)	
	Adnan Sayed Habib Maki Hashim (appointed w.e.f. 18 July 2019)	
	Mohamed Abdulelah AbdulRahim Alkoheji (resigned w.e.f. 18 July 2019)	
	Ali Abdulla Mohamed Isa (resigned w.e.f. 18 July 2019)	
	Yusuf AbdulRahman Yusuf Fakhro (resigned w.e.f. 18 July 2019)	
NRCG Committee members	Amin Ahmed Salem Alarrayed (appointed w.e.f. 18 July 2019)	- Chairman
	Fahad Abdulrahman Mohammed Abdulrahman AlSaad (appointed w.e.f. 18 July 2019)	
	Wael Ezzeldeen Mohamed Hassan Arafa (appointed w.e.f. 21 July 2019)	
	Ismaeel AbdulNabi Ismaeel AlMarhoon (resigned w.e.f. 18 July 2019)	
	Nabeel Khaled Mohammed Kanoo (resigned w.e.f. 18 July 2019)	
	Bader A S Alhasawi (resigned w.e.f. 18 July 2019)	
Chief Executive Officer	Tariq Ali Husain Aljowder	
Director of Finance	Mahmood Sayed Husain Yaseen Husain	
Registered office	Flat No. 209, Building No.128, Road No. 383, Block No. 316 2nd Floor, Car Parks & Commercial Centre Government Avenue PO Box 5298 Manama Kingdom of Bahrain	
Bankers	Ahli United Bank National Bank of Bahrain Bank of Bahrain and Kuwait Al Salam Bank National Bank of Kuwait Ithmaar Bank	
External auditors	BDO 17th Floor Diplomat Commercial Offices Tower PO Box 787 Manama Kingdom of Bahrain	
Internal auditors	Protiviti - Bahrain PO Box 10231 Manama Kingdom of Bahrain	
Share Registrars	Karvy Fintech (Bahrain) W.L.L. PO Box 514, Manama Kingdom of Bahrain	
	Bahrain Clear B.S.C. (c) PO Box 3203, Manama Kingdom of Bahrain	

Dear Shareholders,

I am pleased to inform you that your Company's performance has shown significant operational and financial improvements as compared to last year.

As all of you are aware, on 2 December 2018, the Company had entered into an equity-based payment transaction with Bahrain Real Estate Investment ("Edamah"), real-estate arm of the sovereign wealth fund of the Kingdom of Bahrain, and signed a Memorandum of Understanding where Edamah intends to award the Company an automatic renewable 99 years usufruct right over the Terminal Building in Adliya.

The Company held an EGM on 21 May 2019 for shareholders to vote on the whitewash resolution and for increasing the authorised share capital from BD10 million (equivalent to 100 million ordinary shares) to BD12.5 million (equivalent to 125 million ordinary shares) along with issued and paid-up share capital from BD7,031,723 (equivalent to 70,317,230 ordinary shares) to BD11,031,723 (equivalent to 110,317,230 ordinary shares) through the issuance of 40 million new ordinary shares in consideration for securing the usufruct right in the Terminal Building.

Subsequently, on 20 June 2019, 40 million new ordinary shares were allotted and issued to Edamah having a nominal value of 100 fils each with a share premium of 50 fils per share. The transaction has been approved by the regulators in the Kingdom of Bahrain.

The above transactions supported the Company in achieving better operational results during 2019. The Company's operating income for the year 2019 stands at BD 1,662,612 as compared to BD 1,220,166 in 2018, an increase of 36%., which can be primarily attributed to additional rental income from newly acquired Terminal building and growth in car park income.

During the year, investment income increased to BD385,457 as compared to BD353,272 in 2018, on account of increase in interest income on fixed deposit by BD42,808 due to additional deposits placed with banks. The increase was off set by a reduction in unrealised fair value gain on investment properties by BD10,684 during 2019.

The Company has achieved a net profit of BD888,035 for the year ended 31 December 2019 compared to a net profit of BD722,034 for the previous year ended 31 December 2018.

In light of the achieved results along with retained earnings brought forward from the previous years, the total amount available for appropriation for the year ended 31 December 2019 aggregated to BD3,905,397 from which the board of directors proposes the following appropriations:

1. Transfer of BD88,804 to statutory reserves, being 10% of the net profit for the year.
2. A dividend of BD546,513 which represents 5% of the share capital 5 fils per share.
3. Directors' remuneration at BD25,272.
4. Transfer of BD10,000 to charity reserve
5. Balance of BD3,234,808 remains in retained earnings.

We would like to inform our shareholders that directors remuneration for the year 2019 of BD25,272 will be paid to the Board of Directors during 2020.

On the occasion of presenting this Annual Report, I, on behalf of the Board of Directors would like to express gratitude and appreciation to His Majesty, King Hamad Bin Isa Al Khalifa - the King of Bahrain, and to his wise Government under the leadership of His Royal Highness Prince Khalifa Bin Salman Al Khalifa - the Prime Minister and to His Royal Highness Prince Salman Bin Hamad At Khalifa - the Crown Prince, Deputy Supreme Commander and First Deputy Prime Minister for their continued support to the Company.

I would also like to thank all members of the staff for their hard work and commitment during the year.

Amin Ahmed Alarrayed
Chairman

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bahrain Car Parks Company B.S.C. ("the Company"), which comprise the statement of financial position as at 31 December 2019, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Code of Ethics for Professional Accountants ("IESBA Code") issued by International Ethics Standards Board for Accountants, and we have fulfilled our other ethical responsibilities in accordance with its requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters include:

Revenue recognition

The operating income as reported in Note 20 of the financial statements includes rental income from car parks, service charges in respect of investment properties, main building car park and other related income. The Company focuses on revenue as a key performance measure and by default, this area has a fraud risk element and is therefore always considered as a significant risk.

