

**Bahrain Car Parks Company B.S.C.**

**Financial statements for the  
year ended 31 December 2017**

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**Financial statements for the year ended 31 December 2017**

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**Bahrain Car Parks Company B.S.C.**  
**Administration and contact details as at 31 December 2017**

<b>Commercial registration number</b>	11455 obtained on 31 October 1981
<b>Board of Directors</b>	<p>Ismaeel A. Nabi Al-Marhoon - Chairman  (appointed with effect from 22.3.2017)</p> <p>Mahmood Mahmood Husain - Chairman  (resigned with effect from 19.3.2017)</p> <p>Nabeel Khaled Mohammed Kanoo - Vice chairman  (appointed with effect from 22.3.2017)</p> <p>Ali Mohamed Buhamood</p> <p>Ali Abdulla Mohamed Isa</p> <p>Mohammed Abdul Elah Al Kooheji</p> <p>Aamal Hamad Al-Zayani</p> <p>Abdulla Nooruddin Abdulla Nooruddin</p> <p>Yusuf Abdulrahman Fakhro (appointed with effect from 22.3.2017)</p> <p>Yaser Abduljalil Ali Alsharifi (appointed with effect from 22.3.2017)</p> <p>Bader A S Alhasawi (appointed with effect from 23.3.2017)</p> <p>Ahmed Yousuf Mahmood Husain (resigned with effect from 26.2.2017)</p> <p>Jasim Mohamed Murad (resigned with effect from 26.2.2017)</p> <p>Khaled Hasan Qamber (resigned with effect from 23.3.2017)</p>
<b>Executive Committee members</b>	<p>Yaser Abduljalil Ali Alsharifi - Chairman  (appointed with effect from 22.3.2017)</p> <p>Ismaeel A. Nabi Al-Marhoon (resigned w.e.f.22.3.2017) - Chairman</p> <p>Ali Mohamed Buhamood</p> <p>Aamal Hamad Al-Zayani</p> <p>Abdulla Nooruddin Abdulla Nooruddin</p>
<b>Audit Committee members</b>	<p>Mohammed Abdul Elah Al Kooheji - Chairman</p> <p>Ali Abdulla Mohamed Isa</p> <p>Yusuf Abdulrahman Fakhro (appointed with effect from 22.3.2017)</p> <p>Khaled Hasan Qamber (resigned with effect from 23.3.2017)</p>
<b>NRCG Committee members</b>	<p>Ismaeel A. Nabi Al-Marhoon - Chairman  (appointed with effect from 22.3.2017)</p> <p>Mahmood Mahmood Husain - Chairman  (resigned with effect from 19.3.2017)</p> <p>Nabeel Khaled Mohammed Kanoo (appointed with effect from 22.3.2017)</p> <p>Bader A S Alhasawi (appointed with effect from 23.3.2017)</p> <p>Jasim Mohamed Murad (resigned with effect from 26.2.2017)</p> <p>Ahmed Yusuf Mahmood Husain (resigned with effect from 26.2.2017)</p>
<b>Chief Executive Officer</b>	Tariq Ali Aljowder
<b>Registered office</b>	<p>Flat No. 210, Building No.128,  Road No. 383, Block No. 316  2<sup>nd</sup> Floor, Car Parks &amp; Commercial Centre  Government Avenue  PO Box 5298  Manama  Kingdom of Bahrain</p>
<b>Bankers</b>	<p>Ahli United Bank</p> <p>Alsalam Bank</p> <p>Bank of Bahrain and Kuwait</p> <p>Ithmaar Bank</p> <p>National Bank of Bahrain</p> <p>National Bank of Kuwait</p>
<b>Auditors</b>	<p>BDO</p> <p>17<sup>th</sup> Floor</p> <p>Diplomat Commercial Office Tower</p> <p>PO Box 787, Manama</p> <p>Kingdom of Bahrain</p>
<b>Internal auditors</b>	<p>Grant Thornton - Abdulaal</p> <p>PO Box 11175, Manama</p> <p>Kingdom of Bahrain</p>
<b>Share Registrar</b>	<p>Karvy Computershare W.L.L.</p> <p>PO Box 514, Manama, Kingdom of Bahrain</p>

**Bahrain Car Parks Company B.S.C.**  
**Chairman's report for the year ended 31 December 2017**

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Dear Shareholders,

It is my pleasure to present on behalf of the Board of Directors our 37<sup>th</sup> annual report summarising the activities and results of Bahrain Car Parks Company B.S.C. ("the Company") for the year ended 31 December 2017.

During the year, the Company's performances have shown improvements as compared to the previous year. This is evident through the profit for the year 2017 amounted to BD799,945 as compared to BD435,914 in 2016.

As far as the investments are concerned, the Company has a portfolio in the form of quoted and unquoted shares and debt securities amounting to BD3,725,849 as at 31 December 2017 (2016: BD3,619,334). The Board has concentrated its investments in companies whereby the capital is almost guaranteed and carry low risk, but that requires a longer holding period for income to be realised.

In addition, the Company holds fixed deposits amounting to BD5,375,417 (2016: BD4,833,813), generating a reasonable return. The Board will take advantage of all good investment opportunities that maintain the Company's diligent policy of balancing risks and returns.

The net profit comprised of BD399,452 from operations (2016: BD320,658), the return on investment for the year was BD401,777 (2016: BD107,909). In light of the achieved results alongwith the balance of retained earnings brought forward from the previous years, the total amount available for appropriation for the year ended 31 December 2017 aggregated to BD3,160,554 from which the Board of Directors proposes the following appropriations:

1. Transfer of BD79,995 to statutory reserve, being 10% of the net profit for the year.
2. A dividend of BD346,514 which represents 5% of the share capital i.e. 5fils per share.
3. Directors' remuneration of BD37,343.
4. Transfer of BD10,000 to charity reserve.
5. Balance of BD2,686,702 remains in retained earnings.

We would like to inform our shareholders that directors remuneration for the year 2017 of BD37,343 will be paid to the Board of Directors during 2018.

