

Bahrain Family Leisure Company B.S.C.

Financial statements for the
year ended 31 December 2023

Bahrain Family Leisure Company B.S.C.
Financial statements for the year ended 31 December 2023

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Bahrain Family Leisure Company B.S.C.
Administration and contact details as at 31 December 2023

Commercial registration no.	32196-01 obtained on 13 July 1994 32196-04 obtained on 5 August 2000 32196-07 obtained on 25 March 2006 32196-13 obtained on 21 August 2011 32196-14 obtained on 9 September 2014	
Directors	Mr. Abdul Latif Khalid Al Aujan Mr. Ahmed Mohammed Janahi Mr. Mohamed Al Kayed (Joined on 27 November 2023) Mr. Garfield Jones (Resigned on 1 November 2023) Mr. Adel Salman Kanoo Mr. Bashar Mohammed Ali Alhassan Mr. Sharif Mohammed Ahmadi Mr. Charbel Sarkis	- Chairman - Vice-Chairman - Managing Director - Director - Director - Director - Director - Director
Nominating and remuneration and corporate governance committees	Mr. Abdul Latif Khalid Al Aujan Mr. Ahmed Mohammed Janahi Mr. Adel Salman Kanoo Mr. Sharif Mohammed Ahmadi Mr. Charbel Sarkis	- Chairman
Audit committee	Mr. Charbel Sarkis Mr. Bashar Mohammed Ali Alhassan Mr. Mohamed Al Kayed (Joined on 27 November 2023) Mr. Garfield Jones (Resigned on 1 November 2023)	- Chairman
Executive committee	Mr. Ahmed Mohammed Janahi Mr. Mohamed Al Kayed (Joined on 27 November 2023) Mr. Garfield Jones (Resigned on 1 November 2023) Mr. Adel Salman Kanoo Mr. Sharif Mohammed Ahmadi	- Chairman
Registered office	Gulf Executive Offices 10 th Floor, Block No. 338 Adliya, PO Box 11612 Manama Kingdom of Bahrain	
Registrars	Kfin Technologies (Bahrain) W.L.L. PO Box 514, Manama, Kingdom of Bahrain Bahrain Clear B.S.C. (c) PO Box 3203, Manama, Kingdom of Bahrain	
Bankers	National Bank of Bahrain Bank of Bahrain and Kuwait National Bank of Kuwait Kuwait Finance House	
Auditors	BDO 17 Floor, Diplomat Commercial Office Tower PO Box 787 Manama Kingdom of Bahrain	

Bahrain Family Leisure Company B.S.C.
Directors' report for the year ended 31 December 2023

Dear Shareholders

The Board of Directors have pleasure in submitting the audited financial statements of Bahrain Family Leisure Company B.S.C. ("the Company" or "BFLC") for the year ended 31 December 2023.

Principal activities and review of business developments

The principal activities of the Company include operating restaurants, providing services related to family entertainment, supply of amusement related equipment and investing in businesses with similar objectives to those of the Company.

The results for the year are set out on pages 9 and 10 of the financial statements.

Dividend

The Board of Directors of the Company do not propose any dividend for the year ended 31 December 2023 (2022: BDNil).

Directors' remuneration and executive salaries

In accordance with the Article 188 of Bahrain Commercial Law and amendment degree No.28/2020, the details of salaries, bonuses, share in profits, attendance allowances, representation allowances, expenses, etc. towards administrative, advisory or any other business paid to the Board of Directors during the year 2023 are disclosed as under:

Disclosure forms for the remuneration of members of the board of directors and the executive management in the report of the board of directors													
First: Board of directors' remuneration details:													
Name	Remunerations of the Chairman and Board	Fixed remunerations				Variable remuneration					End-of-service award	Aggregate amount	Expenses allowance
		Total allowance for attending Board and committee meetings	Salaries	Others	Total	Remunerations of the Chairman and Board	Bonus	Incentive Plans	Others	Total			
First: Independent Directors:													
1. Mr Abdul Latif Khalid Al Aujan	-	BD5,000	-	-	BD5,000	-	-	-	-	-	-	BD5,000	-
2. Mr Adel Salman kanoo	-	BD3,900	-	-	BD3,900	-	-	-	-	-	-	BD3,900	-
3. Mr Sharif Mohd Ahmadi	-	BD5,250	-	-	BD5,250	-	-	-	-	-	-	BD5,250	-
4. Mr Basher Mohd Alhasan	-	BD4,900	-	-	BD4,900	-	-	-	-	-	-	BD4,900	-
Second: Non-Executive Directors:													
1. Dr Ahmed Janahi	-	BD5,800	-	-	BD5,800	-	-	-	-	-	-	BD5,800	-
2. Mr Garfield Jones	-	BD5,800	-	-	BD5,800	-	-	-	-	-	-	BD5,800	-
3. Mr Charbel Sarkis	-	BD5,800	-	-	BD5,800	-	-	-	-	-	-	BD5,800	-
4. Mr Muhammad Al Kayed	-	BD500	-	-	BD500	-	-	-	-	-	-	BD500	-
Total	-	BD16,950	-	-	BD16,950	-	-	-	-	-	-	BD16,950	-
Third: Executive Directors													
Nil	-	-	-	-	-	-	-	-	-	-	-	-	-
Note: All amounts must be stated in Bahraini Dinners.													

No variable remuneration has been paid to Directors during the year ended 31 December 2023.

Bahrain Family Leisure Company B.S.C.
Directors' report for the year ended 31 December 2023

Directors' remuneration and executive salaries (continued)

Executive management remuneration

The details of the remuneration paid during the year 2023 to the executive management, including salaries, benefits etc. are disclosed as under:

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2023	Aggregate Amount
Top 6 remunerations for executives	BD47,025	-	-	BD47,025
All amounts are in Bahraini Dinars.				