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

Financial assets at fair value through other comprehensive income

The Company has quoted and unquoted investments as disclosed in Note 9 of the financial statements, which are classified as financial assets at fair value through other comprehensive income and form a significant balance in the financial statements. The fair value changes in these instruments could have a material impact on the Company's total comprehensive income and may result in assets being misstated.

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

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Report on the audit of the financial statements (continued)

Key audit matters (continued)

Right-of-use of assets and lease liabilities
As described in Note 7 and 17 to the financial statements, the carrying values of right-of-use of assets and lease liabilities as at 31 December 2019 amounted to BD6,079,513 and BD154,392 respectively. The useful life of the right-of-use of assets are based on management's estimate of the period that the asset would generate revenue. Similarly, carrying value of lease liabilities are determined on a number of factors including management certainty to exercise the lease options to extend/terminate the lease, variable elements such as future lease payments and incremental borrowing rates. Changes to these assumptions could have a significant impact on either the carrying values or the amount charged to statement of profit or loss or both.

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

Other information
Management is responsible for the other information. The other information comprises the information included in the Chairman's report and Corporate Governance report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and Those Charged With Governance (TCWG) for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

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

We communicate with the management and TCWG regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

Report on other legal and regulatory requirements

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

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

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

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

In addition, we report that, nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the Bahrain Commercial Companies Law, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or of its Memorandum and Articles of Association, which would materially affect its activities, or its financial position as at 31 December 2019.

BDO

Manama, Kingdom of Bahrain
26 February 2020

BDO Public Accountants
Reg. No. 151
Nath Venkitachalam Viswanath

Bahrain Car Parks Company B.S.C.
Statement of financial position as at 31 December 2019
(Expressed in Bahrain Dinars)

	Notes	31 December 2019	31 December 2018
ASSETS			
Non-current assets			
Intangible assets	6	23,895	-
Right-of-use assets	7	6,079,513	-
Property, plant and equipment	8	2,860,493	2,893,817
Financial assets at fair value through other comprehensive income	9	3,088,598	3,348,492
Investments at amortised cost	10	-	380,871
Investment properties	11	492,044	492,044
Non-current portion of term deposits	12	1,784,782	-
		14,329,325	7,115,224
Current assets			
Inventories		12,334	8,577
Investments at amortised cost	10	380,871	-
Current portion of term deposits	12	3,853,891	4,674,496
Trade and other receivables	13	656,260	261,484
Cash and bank balances	14	938,436	1,606,559
		5,841,792	6,551,116
Total assets		20,171,117	13,666,340
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	11,031,723	7,031,723
Treasury shares	15	(101,456)	(101,456)
Share premium	15	2,000,000	-
Statutory reserve	16	3,110,547	3,021,743
Charity reserve	16	22,400	12,400
Investment fair value reserve	16	(256,380)	3,514
Retained earnings	16	3,806,593	3,363,876
Total equity		19,613,427	13,331,800
Non-current liabilities			
Non-current portion of lease liabilities	17	153,777	-
Employees' terminal benefits	18	32,419	25,469
		186,196	25,469
Current liabilities			
Current portion of lease liabilities	17	615	-
Other payables	19	370,879	309,071
		371,494	309,071
Total liabilities		557,690	334,540
Total equity and liabilities		20,171,117	13,666,340

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

Amin Ahmed Salem Alarrayed
Chairman

Abdulla Ahmed Kamal
Vice-Chairman

Tariq Ali Husain Aljowder
Chief Executive Officer

Bahrain Car Parks Company B.S.C.
Statement of profit or loss for the year ended 31 December 2019
(Expressed in Bahrain Dinars)

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Operating income	20	1,662,612	1,220,166
Net income from investments	21	385,457	353,272
Operating, general and administrative expenses	22	(1,132,522)	(827,644)
Operating profit		915,547	745,794
Other income		2,820	13,583
Directors' remuneration	23	(30,332)	(37,343)
Net profit for the year		888,035	722,034
Basic and diluted earnings per share	24	10 fils	10 fils

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

Amin Ahmed Salem Alarrayed
Chairman

Abdulla Ahmed Kamal
Vice-Chairman

Tariq Ali Husain Aljowder
Chief Executive Officer

Bahrain Car Parks Company B.S.C.
Statement of other comprehensive income for the year ended 31 December 2019
(Expressed in Bahrain Dinars)

	Note	Year ended 31 December 2019	Year ended 31 December 2018
Net profit for the year		888,035	722,034
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Valuation (losses)/gains on financial assets at fair value through other comprehensive income	9	(259,894)	3,514
Other comprehensive (loss)/income for the year		(259,894)	3,514
Total comprehensive income for the year		628,141	725,548

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

Amin Ahmed Salem Alarrayed
Chairman

Abdulla Ahmed Kamal
Vice-Chairman

Tariq Ali Husain Aljowder
Chief Executive Officer

Bahrain Car Parks Company B.S.C.
Statement of changes in shareholders' equity for the year ended 31 December 2019
(Expressed in Bahrain Dinars)

	Share capital	Treasury shares	Share premium	Statutory reserve	Charity reserve	Investment fair value reserve	Retained earnings	Total
At 31 December 2017	7,031,723	(101,456)	-	2,949,540	4,900	-	3,070,559	12,955,266
Total comprehensive income for the year	-	-	-	-	-	3,514	722,034	725,548
Transferred to statutory reserve (Note 16)	-	-	-	72,203	-	-	(72,203)	-
Dividends paid for 2017 (Note 25)	-	-	-	-	-	-	(346,514)	(346,514)
Charity reserve created during the year (Note 26)	-	-	-	-	10,000	-	(10,000)	-
Charity payments made during the year	-	-	-	-	(2,500)	-	-	(2,500)
At 31 December 2018	7,031,723	(101,456)	-	3,021,743	12,400	3,514	3,363,876	13,331,800
Share capital issued during the year (Note 15)	4,000,000	-	2,000,000	-	-	-	-	6,000,000
Total comprehensive income for the year	-	-	-	-	-	(259,894)	888,035	628,141
Transferred to statutory reserve (Note 16)	-	-	-	88,804	-	-	(88,804)	-
Dividends paid for 2018 (Note 25)	-	-	-	-	-	-	(346,514)	(346,514)
Charity reserve created during the year (Note 26)	-	-	-	-	10,000	-	(10,000)	-
At 31 December 2019	11,031,723	(101,456)	2,000,000	3,110,547	22,400	(256,380)	3,806,593	19,613,427