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

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



**Ismaeel A. Nabí Al Marhoon**  
Chairman

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

### **Opinion**

We have audited the financial statements of Bahrain Car Parks Company B.S.C. ("the Company"), which comprise the statement of financial position as at 31 December 2017, 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 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### **Basis for opinion**

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

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters include:

#### ***Revenue recognition***

The operating income as reported in Note 17 of the financial statements includes rental income from car parks, service charges in respect of investment properties. The Company focuses on revenue as a key performance measure and by default, this area has a fraud risk element and is therefore always considered as a significant risk.

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

#### ***Financial assets and fair value through profit or loss***

The Company has quoted and unquoted investments as disclosed in Note 7 of the financial statements, which are classified as financial assets at fair value through profit or loss and form a significant balance in the financial statements and the fair value changes could have a material impact on the Company's operational results and may result in assets being misstated.

Our audit procedures included testing of investments acquired and sold during the year on a sample basis, testing ownership and classification and testing the fair value of investments for reasonableness and accuracy.

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

### **Other information**

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

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

### **Responsibilities of management and Those Charged With Governance (TCWG) for the financial statements**

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

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

- 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 the management and Those Charged With Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged With Governance 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 Those Charged With Governance, 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.

### **Report on other legal and regulatory requirements**

Further, as required by the Bahrain Commercial Companies Law, Decree Number 21 of 2001, we report that:

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

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, Decree Number 21 of 2001, 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 2017.



Manama, Kingdom of Bahrain  
21 February 2018



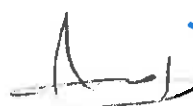
**Bahrain Car Parks Company B.S.C.**  
**Statement of financial position as at 31 December 2017**  
**(Expressed in Bahrain Dinars)**

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	2,934,605	2,779,269
Financial assets at fair value through profit or loss	7	3,344,978	3,238,463
Held-to-maturity investments	8	380,871	380,871
Investment properties	9	481,360	481,360
Long-term fixed deposits	10	-	1,500,000
		<u>7,141,814</u>	<u>8,379,963</u>
<b>Current assets</b>			
Inventories		5,153	8,470
Short-term fixed deposits	10	5,375,417	3,333,813
Trade and other receivables	11	125,775	438,962
Cash and bank balances	12	<u>756,175</u>	<u>709,731</u>
		<u>6,262,520</u>	<u>4,490,976</u>
<b>Total assets</b>		<u><b>13,404,334</b></u>	<u><b>12,870,939</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	13	7,031,723	7,031,723
Treasury shares	13	(101,456)	(101,456)
Statutory reserve	14	2,949,540	2,869,545
Charity reserve		4,900	5,900
Retained earnings	14	<u>3,070,559</u>	<u>2,707,123</u>
<b>Total equity</b>		<u><b>12,955,266</b></u>	<u><b>12,512,835</b></u>
<b>Non-current liabilities</b>			
Employees' terminal benefits	15	<u>22,765</u>	<u>24,171</u>
<b>Current liabilities</b>			
Other payables	16	<u>426,303</u>	<u>333,933</u>
<b>Total liabilities</b>		<u><b>449,068</b></u>	<u><b>358,104</b></u>
<b>Total equity and liabilities</b>		<u><b>13,404,334</b></u>	<u><b>12,870,939</b></u>

These financial statements, set out on pages 7 to 38, were approved and authorised for issue by the Board of Directors on 21 February 2018 and signed on their behalf by:



Ismaeel A. Nabi Al-Marhoon  
Chairman



Nabeel Khaled Mohammed Kanoo  
Vice chairman



Tariq Ali Aljowder  
Chief Executive Officer



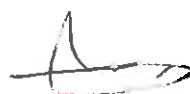
**Bahrain Car Parks Company B.S.C.**  
**Statement of profit or loss and other comprehensive income for the year ended**  
**31 December 2017**  
**(Expressed in Bahrain Dinars)**

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
Operating income	17	1,112,047	970,320
Net income from investments	18	401,777	107,909
Operating, general and administrative expenses	19	<u>(712,595)</u>	<u>(649,662)</u>
Operating profit		801,229	428,567
Other income		3,297	14,492
Directors' remuneration	20	<u>(4,581)</u>	<u>(7,145)</u>
Net profit and total comprehensive income for the year		<u>799,945</u>	<u>435,914</u>
Basic and diluted earnings per share	21	<u>12 fils</u>	<u>6 fils</u>

These financial statements, set out on pages 7 to 38, were approved and authorised for issue by the Board of Directors on 21 February 2018 and signed on their behalf by:



Ismaeel A. Nabi Al-Marhoon  
Chairman



Nabeel Khaled Mohammed Kanoo  
Vice chairman



Tariq Ali Aljowder  
Chief Executive Officer

**Bahrain Car Parks Company B.S.C.**  
**Statement of changes in shareholders' equity for the year ended 31 December 2017**  
**(Expressed in Bahrain Dinars)**

	Notes	Share capital	Treasury shares	Statutory reserve	Charity reserve	Retained earnings	Total
At 31 December 2015		7,031,723	(101,456)	2,825,954	-	2,671,314	12,427,535
Net profit and total comprehensive income for the year		-	-	-	-	435,914	435,914
Transferred to statutory reserve	14	-	-	43,591	-	(43,591)	-
Dividends paid for 2015	22	-	-	-	-	(346,514)	(346,514)
Charity reserve created during the year	23	-	-	-	10,000	(10,000)	-
Charity payments made during the year		-	-	-	(4,100)	-	(4,100)
At 31 December 2016		7,031,723	(101,456)	2,869,545	5,900	2,707,123	12,512,835
Net profit and total comprehensive income for the year		-	-	-	-	799,945	799,945
Transferred to statutory reserve	14	-	-	79,995	-	(79,995)	-
Dividends paid for 2016	22	-	-	-	-	(346,514)	(346,514)
Charity reserve created during the year	23	-	-	-	10,000	(10,000)	-
Charity payments made during the year		-	-	-	(11,000)	-	(11,000)
At 31 December 2017		7,031,723	(101,456)	2,949,540	4,900	3,070,559	12,955,266

**Bahrain Car Parks Company B.S.C.**  
**Statement of cash flows for the year ended 31 December 2017**  
**(Expressed in Bahrain Dinars)**

