



الشركة البحرينية للترفيه العائلي ش.م.ب.

BAHRAIN FAMILY LEISURE COMPANY B.S.C.

www.bflc.com.bh

محل رقم ١٠٠٠، مبنى ١٥، مجمع ٣٣٨، طريق ٣٨٠

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Supplementary Disclosure - Reporting on the Financial Impact of Covid-19

The World Health Organization declared coronavirus and COVID-19 a global health emergency on 30 January 2020. Since then, a Company has experienced significant disruption to its operations in the following respects:

- Due to local governments mandating that shopping centres and other 'non-essential' businesses cease normal operations;
- Disruptions in the supply of inventory from major suppliers;
- Decreased in demand of dine-in restaurants as a consequence of social distancing requirements and recommendations;
- Significant uncertainty concerning when government lockdowns will be lifted, social distancing requirements will be eased and the long-term effects of the pandemic on the demand for a Company's primary products.

Based on the nature of operations and the industry in which it operates, the Company's management assessed the significant impact of COVID-19 in the below areas:

- (a) Decrease in operating income;
- (b) Rent concessions;
- (c) Government grants; and
- (d) Going concern.
- (e) Commitments and contingent liabilities

(a) Decrease in operating income

Company has experienced a significant reduction in its operating income since pandemic effect was widespread during the year ended 31 December 2020. The Company is engaged in operating restaurants, providing services related to family entertainment, supply of amusement related equipment. All of the restaurants operated by the Company were closed from March 2020 to October 2020 causing the decrease in operating income by BD968,982 as compared to the prior year. The Company has reported a total operating income of BD429,072 for the year as compared to BD1,398,054 in the corresponding previous year.

Considering the facts disclosed above, the Company has decided to close the operation of Bayti ("the restaurant") and the Company has performed the impairment assessment and recorded an impairment on assets amounting to BD38,926.

(b) Rent concessions

As discussed in Note 2, the Company has elected to apply the practical expedient introduced by the amendments to IFRS 16 to all rent concessions that satisfy the criteria. Substantially all of the rent concessions entered into during the year ended 31 December 2020 satisfy the criteria to apply the practical expedient.

The application of the practical expedient has resulted in the reduction of total lease liabilities of BD70,661. The effect of this reduction has been recorded in the statement of profit or loss and other comprehensive income in the period in which the event or condition that triggers those payments occurs.

(c) Government grants

The Company has applied for government support programs introduced in response to the global pandemic. The Company has received a government grant of BD12,354 relating to supporting the payroll of the Company's employees. The Company has elected to present this government grant by reducing the related expense. The Company had to commit to spending the assistance on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Company does not have any unfulfilled obligations relating to this program.





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(d) *Going concern*

The Company has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Company's future performance, capital and liquidity. The impact of COVID-19 may contribute to evolve, but at the present time the projections show that the Company has ample resources to continue to operational existence and its going concern positions remain largely unaffected and unchanged. As a result, these financial statements have been appropriately prepared on a going concern basis.

(e) *Commitments and contingent liabilities*

The Company has assessed the impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships among the Company, customers and suppliers, with a view of potential increase in contingent liabilities and commitments and no issue were noted except for the dispute on the claim amount by the Landlord of Bayti for remaining period of lease contract. As at 31 December 2020, the Company has assessed the claim amount of BD135,589 with their legal advisor and recorded a provision of BD15,000.

No other significant impact noted by the management on other areas during the year ended 31 December 2020.

Mr. Abdul Latif Khalid Al Aujan
Chairman of the Board