Bahrain Car Parks Company B.S.C.
Statement of cash flows for the year ended 31 December 2019
(Expressed in Bahrain Dinars)

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Operating activities			
Net profit for the year		888,035	722,034
Adjustments for:			
Amortisation of intangible assets	6	1,088	-
Amortisation of right-of-use assets	7	75,455	-
Depreciation of property, plant and equipment	8	68,906	63,240
Unrealised fair value gains on investment properties	11	-	(10,684)
Provision for impaired rents receivable from tenants	13	36,536	-
Interest expenses on lease liabilities	17	9,424	-
Dividends income	21	(123,585)	(124,431)
Interest income on investments at amortised cost	21	(25,889)	(25,882)
Interest income on term deposits	21	(221,752)	(178,944)
Interest income on current account balance with a bank	21	(14,231)	(13,331)
Changes in operating assets and liabilities:			
Inventories		(3,757)	(3,424)
Trade and other receivables		(431,312)	(135,709)
Other payables		61,808	(117,232)
Employees' terminal benefits, net		6,950	2,704
Net cash provided by operating activities		327,676	178,341
Investing activities			
Purchase of intangible assets	6	(24,983)	-
Purchase of property, plant and equipment	8	(35,582)	(22,452)
Dividends income received	21	123,585	124,431
Interest income received on investments at amortised cost	21	25,889	25,882
Interest income received on term deposits	21	221,752	178,944
Interest income received on current account balance with a bank	21	14,231	13,331
Net movements in term deposits		(964,177)	700,921
Net cash (used in)/provided by investing activities		(639,285)	1,021,057
Financing activities			
Principal paid on lease liabilities		(576)	-
Interest paid on lease liabilities	17	(9,424)	-
Dividends paid during the year	25	(346,514)	(346,514)
Charity payments		-	(2,500)
Net cash used in financing activities		(356,514)	(349,014)
Net (decrease)/increase in cash and cash equivalents		(668,123)	850,384
Cash and cash equivalents, beginning of the year		1,606,559	756,175
Cash and cash equivalents, end of the year	14	938,436	1,606,559

Non-cash transactions:

During the year ended 31 December 2019, the transaction relating to in kind issue of share as explained in Note 15 has been eliminated from statement of cash flows for the year ended 31 December 2019, being a non-cash transaction.

1 Organisation and activities

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

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

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

These financial statements, set out on pages 9 to 48, were approved, authorised for issue and signed by the Board of Directors on 26 February 2020.

2 Basis of preparation

Statement of compliance

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

Basis of presentation and functional currency

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

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

Improvements/amendments to IFRS/IAS

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

Standards, amendments and interpretations effective and adopted in 2019

The following new standard issued by the IASB is effective for the first time for periods beginning on or after 1 January 2019 and has been adopted in the preparation of these financial statements.

Standard or interpretation	Title	Effective for annual periods beginning on or after
IFRS 16	Leases	1 January 2019

2 Basis of preparation (continued)

Standards, amendments and interpretations effective and adopted in 2019 (continued)

IFRS 16 - "Leases"

IFRS 16 replaces IAS 17 - *"Leases"* and IFRIC 4 - *"Determining whether an Arrangement contains a Lease"*. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Company does not have significant leasing activities acting as a lessor.

In accordance with the transition provisions of IFRS 16, instead of recognising an operating expense for its operating lease arrangements, the Company will recognise finance cost on its lease liabilities and amortisation on its right-of-use assets. This will increase reported EBITDA by the amount of its operating lease cost.

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated. As a result of the adoption of this standard, BD154,968 was recognised as right-of-use assets (Note 7) and BD154,968 was recognised as lease liabilities (Note 17).

The following is a reconciliation of total operating lease commitments at 31 December 2018 to the lease liabilities recognised at 1 January 2019:

	Leasehold land
Operating lease commitments disclosed at 31 December 2018	230,000
Discounted using the lessee's incremental borrowing rate at the date of initial application	(75,032)
Lease liabilities recognised under IFRS 16 at 1 January 2019	154,968

The variable lease payments not recognised as per IFRS 16 amounts to BD74,449.

Standards, amendments and interpretations issued and effective in 2019 but not relevant

The following new amendments to existing standard and interpretation to published standard are mandatory for accounting period beginning on or after 1 January 2019 or subsequent periods, but are not relevant to the Company's operations:

Standard or interpretation	Title	Effective for annual periods beginning on or after
IAS 12	Income taxes	1 January 2019
IAS 19	Employee benefits	1 January 2019
IAS 23	Borrowing costs	1 January 2019
IAS 28	Investments in Associates and Joint Ventures	1 January 2019
IFRS 3	Business combinations	1 January 2019
IFRS 9	Financial instruments	1 January 2019
IFRS 11	Joint arrangements	1 January 2019
IFRIC 23	Uncertainty over income tax treatments	1 January 2019

2 Basis of preparation (continued)

New standards, improvements, interpretations and amendments issued but not yet effective in 2019

The following new accounting standards, improvements, interpretations and amendments have been issued, but are not mandatory and hence, have not been early adopted by the Company in preparing the financial statements for the year ended 31 December 2019. The Company intends to apply these standards from application date as indicated in the table below:

Standard or interpretation	Title	Effective for annual periods beginning on or after
IAS 1	Presentation of financial statements	1 January 2020
IAS 8	Accounting policies, changes in accounting estimates and errors	1 January 2020
IFRS 3	Business combinations	1 January 2020
IFRS 7	Financial instruments: Disclosures	1 January 2020
IFRS 9	Financial instruments	1 January 2020
IFRS 17	Insurance contracts	1 January 2021

There would have been no change in the financial position and operational results of the Company for the year ended 31 December 2019 had the Company early adopted any of the above standards applicable to the Company.