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
<b>Operating activities</b>			
Net profit for the year		799,945	435,914
Adjustments for:			
Depreciation of property, plant and equipment	6	36,935	28,975
Impairment loss on property, plant and equipment	6	—	32,696
Impairment loss on investment properties	9	—	8,218
Provision for impaired rents receivable from tenants	11	—	3,425
Gain on disposal of property, plant and equipment		—	(663)
Unrealised fair value (gains)/losses on financial assets at fair value through profit or loss	18	(106,515)	203,262
Dividends income	18	(110,501)	(110,260)
Interest income on held-to-maturity investments	18	(25,922)	(25,781)
Interest income on fixed deposits	18	(152,614)	(173,552)
Interest income on current account	18	(6,225)	(1,578)
Changes in operating assets and liabilities:			
Inventories		3,317	6,078
Trade and other receivables		313,187	(120,693)
Other payables		92,370	58,118
Employees' terminal benefits, net		<u>(1,406)</u>	<u>3,030</u>
<b>Net cash provided by operating activities</b>		<u><b>842,571</b></u>	<u><b>347,189</b></u>
<b>Investing activities</b>			
Purchase of property, plant and equipment	6	(192,271)	(21,930)
Proceeds from sale of property, plant and equipment		—	1,774
Dividends received	18	110,501	110,260
Interest income on held-to-maturity investments	18	25,922	25,781
Interest income received on fixed deposits	18	152,614	173,552
Interest income received on current account	18	6,225	1,578
Net movements in fixed deposits		<u>(541,604)</u>	<u>(52,484)</u>
<b>Net cash (used in)/provided by investing activities</b>		<u><b>(438,613)</b></u>	<u><b>238,531</b></u>
<b>Financing activities</b>			
Dividends paid	22	(346,514)	(346,514)
Charity payments		<u>(11,000)</u>	<u>(4,100)</u>
<b>Net cash used in financing activities</b>		<u><b>(357,514)</b></u>	<u><b>(350,614)</b></u>
<b>Net increase in cash and cash equivalents</b>		<b>46,444</b>	<b>235,106</b>
Cash and cash equivalents, beginning of the year		<u><b>709,731</b></u>	<u><b>474,625</b></u>
Cash and cash equivalents, end of the year	12	<u><b>756,175</b></u>	<u><b>709,731</b></u>

**1 Organisation and activities**

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

The principal activities of the Company include the construction and operation of car parks and the management of investments in financial assets and investment properties.

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

**2 Basis of preparation**

***Statement of compliance***

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as promulgated by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and the requirements of the Bahrain Commercial Companies Law, Decree Number 21 of 2001 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 as modified by the revaluation of investment properties and financial assets through profit or loss at their fair values. 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 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.

***Improvements/amendments to IFRS/IAS 2014/2016 cycle***

Improvements/amendments to IFRS/IAS issued in 2014/2016 cycle contained numerous amendments to IFRS 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 annual audited financial statements beginning on or after 1 January 2017 and subsequent periods with earlier adoption permitted. No material changes to accounting policies are expected as a result of these amendments.

***Standards, amendments and interpretations effective and adopted in 2017***

None of the amendments to Standards that were made effective in 2017 had any significant effect on these financial statements.

## 2 Basis of preparation (continued)

### *Standards, amendments and interpretations issued and effective in 2017 but not relevant*

The following new standards, amendments to existing standards and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2017 or subsequent periods, but are 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 7	Statement of Cash Flows	1 January 2017
IAS 12	Income taxes	1 January 2017
IFRS 12	Disclosure of interest in other entities	1 January 2017

### *Standards, amendments and interpretations issued but not yet effective in 2017*

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial year ended 31 December 2017. They have not been adopted in preparing the financial statements for the year ended 31 December 2017 and are expected to affect the entity in the period of initial application. In all cases, the entity 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 28	Investments in associates and joint ventures	1 January 2018
IAS 40	Investment property	1 January 2018
IFRS 2	Share-based payment	1 January 2018
IFRS 4	Insurance contracts	1 January 2018
IFRS 9	Financial instruments	1 January 2018
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance contracts	1 January 2021
IFRIC 22	Foreign currency transactions and advance consideration	1 January 2018
IFRIC 23	Uncertainty over income tax treatments	1 January 2019

There would have been no change in the operational results of the Company for the year ended 31 December 2017 had the Company early adopted any of the above standards applicable to the Company, except for IFRS 15 and IFRS 16, the impact of which is being assessed by the Company.

### *Early adoption of amendments or standards in 2017*

The Company did not early-adopt any new or amended standards in 2017.

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

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

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

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

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

#### *Investments properties*

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

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

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

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

### 3 Significant accounting policies (continued)

#### *Financial assets*

The Company classifies its financial assets into one of the following categories: held-to-maturity investments, loans and receivables and financial assets at fair value through profit or loss. This classification depends on the purpose for which the asset is acquired.

##### *a. Held-to-maturity investments*

Investments with a fixed maturity date that management has the intention and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets. Such investments are initially recognised at cost and are subsequently carried at amortised cost using the effective yield method. Any realised and unrealised gains or losses arising either from derecognition or impairment are recognised in the statement of profit or loss and other comprehensive income.

##### *b. Loans and receivables*

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers and also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Company's loans and receivables comprise of trade and other receivables excluding prepayments and cash and bank balances and fixed deposits in the statement of financial position.

##### *Trade and other receivables*

Trade receivables are carried at their anticipated realisable values. A provision is made for impaired trade receivables based on a review of all outstanding amounts at the year-end. Impaired trade receivables which are not considered recoverable are written-off when they are identified.

##### *Fixed deposits*

Fixed deposits are accounted for at historical cost. The accrued interest on the fixed deposits is recognised in the statement of profit or loss and other comprehensive income over the period of the deposit. Fixed deposits have original maturities of more than three months but less than twelve months.

##### *Cash and cash equivalents*

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

**3 Significant accounting policies (continued)**

***Financial assets (continued)***

***c. Financial assets at fair value through profit or loss***

All investments in equity instruments and contracts on those instruments are measured at fair value. Assets in this category are classified as current assets if expected to be settled within 12 months otherwise they are classified as non-current.

All purchases and sales of investments are recognised on the trade date, which is the date that the Company commits to purchase or sell the asset. Cost of purchase includes transaction costs. Financial assets at fair value through profit or loss are subsequently re-measured at their fair values and any changes in fair values of such investments, subsequent to initial recognition, are included in the statement of profit or loss and other comprehensive income.

