Bahrain Family Leisure Company B.S.C.

Financial statements for the
year ended 31 December 2019

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Commercial registration no.	32196-01 obtained on 13 July 1994 32196-04 obtained on 5 August 2000 32196-05 obtained on 27 September 2001 32196-06 obtained on 21 November 2004 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	- Chairman
	Mr. Garfield Jones	- Vice-Chairman and Managing Director
	Mr. Adel Salman Kanoo	- Director
	Mr. Bashar Mohammed Ali Alhasan	- Director
	Mr. Sharif Mohammed Ahmadi	- Director
	Mr. Ron Peters	- Director
	Mr. Suresh Surana	- Director
Nominating and remuneration committees	Mr. Abdul Latif Khalid Al Aujan	- Chairman
	Mr. Adel Salman Kanoo Mr. Sharif Mohammed Ahmadi Mr. Suresh Surana	
Audit committee	Mr. Suresh Surana	- Chairman
	Mr. Bashar Mohammed Ali Alhassan Mr. Garfield Jones	
Executive Committee	Mr. Garfield Jones	- Chairman
	Mr. Adel Salman Kanoo Mr. Sharif Mohammed Ahmadi Mr. Ron Peters	
Investment Committee	Mr. Abdul Latif Khalid Al Aujan	- Chairman
	Mr. Garfield Jones Mr. Sharif Mohammed Ahmadi Mr. Suresh Surana	
Corporate governance committee	Mr. Adel Salman Kanoo	- Chairman
	Mr. Sharif Mohammed Ahmadi Mr. Suresh Surana Mr. Ron Peters	
Registered office	Gulf Executive Offices 10^{th} Floor, Block No. 338 Adliya, PO Box 11612 Manama Kingdom of Bahrain	
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	
Bankers	National Bank of Bahrain Bank of Bahrain and Kuwait National Bank of Kuwait	
Auditors	BDO 17^{th} Floor, Diplomat Commercial Office Tower PO Box 787 Manama Kingdom of Bahrain	

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 2019.

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 8 and 9 of the financial statements.

Dividend

The Board of Directors of the Company do not propose any dividend for the year ended 31 December 2019 (2018: BDNil).

Representation and audit

The Company's activities for the year ended 31 December 2019 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	Garfield Jones Vice Chairman and Managing Director

16 February 2020

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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 2019, 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 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 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.

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, 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.

Financial assets at fair value through profit or loss

The Company has quoted investments amounting to BD4,056,741 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 and sold 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.

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

Report on the audit of the financial statements (continued)

Other information
Management is responsible for the other information. The other information comprises the information included in the 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 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.

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;

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Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- 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 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 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 the Company has:

(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
16 February 2020

ارشد غادیت
رقم القيد ١٥٦
BDO
Public Accountants
Reg. No. 156
Arshad Gadit

Bahrain Family Leisure 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			
Property, plant and equipment	5	379,198	512,969
Intangible assets	6	20,785	23,068
Right-of-use assets	7	782,245	-
Financial assets at fair value through profit or loss	8	4,056,741	5,730,662
		5,238,969	6,266,699
Current assets			
Inventories	9	29,496	61,908
Trade and other receivables	10	121,462	122,732
Cash and cash equivalents	11	356,275	172,372
	¤	507,233	357,012
Total assets		5,746,202	6,623,711
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	4,000,000	4,000,000
Statutory reserve	13	794,927	794,927
Capital reserve	14	68,245	68,245
(Accumulated losses)/retained earnings		(66,244)	1,534,030
Treasury shares	12	(400,000)	(400,000)
Total equity		4,396,928	5,997,202
Non-current liabilities			
Employees' terminal benefits	15	89,325	85,869
Non-current portion of lease liabilities	17	560,904	-
		650,229	85,869
Current liabilities			
Trade and other payables	16	463,114	540,640
Current portion of lease liabilities	17	235,931	-
		699,045	540,640
Total liabilities		1,349,274	626,509
Total equity and liabilities		5,746,202	6,623,711

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

Garfield Jones
Vice-Chairman and
Managing Director

Bahrain Family Leisure Company B.S.C.
Statement of profit or loss and other comprehensive income
for the year ended 31 December 2019
(Expressed in Bahrain Dinars)

