LOYAC for Theatrical Production Company
(Fareah Ahmad Mohammed Al Saqqaf & Partner)
W.L.L.

LAPA
LOYAC ACADEMY OF PERFORMING ARTS

FINANCIAL STATEMENTS
31 December 2017

Building a better
working world

Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18-20th Floor, Baitak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

Tel: +965 2 295 5000
Fax: +965 2 245 6419
kuwait@kw.ey.com
ey.com/mena

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF LOYAC FOR THEATRICAL PRODUCTION COMPANY (FAREAH AHMAD MOHAMMED AL SAQQAF & PARTNER) W.L.L.

Report on the Financial Statements

We have audited the financial statements of LOYAC for Theatrical Production Company (Fareah Ahmad Mohammed Al Saqqaf & Partner) W.L.L. (the "Company"), which comprise the statement of financial position as at 31 December 2017, and the statement of activities and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 for the year ended 31 December 2017 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Other Matter

The financial statements of the Company for the year ended 31 December 2016 was audited by another audit firm who expressed an unmodified opinion on those financial statements on 19 March 2017.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF LOYAC FOR THEATRICAL PRODUCTION COMPANY (FAREAH AHMAD MOHAMMED AL SAQQAF & PARTNER) W.L.L.

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

- 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.

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INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF LOYAC FOR THEATRICAL PRODUCTION COMPANY (FAREAH AHMAD MOHAMMED AL SAQQAF & PARTNER) W.L.L.

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)
We communicate with 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.

Report on Other Legal and Regulatory Requirements
Furthermore, in our opinion, proper books of account have been kept by the Company and the financial statements are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the financial statements incorporate all information that is required by Companies Law No. 1 of 2016, as amended and the executive regulations, as amended, and by the Company's Memorandum of Incorporation, that an inventory count was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, as amended, and the executive regulations, as amended, nor of the Company's Memorandum of Incorporation, have occurred during the year ended 31 December 2017 that might have had a material effect on the business of the Company or on its financial position.

BADER A. AL-ABDULJADER
LICENCE NO. 207 A
EY
(AL AIBAN, AL OSAIMI & PARTNERS)

EY ERNST & YOUNG
Al Aiban, Al Osaimi & Partners

3 May 2018
Kuwait

STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Notes	***2017 KD***	*2016 KD*
ASSETS			
Non-current assets			
Property and equipment	6	**6,831**	7,472
Total non-current assets		**6,831**	7,472
Current assets			
Contributions receivable		**7,346**	5,516
Account receivables and prepayments	7	**13,779**	4,916
Receivables from related parties	15	**39,901**	45,867
Cash and bank balances	8	**13,126**	10,552
Total current assets		**74,152**	66,851
TOTAL ASSETS		**80,983**	74,323
EQUITY AND LIABILITIES			
EQUITY			
Capital	9	**15,000**	15,000
Statutory reserve	10	**3,032**	3,032
Voluntary reserve	10	**3,032**	3,032
Retained earnings		**4,739**	13,137
TOTAL EQUITY		**25,803**	34,201
LIABILITIES			
Current liabilities			
Deferred contributions	12	**30,310**	29,295
Account payables and accruals	11	**24,870**	10,827
Total current liabilities		**55,180**	40,122
TOTAL LIABILITIES		**55,180**	40,122
TOTAL EQUITY AND LIABILITIES		**80,983**	74,323

Fareah Ahmad Al Saqqaf
Managing Director

The attached notes 1 to 17 form part of these financial statements.

STATEMENT OF ACTIVITIES AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	***2017 KD***	*2016 KD*
OPERATING AND SUPPORT REVENUES			
Contributions			
Corporate and individuals	13	**67,518**	7,000
Services and materials	13	**130,075**	99,250
Total contributions		**197,593**	106,250
Deferred contributions	12	**(30,310)**	(29,295)
Net contributions		**167,283**	76,955
Projects and programs			
Revenue from programs	13	**316,201**	261,667
Total operating and support revenues		**483,484**	338,622
OPERATING EXPENDITURE			
Projects and programs			
Events and programs	14	**(283,530)**	(154,491)
Supporting services			
Management and general	16	**(208,352)**	(195,251)
Total operating expenditure		**(491,882)**	(349,742)
RESULTS OF OPERATIONS FOR THE YEAR		**(8,398)**	(11,120)
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(8,398)**	(11,120)