No bonus and other in-kind remuneration paid to executive management during the year ended 31 December 2023.

Representation and audit

The Company's activities for the year ended 31 December 2023 have been conducted in accordance with the Bahrain Commercial Companies Law and other relevant statutes of the Kingdom of Bahrain.

The Company has maintained proper, complete accounting records and these, together with all other information and explanations, have been made freely available to the auditors, BDO.

The Board of Directors propose to appoint BDO as external auditors of the Company for the next financial year; who have expressed their willingness to continue in the office for the next financial year.

Signed on behalf of the Board:

Abdul Latif Khalid Al Aujan
Chairman

14 February 2024

Independent auditors' report to the shareholders of Bahrain Family Leisure Company B.S.C.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bahrain Family Leisure Company B.S.C. ("the Company"), which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss and 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 material accounting policy information. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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 International Ethics Standards Board for Accountants' code of Ethics for professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to Note 30 to the financial statements for the year ended 31 December 2023, which states that the Company has incurred a net loss of BD378,766 for the year ended 31 December 2023 and its accumulated losses aggregated to BD3,089,879 resulting in significant erosion of the share capital of the Company as at 31 December 2023. These factors raise substantial doubt about the Company's ability to continue to operate as a going concern. However, the Board of Directors have prepared these financial statements on a going concern basis as Those Charged With Governance (TCWG) are in the process of assessing all the available options with respect to Company's liquidity position and going concern. Further, in the opinion of TCWG, the Company has sufficient liquidity which can meet its liabilities for the foreseeable future and the Company is expected to continue its operations in the normal course. Our opinion is not modified in respect of this matter.

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 2023. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters include:

Revenue recognition

Revenue represents sale of food, beverages, entertainment and other miscellaneous income. Sales are recognised when the controls of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Our procedures included considering appropriateness of revenue recognition as per the Company policy including those relating to discounts and assessing compliance with the policies in terms of applicable accounting standards. We tested effectiveness of internal controls implemented by the Company on the revenue cycle. We assessed sales transactions taking place at either side of the statement of financial position date to assess whether the revenue was recognised in the correct period. We also performed analytical review on revenue based on trends in monthly sales and profit margins.

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

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Financial assets at fair value through profit or loss

The Company has quoted investments amounting to BD999,878 disclosed in Note 8 which form a material balance in the financial statements of the Company and are subject to change in the fair value. This could have significant impact on the Company's results if assets are misstated.

Our audit procedures included the testing of investments acquired during the year on a sample basis, testing of ownership and classification and testing of fair value of the quoted investments with the listed prices in the relevant stock exchange.

Going Concern

The Company has incurred a net loss of BD378,766 during the year ended 31 December 2023. The current year losses have increased the accumulated losses to BD3,089,879 as at 31 December 2023 raising concern on the going concern status of the Company. There was significant judgement involved in preparing the cashflow projections used in the going concern assessment. Owing to the level of management judgement and estimation, we identified a key audit matter in relation to the appropriateness of the going concern basis of accounting.

We obtained management's updated financial models used to support their going concern assumptions and tested their clerical accuracy. We obtained and assessed evidence used to support the assumptions used by management and considered whether downside scenarios were considered and whether any potential mitigations were reasonable and realistic.

We have also considered the cashflow projections provided by the management and assessed the historical accuracy of cashflow projections prepared by management.

We have critically evaluated the managements' plans for future actions in relation to its going concern assessment, taking into account any relevant events subsequent to the year-end through discussion with the Board and Audit Committee.

Other information

Management is responsible for the other information. The other information in the annual report comprise of Directors' 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 these financial statements in accordance with IFRS Accounting 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.

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

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 skepticism throughout the audit. We also:

- Identify and assess the risk 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.
- 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 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.

**Independent auditors' report to the shareholders of
Bahrain Family Leisure 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 recognised procedures and has maintained proper books of account and the financial statements are in agreement therewith; and
- (3) the financial information included in the Directors' 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, except for the Company's share capital has been significantly eroded and is not sufficient to meet its objectives, 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 2023.



Manama, Kingdom of Bahrain
14 February 2024




Bahrain Family Leisure Company B.S.C.
Statement of financial position as at 31 December 2023
(Expressed in Bahrain Dinars)

See Auditor's Report dated 14/2/24
Signed by BDO, CR No. 10201-04
Partner: Samson Kattuvattil
Reg. No. 239
Signature: 


	Notes	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	5	43,031	79,547
Intangible assets	6	4,611	10,197
Right-of-use assets	7	379,597	241,408
Financial assets at fair value through profit or loss	8	999,878	1,391,907
		<u>1,427,117</u>	<u>1,723,059</u>
Current assets			
Inventories	9	20,485	18,100
Trade and other receivables	10	99,676	59,837
Term deposits	11	350,000	350,000
Cash and cash equivalents	12	173,471	131,257
		<u>643,632</u>	<u>559,194</u>
Total assets		<u>2,070,749</u>	<u>2,282,253</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13	4,000,000	4,000,000
Statutory reserve	14	794,927	794,927
Capital reserve	15	68,245	68,245
Accumulated losses		(3,089,879)	(2,711,113)
Treasury shares	13	(400,000)	(400,000)
Total equity		<u>1,373,293</u>	<u>1,752,059</u>
Non-current liabilities			
Employees' terminal benefits	16	73,838	69,014
Non-current portion of lease liabilities	18	261,918	131,729
		<u>335,756</u>	<u>200,743</u>
Current liabilities			
Trade and other payables	17	233,765	207,944
Current portion of lease liabilities	18	127,935	121,507
		<u>361,700</u>	<u>329,451</u>
Total liabilities		<u>697,456</u>	<u>530,194</u>
Total equity and liabilities		<u>2,070,749</u>	<u>2,282,253</u>