Fair values of investments listed on active markets are determined by reference to the quoted market prices at the statement of financial position date. Financial assets at fair value through profit or loss that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are stated at cost and are subject to a review for impairment.

**Financial liabilities**

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

***Other payables***

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

**Provisions**

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

***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 Significant accounting policies (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.

***Share capital***

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

***Dividends and board remuneration***

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

***Treasury shares***

Shares of the Company reacquired at the statement of financial position date are designated as treasury shares until these are reissued or cancelled. The nominal value of the treasury shares is shown as a deduction from share capital. The gains and losses on sale of treasury shares are recognised in the statement of changes in shareholders' equity.

***Leases***

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

***Revenue recognition***

Operating income includes receipts from the car parks, rental and service charges in respect of investment properties and the revenue earned from investments in financial assets. Operating income is recognised on rendering of services.

Dividend income and other income is recognised in the statement of profit or loss and other comprehensive income when the Company's right to receive payment is established.

### 3 Significant accounting policies (continued)

#### *Contribution to charities*

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

#### *Foreign currency transactions*

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

#### *Segmental reporting*

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

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

The Company's primary business segments are:

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

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

### 4 Critical accounting judgments and key source of estimation uncertainty

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

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

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

- economic useful lives of property, plant and equipment;
- classification of investments;
- fair valuation of investments;
- fair valuation of investment properties;
- fair value measurement;
- impairment of assets;
- legal proceeding;
- going concern;
- provisions; and
- contingencies.

##### *Economic useful lives of property, plant and equipment*

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

##### *Classification of investments*

In the process of applying the Company's accounting policies, management decides on acquisition of an investment whether it should be classified as investments designated at fair value through profit or loss, held-to-maturity or available-for-sale investment securities. The classification of each investment reflects the management's intention in relation to each investment and is subject to different accounting treatments based on such classification.

##### *Fair valuation of investments*

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

##### *Fair valuation of investment properties*

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

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

***Fair value measurement***

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

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

Level 1: Quoted prices in active markets for identical items (unadjusted)

Level 2: Observable direct or indirect inputs other than Level 1 inputs

Level 3: Unobservable inputs (i.e. not derived from market data).

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

The financial assets and financial liabilities of the Company that either require fair value measurements or only fair value disclosures as at 31 December 2017 is shown in Note 27.

***Impairment of assets***

The Company assesses at each statement of financial position date whether there is objective evidence that an asset is impaired. Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Company on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a Company of assets such as adverse changes in the payment status of borrowers or issuers in the Company, or economic conditions that correlate with defaults in the Company. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

**(a) Financial assets carried at amortised cost**

For financial assets carried at amortised cost, impairment is measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows counted at the assets' original effective profit rate. Losses are recognised in the statement of profit or loss and other comprehensive income and reflected in an allowance account. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through the statement of profit or loss and other comprehensive income.

**(b) Other non-financial assets**

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

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

***Legal proceedings***

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

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

***Going concern***

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

***Provisions***

The Company creates provision for impaired trade receivables to account for estimated losses resulting from the inability of customers to make the required payments. At 31 December 2017, in the opinion of the Company's management, a provision of BD46,633 (2016: BD46,633) is required against impairment of trade receivables. When evaluating the adequacy of provision for impaired trade receivables, management bases its estimate on current overall economic conditions, ageing of the trade receivable balances, historical write-off experience, customer creditworthiness and changes in payment terms. Changes in the economy, industry or specific customer conditions may require adjustments to the provision for impaired trade receivables recorded in these financial statements.

The Company also creates provision for slow-moving and obsolete inventories. At 31 December 2017, in the opinion of the Company's management, no provision is required towards slow-moving and obsolete inventories (2016: 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 period.

***Contingencies***

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

**Bahrain Car Parks Company B.S.C.**  
**Notes to the financial statements for the year ended 31 December 2017**  
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**5 Segmental information**

**Business segments - primary reporting segment**

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

- Car park services - This segment is involved in providing car parks for the public in return for parking charges and contributes the largest proportion of the Company's business, generating 33.86% (2016: 31.66%) of the Company's revenue.
- Property rental income - This segment is involved in the management, maintenance and renting of properties. This segment contributes 39.60% (2016: 58.33%) of the Company's revenue.
- Investment and related services - This segment is involved in trading in financial assets and investing excess funds in the primary and secondary market. This segment has contributed 26.54% (2016: 10.01%) of the Company's total revenue.

**As at, and for the year ended, 31 December 2017**

	Car park services		Property rental income		Investment services	Unallocated	Total
	Main office	Others	Main office	Others			
Car park income (daily and cardholders)	456,325	56,255	-	-	-	-	512,580
Property rental income	-	-	483,219	-	-	-	483,219
Service charges income	-	-	116,248	-	-	-	116,248
Operating income	456,325	56,255	599,467	-	-	-	1,112,047
Net income from investments	-	-	-	-	401,777	-	401,777
Other income	-	3,297	-	-	-	-	3,297
Total revenue	456,325	59,552	599,467	-	401,777	-	1,517,121
Operating and general expenses (including maintenance costs)	119,279	8,992	547,389	-	-	-	675,660
Depreciation (Note 6)	3,128	681	33,126	-	-	-	36,935
Total operating and general expenses (including maintenance costs)	122,407	9,673	580,515	-	-	-	712,595
Unallocated expenses	-	-	-	-	-	4,581	4,581
Total expenses	122,407	9,673	580,515	-	-	4,581	717,176
Segment profits/(losses)	333,918	49,879	18,952	-	401,777	(4,581)	799,945
Reportable segment assets	315,558	2,462,289	231,937	-	10,394,550	-	13,404,334
Reportable segment liabilities	1,613	9,093	438,362	-	-	-	449,068
Other segment information	-	-	-	-	-	-	-
Minimum operating lease commitment (Note 25)	240,000	-	-	-	-	-	240,000

**Bahrain Car Parks Company B.S.C.**  
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**5 Segmental information (continued)**