Early adoption of amendments or standards in 2019

The Company did not early-adopt any new or amended standards in 2019.

3 Significant accounting policies

A summary of the significant accounting policies adopted in the preparation of these financial statements is set out below. The policies have been consistently applied to all the years presented, except for the changes arising due to adoption of IFRS 16.

Intangible asset

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

3 Significant accounting policies (continued)

Property, plant and equipment

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

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

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

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

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

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

Investments properties

Investment properties, representing a freehold building, are held to earn long-term rental yields and for capital appreciation.

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

Subsequent to initial recognition, investment properties are re-measured at fair values, representing open market values determined annually by external property valuers, and any unrealised fair value gains or losses arising are included in the statement of profit or loss in the year in which they arise. Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

3 Significant accounting policies (continued)

Financial assets

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

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

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

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

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

b) Financial assets at amortised cost

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

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

Trade and other receivables (excluding prepayments)

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

3 Significant accounting policies (continued)

Financial assets (continued)

b) Financial assets at amortised cost (continued)

Trade and other receivables (excluding prepayments) (continued)

Impairment provisions for receivables from related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Company elects to renegotiate the terms of trade receivables due from customers with whom it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of profit or loss (operating profit).

Investments at amortised cost

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

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

Term deposits

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

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash on hand and current account balances with banks.

3 Significant accounting policies (continued)

Financial liabilities

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

Other payables (excluding employee benefits)

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

Provisions

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

Employee benefits

Short-term benefits

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

Post-employment benefits

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

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

Share capital

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

Dividends and board remuneration

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

3 Significant accounting policies (continued)

Treasury shares

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

Contribution to charities

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

Leases

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

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

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

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

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

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

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

3 Significant accounting policies (continued)

Leases (continued)

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

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

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

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

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

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

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

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is re-measured using the discount rate applicable on the modification date, with the right-of use asset being adjusted by the same amount; and

- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

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

3 Significant accounting policies (continued)

Revenue recognition

Performance obligation and timing of revenue recognition

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

Determining the transaction price

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

Allocating amounts to performance obligations

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

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

Foreign currency transactions

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

Segmental reporting

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

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

The Company's primary business segments are:

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

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

4 Critical accounting judgments and key source of estimation uncertainty

The preparation of financial statements in accordance with IFRS requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The determination of estimates requires judgments which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates.

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

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

Economic useful lives of intangible assets

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

Economic useful lives of property, plant and equipment

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

Classification of investments

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

Fair valuation of investments

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

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

Fair valuation of investments (continued)

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

Fair valuation of investment properties

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

Fair value measurement

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

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

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

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

The financial assets and liabilities of the Company are initially recorded at fair value and subsequently re-measured at amortised cost while those which require fair value re-measurement are disclosed in Note 28.

Impairment of assets

Financial assets

From 1 January 2018, the Company assesses on a forward looking basis the expected credit losses associated with its trade receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of trade receivables.

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

Impairment of assets (continued)

Financial assets (continued)

Further, with respect to amounts due from related parties, the Company applies the full three stage approach taking into consideration whether there has been a significant increase in credit risk. In addition, with respect to its term deposits and bank balances, the amounts are deposited with reputable banks with low credit risk.

As at 31 December 2019, in the opinion of the management, an impairment allowance of BD83,169 is required towards impaired rents receivables from tenants and amounts due from a related party (2018: BD46,633). Further, in the opinion of the management, term deposits and bank balances are not impaired as at 31 December 2019 (2018: BDNil).

Other non-financial assets

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

Revenue recognition

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

Determination of lease term and the borrowing rates for leases

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

Economic life of right-of-use assets

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

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

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

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

Legal proceedings

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

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

Going concern

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

Contingencies

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

5 Segmental information

Business segments - primary reporting segment

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

- Car park services - This segment is involved in providing car parks for the public in return for parking charges. This segment contributes 37.45% (2018: 37.85%) of the Company's revenue.
- Property rental income - This segment is involved in the management, maintenance and renting of properties. This segment contributes the largest proportion of the Company's business, generating 43.73% (2018: 39.70%) of the Company's revenue.
- Investment and related services - This segment is involved in trading in financial assets and investing excess funds in the primary and secondary market. This segment has contributed 18.82% (2018: 22.45%) of the Company's total revenue.