The audited financial statements were approved, authorised for issue by the Board of Directors and signed on their behalf by:


Abdul Latif Khalid Al Aujan
Chairman


Ahmed Janahi
Vice-Chairman

Bahrain Family Leisure Company B.S.C.
Statement of profit or loss and other comprehensive income
for the year ended 31 December 2023
(Expressed in Bahrain Dinars)

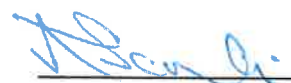
See Auditor's Report dated 14/2/24
Signed by BDO, CR No. 10201-04
Partner: Samson Kattuvattil
Reg. No. 239
Signature: 

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
Operating income	19	1,182,716	956,581
Operating costs	20	(1,074,642)	(905,091)
Operating gross profit		<u>108,074</u>	<u>51,490</u>
Expenses			
General and administrative expenses	21	(130,505)	(102,604)
Finance cost on lease liabilities	18	(15,929)	(16,184)
Selling and advertising expenses		(4,609)	(5,457)
Directors' fees	27	(36,950)	(39,050)
Total expenses		<u>(187,993)</u>	<u>(163,295)</u>
Losses from continuing operations		<u>(79,919)</u>	<u>(111,805)</u>
Loss on discontinued operations	22	<u>-</u>	<u>(13,006)</u>
Loss before investment and other income		<u>(79,919)</u>	<u>(124,811)</u>
Losses on investment, net	23(a)	(329,696)	(684,980)
Other income	23(b)	<u>30,849</u>	<u>13,048</u>
		<u>(298,847)</u>	<u>(671,932)</u>
Net loss and total comprehensive loss for the year		<u>(378,766)</u>	<u>(796,743)</u>
Basic and diluted loss per share	24	<u>Fils (10.52)</u>	<u>Fils (22.13)</u>

The audited financial statements were approved, authorised for issue by the Board of Directors and signed on their behalf by:



Abdul Latif Khalid Al Aujan
Chairman



Ahmed Janahi
Vice-Chairman

Bahrain Family Leisure Company B.S.C.
Statement of changes in shareholders' equity for the year ended 31 December 2023
(Expressed in Bahrain Dinars)

	Share capital	Statutory reserve	Capital reserve	Accumulated losses	Treasury shares	Total
At 31 December 2021						
Net loss and other comprehensive loss for the year	4,000,000	794,927	68,245	(1,914,370)	(400,000)	2,548,802
	-	-	-	(796,743)	-	(796,743)
At 31 December 2022	4,000,000	794,927	68,245	(2,711,113)	(400,000)	1,752,059
Net loss and other comprehensive loss for the year	-	-	-	(378,766)	-	(378,766)
At 31 December 2023	4,000,000	794,927	68,245	(3,089,879)	(400,000)	1,373,293

Bahrain Family Leisure Company B.S.C.
Statement of cash flows for the year ended 31 December 2023
(Expressed in Bahrain Dinars)

		Year ended 31 December 2023	Year ended 31 December 2022
	Notes		
Operating activities			
Net loss for the year		(378,766)	(796,743)
Adjustments for:			
Depreciation on property, plant and equipment	5	40,546	66,382
Amortisation of intangible assets	6	5,586	3,707
Amortisation of right-of-use asset	7	145,799	165,228
Unrealised fair value loss on financial assets at fair value through profit or loss	8	392,029	747,292
Finance cost on lease liabilities	18	15,929	16,184
Interest income	23(b)	(20,170)	(10,075)
Dividend income	23(a)	(62,333)	(62,312)
Gain on sale of property, plant and equipment	23(b)	(1,281)	(1,100)
Changes in operating assets and liabilities:			
Inventories		(2,385)	(938)
Trade and other receivables		(39,839)	(6,048)
Trade and other payables		25,821	(57,904)
Employees' terminal benefits, net		4,824	2,922
Net cash provided by operating activities		<u>125,760</u>	<u>66,595</u>
Investing activities			
Purchase of property, plant and equipment	5	(4,069)	(610)
Proceeds from sale of financial assets at fair value through profit and loss		-	17,995
Proceeds from sale of property, plant and equipment		1,320	1,100
Interest received	23(b)	20,170	10,075
Dividend received	23(a)	<u>62,333</u>	<u>62,312</u>
Net cash provided by investing activities		<u>79,754</u>	<u>90,872</u>
Financing activities			
Principal and interest paid on lease liabilities	18	<u>(163,300)</u>	<u>(180,000)</u>
Net cash used in financing activities		<u>(163,300)</u>	<u>(180,000)</u>
Net increase/(decrease) in cash and cash equivalents		42,214	(22,533)
Cash and cash equivalents, beginning of the year		<u>131,257</u>	<u>153,790</u>
Cash and cash equivalents, end of the year	12	<u>173,471</u>	<u>131,257</u>

1 Organisation and activities

Bahrain Family Leisure Company B.S.C. ("the Company") is a Bahraini public shareholding company registered with the Ministry of Industry and Commerce in the Kingdom of Bahrain. The Company obtained its commercial registration number 32196 on 13 July 1994.

The principal activities of the Company are operating restaurants, providing services related to family entertainment, supply of amusement related equipment and investing in businesses with similar objectives to those of the Company.

Name and status of the divisions:

<u>Name</u>	<u>Commercial registration number</u>	<u>Status</u>
Bahrain Family Leisure Company	32196-01	Active
Kazbah	32196-04	Active
Bennigan's	32196-07	Active
Cucina Italiana	32196-13	Active
Bayti *	32196-14	Active

* Board of Directors has decided in their Board meeting held on 7 October 2020, to close the operations of Bayti ("the restaurant"). The Company has effectively closed the operation on 16 October 2020. The Company has disclosed the operation of Bayti as discontinued operations in the statement of profit or loss and other comprehensive income during the years 2022 and 2021 and disclosed the results in Note 22. The landlord had filed a case against the Company for the outstanding rent for the remaining lease term, the case has been settled in July 2022 and the Company has paid the settlement amount of BD43,614. Furthermore, the Company has written-off the remaining assets and liabilities during the year 2022 and disclosed in Note 22.