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Operating income, net	18	1,469,658	1,429,801
Operating costs	19	(1,398,866)	(1,336,074)
Operating gross profit		70,792	93,727
Expenses			
General and administrative expenses		(145,536)	(199,646)
Finance cost on lease liabilities		(40,360)	-
Selling and advertising expenses		(68,728)	(84,323)
Directors' fees		(43,300)	(83,100)
Total expenses		(297,924)	(367,069)
Loss before losses on investment and other income		(227,132)	(273,342)
Losses on investment and other income	20	(1,373,142)	(765,139)
Net loss and total comprehensive loss for the year		(1,600,274)	(1,038,481)
Basic and diluted loss per share	21	Fils (44.45)	Fils (28.85)

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

Garfield Jones
Vice-Chairman and
Managing Director

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

	Share capital	Statutory reserve	Capital reserve	Retained earnings	Treasury shares	Total
At 31 December 2017	4,000,000	794,927	68,245	2,932,511	(400,000)	7,395,683
Net loss and other comprehensive loss for the year	-	-	-	(1,038,481)	-	(1,038,481)
Dividend for the year 2017 (Note 22)	-	-	-	(360,000)	-	(360,000)
At 31 December 2018	4,000,000	794,927	68,245	1,534,030	(400,000)	5,997,202
Net loss and other comprehensive loss for the year	-	-	-	(1,600,274)	-	(1,600,274)
At 31 December 2019	4,000,000	794,927	68,245	(66,244)	(400,000)	4,396,928

Bahrain Family Leisure 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 loss for the year		(1,600,274)	(1,038,481)
Adjustments for:			
Depreciation on property, plant and equipment	5	158,365	163,874
Amortisation of intangible assets	6	3,704	3,473
Amortisation of right-of-use asset	7	256,652	-
Unrealised fair value loss on financial assets at fair value through profit or loss	8	1,666,688	1,086,878
Finance cost on lease liabilities	17	40,360	-
Interest income	20	(4,921)	(721)
Dividend income	20	(286,508)	(286,320)
(Profit)/loss on sale of property, plant and equipment	20	(213)	637
Changes in operating assets and liabilities:			
Inventories		32,412	(27,355)
Trade and other receivables		(1,507)	(41,239)
Trade and other payables		(112,915)	(62,843)
Employees' terminal benefits, net		3,456	11,724
Net cash provided by/(used in) operating activities		155,299	(190,373)
Investing activities			
Purchase of property, plant and equipment	5	(24,605)	(132,121)
Purchase of intangible assets	6	(1,420)	(3,500)
Additions in financial assets at fair value through profit and loss	8	-	(4,011)
Proceeds from disposal of financial assets at fair value through profit and loss		7,233	-
Proceeds from sale of property, plant and equipment		224	-
Interest received	20	4,921	721
Dividend received	20	286,508	286,320
Net cash provided by investing activities		272,861	147,409
Financing activities			
Principal and interest paid on lease liabilities		(244,257)	-
Dividends paid		-	(286,899)
Net cash used in financing activities		(244,257)	(286,899)
Net increase/(decrease) in cash and cash equivalents		183,903	(329,863)
Cash and cash equivalents, beginning of the year		172,372	502,235
Cash and cash equivalents, end of the year	11	356,275	172,372

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.

Until 2011, the Company operated two franchise restaurants, one under the name of "Ponderosa Steakhouse" and other under the name of "Bennigan's Restaurant". In 2012, the Company established a new restaurant under the name of "Cucina Italiana" and also started catering service under the name "Kazbah Catering". In 2014, "Ponderosa Steakhouse" was closed and a new restaurant was opened under the name of "Bayti". In 2015, "Bayti" operations have been discontinued. In 2017, the Company has opened a new restaurant "Bennigan's Restaurant" (Amwaj).

In 2018, the Company has opened new restaurant under the name of "Bayti" in Oasis Mall Juffair. The registered office of the Company is in the Kingdom of Bahrain.

Name and status of the divisions:

Name	Commercial registration number	Status
Bahrain Family Leisure Company	32196-01	Active
Kazbah	32196-04	Active
Ponderosa steak house	32196-05	Active
Kids Fun	32196-06	Active
Bennigan's	32196-07	Active
Cucina Italiana	32196-13	Active
Bayti	32196-14	Active

These financial statements, set out on pages 8 to 33, were approved and authorised for issue by the Management on 16 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"), and in conformity with 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.

Basis of presentation

The financial statements have been prepared using the going concern assumption under the historical cost convention except for investments classified as financial assets at fair value through profit or loss which are recorded at their fair market values at the statement of financial position date.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The functional and presentation currency of the Company is Bahrain Dinars (BD).