**As at, and for the year ended, 31 December 2016**

	Car park services		Property rental income		Investment services	Unallocated	Total
	Main office	Others	Main office	Others			
Car park income (daily and cardholders)	295,688	45,733	-	-	-	-	341,421
Property rental income	-	-	507,771	-	-	-	507,771
Service charges income	-	19,025	102,103	-	-	-	121,128
Operating income	295,688	64,758	609,874	-	-	-	970,320
Net income from investments	-	-	-	-	107,909	-	107,909
Other income	-	14,492	-	-	-	-	14,492
Total revenue	295,688	79,250	609,874	-	107,909	-	1,092,721
Operating and general expenses (including maintenance costs)	45,816	33,101	541,770	-	-	-	620,687
Depreciation (Note 6)	5,502	-	23,473	-	-	-	28,975
Total operating and general expenses (including maintenance costs)	51,318	33,101	565,243	-	-	-	649,662
Unallocated expenses	-	-	-	-	-	7,145	7,145
Total expenses	51,318	33,101	565,243	-	-	7,145	656,807
Segment profits/(losses)	244,370	46,149	44,631	-	107,909	(7,145)	435,914
Reportable segment assets	170,721	2,461,326	313,285	-	9,925,607	-	12,870,939
Reportable segment liabilities	-	-	358,104	-	-	-	358,104
Other segment information	-	-	-	-	-	-	-
Minimum operating lease commitment (Note 25)	250,000	-	-	-	-	-	250,000

**Geographical segments - secondary reporting segment**

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

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

**Bahrain Car Parks Company B.S.C.**  
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**(Expressed in Bahrain Dinars)**

**6 Property, plant and equipment**

	<u>Freehold land</u>	<u>Building on leasehold land</u>	<u>Car park and other equipment</u>	<u>Office furniture and equipment</u>	<u>Total</u>
<b>Cost</b>					
At 31 December 2015	2,487,226	8,138,413	29,715	56,464	10,711,818
Additions during the year	-	-	15,525	6,405	21,930
Disposals during the year	-	-	(29,715)	-	(29,715)
At 31 December 2016	2,487,226	8,138,413	15,525	62,869	10,704,033
Additions during the year	-	-	158,824	33,447	192,271
At 31 December 2017	<u>2,487,226</u>	<u>8,138,413</u>	<u>174,349</u>	<u>96,316</u>	<u>10,896,304</u>
<b>Accumulated depreciation</b>					
At 31 December 2015	-	7,826,422	24,000	41,275	7,891,697
Charge for the year (Note 19)	-	18,403	5,502	5,070	28,975
Impairment loss for the year (Note 19)	32,696	-	-	-	32,696
On disposals	-	-	(28,604)	-	(28,604)
At 31 December 2016	32,696	7,844,825	898	46,345	7,924,764
Charge for the year (Note 19)	-	18,352	9,160	9,423	36,935
At 31 December 2017	<u>32,696</u>	<u>7,863,177</u>	<u>10,058</u>	<u>55,768</u>	<u>7,961,699</u>
<b>Net book amount</b>					
At 31 December 2017	<u>2,454,530</u>	<u>275,236</u>	<u>164,291</u>	<u>40,548</u>	<u>2,934,605</u>
At 31 December 2016	<u>2,454,530</u>	<u>293,588</u>	<u>14,627</u>	<u>16,524</u>	<u>2,779,269</u>

The land on which the car park building is constructed has been leased from the Government of the Kingdom of Bahrain for a period of 50 years commencing from the year 1982 (Note 25).

**7 Financial assets at fair value through profit or loss**

	<u>31 December 2017</u>	<u>31 December 2016</u>
Opening balance	3,238,463	3,441,725
Unrealised fair value gains/(losses) for the year (Note 18)	<u>106,515</u>	<u>(203,262)</u>
Closing balance	<u>3,344,978</u>	<u>3,238,463</u>



**Bahrain Car Parks Company B.S.C.**  
**Notes to the financial statements for the year ended 31 December 2017**  
**(Expressed in Bahrain Dinars)**

**7 Financial assets at fair value through profit or loss (continued)**

The above investments are classified as follows:

	31 December 2017	31 December 2016
Shares listed on the Bahrain Stock Exchange	2,872,221	2,765,706
Unquoted equity shares	<u>472,757</u>	<u>472,757</u>
	<u><b>3,344,978</b></u>	<u><b>3,238,463</b></u>

The above financial assets at fair value through profit or loss are stated at their fair values. In absence of most recent financial information, unquoted equity investments are kept on their carrying values which in the opinion of the Company's management are the best estimate of their fair values.

Financial assets at fair value through profit or loss are denominated in the following currencies:

Currency	31 December 2017	31 December 2016
United States Dollar	501,806	485,727
Bahrain Dinar	<u>2,843,172</u>	<u>2,752,736</u>
	<u><b>3,344,978</b></u>	<u><b>3,238,463</b></u>

**8 Held-to-maturity investments**

	31 December 2017	31 December 2016
Ahli United Bank Perpetual Tier 1 Capital Securities	<u><b>380,871</b></u>	<u><b>380,871</b></u>

Held-to-maturity investments represent bonds carrying coupon interest of 6.875%, having maturity period of 5 years and are denominated in United States Dollars.

**9 Investment properties**

	31 December 2017	31 December 2016
Opening balance	481,360	489,578
Impairment loss for the year (Note 19)	<u>-</u>	<u>(8,218)</u>
Closing balance	<u><b>481,360</b></u>	<u><b>481,360</b></u>

Investment properties were fair valued by independent property valuer as at 31 December 2017 at open market values, which represent the prices at which the properties could be exchanged between knowledgeable willing buyers and knowledgeable willing sellers in an arm's length transaction. However, the management has not recognised the fair value gains amounting to BD10,684 arising from the independent property valuation report.

**Bahrain Car Parks Company B.S.C.**  
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**10 Fixed deposits**

	31 December <u>2017</u>	31 December <u>2016</u>
Fixed deposit with banks maturing after 3 months but within 1 year	5,375,417	3,333,813
Fixed deposit with banks maturing after 1 year	<u>-</u>	<u>1,500,000</u>
	<u><b>5,375,417</b></u>	<u><b>4,833,813</b></u>

Fixed deposits held with the Company's bankers earn interest at rates ranging between 1.95% and 4.00% per annum (2016: between 1.25% and 3.8% per annum for the short term deposits and 5.95% per annum for the long term deposit) are denominated in Bahrain Dinars and have maturities ranging between three months to three years.