5 Segmental information (continued)

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

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

5 Segmental information (continued)

As at, and for the year ended, 31 December 2018

	Car park services	Property rental services	Investment services	Unallocated	Total
Car park income	595,558	-	-	-	595,558
Property rental income	-	490,032	-	-	490,032
Service charges income	-	134,576	-	-	134,576
Operating income	595,558	624,608	-	-	1,220,166
Net income from investments	-	-	353,272	-	353,272
Other income	13,583	-	-	-	13,583
Total revenue	609,141	624,608	353,272	-	1,587,021
Operating and general expenses (including maintenance costs)	237,463	526,941	-	-	764,404
Depreciation	9,384	53,856	-	-	63,240
Total operating and general expenses (including maintenance costs)	246,847	580,797	-	-	827,644
Unallocated expenses	-	-	-	37,343	37,343
Total expenses	246,847	580,797	-	37,343	864,987
Segment profit/(loss)	362,294	43,811	353,272	(37,343)	722,034
Reportable segment assets	2,919,682	169,005	10,577,653	-	13,666,340
Reportable segment liabilities	52,202	282,338	-	-	334,540
Other segment information					
Minimum operating lease commitment	230,000	-	-	-	230,000

Geographical segments - secondary reporting segment

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

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

6 Intangible assets

	31 December 2019	31 December 2018
Cost		
Additions during the year and at 31 December	24,983	-
Accumulated amortisation		
Amortisation for the year (Note 22) and at 31 December	(1,088)	-
Net book amount		
At 31 December 2019	23,895	-

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

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

7 Right-of-use assets

	Leasehold land
Cost	
On adoption of IFRS 16 as at 1 January 2019 (Note 2)	154,968
Additions during the year (Note 15)	6,000,000
Balance as at 31 December 2019	6,154,968
Accumulated amortisation	
Amortisation charge for the year (Note 22) and at 31 December 2019	(75,455)
Carrying value	
At 31 December 2019	6,079,513

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

As at 31 December 2019, the Company has 2 lease contracts on land and buildings, where the lease payments are solely fixed payments without any link to variable elements such as inflation and market rentals.

8 Property, plant and equipment

	Freehold land	Building on leasehold land	Car park and other equipment	Office furniture and equipment	Total
Cost					
At 31 December 2017	2,454,530	8,138,413	174,349	96,316	10,863,608
Additions	-	-	14,682	7,770	22,452
At 31 December 2018	2,454,530	8,138,413	189,031	104,086	10,886,060
Additions	-	-	17,582	18,000	35,582
At 31 December 2019	2,454,530	8,138,413	206,613	122,086	10,921,642
Accumulated depreciation					
At 31 December 2017	-	7,863,177	10,058	55,768	7,929,003
Charge for the year (Note 22)	-	18,352	29,807	15,081	63,240
At 31 December 2018	-	7,881,529	39,865	70,849	7,992,243
Charge for the year (Note 22)	-	18,278	33,791	16,837	68,906
At 31 December 2019	-	7,899,807	73,656	87,686	8,061,149
Net book amount					
At 31 December 2019	2,454,530	238,606	132,957	34,400	2,860,493
At 31 December 2018	2,454,530	256,884	149,166	33,237	2,893,817

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

9 Financial assets at fair value through other comprehensive income

	31 December 2019	31 December 2018
Opening balance	3,348,492	3,344,978
Unrealised fair value (losses)/gains recognised in other comprehensive income	(259,894)	3,514
Closing balance	3,088,598	3,348,492

The above investments are further classified as follows:

	31 December 2019	31 December 2018
Shares listed on the Bahrain Bourse	2,286,084	2,551,441
Unquoted equity shares	802,514	797,051
	3,088,598	3,348,492

9 Financial assets at fair value through other comprehensive income (continued)

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

Currency	31 December 2019	31 December 2018
United States Dollar	668,795	721,575
Bahrain Dinar	2,419,803	2,626,917
	3,088,598	3,348,492

The fair value of quoted investments is based on published market prices. The fair value of the unquoted investments is based on the net assets taken from the latest available audited financial statements. Any changes in the net assets of the investee companies during 2019 would be reflected in Company's 2020 financial statements upon receipt of the most recent financial information.

10 Investments at amortised cost

	31 December 2019	31 December 2018
Opening and closing balance	380,871	380,871

Investment in amortised cost represent bonds (Ahli United Bank Perpetual Tier 1 Capital Securities) carrying coupon interest of 6.875%, having maturity period of 5 years with settlement date of 29 April 2020 and are denominated in United States Dollars.

11 Investment properties

	31 December 2019	31 December 2018
Opening balance	492,044	481,360
Unrealised fair value gains for the year (Note 21)	-	10,684
Closing balance	492,044	492,044

During the year ended 31 December 2019, the Company has carried out an independent valuation of the freehold lands and the fair value of the properties that confirmed the current carrying values. Accordingly, no fair value gain/(loss) was recognised during the year ended 31 December 2019 (2018: BD10,684).

During the year ended 31 December 2019, no income has been recognised from the investment properties (2018: BDNil). Further, no expenses relating to the investment properties, including repairs and maintenance, were incurred for the year ended 31 December 2019 (2018: BDNil).

The fair values of investment properties are categorised as a level 3 recurring fair value measurement.

12 Term deposits

	31 December 2019	31 December 2018
Term deposit with banks maturing after 3 months but within 1 year	3,853,891	4,674,496
Term deposit with banks maturing after 1 year	1,784,782	-
	5,638,673	4,674,496

Term deposits placed with the Company's bankers, earn interest at rates ranging between 3.60% and 4.75% per annum (2018: between 4.00% and 5.00% per annum) and are denominated in Bahrain Dinar. The deposits which mature within one year from the statement of financial position date are classified under current assets while the deposits which mature beyond one year from the statement of financial position date are classified as non-current assets.

13 Trade and other receivables

	31 December 2019	31 December 2018
Rents receivable from tenants	455,319	198,700
Amounts due from a related party (Note 27)	149,119	-
	604,438	198,700
Less: provision for impaired rents receivable from tenants	(83,169)	(46,633)
	521,269	152,067
Accrued interest	91,938	75,971
Advances paid to creditors	27,500	14,589
Staff advances	4,000	4,000
Prepayments and other receivables	11,553	14,857
	656,260	261,484

The Company's rent receivables are generally on 30 days credit terms and are primarily denominated in Bahrain Dinar. It is not the policy of the Company to obtain collateral against trade and other receivables and, therefore, are all unsecured. The carrying value of trade and other receivables classified at amortised cost approximates fair value.