These financial statements, set out on pages 9 to 34, were approved and authorised for issue by the Board of Directors on 14 February 2024.

2 Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with the IFRS Accounting Standards 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), the requirements of the Bahrain Commercial Companies Law, and associated resolutions, rules and procedures of the Bahrain Bourse.

Basis of presentation

These financial statements have been prepared using going concern assumption under the historical cost convention. The financial statements have been presented in Bahrain Dinars which is the functional currency of the Company.

The preparation of financial statements in conformity with IFRS Accounting Standards 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.

2 Basis of preparation (continued)

Improvements/amendments to IFRS Accounting Standards

Improvements/amendments to IFRS Accounting Standards contained numerous amendments to IFRS Accounting Standards that the IASB considers non-urgent but necessary. 'Improvements to IFRS Accounting Standards' 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 Accounting Standards. The amendments are effective for the Company's future accounting year with earlier adoption.

Standards, amendments and interpretations effective and adopted in 2023

The following new standard, amendment to existing standard or interpretation to published standard is mandatory for the first time for the financial year beginning 1 January 2023 and has been adopted in the preparation of these financial statements:

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IAS 1	Presentation of financial statements	1 January 2023
IAS 8	Accounting policies, changes in accounting estimates and errors	1 January 2023

IAS 1 Presentation of financial statements

In February 2021, the International Accounting Standard Board ("IASB") has issued amendments to IAS 1, which change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy information is likely to be considered material. The amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

The Company has applied amendments and disclosed the impact in Note 3 to the financial statements. Other than that these amendments have no effect on the measurement or presentation of any items in the financial statements of the Company.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

In February 2021, the International Accounting Standard Board ("IASB") issued amendments to IAS 8, which added the definition of Accounting Estimates in IAS 8. The amendments also clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors.

The Company has adopted the amendments of IAS 8 and had no significant impact on the financial statements.

Standards, amendments and interpretations issued and effective in 2023 but not relevant

The following new amendments to existing standard and interpretation to published standard is mandatory for accounting period beginning on or after 1 January 2023 or subsequent periods, but is not relevant to the Company's operations:

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IAS 12	Income Taxes	1 January 2023
IFRS 17	Insurance contracts	1 January 2023

2 Basis of preparation (continued)

Standards, amendments and interpretations issued but not yet effective in 2023

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial period ended 31 December 2023. They have not been adopted in preparing the financial statements for the year ended 31 December 2023 and will or may have an effect on the Company's future financial statements. In all cases, the Company intends to apply these standards from application date as indicated in the table below:

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IAS 1	Presentation of financial statements	1 January 2024
IAS 7	Statement of cash flows	1 January 2024
IFRS 7	Financial instruments: Disclosures	1 January 2024
IFRS 16	Leases	1 January 2024
IAS 21	The effects of changes in foreign exchange rates	1 January 2025

Early adoption of amendments or standards in 2023

The Company did not early-adopt any new or amended standards in 2023. There would have been no change in the operational results of the Company for the year ended 31 December 2023 had the Company early adopted any of the above standards applicable to the Company.

3 Material accounting policy information

A summary of the material 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, unless stated otherwise.

Property, plant and equipment

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

Depreciation is calculated on the straight-line basis to write-off the cost of property, plant and equipment to their estimated residual values over their expected economic useful lives as follows:

Buildings on leasehold land	20 years
Kitchen equipment	3 - 7 years
Furniture, fixtures and office equipment	5 - 7 years
Motor vehicles	5 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written-down immediately to its recoverable amount.

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 and other comprehensive income when they are incurred.

Intangible assets

Intangible assets consist of fees paid for the acquisition of franchise rights and area development costs. The intangible assets with a finite useful life are capitalised and amortised using the straight-line method over the term of the franchise.

The carrying value of franchise rights is reviewed for impairment annually when the asset is not yet in use or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

3 Material accounting policy information (continued)

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 incidentals 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 group'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.

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 group if it is reasonable certain to assess that option;
- 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.

3 Material accounting policy information (continued)

Leases (continued)

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 or 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 and other comprehensive income on a straight line basis over the period of the lease.

Financial assets

The Company classifies its financial assets in the following measurement categories:

1. Financial assets at fair value through profit or loss (FVTPL); and
2. Financial assets at amortised cost.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are initially recognised at fair value, including transaction costs that are directly attributable to the acquisition of the financial asset except transaction cost on financial instruments at FVTPL are not included in the amount at which the instrument is initially measured, instead they are immediately recognised in profit or loss. Equity and debt instruments are measured at fair value and all changes in fair value are recognised in the statement of profit or loss under IFRS 9.

Financial assets at amortised cost

Financial assets carried at amortised cost are initially recognised at fair value plus transaction cost that are directly attributable to their acquisition or issue and subsequently carried at amortised cost using the effective interest rate method less, provision for impairment. Categories of financial assets measured at amortised cost are given below:

3 Material accounting policy information (continued)

Financial assets (continued)

Financial assets at amortised cost (continued)

Trade and other receivables

Trade and other receivables are carried at their anticipated realisable values. An estimate is made for impaired trade receivables based on a review of all outstanding amounts at the year-end. Bad debts are written-off during the year in which they are identified. Impairment provision is recognised based on expected losses over the entire life of the trade and other receivables unless these are collectable over more than 12 months, in which case impairment losses are recognised on three stage expected credit losses model developed internally by the Company.