**11 Trade and other receivables**

	31 December <u>2017</u>	31 December <u>2016</u>
Rents receivable from tenants	106,821	167,509
Less: provision for impaired rents receivable from tenants	<u>(46,633)</u>	<u>(46,633)</u>
	60,188	120,876
Accrued interest	54,469	281,799
Advances paid to creditors	4,066	21,975
Staff advances (Note 24)	4,000	12,950
Prepayments and other receivables	<u>3,052</u>	<u>1,362</u>
	<u><b>125,775</b></u>	<u><b>438,962</b></u>

The Company's rent receivables are generally on 30 days credit terms and are primarily denominated in Bahrain Dinar.

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

	31 December <u>2017</u>	31 December <u>2016</u>
At 1 January	46,633	43,208
Provision for the year (Note 19)	<u>-</u>	<u>3,425</u>
At 31 December	<u><b>46,633</b></u>	<u><b>46,633</b></u>

# 11 Trade and other receivables (continued)

As at 31 December, the ageing of unimpaired rents receivable from tenants is as follows:

	<u>Total</u>	<u>Neither past due nor impaired Less than 3 months</u>	<u>Past due but not impaired More than 3 months</u>
At 31 December 2017	<u>60,188</u>	<u>59,412</u>	<u>776</u>
At 31 December 2016	<u>120,876</u>	<u>42,506</u>	<u>78,370</u>

Un-impaired rents receivable are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over rents receivable and these are all unsecured. In the opinion of the Company's management, the fair values of the trade and other receivables approximate to their carrying values.

# 12 Cash and bank balances

	<u>31 December 2017</u>	<u>31 December 2016</u>
Cash on hand	477	430
Current account balances with banks	<u>755,698</u>	<u>709,301</u>
	<u>756,175</u>	<u>709,731</u>

The current account balances with banks earn interest rate ranging from 0% to 2.5% per annum (2016: 0.6% per annum).

# 13 Share capital

	<u>31 December 2017</u>	<u>31 December 2016</u>
<b>Authorised:</b>		
100,000,000 ordinary shares of 100 fils each (2016: 100,000,000 ordinary shares of 100 fils each)	<u>10,000,000</u>	<u>10,000,000</u>
<b>Issued and fully paid-up:</b>		
70,317,230 ordinary shares of 100 fils each (2016: 70,317,230 ordinary shares of 100 fils each)	7,031,723	7,031,723
<b>Less:</b> Purchase of 1,014,559 treasury shares of 100 fils each (2016: 1,014,559 treasury shares of 100 fils each)	<u>(101,456)</u>	<u>(101,456)</u>
	<u>6,930,267</u>	<u>6,930,267</u>

**13 Share capital (continued)**

*Additional information on shareholding pattern*

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

<u>At 31 December 2017</u>			
<u>Nationality</u>	<u>Number of shares</u>	<u>Percentage of shareholding interest</u>	
Social Insurance Organisation	Bahraini	37,033,490	52.67%
Kuwait Commercial Real Estate Centre	Kuwaiti	15,000,000	21.33%

		At 31 December 2016	
	Nationality	Number of shares	Percentage of shareholding interest
Social Insurance Organisation	Bahraini	37,033,490	52.67%
Kuwait Commercial Real Estate Centre	Kuwaiti	15,000,000	21.33%

- (ii) The Company has only one class of equity shares and the holders of the shares have equal voting rights.
- (iii) The distribution schedule of equity shares, setting out the number of shareholders and percentages in the following categories, is as follows:

	At 31 December 2017		
	<u>Number of shareholders</u>	<u>Number of shares</u>	<u>Percentage of total outstanding shares</u>
Less than 1%	1,303	10,762,283	15.30%
1% and up to less than 5%	4	7,521,457	10.70%
5% and above	<u>2</u>	<u>52,033,490</u>	<u>74.00%</u>
	<u>1,309</u>	<u>70,317,230</u>	<u>100.00%</u>

	<u>At 31 December 2016</u>		
	<u>Number of shareholders</u>	<u>Number of shares</u>	<u>Percentage of total outstanding shares</u>
Less than 1%	1,314	10,762,283	15.30%
1% and up to less than 5%	4	7,521,457	10.70%
5% and above	<u>2</u>	<u>52,033,490</u>	<u>74.00%</u>
	<u>1,320</u>	<u>70,317,230</u>	<u>100.00%</u>

**Bahrain Car Parks Company B.S.C.**  
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**13 Share capital (continued)**

*Additional information on shareholding pattern (continued)*

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

	31 December 2017 Number of shares	31 December 2016 Number of shares
Mahmood Mahmood Husain	100,000	100,000
Jasim Mohamed Murad	100,000	100,000
Ahmed Yusuf Mahmood Husain	100,000	100,000
Yusuf Abdulrahman Fakhro	100,000	-

**14 Reserves**

*a) Statutory reserve*

	31 December 2017	31 December 2016
Opening balance	2,869,545	2,825,954
Transferred during the year	79,995	43,591
Closing balance	<u>2,949,540</u>	<u>2,869,545</u>

In accordance with the provisions of the Bahrain Commercial Companies Law, Decree Number 21 of 2001, 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.

*b) Retained earnings*

	31 December 2017	31 December 2016
Opening balance	2,707,123	2,671,314
Net profit and total comprehensive income for the year	799,945	435,914
Dividends paid during the year (Note 22)	(346,514)	(346,514)
Transferred to statutory reserve	(79,995)	(43,591)
Charity reserve created during the year	(10,000)	(10,000)
Closing balance	<u>3,070,559</u>	<u>2,707,123</u>

# 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 2017 amounted to BD19,749 (2016: BD10,944).

## Expatriate employees

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

	31 December 2017	31 December 2016
Opening balance	24,171	21,141
Accruals for the year	5,460	10,480
Payments during the year	(6,866)	(7,450)
Closing balance	<u>22,765</u>	<u>24,171</u>
The number of staff employed by the Company	<u>18</u>	<u>14</u>

# 16 Other payables

	31 December 2017	31 December 2016
Other payables	339,980	209,465
Unclaimed dividends	74,718	88,870
Advances received from tenants	1,619	30,776
Provision for leave salary and air passage	<u>9,986</u>	<u>4,822</u>
	<u>426,303</u>	<u>333,933</u>

In the opinion of the management, the fair values of the other payables approximate to their carrying values.