The Company applies the IFRS 9 simplified approach to measure the expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables parties are grouped based on similar credit risk and aging.

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

13 Trade and other receivables (continued)

On that basis, the lifetime expected loss provision as at 31 December 2019 and 2018 was determined as follows for trade receivables:

31 December 2019	30 days overdue	90 days overdue	180 days overdue	360 days overdue	Above 360 days overdue	Total
Expected loss rate	2.83%	3.16%	5.94%	8.86%	100.00%	
Trade receivables	203,283	209,900	91,195	39,116	60,944	604,438
Loss allowance	5,765	7,577	5,417	3,466	60,944	83,169

31 December 2018	30 days overdue	90 days overdue	180 days overdue	360 days overdue	Above 360 days overdue	Total
Expected loss rate	2%	5%	6%	17%	100.00%	
Trade receivables	31,148	80,734	4,314	32,935	49,569	198,700
Loss allowance (*)	686	4,204	281	5,630	49,569	60,370

(*) As at 31 December 2018, the Company maintained its provision of BD46,633, as the expected loss allowances of BD60,370, is not materially different.

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

	31 December 2019	31 December 2018
Opening balance	46,633	46,633
Provision for the year (Note 22)	36,536	-
Closing balance	83,169	46,633

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

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

14 Cash and bank balances

	31 December 2019	31 December 2018
Cash on hand	1,554	780
Current account balances with banks	936,882	1,605,779
	938,436	1,606,559

The current account balances with banks earn interest rate ranging from 0% to 2.5% per annum (2018: 0% to 2.5% per annum).

15 Share capital

	31 December 2019	31 December 2018
Authorised:		
125,000,000 ordinary shares of 100 fils each (2018: 100,000,000 ordinary shares of 100 fils each)	12,500,000	10,000,000
Issued and fully paid-up:		
110,317,230 ordinary shares of 100 fils each (2018: 70,317,230 ordinary shares of 100 fils each)	11,031,723	7,031,723
Less: 1,014,560 treasury shares of 100 fils each (2018: 1,014,560 treasury shares of 100 fils each)	(101,456)	(101,456)
	10,930,267	6,930,267

During the year ended 31 December 2019, the Company has issued additional shares of 40,000,000 ordinary shares at a value of 150 fils per share for a total in-kind consideration of BD6,000,000 in favour of Bahrain Real Estate Investment (Edamah) B.S.C. (c) as part of acquisition of the usufruct right in the "Terminal Building" located in Adliya. The difference between the consideration of the asset acquired and the par value of shares issued amounting to BD2,000,000 has been transferred to share premium account.

The issue of these shares was approved by the shareholders of the Company in their Extraordinary General Meeting held on 21 May 2019. Necessary formalities to amend the Memorandum of Association of the Company and procedures with the regulatory authorities have been completed.

Additional information on shareholding pattern

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

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

	At 31 December 2018		
	Nationality	Number of shares	Percentage of shareholding interest
Social Insurance Organisation	Bahraini	37,033,490	52.67%
Kuwait Commercial Real Estate Centre	Kuwaiti	15,000,000	21.33%

15 Share capital (continued)

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

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

	At 31 December 2019		
	Number of shareholders	Number of shares	Percentage of total outstanding shares
Less than 1%	1,317	12,776,842	11.58%
1% and up to less than 5%	2	5,506,898	4.99%
5% and above	3	92,033,490	83.43%
	1,322	110,317,230	100%

	At 31 December 2018		
	Number of shareholders	Number of shares	Percentage of total outstanding Shares
Less than 1%	1,326	10,762,283	15.30%
1% and up to less than 5%	4	7,521,457	10.70%
5% and above	2	52,033,490	74.00%
	1,332	70,317,230	100.00%

(iv) The details of number of shares held by the Directors of the Company at 31 December is as follows:

	31 December 2019 Number of shares	31 December 2018 Number of shares
Yusuf Abdulrahman Fakhro	-	100,000

16 Reserves

a) Statutory reserve

	31 December 2019	31 December 2018
Opening balance	3,021,743	2,949,540
Transferred during the year	88,804	72,203
Closing balance	3,110,547	3,021,743

16 Reserves (continued)

a) Statutory reserve (continued)

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

b) Charity reserve

This reserve represents amounts set aside towards charity payments as approved by the shareholders of the Company. An amount of BD10,000 has been transferred to the charity reserved during the year ended 31 December 2019 (2018: BD10,000) and no payments have been made towards charity during the year ended 31 December 2019 (2018: BD2,500). The reserve is not available for distribution.

c) Investment fair value reserve

This reserve represents the unrealised fair value gains net of losses on investments categorised as financial assets at fair value through other comprehensive income. Unrealised fair value losses on the designated investments amounted to BD259,894 (2018: gains of BD3,514). The reserve is not available for distribution.

d) Retained earnings

	31 December 2019	31 December 2018
Opening balance	3,363,876	3,070,559
Net profit for the year	888,035	722,034
Dividends for the year (Note 25)	(346,514)	(346,514)
Transferred to statutory reserve	(88,804)	(72,203)
Charity reserve created during the year	(10,000)	(10,000)
Closing balance	3,806,593	3,363,876

17 Lease liabilities

	31 December 2019
Lease liabilities on adoption of IFRS 16 (Note 2)	154,968
Lease payments	(10,000)
Interest expenses (Note 22)	9,424
At 31 December	154,392
Less: current lease liabilities	(615)
Non-current lease liabilities	153,777

17 Lease liabilities (continued)

Maturity analysis - contractual undiscounted cash flows:

	31 December 2019
Less than one year	10,000
More than one year and less than five years	90,000
More than five years	120,000
Total undiscounted leases	220,000

The annual rent for the land upon which the car park building is situated is revised every ten years; the amount payable being the higher of a fixed element increase or a percentage of the Company's gross operating profit. The current year's charge of BD74,449 (20% of the gross operating profit generated from the related building), is included under operating, general and administrative expenses (Note 22) (2018: BD115,504).