Cash and cash equivalent

Cash and cash equivalent are recorded at amortised cost in the financial statements less expected credit loss. Cash and cash equivalent comprise of cash on hand and bank balances which are subject to insignificant risk of fluctuation in its realisable value.

Financial liabilities

The financial liabilities of the Company consist of trade and other payables. These financial liabilities are initially recognised at fair value and are subsequently re-measured at amortised cost using the effective interest method.

Trade and other payables

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which is determined on the first in first out basis, comprises expenditure incurred in the normal course of business in bringing inventories to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business net of selling expenses. Where necessary, an allowance is made for obsolete, slow-moving and defective inventories. The stock is counted and verified on a monthly basis. The differences, if any, are updated in the system. The old/perishable items are written-off on a periodic 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.

Employees' terminal 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.

3 Material accounting policy information (continued)

Employees' terminal benefits (continued)

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 and other comprehensive income 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.

Revenue recognition under IFRS 15

a. Sale of goods

Sale represents sale of food, beverages, entertainment and other miscellaneous income. The Company's contracts with customers for the sale of goods generally include one performance obligation. The Company has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

b. Services income

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.

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.

Determining the transaction price

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.

Foreign currency transactions

Foreign currency transactions are accounted for at the rates of exchange prevailing on the dates of the transactions. Gains and losses resulting 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 and other comprehensive income. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

4 Critical accounting estimates and judgments

Preparation of the financial statements in accordance with IFRS requires 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 relate to:

- economic useful lives of property, plant and equipment and intangible assets;
- economic useful lives of right of use assets;
- determination of lease term and the borrowing rates for leases;
- fair value measurement;
- impairment of assets;
- revenue recognition;
- going concern; and
- contingencies.

Economic useful life of property, plant and equipment and intangible assets

Property, plant and equipment and Intangible assets are depreciated or amortised over their economic useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue or bring economic benefit to the Company. The economic useful lives 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 and other comprehensive income in specific periods.

Economic useful life of right of use assets

Right of use assets are amortised over their 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.

Determination of lease term and the borrowing rates for leases

The management of the Company exercises judgment while determining if it is reasonably certain while exercising the lease options at the commencement as well as during the lease term. The carrying value of lease liabilities are revised based on certain the 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.

4 Critical accounting estimates and judgments (continued)

Fair value measurement

A number of assets and liabilities included in the Company's 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

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. Transfers of items between levels are recognised in the period they occur. The Company has only one category of financial assets which is carried at fair value on a recurring basis. Disclosure relating to fair value hierarchy and basis of measurement is included in Note 29.

Impairment of assets

The Company creates provisions for impaired trade receivables to account for estimated losses resulting from the inability of customers to make the required payments. At 31 December 2023, in the opinion of the Company's management, no provision is required towards impaired trade and other receivables (2022: BDNil). IFRS 9 has fundamentally changed the loan loss impairment methodology. The standard has replaced IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. The Company is required to record an allowance for expected losses for all loans and other debt type financial assets not held at FVTPL. The allowance is based on the ECL associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset.

The Company also creates allowance for obsolete and slow-moving inventories. At 31 December 2023, in the opinion of management, no provision is required for the obsolete and slow-moving inventories (2022: BDNil). Estimates of net realisable value of inventories are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the statement of financial position date to the extent that such events confirm conditions existing at the end of the year.

Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

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.

4 Critical accounting estimates and judgments (continued)

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 events.

5 Property, plant and equipment

	Buildings on leasehold land	Kitchen equipment	Furniture, fixtures and office equipment	Motor vehicles	Total
Cost					
At 31 December 2021	1,100,288	491,105	972,567	58,288	2,622,248
Additions	-	295	315	-	610
Disposal	-	-	-	(7,380)	(7,380)
At 31 December 2022	1,100,288	491,400	972,882	50,908	2,615,478
Additions	-	-	4,069	-	4,069
Disposals	-	(11,365)	(21,776)	-	(33,141)
At 31 December 2023	<u>1,100,288</u>	<u>480,035</u>	<u>955,175</u>	<u>50,908</u>	<u>2,586,406</u>
Accumulated depreciation					
At 31 December 2021	1,100,288	450,436	868,219	57,986	2,476,929
Charge for the year	-	23,946	42,286	150	66,382
On disposals	-	-	-	(7,380)	(7,380)
At 31 December 2022	1,100,288	474,382	910,505	50,756	2,535,931
Charge for the year	-	8,460	31,934	152	40,546
On disposal	-	(11,365)	(21,737)	-	(33,102)
At 31 December 2023	<u>1,100,288</u>	<u>471,477</u>	<u>920,702</u>	<u>50,908</u>	<u>2,543,375</u>
Net book value					
At 31 December 2023	-	<u>8,558</u>	<u>34,473</u>	-	<u>43,031</u>
At 31 December 2022	-	<u>17,018</u>	<u>62,377</u>	<u>152</u>	<u>79,547</u>

Depreciation on property, plant and equipment is charged in the statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
Operating costs (Note 20)	40,173	41,552
Non-operating expenses	373	272
Discontinued operations (Note 22)	-	<u>24,558</u>
	<u>40,546</u>	<u>66,382</u>

Operating costs represent the depreciation on the property, plant and equipment of the restaurants.

6 Intangible assets

	31 December 2023	31 December 2022
Cost		
Opening and closing balance	<u>291,986</u>	<u>291,986</u>
Accumulated amortization		
Opening balance	281,789	278,082
Amortisation charge for the year	<u>5,586</u>	<u>3,707</u>
Closing balance	<u>287,375</u>	<u>281,789</u>
Net book value	<u>4,611</u>	<u>10,197</u>

Amortisation on intangible assets is charged in the statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
General and administrative expenses (Note 21)	5,586	3,249
Discontinued operations (Note 22)	<u>-</u>	<u>458</u>
	<u>5,586</u>	<u>3,707</u>

	31 December 2023	31 December 2022
Franchise fee	5,040	9,651
Computer software	329	329
HACCP Certificate	<u>217</u>	<u>217</u>
	<u>5,586</u>	<u>10,197</u>

Intangible assets include franchise fees paid for the brand Bennigan's and computer software.