The attached notes 1 to 17 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2017

	Capital *KD*	*Statutory reserve* *KD*	*Voluntary reserve* *KD*	*Retained earnings* *KD*	*Total* *KD*
At 1 January 2017	15,000	3,032	3,032	13,137	34,201
Total comprehensive income for the year	-	-	-	(8,398)	(8,398)
At 31 December 2017	**15,000**	**3,032**	**3,032**	**4,739**	**25,803**
At 1 January 2016	15,000	3,032	3,032	24,257	45,321
Total comprehensive income for the year	-	-	-	(11,120)	(11,120)
At 31 December 2016	15,000	3,032	3,032	13,137	34,201

The attached notes 1 to 17 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	Notes	*2017* *KD*	*2016* *KD*
OPERATING ACTIVITIES			
Results of operations for the year		**(8,398)**	(11,120)
Adjustments to reconcile results to net cash flow:			
Depreciation	6	**4,982**	2,736
Operating (deficit)/ surplus before changes in working capital		**(3,416)**	(8,384)
Working capital adjustments:			
Contribution receivables		**(1,829)**	(5,516)
Prepayments and other receivables		**(8,863)**	(350)
Receivables from related parties		**5,966**	(7,015)
Deferred contributions		**1,015**	23,632
Trade and other payables		**14,042**	1,157
Net cash flows from operating activities		**6,915**	3,524
INVESTING ACTIVITIES			
Purchase of property and equipment	6	**(4,341)**	(1,736)
Net cash flows used in investing activities		**(4,341)**	(1,736)
NET INCREASE IN CASH AND BANK BALANCES		**2,574**	1,788
Cash and bank balances at 1 January		**10,552**	8,764
CASH AND BANK BALANCES AT 31 DECEMBER	8	**13,126**	10,552

The attached notes 1 to 17 form part of these financial statements.

1 CORPORATE INFORMATION

LOYAC for Theatrical Production Company (Fareah Ahmad Mohammed Al Saqqaf & Partner) W.L.L. ("the Company" or "LAPA") is incorporated in the State of Kuwait as a limited liability Company on 22 May 2014 by virtue of the Article of Association authenticated under No. 1520 Volume 1. The Company was registered with the commercial register on 26 May 2014 under registration no. 353377.

The Company is a subsidiary of LOYAC for Private Training and Statistical Consulting Company W.L.L. - Not-for-Profit Organisation (the "Parent Company").

The Company is principally incorporated to carry out theatrical production.

The Company's registered office is at Al Murqab – Block 3 – Thunayan Al Ghanim Street– Building 14612 – 4th floor – Office #13, State of Kuwait.

The financial statements of the Company for the year ended 31 December 2017 were authorized for issue in accordance with a resolution of the partners on 3 May 2018.

2 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements have been presented in Kuwaiti Dinar ("KD"), which is also the functional currency of the Company.

The financial statements have been prepared on a historical cost basis, except for contributed services and materials that have been measured at fair value.

The statement of activities and other comprehensive income is a statement of financial activity related to the current period, it is not a performance measure and it does not purport to present the net income or loss for the period as would a statement of comprehensive income for a profit oriented entity. Net assets, expenses, revenues, gains and losses are classified based on the existence or absence of sponsor imposed restrictions. Accordingly, the net assets, revenues and expenses of LAPA and changes therein are classified and reported in the notes to the financial statements as follows:

Unrestricted net assets - Net assets that are not subject to any sponsor imposed stipulations that may be designated by the board members for any program activities or purchase of equipment.

Temporarily restricted net assets - Net assets subject to sponsor imposed restrictions on their use that have to be met by actions of LAPA.

Permanently restricted net assets - These represent primarily capital and transfers to the statutory reserve.

2.1 CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of these financial statements are consistent with those used in previous year, except for the adoption of new and amended standards and interpretations. Amendments to IFRSs which are effective for annual accounting period starting from 1 January 2017 did not have any material impact on the accounting policies, financial position or performance of the Company.