18 Employees' terminal benefits

Local employees

The contributions made by the Company towards the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain for the year ended 31 December 2019 amounted to BD27,365 (2018: BD18,465).

Expatriate employees

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

	31 December 2019	31 December 2018
Opening balance	25,469	22,765
Accruals for the year	6,950	5,215
Payments during the year	-	(2,511)
Closing balance	32,419	25,469
The number of staff employed by the Company	28	20

19 Other payables

	31 December 2019	31 December 2018
Amounts due to a related party (Note 27)	132,604	-
Other payables	80,538	196,769
Unclaimed dividends	77,681	91,386
Advances received from tenants	54,831	4,784
Provision for leave salary and air passage	25,225	16,132
	370,879	309,071

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

20 Operating income

	Year ended 31 December 2019	Year ended 31 December 2018
Rental income	734,960	490,032
Car park income	720,652	524,806
Other car park income (Note 27)	46,254	70,752
Service charges income	160,746	134,576
	1,662,612	1,220,166

	Year ended 31 December 2019	Year ended 31 December 2018
Primary geographic markets		
Kingdom of Bahrain	1,662,612	1,220,166
Service type		
Rental income	734,960	490,032
Car park income	720,652	524,806
Other car park income	46,254	70,752
Service charges income	160,746	134,576
	1,662,612	1,220,166
Contract counterparties		
Direct to customers	1,662,612	1,220,166
Timing of revenue recognition		
Over a period of time	1,662,612	1,220,166

21 Net income from investments

	Year ended 31 December 2019	Year ended 31 December 2018
Interest on term deposits	221,752	178,944
Dividends income	123,585	124,431
Interest income on investments at amortised cost	25,889	25,882
Interest on current account balance with a bank	14,231	13,331
Unrealised fair value gains on investment properties (Note 11)	-	10,684
	385,457	353,272

22 Operating, general and administrative expenses

	Year ended 31 December 2019	Year ended 31 December 2018
Staff costs	440,340	292,482
Other operating, general and administrative expenses	168,529	116,749
Electricity and water charges	141,410	128,817
Maintenance costs	81,375	77,852
Amortisation of right-of-use assets (Note 7)	75,455	-
Lease rent expenses (Note 17)	74,449	115,504
Depreciation on property, plant and equipment (Note 8)	68,906	63,240
Provision for impaired rent receivable from tenants (Note 13)	36,536	-
Directors' sitting fees (Note 27)	35,000	33,000
Interest expenses on lease liabilities (Note 17)	9,424	-
Amortisation of intangible assets (Note 6)	1,088	-
	1,132,522	827,644

23 Directors' remuneration

Accrued and expensed

An amount of BD30,332 has been accrued and expensed as directors' remuneration in 2019, relating to the year ended 31 December 2018 (2018: BD37,343 relating to the year ended 31 December 2017). The payment was approved by the shareholders in the Annual General Meeting held on 21 March 2019 (2018: 21 March 2018). Directors' remuneration is only expensed in the statement of profit or loss in the year in which it is approved.

Proposed by the Board of Directors

The Board of Directors of the Company have proposed to pay a Directors' remuneration of BD25,272 for the year ended 31 December 2019 (2018: BD30,332 for the year 31 December 2018). Such proposed remuneration only becomes payable once it has been approved by the shareholders in the Annual General Meeting, and accordingly, has not been accounted for in these financial statements.

24 Earnings per share

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

	Year ended 31 December 2019	Year ended 31 December 2018
Net profit attributable to the shareholders	888,035	722,034
Weighted average number of ordinary shares	90,621,351	69,302,670
Basic and diluted earnings per share	10 fils	10 fils

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

25 Dividends

Declared and paid

A dividend of BD346,514 representing 5% of the total issued and fully paid-up share capital of the Company for the year ended 31 December 2018 (at 5 fils per share) (2018: BD346,514 for the year ended 31 December 2017 at 5 fils per share), was approved by the shareholders in the Annual General Meeting of the shareholders held on 21 March 2019 (2018: 21 March 2018), declared and subsequently paid.

Proposed by the Board of Directors

The Board of Directors of the Company have proposed a dividend of BD546,513 (2018: BD346,514) representing 5% of the total issued and fully paid-up share capital of the Company for the year ended 31 December 2019 at 5 fils per share (2018: at 5 fils per share). The proposed dividend only becomes payable once it has been approved by the shareholders in the Annual General Meeting and accordingly, the proposed dividend has not been accounted for in these financial statements.

26 Contribution to charity

Proposed by the Board of Directors

The Board of Directors of the Company have proposed charity contributions of BD10,000 for the year ended 31 December 2019 (2018: BD10,000). This is subject to the approval of shareholders in the Annual General Meeting.

27 Transactions and balances with related parties

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

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

Transaction	Nature of relationship	Name of the related party	Year ended 31 December 2019	Year ended 31 December 2018
Other car park income (Note 20)	Shareholder	Bahrain Real Estate Investment (Edamah) B.S.C (c)	46,254	-
Lease rent expenses (Note 22)	Shareholder	Bahrain Real Estate Investment (Edamah) B.S.C (c)	74,449	-

27 Transactions and balances with related parties (continued)

Transaction	Nature of relationship	Name of the related party	Year ended 31 December 2019	Year ended 31 December 2018
Directors' remuneration	Key management personnel *	Key management personnel *	30,332	37,343
Directors' sitting fees (Note 22)	Key management personnel *	Key management personnel *	35,000	33,000

(*) Key management personnel compensation

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

A summary of the related party balances is as follows:

Name of the related party	Nature of relationship	Amounts due from a related party (Note 13) 31 December 2019	31 December 2018
Bahrain Real Estate Investment (Edamah) B.S.C (c)	Shareholder	149,119	-

Name of the related party	Nature of relationship	Amounts due to a related party (Note 19) 31 December 2019	31 December 2018
Bahrain Real Estate Investment (Edamah) B.S.C (c)	Shareholder	132,064	-

28 Financial assets and liabilities and risk management

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

Capital management

The Company's objectives when maintaining capital are:

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

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies and processes during the years ended 31 December 2019 and 2018.