The carrying amount of intangible assets are reviewed annually and adjusted for impairment, where considered necessary.

7 Right-of-use asset

	Outlets/restaurants	Total
At 31 December 2021	406,636	406,636
Amortisation charge for the year	<u>(165,228)</u>	<u>(165,228)</u>
At 31 December 2022	241,408	241,408
Additions during the year	283,988	283,988
Amortisation charge for the year	<u>(145,799)</u>	<u>(145,799)</u>
At 31 December 2023	<u>379,597</u>	<u>379,597</u>

7 Right-of-use assets (continued)

Amortisation on right-of-use asset is charged in the statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
Operating costs (Note 20)	<u>145,799</u>	<u>165,228</u>

8 Financial assets at fair value through profit or loss

	31 December 2023	31 December 2022
Opening balance	1,391,907	2,157,195
Unrealised fair value losses (Note 23(a))	(392,029)	(747,292)
Disposals	<u>-</u>	<u>(17,996)</u>
Closing balance	<u>999,878</u>	<u>1,391,907</u>

All the financial assets are denominated in Bahrain dinars and are considered non-current.

Financial assets at fair value through profit or loss account comprise equity securities listed on the stock exchange and are stated at fair value based on their quoted market price at the close of business on 31 December 2023.

9 Inventories

	31 December 2023	31 December 2022
Beverages	9,548	8,469
Food	7,510	6,644
Others	<u>3,427</u>	<u>2,987</u>
	<u>20,485</u>	<u>18,100</u>

10 Trade and other receivables

	31 December 2023	31 December 2022
Trade receivables	19,935	18,151
Amount due from a related party (Note 27)	40,260	-
Other receivables	20,688	22,523
Prepayments	15,044	14,224
Staff advances	699	1,889
Deposits	<u>3,050</u>	<u>3,050</u>
	<u>99,676</u>	<u>59,837</u>

10 Trade and other receivables (continued)

The Company has applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

The Company's Trade and other receivables are denominated in Bahrain Dinars.

In the opinion of the Company's management, the fair values of the trade and other receivables are not expected to be significantly different from their carrying values as at 31 December 2023.

11 Term deposits

Term deposits held with the Company's bankers earn a rate of return of 5.8% (2022: 4.40%), are denominated in Bahrain Dinars and have maturities of more than three months but less than a year.

12 Cash and cash equivalents

	31 December 2023	31 December 2022
Call account balance*	152,783	111,069
Current account balance**	18,588	18,588
Cash on hand	<u>2,100</u>	<u>1,600</u>
	<u>173,471</u>	<u>131,257</u>

* The call account balances bear interest at an effective rate ranging from 0.15% to 1.25% (2022: 0.15% to 1.25%) per annum.

** The current account balances with banks are non-profit bearing.

13 Share capital

	31 December 2023	31 December 2022
Authorised		
200,000,000 (2022: 200,000,000) ordinary shares of 100 fils each	<u>20,000,000</u>	<u>20,000,000</u>
Issued and fully paid-up		
40,000,000 (2022: 40,000,000) ordinary shares of 100 fils each	<u>4,000,000</u>	<u>4,000,000</u>

Treasury shares

Treasury shares were acquired consistent with the Ministry of Industry and Commerce's approval to purchase up to 10% of the Company's issued and fully paid-up share capital. The nominal value of these shares has been disclosed as deduction from reserves. The difference between the nominal value of the acquired shares, and the purchase price, was credited to the capital reserve (Note 15).

13 Share capital (continued)

Additional information on shareholding pattern

At 31 December, the names and nationalities of the major shareholders and the number of shares held in excess of 5% or more of the outstanding shares are as follows:

Major shareholders	Nationality	2023		2022	
		Number of shares	Percentage of shareholding interest	Number of shares	Percentage of shareholding interest
Others	Various	24,502,500	61.26%	24,502,500	61.26%
Gulf Hotels Group B.S.C.	Bahraini	10,100,000	25.25%	10,100,000	25.25%
Directors	Bahraini	1,397,500	3.49%	1,397,500	3.49%
		36,000,000	90.00%	36,000,000	90.00%
Treasury shares		4,000,000	10.00%	4,000,000	10.00%
		<u>40,000,000</u>	<u>100.00%</u>	<u>40,000,000</u>	<u>100.00%</u>

The Company has only one class of equity shares and the shareholders have equal voting rights.

The distribution pattern of the issued share capital, setting out the number of shareholders and the percentages broken down into the following categories are as follows:

	Number of shares		Number of Shareholders		Percentage of total outstanding shares	
	2023	2022	2023	2022	2023	2022
Directors	1,397,500	1,397,500	4	4	3.49%	3.49%
Less than 1%	16,306,278	16,604,221	925	915	40.77%	41.48%
1% up to less than 10%	8,196,222	7,898,279	11	11	20.49%	19.78%
More than 20%	10,100,000	10,100,000	1	1	25.25%	25.25%
	36,000,000	36,000,000	941	931	90%	90%
Treasury shares	4,000,000	4,000,000	-	-	10%	10%
	<u>40,000,000</u>	<u>40,000,000</u>	<u>941</u>	<u>931</u>	<u>100%</u>	<u>100%</u>

Details of directors' interests in the issued share capital of the Company are as follows:

	Number of shares	
	2023	2022
Abdul Latif Khalid Al Aujan	1,000,000	1,000,000
Adel Salman Kanoo	192,500	192,500
Bashar Mohammed Ali Alhassan	100,000	100,000
Sharif Mohammed Ahmadi	105,000	105,000
	<u>1,397,500</u>	<u>1,397,500</u>

14 Statutory reserve

Under 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. During the year, the Company has incurred a loss, no transfer was made to the statutory reserve for the year ended 31 December 2023 (2022: BDNil). The reserve is not available for distribution except for dividend payment as permitted by Bahrain Commercial Companies Law.