# 17 Operating income

	Year ended 31 December 2017	Year ended 31 December 2016
Rental income	483,219	507,771
Main building car park income	456,325	295,688
Other car park income	56,255	45,733
Service charges income	<u>116,248</u>	<u>121,128</u>
	<u>1,112,047</u>	<u>970,320</u>

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**18 Net income from investments**

	Year ended 31 December <u>2017</u>	Year ended 31 December <u>2016</u>
Interest on fixed deposits	152,614	173,552
Dividend income	110,501	110,260
Interest on current account	6,225	1,578
Interest on held-to-maturity investments	25,922	25,781
Unrealised fair value gains/(losses) on financial assets at fair value through profit or loss (Note 7)	<u>106,515</u>	<u>(203,262)</u>
	<u><u>401,777</u></u>	<u><u>107,909</u></u>

**19 Operating, general and administrative expenses**

	Year ended 31 December <u>2017</u>	Year ended 31 December <u>2016</u>
Other operating, general and administrative expenses	261,988	238,546
Staff costs	247,079	169,655
Lease rent expenses	101,596	81,994
Maintenance costs	64,997	86,153
Depreciation (Note 6)	36,935	28,975
Impairment loss on property, plant and equipment (Note 6)	-	32,696
Impairment loss on investment properties (Note 9)	-	8,218
Provision for impaired rent receivable from tenants (Note 11)	-	3,425
	<u><u>712,595</u></u>	<u><u>649,662</u></u>

**20 Directors' remuneration**

**Accrued and expensed**

An amount of BD4,581 has been accrued and expensed as directors remuneration in 2017, relating to the year ended 31 December 2016 (2016: BD7,145 for the year ended 31 December 2015). The payment was approved by the shareholders in the Annual General Meeting held on 22 March 2017 (2015: 21 March 2016). Directors' remuneration is only expensed in the statement of profit or loss and other comprehensive income in the year in which it is approved.

**Proposed by the Board of Directors**

The Board of Directors of the Company have proposed to pay a Directors' remuneration of BD37,343 for the year ended 31 December 2017 (2016: BD4,581 for the year 31 December 2016). Such proposed remuneration only becomes payable once it has been approved by the shareholders in the Annual General Meeting, and accordingly, has not been accounted for in these financial statements.

## **21 Earnings per share**

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

	Year ended 31 December <u>2017</u>	Year ended 31 December <u>2016</u>
Net profit attributable to the shareholders	<u>799,945</u>	<u>435,914</u>
Weighted average number of ordinary shares (Note 13)	<u>69,302,670</u>	<u>69,302,670</u>
Basic and diluted earnings per share	<u>12 fils</u>	<u>6 fils</u>

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

## **22 Dividends**

### **Declared and paid**

A dividend of BD346,514 representing 5% of the total issued and fully paid-up share capital of the Company for the year ended 31 December 2016 (at 5 fils per share) (2016: BD346,514 for the year ended 31 December 2015 at 5 fils per share), was approved by the shareholders in the Annual General Meeting of the shareholders held on 22 March 2017 (2015: 21 March 2016), declared and subsequently paid.

### **Proposed by the Board of Directors**

The Board of Directors of the Company have proposed a dividend of BD346,514 (2016: BD346,514) representing 5% of the total issued and fully paid-up share capital of the Company for the year ended 31 December 2017 at 5 fils per share (2016: at 5 fils per share). The proposed dividend only becomes payable once it has been approved by the shareholders in the Annual General Meeting and accordingly, the proposed dividend has not been accounted for in these financial statements.

## **23 Contribution to charity**

### **Proposed by the Board of Directors**

The Board of Directors of the Company have proposed charity contributions of BD10,000 for the year ended 31 December 2017 (2016: BD10,000).



## 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 shareholders, directors, key management personnel and their close family members and such other companies over which the Company or its shareholders, directors, key management personnel and their close family members can exercise significant influence or can be significantly influenced by those parties. Transactions with the related parties are authorised by the management and are on arm's length basis.

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

	Year ended 31 December 2017	Year ended 31 December 2016
Directors' remuneration	<u>4,581</u>	<u>7,145</u>
Board of directors meeting attendance fee	<u>53,100</u>	<u>28,300</u>
Rental income	<u>-</u>	<u>9,412</u>

### Key management personnel compensation

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

A summary of the amount due from a related party as at 31 December is as follows:

	31 December 2017	31 December 2016
Included in staff advances (Note 11)	<u>-</u>	<u>9,850</u>

## 25 Lease commitments

The annual rent for the land upon which the car park building is situated is revised every ten years; the amount payable being the higher of a fixed element increase or a percentage of the Company's gross operating profit. The current year's charge of BD101,596 (10% of the gross operating profit generated), is included under operating, general and administrative expenses (2016: BD81,994).

The minimum lease commitments under the mentioned non-cancellable operating leases are as follows:

	31 December 2017	31 December 2016
Less than 1 year	10,000	10,000
More than 1 year and less than 5 years	40,000	40,000
More than 5 years	<u>190,000</u>	<u>200,000</u>
	<u>240,000</u>	<u>250,000</u>

## 26 Capital commitments

The Company does not have any capital commitments as at 31 December 2017 (2016: BDNil).

## 27 Financial assets and liabilities and risk management

Financial assets and liabilities carried on the statement of financial position include cash and bank balances, fixed deposits, financial assets at fair value through profit or loss, held-to-maturity investments, trade and other receivables excluding prepayments and other payables excluding employees' benefits. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

### Capital management

The Company's objectives when maintaining capital are:

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

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies and processes during the years ended 31 December 2017 and 2016.

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

	31 December 2017	31 December 2016
Other payables	426,303	333,933
Less: cash and bank balances	<u>(756,175)</u>	<u>(709,731)</u>
Net surplus	<u>(329,872)</u>	<u>(375,798)</u>
Share capital, net of treasury shares	6,930,267	6,930,267
Statutory reserve	2,949,540	2,869,545
Charity reserve	4,900	5,900
Retained earnings	<u>3,070,559</u>	<u>2,707,123</u>
Total capital	<u>12,955,266</u>	<u>12,512,835</u>
Total capital and net surplus	<u>12,625,394</u>	<u>12,137,037</u>

The Company does not have any debt at 31 December 2017 and 2016 therefore the calculation of capital gearing ratio is not considered necessary.