28 Financial assets and liabilities and risk management (continued)

Capital management (continued)

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

	31 December 2019	31 December 2018
Other payables	370,879	309,071
Less: cash and bank balances	(938,436)	(1,606,559)
Net surplus	(567,557)	(1,297,488)
Share capital, net of treasury shares	10,930,267	6,930,267
Share premium	2,000,000	-
Statutory reserve	3,110,547	3,021,743
Charity reserve	22,400	12,400
Investment fair value reserve	(256,380)	3,514
Retained earnings	3,806,593	3,363,876
Total capital	19,613,427	13,331,800
Total capital and net surplus	19,045,870	12,034,312

The Company has net surplus as at 31 December 2019 and 2018. Accordingly, the capital gearing ratio has not been calculated.

Risk management is carried out by the Finance Department of the Company under policies approved by the Board of Directors. The Company's Finance Department evaluates financial risks in close co-operation with the Company's operating units. The Directors provide principles for overall risk management, as well as policies covering specific areas.

Principal financial instruments

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

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

28 Financial assets and liabilities and risk management (continued)

Principal financial instruments (continued)

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

Financial assets	*Financial assets at fair value through OCI*	*Financial assets at amortised cost*
Financial assets at fair value through OCI	3,088,598	-
Investments at amortised cost	-	380,871
Trade and other receivables excluding prepayments	-	613,207
Term deposits	-	5,638,673
Cash and bank balances	-	938,436
Total financial assets	3,088,598	7,571,187

Financial liabilities	*Financial liabilities at amortised cost*
Other payables excluding employee benefits	345,654
Total financial liabilities	345,654

A summary of the financial instruments held by category is provided below as at 31 December 2018:

Financial assets	*Financial assets at fair value through OCI*	*Financial assets at amortised cost*
Financial assets at fair value through OCI	3,348,492	-
Investments at amortised cost	-	380,871
Trade and other receivables excluding Prepayments	-	228,038
Term deposits	-	4,674,496
Cash and bank balances	-	1,606,559
Total financial assets	3,348,492	6,889,964

Financial liabilities	*Financial liabilities at amortised cost*
Other payables excluding employee benefits	292,939
Total financial liabilities	292,939

28 Financial assets and liabilities and risk management (continued)

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

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

	At 31 December 2019	
Financial assets	*Carrying value*	*Maximum exposure*
Trade and other receivables excluding prepayments	613,207	613,207
Term deposits	5,638,673	5,638,673
Cash and bank balances	938,436	936,882
Total financial assets	7,190,316	7,188,762

	At 31 December 2018	
Financial assets	*Carrying value*	*Maximum exposure*
Trade and other receivables excluding prepayments	228,038	228,038
Term deposits	4,674,496	4,674,496
Cash and bank balances	1,606,559	1,605,779
Total financial assets	6,509,093	6,508,313

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Investments at amortised cost, term deposits and a current account balance with a bank earn fixed rates of interest. The Company's other assets and liabilities, in the opinion of the Company's management, are not considered to be sensitive to interest rate risk. The hypothetical effect of 100 basis points interest rate increase or decrease on profits would be approximately BD64,679 (2018: BD56,264).

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

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

28 Financial assets and liabilities and risk management (continued)

Liquidity risk (continued)

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

At 31 December 2019	Less than 1 year	Total
Non-interest bearing instruments	345,654	345,654

At 31 December 2018	Less than 1 year	Total
Non-interest bearing instruments	292,939	292,939

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

Investments fair value sensitivity analysis is as follows:

		Impact on equity	
Description	Change	31 December 2019	31 December 2018
Quoted financial assets through OCI	+/-5%	+/- 114,304	+/- 127,572

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

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

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

Fair value measurement

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

Financial instruments not measured at fair value on recurring basis include trade and other receivables excluding prepayments, cash and bank balances, term deposits and other payables excluding employee benefits. In the opinion of the management, due to the short-term nature of these financial instruments, the fair value of these financial instruments is not significantly different from their carrying amounts as at 31 December 2019 and 2018.

28 Financial assets and liabilities and risk management (continued)

Fair value measurement (continued)

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

	Fair value at 31 December	Level of hierarchy	Valuation technique used and key inputs	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value
Non-financial assets					
Investment properties	492,044 (2018: 492,044)	L2	Independent valuation report.	Current market rates	Positive correlation between market rates and fair values.
Financial assets					
Quoted investments	2,286,084 (2018: 2,551,441)	L1	Quoted prices from stock exchanges.	Not applicable	Not applicable
Unquoted investments	802,514 (2018: 797,051)	L3	Net assets of the investee companies based on 2018 audited financial information.	Expected revenue and profit growth rates taking into account management knowledge and experience of market conditions similar to industry trends.	The higher the revenue growth rate, the higher the fair value.

There are no transfers between levels during the year.

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

	Unquoted investments	
	31 December 2019	31 December 2018
Opening balance	797,051	472,757
Unrealised fair value gains	5,463	324,294
Closing balance	802,514	797,051

28 Financial assets and liabilities and risk management (continued)

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

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

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

29 Comparative figures

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

30 Events after the reporting date

There were no significant events subsequent to 31 December 2019 and occurring before the date of signing of the financial statements that would have a significant impact on these financial statements.