15 Capital reserve

Capital reserve represents the excess of nominal value of the shares over its purchase price of the treasury shares acquired (Note 13).

16 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 2023 amounted to BD4,696 (2022: BD4,298).

Expatriate employees

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

	31 December 2023	31 December 2022
Opening balance	69,014	66,092
Accruals for the year	16,124	12,176
Payments made during the year	<u>(11,300)</u>	<u>(9,254)</u>
Closing balance	<u>73,838</u>	<u>69,014</u>
The number of staff employed by the Company	<u>48</u>	<u>46</u>

17 Trade and other payables

	31 December 2023	31 December 2022
Trade payables	101,193	91,780
Accruals and other payables	100,876	89,290
Provision for leave salary and air passage	23,337	21,090
Amounts due to related parties (Note 27)	<u>8,359</u>	<u>5,784</u>
	<u>233,765</u>	<u>207,944</u>

Trade payables are denominated in Bahraini Dinars and are normally settled within 60 days of the suppliers' invoice date.

Amounts due to related parties are unsecured, bear no interest and have no fixed repayment terms.

In the opinion of the Company's management, the fair values of the trade and other payables approximate their carrying values.

18 Lease liabilities

	31 December 2023	31 December 2022
Opening balance	253,236	417,052
Additions	283,988	-
Interest expenses	15,929	16,184
Lease payments	<u>(163,300)</u>	<u>(180,000)</u>
Closing balance	389,853	253,236
Less: current portion of lease liabilities	<u>(127,935)</u>	<u>(121,507)</u>
Non-current portion of lease liabilities	<u>261,918</u>	<u>131,729</u>

18 Lease liabilities (continued)

Maturity analysis - contractual undiscounted cash flows:

	31 December 2023	31 December 2022
One year or less	145,500	148,200
More than one year and less than five years	<u>283,900</u>	<u>236,800</u>
Total undiscounted lease	<u>429,400</u>	<u>385,000</u>

19 Operating income

	Year ended 31 December 2023	Year ended 31 December 2022
Food sales	594,828	409,120
Beverages sales	531,787	492,212
Services charges	<u>56,101</u>	<u>55,249</u>
	<u>1,182,716</u>	<u>956,581</u>

20 Operating costs

	Year ended 31 December 2023	Year ended 31 December 2022
Staff costs	292,578	231,309
Food costs	249,580	152,299
Beverages costs	159,185	144,252
Amortisation of right-of-use asset (Note 7)	145,799	165,228
Depreciation of property, plant and equipment (Note 5)	40,173	41,552
Other operating costs	<u>187,327</u>	<u>170,451</u>
	<u>1,074,642</u>	<u>905,091</u>

21 General and administrative expenses

	Year ended 31 December 2023	Year ended 31 December 2022
Staff costs	61,838	60,619
Other expenses	63,081	38,736
Amortisation of intangible assets (Note 6)	<u>5,586</u>	<u>3,249</u>
	<u>130,505</u>	<u>102,604</u>

22 Discontinued operations

Board of Directors has decided in their Board meeting has decided held on 7 October 2020, to close the operations of Bayti ("the restaurant). The Company has effectively closed the operation on 16 October 2020. The results of the discontinued operations are as follows:

The statement of profit or loss and other comprehensive income of discontinued operations are as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
Other income	-	12,335
General and administrative expenses	<u>-</u>	<u>(25,341)</u>
	<u>-</u>	<u>(13,006)</u>

The statement of cash flow of discontinued operations are as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
Operating activities	<u>-</u>	<u>(44,546)</u>

23 (a) Losses on investment

	Year ended 31 December 2023	Year ended 31 December 2022
Unrealised fair value loss on financial assets at fair value through profit or loss (Note 8)	(392,029)	(747,292)
Dividend income	<u>62,333</u>	<u>62,312</u>
	<u>(329,696)</u>	<u>(684,980)</u>

(b) Other income

	Year ended 31 December 2023	Year ended 31 December 2022
Interest income	20,170	10,075
Liability no longer payable written-off	6,175	-
Gain on sale of property, plant and equipment	1,281	1,100
Miscellaneous income	<u>3,223</u>	<u>1,873</u>
	<u>30,849</u>	<u>13,048</u>

24 Basic and diluted loss per share

Basic and diluted loss per share is calculated by dividing the net loss attributable to the shareholders by the weighted average number of ordinary shares in issue during the year, excluding the treasury shares purchased and held by the Company.

	Year ended 31 December 2023	Year ended 31 December 2022
Net loss attributable to the shareholders	<u>(378,766)</u>	<u>(796,743)</u>
Weighted average number of ordinary shares	<u>36,000,000</u>	<u>36,000,000</u>
Basic and diluted loss per share	<u>Fils (10.52)</u>	<u>Fils (22.13)</u>

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

25 Dividend

Declared and paid

No dividend was paid to the shareholders during the year (2022: BDNil).

Proposed by the Board of Directors

The Board of Directors do not propose to pay any further dividends to the shareholders for the year ended 31 December 2023 (2022: BDNil). This is subject to the approval of shareholders in the annual general meeting.

26 Commitments and contingent liabilities

At 31 December 2023, there were no contingent liabilities and commitments arising during the course of business.

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 major shareholders, directors, key management personnel and their close family members and such other companies over which the Company or its major 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 arm's length basis.