2 Basis of preparation (continued)

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 year with earlier adoption.

Standards, amendments and interpretations effective and adopted in 2019

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 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

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases. As a result of adoption of IFRS 16 the Company will recognise right of use assets and lease liabilities for all contracts that are, or contain, a lease. The Company has implemented IFRS 16 and has recognised right of use of assets and leases on balance sheet as at 1 January 2019. In addition, it is also decided to measure right-of-use assets by reference to the measurement of the lease liability on that date.

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. The Company has applied the incremental borrowing rate for the calculation of present value of the remaining lease payments. The incremental borrowing rate applied was 5%. As a result of the adoption of this standard, BD1,038,897 was recognised as right of use assets and BD1,000,732 was recognised as lease liabilities resulting in reduction in the prepayment by BD38,165.

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

	Leasehold
Operating lease commitments at 31 December 2018	1,088,164
Discounted using the lessee's incremental borrowing rate at the date of initial application	(87,432)
Lease liabilities recognised under IFRS 16 at 1 January 2019	1,000,732

The variable lease payments not recognised as per IFRS 16 amounts to BDNil.

2 Basis of preparation (continued)

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

The following new amendments to existing standard and interpretation to published standard is mandatory for accounting year beginning on or after 1 January 2019 or subsequent years, but is 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 9	Financial instruments	1 January 2019
IFRS 3	Business combinations	1 January 2019
IFRS 11	Joint arrangements	1 January 2019
IFRIC 23	Uncertainty over income tax treatments	1 January 2019

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

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial year ended 31 December 2019. They have not been adopted in preparing the financial statements for the year ended 31 December 2019 and will or may have an effect on the entity's future financial statements. In all cases, the entity 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 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. These policies have been consistently applied to all the years presented, except for those changed due to adoption of IFRS 16.

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.

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.

3 Significant accounting policies (continued)

***Leases* (continued)**

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.

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;

3 Significant accounting policies (continued)

***Leases* (continued)**

- 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 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:

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.

3 Significant accounting policies (continued)

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 stated at their amortised cost.

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.

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.

3 Significant accounting policies (continued)

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;
- provisions;
- going concern; and
- contingencies.

4 Critical accounting estimates and judgments (continued)

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 consolidated 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.

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 26.

4 Critical accounting estimates and judgments (continued)

Provisions

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 2019, in the opinion of the Company's management, no provision is required towards impaired trade and other receivables (2018: 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 2019, in the opinion of management, no provision is required for the obsolete and slow-moving inventories (2018: 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.

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 events.

Bahrain Family Leisure Company B.S.C.
Notes to the financial statements for the year ended 31 December 2019
(Expressed in Bahrain Dinars)

5 Property, plant and equipment

Furniture,

	Buildings on leasehold land	Kitchen equipment	fixtures and office equipment	Motor vehicles	Total
Cost					
At 31 December 2017	1,100,288	601,405	904,420	61,103	2,667,216
Additions during the year	-	31,125	100,996	-	132,121
Written-off during the year	-	(131,631)	(4,250)	-	(135,881)
At 31 December 2018	1,100,288	500,899	1,001,166	61,103	2,663,456
Additions during the year	-	10,187	13,668	750	24,605
Disposal	-	-	-	(1,825)	(1,825)
At 31 December 2019	1,100,288	511,086	1,014,834	60,028	2,686,236
Accumulated depreciation					
At 31 December 2017	933,720	512,705	619,855	55,576	2,121,856
Charge for the year	51,074	25,251	84,351	3,198	163,874
On written-off	-	(131,631)	(3,612)	-	(135,243)
At 31 December 2018	984,794	406,325	700,594	58,774	2,150,487
Charge for the year	53,086	24,226	79,572	1,481	158,365
On disposal	-	-	-	(1,814)	(1,814)
At 31 December 2019	1,037,880	430,551	780,166	58,441	2,307,038
Net book value					
At 31 December 2019	62,408	80,535	234,668	1,587	379,198
At 31 December 2018	115,494	94,574	300,572	2,329	512,969

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 2019	Year ended 31 December 2018
Operating costs (Note 19)	155,687	159,806
Non-operating expenses	2,678	4,068
	158,365	163,874

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

The Company operates from premises leased at a monthly rent of BD20,837 (2018: BD18,730) per month.