2.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following IASB Standards relevant to the Company have been issued but are not yet mandatory are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Company plans to adopt the new standard on the required effective date. The Company does not expect any significant impact upon adoption of this Standard.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued by IASB on 28 May 2014, effective for annual periods beginning on or after 1 January 2018. IFRS 15 supersedes IAS 11 *Construction Contracts* and IAS 18 *Revenue* along with related IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31 from the effective date. This new standard removes inconsistencies and weaknesses in previous revenue recognition requirements, provides a more robust framework for addressing revenue issues and improves comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The Company plans to adopt the new standard on the required effective date. The Company does not expect any significant impact upon adoption of this Standard.

IFRS 16: Leases
In January 2016, the IASB issued IFRS 16 *'Leases'* with an effective date of annual periods beginning on or after 1 January 2019. IFRS 16 results in lessees accounting for most leases within the scope of the standard in a manner similar to the way in which finance leases are currently accounted for under IAS 17 'Leases'. Lessees will recognise a 'right of use' asset and a corresponding financial liability on the balance sheet. The asset will be amortised over the length of the lease and the financial liability measured at amortised cost. Lessor accounting remains substantially the same as in IAS 17. The Company is in the process of evaluating the impact of IFRS 16 on the Company's financial statements, but does not expect any significant effect on adoption of this standard.

Other new or amended standards which are issued but not yet effective, are not relevant to the Company and have no impact on the accounting policies, financials position or performance of the Company.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the periods presented in these financial statements.

Revenue recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude. The specific recognition criteria described below also be met before revenue is recognized.

i. Contributions and donations
Contributions, which include unconditional promises to give (pledges), are recognised as revenues when they become receivable. Conditional contributions are recorded when the conditions have been substantially met. Contributions are considered to be unrestricted unless specifically restricted by the sponsor.

LAPA classifies contributions as temporarily restricted net assets if they are received with sponsor stipulations as to their use. When a sponsor restriction expires, that is, the purpose of restriction is accomplished; temporarily restricted net assets are released and reclassified as unrestricted net assets in the statement of comprehensive income and activities. Sponsor restricted contributions are initially recognised as temporarily restricted net assets, even if it is anticipated that such restrictions will be met in the current reporting period.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)
Projects and programs revenue, which arises principally from corporate contributions, individual contributions, contributed services and student training programs is recognised upon the provision of the services.

ii. Contributed services and donated materials
Contributed services are reported at fair value in the financial statements for voluntary donations of services. Contributed services are accounted for as income and expenses when received.

Donated materials are stated at their fair value at the date of receipt and are accounted for as income and expenses at the equivalent amount when received.

Revenue from rendering services is recognised when the services are performed.

Other revenue and expenses are recognised on an accrual basis.

Revenue is measured at the fair value of the consideration received or receivable.

Expenditures
Expenditures are recognised as they accrue. Expenditures for conducting key programs comprise of fees paid to program sponsors and other related expenditure incurred, which are accounted for program-wise.

Foreign currencies
Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Foreign currency differences are generally recognised in statement of activities and other comprehensive income. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Property and equipment

i) Recognition and measurement

Items of property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property and equipment, and is recognised net within other income in the statement of activities and other comprehensive income. The useful lives are reviewed periodically and are reassessed and adjusted, if appropriate, at each reporting date to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items of property and equipment. A change in the estimated useful life of property and equipment is applied at the beginning of the year of change with no retrospective effect.

Depreciation

Depreciation is calculated on a straight line basis of the estimated useful lives of the assets as follows:

Motor vehicles	5 years
Office equipment	3 years
Furniture and fixtures	5 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)
Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statement of activities and the comprehensive income as the expense is incurred.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Impairment of non-financial assets
The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are Company ed together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Company s of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in statement of activities and other comprehensive income.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

Financial instruments
Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or financial assets available-for-sale, as appropriate.

All financial assets are recognised initially at fair value plus transaction costs except, in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include contribution receivables, accounts receivable, receivables from related parties and bank balances and cash.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as described below:

Account receivables
Receivables are amounts due from related parties, sponsors and/ or students for contributions made or services performed in the ordinary course of business. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment losses.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents in the statement of financial position comprise cash at bank and on hand.

Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a Company of financial assets is impaired. A financial asset or a Company of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the Company of financial assets that can be reliably estimated.

Impairment of financial assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. All impairment losses are recognised in statement of activities and other comprehensive income.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in Company s that share similar credit risk characteristics.

All impairment losses are recognised in statement of activities and other comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised statement of activities and other comprehensive income.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include account payables and accruals.

Subsequent measurement

Subsequent measurement of financial liabilities depends on their classification as follows:

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of activities and other comprehensive income.

Fair value measurement

Fair value is the price 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees' end of service benefits
The Company provides end of service benefits to its all employees under the Kuwait Labor Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Further, with respect to its national employees, the Company also makes contributions to Public Institution for Social Security calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be incurred to settle the obligation. The expense relating to a provision is presented in the statement of activities and other comprehensive income net of any reimbursement.

Contingencies
Contingent liabilities are not recognised in the statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Deferred contributions
Deferred contributions represent the excess balance of operating and supporting revenue, over expenditure incurred during the year on events and training programs. The contributions are utilised towards the related programs/ activities during the forthcoming year.

4 SIGNIFICANT ACCOUNTING JUDGMENT, ESTIMTAES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and disclosure of contingent liabilities at the reporting date. Actual results could differ from those estimates. Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the statement of activities and other comprehensive income.

Key sources of estimation uncertainty
Management is of the opinion that there are no key sources of estimation uncertainty at the end of the financial period that have a significant effect on the amounts of assets and liabilities within the next financial year.

Critical accounting judgments in applying the Company's accounting policies
Management is of the opinion that there are no critical judgements that have a significant effect on the amounts recognised in the financial statements.

5 DETERMINATION OF FAIR VALUES

The following accounting policy and disclosures require determination of fair value. Fair values have been determined based on following methods:

Contributed services and materials
The fair value of contributed services and donated materials is based on what LAPA would have paid for similar services/ materials had they not been contributed/ donated and is determined based on the assumptions that market participants would use in pricing the contributed service/ material.

6 PROPERTY AND EQUIPMENT

	Motor vehicles KD	*Office equipment KD*	*Furniture and fixtures KD*	*Total KD*
Cost:				
At 1 January 2017	5,950	4,962	956	11,868
Additions	-	3,937	404	4,341
At 31 December 2017	5,950	8,899	1,360	16,209
Depreciation:				
At 1 January 2017	2086	1,943	367	4,396
Depreciation	1,187	3,546	249	4,982
At 31 December 2017	3,273	5,489	616	9,378
Net book value:				
At 31 December 2017	**2,677**	**3,410**	**744**	**6,831**

	Motor vehicles KD	*Office equipment KD*	*Furniture and fixtures KD*	*Total KD*
Cost:				
At 1 January 2016	5,950	3,226	956	10,132
Additions	-	1,736	-	1,736
At 31 December 2016	5,950	4,962	956	11,868
Depreciation:				
At 1 January 2016	896	587	177	1,660
Depreciation	1,190	1,356	190	2,736
At 31 December 2016	2,086	1,943	367	4,396
Net book value:				
At 31 December 2016	3,864	3,019	589	7,472

No materials contributed were included within additions of property and equipment as at 31 December 2017 (2016: KD Nil).

7 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2017 KD	*2016 KD*
Prepaid expenses	**754**	3,686
Other receivables	**13,025**	1,230
	13,779	4,916

7 ACCOUNTS RECEIVABLE AND PREPAYMENTS (continued)

Other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date with respect to other receivables is the carrying value mentioned above.

8 CASH AND BANK BALANCES

	2017 KD	*2016 KD*
Bank balances	**12,327**	9,801
Cash on hand	**799**	751
	13,126	10,552

9 CAPITAL

The capital of the Company consists of 100 units (2016: 100 units) of KD 150 (2016: KD 150) each, fully paid in cash and distributed among the partners as follows:

	2017		*2016*	
Partners	***Number of Shares***	***Amount KD***	*Number of Shares*	*Amount KD*
LOYAC for Private Training and Statistical Consulting Company W.L.L. (Not-for-Profit Organisation)	**99**	**14,850**	99	14,850
Fareah Ahmad Mohammed Al Saqqaf	**1**	**150**	1	150
	100	**15,000**	100	15,000