27 Transactions and balances with related parties (continued)

Transactions with related parties are as follows:

<u>Related party</u>	<u>Related party relationship</u>	<u>Type of transaction</u>	<u>Year ended 31 December 2023</u>	<u>Year ended 31 December 2022</u>
Directors	Directors	Attendance fees for attending Board meetings	36,950	39,050
Key management personnel*	Key management personnel	Salaries and other short-term benefits	47,025	26,256
Gulf Hotel Group	Shareholder	AGM meeting hall rent etc.	1,214	758
		Staff expenses	659	1,263
		Food & Beverage supply	163,403	-
Abdul Latif Al Aujan Food International	Common Shareholder	Purchase of food items	40,948	14,211
Bahrain Gas W.L.L.	Common Shareholder	Purchase of cooking gas	4,235	3,730

* Key management personnel are those staff members who have authority and responsibility for planning, directing and controlling the activities of the Company.

A summary of related party balances is as follows:

	<u>Related party relationship</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
<i>Amounts due from a related party (Note 10)</i>			
Gulf Hotels Group B.S.C.	Shareholder	<u>40,260</u>	<u>-</u>
<i>Amounts due to related parties (Note 17)</i>			
Abdul Latif Al Aujan Food International	Common Shareholder	7,700	5,281
Bahrain Gas W.L.L.	Common Shareholder	-	343
Gulf Hotels Group B.S.C.	Shareholder	<u>659</u>	<u>160</u>
		<u>8,359</u>	<u>5,784</u>

28 Segmental information

The Company's activities are restricted to operating restaurants and catering assignments which are subject to similar risks and returns. The Company also owns certain investments. The ownership and returns on these investments do not form separate financial segments, hence no business segmental information has been presented.

The Company operates only in the Kingdom of Bahrain and, hence, no geographical information is presented in these financial statements.

29 Financial assets and liabilities and risk management

Financial assets and liabilities carried on the statement of financial position include cash and cash equivalents, trade and other receivables, financial assets at fair value through profit or loss and trade and other payables. The specific recognition methods adopted are disclosed in the individual policy statements associated with each item.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value.

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 2023 and 2022.

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, lease liabilities, trade and other payables less cash and cash equivalents. Capital includes capital and reserves attributable to the shareholders of the Company.

	31 December 2023	31 December 2022
Lease liabilities	389,853	253,236
Trade and other payables	233,765	207,944
Less: Cash and cash equivalents	<u>(173,471)</u>	<u>(131,257)</u>
Net debt	<u>450,147</u>	<u>329,923</u>
Total capital	<u>1,373,293</u>	<u>1,752,059</u>
Capital and net debt	<u>1,823,440</u>	<u>2,081,982</u>
Gearing ratio	<u>24.68%</u>	<u>15.85%</u>

Risk management is carried out by the Board of Directors, which has overall responsibility for the Company and oversight of the Company's risk management framework and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board receives monthly reports from the Company's Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The Board provides principles for overall risk management, as well as policies covering specific areas, such as credit risk, interest risk, foreign exchange risk and investment of excess liquidity.

29 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 and credit exposures to customers, including outstanding receivables. For banks and financial institutions only independent related parties with a minimum rating of 'A' are accepted. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss is immaterial. The risk management policy relating to trade and other receivables is provided in Note 10.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's call accounts earn fixed rates of interest. The negotiation only occurs when the fixed deposits are renewed on maturity. The Company's other assets and liabilities in the opinion of the management are not sensitive to interest rate risk.

The sensitivity of the statement of profit or loss and other comprehensive income due to the effect of reasonably possible changes in interest rates, with all other variables held constant, is not estimated to be significant by management.

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 foreign currency transactions are predominantly in United States Dollars which is effectively pegged to the Bahrain Dinars. Accordingly, the management does not consider the Company to have a significant currency rate risk.

Liquidity risk, also referred to as funding 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. The Company's management monitors liquidity requirements on a regular basis to help ensure that sufficient funds are available to meet all liabilities as they fall due.

Price risk is the risk that the Company is exposed to investments held and classified on the statement of financial position as financial assets at fair value through profit or loss. The Company is not significantly exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

Investment fair value sensitivity analysis designated in the statement of financial position as financial assets at fair value through profit or loss is as follows:

<u>Description</u>	<u>Change</u>	<u>Impact on profits</u>
Financial assets at fair value through profit or loss	+/-5%	+/- 49,994
Financial assets at fair value through profit or loss	+/-10%	+/- 99,988

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, cash and cash equivalents and trade and other payables. 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 2023.

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29 Financial assets and liabilities and risk management (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 2023	Level of hierarchy	Valuation technique used and key inputs	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value
<i>Financial assets</i>					
Quoted: Fair value through profit or loss	999,878 (2022: 1,391,907)	L1	Quoted prices from stock exchanges	Not applicable	Not applicable

There were no transfers between levels during the years 2023 and 2022.

30 Going concern

The Company has incurred a net loss of BD378,766 for the year ended 31 December 2023 and its accumulated losses aggregated to BD3,089,879 resulting in significant erosion of the share capital of the Company as at 31 December 2023. These factors raise substantial doubt about the Company's ability to continue to operate as a going concern. The management has noted that the major portion of the current period's accumulated losses are derived from unrealised investment fair valuation losses and not operational losses. Therefore, in the opinion of the management the Company has adequate liquidity position to continue its operation in the normal course of business. However, these financial statements have been prepared on a going concern basis as the Company's management is in the process of assessing all the available options with respect to Company's liquidity position and going concern. Further, in the opinion of the management, the Company has a sufficient liquidity which can meet its liabilities for the next twelve-month period from the date of statement of financial position and the Company is expected to continue its operations in the normal course.

31 Subsequent events

There were no significant events subsequent to 31 December 2023 and occurring before the date of signing of the financial statements that would have a significant impact on these financial statements.