6 Intangible assets

	31 December 2019	31 December 2018
Cost		
Opening balance	289,916	286,416
Additions during the year	1,420	3,500
Closing balance	291,336	289,916
Accumulated amortization		
Opening balance	266,847	263,375
Amortisation charge for the year	3,704	3,473
Closing balance	270,551	266,848
Net book value	20,785	23,068

	31 December 2019	31 December 2018
Franchise fee	15,642	17,639
Computer software	4,581	5,429
Trademark	562	-
	20,785	23,068

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

	Office building	Outlets/ restaurants	Total
Cost			
Additions during the year	148,629	890,268	1,038,897
Balance as at 31 December 2019	148,629	890,268	1,038,897
Amortisation			
Amortisation charge for the year	70,745	185,907	256,652
Balance as at 31 December 2019	70,745	185,907	256,652
Carrying value			
31 December 2019	77,884	704,361	782,245

8 Financial assets at fair value through profit or loss account

	31 December 2019	31 December 2018
Opening balance	5,730,662	6,813,529
Unrealised fair value losses (Note 20)	(1,666,688)	(1,086,878)
Disposals	(7,233)	-
Additions	-	4,011
Closing balance	4,056,741	5,730,662

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 2019.

9 Inventories

	31 December 2019	31 December 2018
Food	10,438	9,132
Beverages	12,823	47,309
Others	6,235	5,467
	29,496	61,908

10 Trade and other receivables

	31 December 2019	31 December 2018
Trade receivables	44,247	21,297
Other receivables	16,678	5,792
Prepayments	37,446	74,055
Staff advances	984	1,243
Deposits	22,107	20,345
	121,462	122,732

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 adoption of IFRS 9 does not have any material impact on the Company's financial statements.

10 Trade and other receivables (continued)

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 2019.

11 Cash and cash equivalents

	31 December 2019	31 December 2018
Call account balance*	87,550	160,516
Current account balance**	266,925	10,056
Cash on hand	1,800	1,800
	356,275	172,372

* The call account balances bear interest at an effective rate ranging from 0.15% to 1.25% (2018: 0.15% to 1.25%) per annum.

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

12 Share capital

	31 December 2019	31 December 2018
Authorised		
200,000,000 (2018: 200,000,000) ordinary shares of 100 fils each	20,000,000	20,000,000
Issued and fully paid-up		
40,000,000 (2018: 40,000,000) ordinary shares of 100 fils each	4,000,000	4,000,000

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 14).

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:

		2019		2018	
Major shareholders	Nationality	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%
		40,000,000	100.00%	40,000,000	100.00%

12 Share capital (continued)

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	
	2019	2018	2019	2018	2019	2018
Directors	1,397,500	1,397,500	4	4	3.49%	3.49%
Less than 1%	16,659,239	16,286,996	928	925	41.65%	40.72%
1% up to less than 10%	7,843,261	8,215,504	11	11	19.61%	20.54%
More than 20%	10,100,000	10,100,000	1	1	25.25%	25.25%
	36,000,000	36,000,000	944	941	90%	90%
Treasury shares	4,000,000	4,000,000	-	-	10%	10%
	40,000,000	40,000,000	944	941	100%	100%

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

	Number of shares	
	2019	2018
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
	1,397,500	1,397,500

13 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 2019 (2018: BDNil). The reserve is not available for distribution except for dividend payment as permitted by Bahrain Commercial Companies Law.

14 Capital reserve

Capital reserve represents the excess of nominal value of the shares over its purchase price of the treasury shares acquired (Note 12).

15 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 BD3,285 (2018 BD4,042).

Expatriate employees

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

	31 December 2019	31 December 2018
Opening balance	85,869	74,145
Accruals for the year	19,835	19,816
Payments during the year	(16,379)	(8,092)
Closing balance	89,325	85,869
The number of staff employed by the Company	95	99

16 Trade and other payables

	31 December 2019	31 December 2018
Trade payables	58,926	157,672
Amounts due to related parties (Note 24)	5,148	4,717
Unclaimed dividends	160,036	172,491
Accruals and other payables	194,139	164,131
Provision for leave salary and air passage	44,865	41,629
	463,114	540,640

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.