10 RESERVES

a) Statutory reserve

In accordance with the Companies' Law, and the Company's Memorandum of Incorporation, a minimum of 10% of the profit for the year shall be transferred to the statutory reserve based on the recommendation of the Company's management. The annual general assembly of the Company may resolve to discontinue such transfers when the reserve exceeds 50% of the issued capital. The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves. Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice, unless such reserve exceeds 50% of the issued capital. No transfers have been made in the current year as the Company has incurred losses.

b) Voluntary reserve

In accordance with the Companies' Law, and the Company's Memorandum of Incorporation, a maximum of 10% of the profit for the year is required to be transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the partners upon a recommendation by the management. There are no restrictions on the distribution of this reserve. No transfers have been made in the current year as the Company has incurred losses.

11 ACCOUNTS PAYABLE AND ACCRUALS

	2017 *KD*	*2016* *KD*
Accrued expenses	**24,274**	10,170
Other payables	**596**	657
	24,870	10,827

12 DEFERRED CONTRIBUTIONS

Deferred contributions towards programs and activities as at 31 December were as follows:

	2017 *KD*	*2016* *KD*
AG Fund (L1 Lab)	**25,083**	-
Shams Mawlana	-	9,034
Arab Children fund	-	3,449
Arabic language kids program	-	6,545
Kalaam Ams Wa Elyoom (ASWAT)	-	3,517
Creative Drama Workshop (DOW)	**5,227**	3,000
Other programs/ events	-	3,750
	30,310	29,295

13 OPERATING AND SUPPORT REVENUE

	Unrestricted *KD*	*Temporarily restricted* *KD*	*2017 Total* *KD*	*2016 Total* *KD*
Contributions				
Corporate and individuals				
Corporate contributions	67,518	-	**67,518**	7,000
	67,518	-	**67,518**	7,000
Services and materials				
Contributed services of board members	48,000	-	**48,000**	24,000
Contributed use of building	75,000	-	**75,000**	75,000
Contributed use of printing press	2,762	-	**2,762**	137
Other income	4,313	-	**4,313**	113
	130,075	-	**130,075**	99,137
Total contributions	197,593	-	**197,593**	106,250
Projects and programs				
Drama production	21,281	5,227	**26,508**	9,034
Music department	20,599	-	**20,599**	12,320
Dance department	34,585	-	**34,585**	6,799
AG Fund (L1 Lab)	10,789	25,083	**35,872**	-
Performances/events	180,568	-	**180,568**	228,907
	267,824	30,310	**298,134**	257,060
Materials contributed	18,067	-	**18,067**	4,606
Total revenue from projects and programs	285,891	30,310	**316,201**	261,667
Total operating and support revenue	**483,484**	**30,310**	**513,794**	367,916

14 OPERATING EXPENDITURE – PROJECTS AND PROGRAMS

	Salaries KD	***Students training KD***	***Travel and housing KD***	***Media KD***	***Printing and supplies KD***	***Contractual services KD***	***Material cost KD***	***Others KD***	***Contributed services and materials KD***	***Total 2017 KD***	*Total 2016 KD*
Drama production	4,281	2,392	16,360	500	298	555	679	-	420	**25,485**	-
Music department	25,656	350	656	99	133	450	1,132	35	913	**29,424**	10,541
Dance department	36,982	540	4,163	630	455	2,196	1,151	535	-	**46,652**	2,667
AG Fund (L1 Lab)	7,623	43	818	326	112	-	-	-	7	**8,929**	-
Performances/events	74,524	2,749	34,378	3,890	12	12,475	421	27,864	16,727	**173,040**	141,285
	149,066	6,074	56,375	5,445	1,010	15,676	3,383	28,434	18,067	**283,530**	154,493

15 RELATED PARTY TRANSACTIONS

Related parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial and operating decisions.

Related parties primarily comprise of owners and executive officers and other companies in which a substantial interest in voting power is owned directly or indirectly by the owners or over which they are able to exercise significant influence. In the normal course of business and upon management approval, transactions have been carried out during the year ended 31 December 2017.