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

27 Financial assets and liabilities and risk management (continued)

*Principal financial instruments*

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

- Financial assets at fair value through profit or loss
- Held-to-maturity investments
- Trade and other receivables excluding prepayments
- Fixed deposits
- Cash and bank balances
- Other payables excluding employee benefits

A summary of the financial instruments held by category is provided below as at 31 December 2017:

	<i>Loans and receivables</i>	<i>Financial assets at fair value through profit or loss</i>	<i>Held to maturity investments</i>
<b><u>Financial assets</u></b>			
Financial assets at fair value through profit or loss	-	3,344,978	-
Held-to-maturity investments	-	-	380,871
Trade and other receivables excluding prepayments	114,657	-	-
Fixed deposits	5,375,417	-	-
Cash and bank balances	756,175	-	-
Total financial assets	<u>6,246,249</u>	<u>3,344,978</u>	<u>380,871</u>

	<i>Financial liabilities at amortised cost</i>
<b><u>Financial liabilities</u></b>	
Other payables, excluding employee benefits	414,698
Total financial liabilities	<u>414,698</u>

A summary of the financial instruments held by category is provided below as at 31 December 2016:

	<i>Loans and receivables</i>	<i>Financial assets at fair value through profit or loss</i>	<i>Held to maturity investments</i>
<b><u>Financial assets</u></b>			
Financial assets at fair value through profit or loss	-	3,238,463	-
Held-to-maturity investments	-	-	380,871
Trade and other receivables excluding prepayments	402,675	-	-
Fixed deposits	4,833,813	-	-
Cash and bank balances	709,731	-	-
Total financial assets	<u>5,946,219</u>	<u>3,238,463</u>	<u>380,871</u>

	<i>Financial liabilities at amortised cost</i>
<b><u>Financial liabilities</u></b>	
Other payables, excluding employee benefits	298,335
Total financial liabilities	<u>298,335</u>

27 Financial assets and liabilities and risk management (continued)

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. The Company's bank balances and fixed deposits are placed with national and multinational banks with good credit ratings. The Company's investments are placed with national banks which have good credit ratings and other companies listed in the stock exchanges. Concentrations of credit risk with respect to rents receivable from tenants are limited due to the Company's large number of tenants. Management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Company's rents receivable.

The Company does not enter into derivatives to manage credit risk, although in certain isolated cases may take steps to mitigate such risks if it is sufficiently concentrated. Quantitative disclosures of the credit risk exposure in relation to financial assets are set out below. Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in Note 11 to these financial statements.

	At 31 December 2017	
	<u>Carrying value</u>	<u>Maximum exposure</u>
<b>Financial assets</b>		
Trade and other receivables excluding prepayments	114,657	114,657
Fixed deposits	5,375,417	5,375,417
Cash and bank balances	<u>756,175</u>	<u>755,698</u>
Total financial assets	<u>6,246,249</u>	<u>6,245,772</u>
	At 31 December 2016	
	<u>Carrying value</u>	<u>Maximum exposure</u>
<b>Financial assets</b>		
Trade and other receivables excluding prepayments	402,675	402,675
Fixed deposits	4,833,813	4,833,813
Cash and bank balances	<u>709,731</u>	<u>709,301</u>
Total financial assets	<u>5,946,219</u>	<u>5,945,789</u>

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Held-to-maturity investments, fixed deposits and current account earn fixed rates of interest. The Company's other assets and liabilities, in the opinion of the Company's management, are not considered to be sensitive to interest rate risk. The hypothetical effect of 100 basis points interest rate increase or decrease on profits would be approximately BD7,557 (2016: BD7,097).

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

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

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

## 27 Financial assets and liabilities and risk management (continued)

### Liquidity risk (continued)

At 31 December 2017	Less than 1 year	Total
Non-interest bearing instruments	<u>414,698</u>	<u>414,698</u>
At 31 December 2016	Less than 1 year	Total
Non-interest bearing instruments	<u>298,335</u>	<u>298,335</u>

**Price risk** is the risk that the Company is exposed to listed securities price risk because of investments held by the Company and classified in the statement of financial position as financial assets through profit or loss. To manage its price risk arising from investments in listed 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 is as follows:

Description	Change	31 December 2017	Impact on equity 31 December 2016
Quoted financial assets through profit or loss	<u>+/-5%</u>	<u>+/- 143,611</u>	<u>+/- 138,285</u>

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

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

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

### Fair value measurement

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

Financial instruments not measured at fair value on recurring basis include trade and other receivables excluding prepayments, cash and bank balances, fixed deposits and other payables excluding employees' benefits. In the opinion of the management, due to the short-term nature of these financial instruments, the fair value of these financial instruments is not significantly different from their carrying amounts as at 31 December 2017.

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:

27 Financial assets and liabilities and risk management (continued)

Fair value measurement (continued)

	<u>Fair value at 31 December</u>	<u>Level of hierarchy</u>	<u>Valuation technique used and key inputs</u>	<u>Significant unobservable Inputs</u>	<u>Inter-relationship between unobservable inputs and fair value</u>
<b>Non-financial assets</b>					
Investment properties	481,360 (2016: 481,360)	L2	Independent valuation report	Current market rates	Positive correlation between market rates and fair values
<b>Financial assets</b>					
Quoted investments	2,872,221 (2016: 2,765,706)	L1	Quoted prices from stock exchanges	Not applicable	Not applicable
Unquoted investments	472,757 (2016: 472,757)	L3	Net assets valuation and financial updates received from the fund managers. Where such figures are not available, these are carried at cost.	Expected revenue and profit growth rates taking into account management knowledge and experience of market conditions similar to industry trends	The higher the revenue growth rate, the higher the fair value

There are no transfers between levels during the year.

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

	<u>Unquoted investments</u>	
	<u>31 December 2017</u>	<u>31 December 2016</u>
Closing balance	<u>472,757</u>	<u>472,757</u>

**27 Financial assets and liabilities and risk management (continued)**

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

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

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

**28 Events after reporting date**

There were no significant events subsequent to 31 December 2017 and occurring before the date of approval of the financial statement that are expected to have a major impact on these financial statements.