A year wise break-down of the unclaimed dividends is as follows:

Relating to the year	31 December 2019	31 December 2018
Before 2010	16,397	16,616
2010	10,718	11,362
2012	13,574	13,841
2016	52,944	57,571
2017	66,403	73,101
	160,036	172,491

17 Lease liabilities

	31 December 2019	31 December 2018
Additions	1,000,732	-
Interest expense	40,360	-
Lease payments	(244,257)	-
At 31 December	796,835	-
Less: current portion of lease liabilities	(235,931)	-
Non-current portion of lease liabilities	560,904	-

Maturity analysis - contractual undiscounted cash flows:

	31 December 2019	31 December 2018
Less than one year	267,088	-
More than one year and less than five years	534,352	-
More than five years	61,050	-
Total undiscounted lease	862,490	-

18 Operating income

	Year ended 31 December 2019	Year ended 31 December 2018
Food sales	727,955	657,875
Beverages sales	655,663	682,045
Services charges	86,040	89,881
	1,469,658	1,429,801

19 Operating costs

	Year ended 31 December 2019	Year ended 31 December 2018
Staff costs	368,166	404,754
Food costs	205,986	142,242
Beverages costs	212,714	201,209
Depreciation of property, plant and equipment (Note 5)	155,687	159,806
Amortisation of right-of-use asset (Note 7)	256,652	-
Rent expenses	-	202,662
Other operating costs	199,661	225,401
	1,398,866	1,336,074

20 Losses on investment and other income

	Year ended 31 December 2019	Year ended 31 December 2018
Unrealised fair value loss on financial assets at fair value through profit or loss account (Note 8)	(1,666,688)	(1,086,878)
Dividend income	286,508	286,320
Interest income	4,921	721
Profit/(loss) on disposal of property, plant and equipment	213	(637)
Miscellaneous income	1,904	35,335
	(1,373,142)	(765,139)

21 Basic and diluted loss per share

Basic and diluted loss per share are 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 2019	Year ended 31 December 2018
Net loss attributable to the shareholders	(1,600,274)	(1,038,481)
Weighted average number of ordinary shares	36,000,000	36,000,000
Basic and diluted loss per share	Fils (44.45)	Fils (28.85)

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

22 Dividend

Declared and paid

A dividend of BDNil for the year ended 31 December 2019 (2018: BD360,000 for the year ended (31 December 2018 was approved by the shareholders in the Annual General Meeting of the shareholders held on 15 March 2018, declared and subsequently paid in 2018).

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 2019 (2018: BDNil). This is subject to the approval of shareholders in the annual general meeting.

23 Commitments

Capital commitments

There are no capital commitments contracted for at the statement of financial position date (2018: BDNil).

24 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.

Transactions with related parties are as follows:

Related party	Related party relationship	Type of transaction	Year ended 31 December 2019	Year ended 31 December 2018
Directors	Directors	Attendance fees for attending Board meetings	43,300	27,650
		Directors remuneration	-	55,450
			43,300	83,100
Key management Personnel*	Key management personnel	Salaries and other short-term benefits	59,104	58,216
Gulf Hotel Group	Shareholder	AGM meeting hall rent etc.	1,229	1,188
		Staff expenses	1,255	3,929
Abdul Latif Al Aujan Food International	Common Shareholder	Purchase of food items	14,816	16,218
Bahrain Gas W.L.L.	Common Shareholder	Purchase of cooking gas	4,675	6,533
		Purchase of kitchen equipment	9,258	-

* 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:

	Related party relationship	31 December 2019	31 December 2018
Amounts due to related parties (Note 16)			
Gulf Hotels Group B.S.C.	Shareholder	-	254
Abul Latif Al Aujan Food International	Common Shareholder	4,356	4,072
Bahrain Gas W.L.L.	Common Shareholder	792	391
		5,148	4,717

25 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.

26 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 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 2019 and 2018.

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 2019	31 December 2018
Lease liability	796,835	-
Trade and other payables	463,114	540,640
Less: Cash and cash equivalents	(356,275)	(172,372)
Net debt	903,674	368,268
Total capital	4,396,928	5,997,202
Capital and net debt	5,300,602	6,365,470
Gearing ratio	17.05%	5.79%

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.

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.

26 Financial assets and liabilities and risk management (continued)

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:

Description	Change	Impact on profits
Financial assets at fair value through profit or loss	+/-5%	+/- 202,837
Financial assets at fair value through profit or loss	+/-10%	+/- 405,674

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 2019.

26 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 observable inputs and fair value:

	Fair value at 31 December 2019	Level of hierarchy	Valuation technique used and key inputs	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value
Financial assets					
Quoted: Fair value through profit or loss	4,056,741 (2018: 5,730,662)	L1	Quoted prices from stock exchanges	Not applicable	Not applicable

There were no transfers between levels during the years 2019 and 2018.

27 Subsequent events

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.