Transactions with related parties included in the statement of activities and comprehensive income are, as follows:

	Parent Company	***Other related parties***	***2017***	*2016*
	KD	***KD***	***KD***	*KD*
Contributions	**36,250**	-	**36,250**	5,782
Revenue from programs and events	**19,518**	-	**19,518**	-
Expenses	**(37,497)**	-	**(37,497)**	-
	18,271	-	**18,271**	5,782

Balances with related parties included in the statement of financial position are, as follows:

	2017	*2016*
Receivables from related parties	***KD***	*KD*
Parent Company	**18,271**	5,782
Key management personnel	**21,630**	40,085
	39,901	45,867

Amounts owed from related parties are unsecured interest-free and have no fixed terms of repayment. For the year ended 31 December 2017, the company has not recorded any impairment of receivables related to amount owed by related parties (2016: KD Nil).

16 MANAGEMENT AND GENERAL EXPENSES

	2017	*2016*
	KD	*KD*
Salaries and benefits	**66,817**	82,791
Rent	**78,750**	75,000
Contributed services by board members	**48,000**	24,000
Office and administrative expenses	**1,744**	1,303
Communication costs	**2,178**	2,920
Professional fees	**1,000**	1,125
Gifts and refreshments	**1,050**	1,165
Repair and maintenance	**353**	1,904
Depreciation	**4,982**	2,736
Printing and office stationary	**3,412**	911
Other miscellaneous expenses	**66**	1,396
	208,352	195,251

Included within management and general expenses is an amount of KD 125,762 (2016: KD 99,136) representing contributed services and materials.

17 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk and exposure to market risk is limited to foreign exchange risk as none of the Company's financial assets are listed on any stock exchange and the Company does not have any interest bearing assets or liabilities. The risks are monitored through the Company's strategic planning process.

The Company's financial assets comprise amounts receivables related parties, contribution and other receivable, term deposits and bank balances. Financial liabilities comprise accounts payable and accrued expenses.

The Board of Directors of the Company is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles.

The management of the Company reviews and agrees policies for managing each of these risks which are summarised below:

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument and leading to a financial loss.

Credit risk arises from cash and cash equivalent, receivables from related parties, contributions, and other receivables. The Company's maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets mentioned above.

Bank balances
Bank balances are held with financial institution with appropriate credit risk rating.

Receivables from related parties
The Company's exposure to credit risk from related parties is limited as none of the amounts receivable from related parties are provided for or impaired. These are monitored by management on an ongoing basis and considered recoverable.

Contributions and other receivables
As at 31 December 2017, contribution and other receivables were neither past due nor impaired. These relate to a number of independent sponsors counterparties from whom there is no recent history of default.

Liquidity risk
Liquidity risk is the risk that the Company will be unable to meet its liabilities when they fall due. Company 's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Company's reputation.

Company limits its liquidity risk by monitoring on a regular basis that sufficient funds are available to meet maturing obligations. In addition, Company maintains adequate amounts of cash reserves to meet working capital requirements.

The Company's financial liabilities are non–derivative and mature within one year.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

Equity price risk
Equity price risk is the risk that the value of an instrument will fluctuate as a result of changes in equity market prices, whether caused by factors specific to an individual investment, issuer or all factors affecting all instruments traded in the market.

17 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Equity price risk (continued)
The Company is not exposed to equity price risk as at the reporting date.

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments.

The majority of Company's financial assets are non-interest bearing. Company is exposed to interest rate risk only on its call deposits with banks. Interest bearing financial assets mature or reprice in the short term, no longer than twelve months. As a result, Company is subject to limited exposure to fluctuation in interest rates.

Currency risk
Currency risk is the risk that the value of the financial instrument will fluctuate due to changes in foreign exchange rates.

The Company has no significant foreign currency exposure as at the reporting date and is therefore not exposed to currency risk.

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of contribution and other receivables, bank balances and cash, and receivables from related parties. Financial liabilities consist of account payables and accruals.

The management assessed that the fair values of financial assets and financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

19 CAPITAL MANAGEMENT

The Company's Policy is to maintain a strong capital base to sustain future development of the organisation. The management monitors the income from sponsorship fees, donations and activities through operating cash flow management. The management seeks to maintain a balance between the funding received from sponsors and the expenses inwarred on programs and other activities to achieve sound capital position.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.